

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAY - 8 2015

PUBLIC SERVICE
COMMISSION

In the Matter of:

CARROLL COUNTY WATER DISTRICT'S)
REQUEST FOR AMENDED TERMS TO)
INTERLOCAL AGREEMENTS AND) CASE NO. 2015-00125
AUTHORITY TO INCUR DEBT APPROVED)
IN CASE NO 2014-00174)

CARROLL COUNTY WATER DISTRICT #1'S
RESPONSES TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION

** ** * * * **

Comes now the Carroll County Water District #1 ("CCWD"), and provides the following Responses to the Commission Staff's First Request for Information:

1. Refer to the CCWD application tendered April 3, 2015, Exhibit 5, Carroll County Interconnect Project, WX #21041001 - Cost Summary Sheet, and to Exhibit 1 of CCWD's Supplemental Filing in Case No. 2014-00174 on July 10, 2014. The construction cost for the CCWD HWY 1039 Interconnection is \$262,192.50 on Exhibit 5 of the filing in this case, but in Case No. 2014-00174, Exhibit 1 of the July 10, 2014, filing indicates the CCWD HWY 1039 Interconnection cost was \$80,528.62. Provide a detailed explanation of the difference in the two cost amounts shown.

RESPONSE: Exhibit 1 of the July 10, 2014, filing states the cost of materials for the CCWD Highway 1039 Interconnection construction project. This was in response to the Commission's question about 'property' being acquired for this project. CCWD is not acquiring any real estate, but the term 'property' includes pipes and materials which will be utilized in the construction of this project and which will lay in the ground as an asset of CCWD, so we listed that

sum for the Commission. The \$262,192.50 construction cost for the CCWD Highway 1039 Interconnection listed in Exhibit 5 of the filing of this case, is the actual bid price for labor and materials for this project. Witness: Obe Cox, Manager, CCWD. See Affidavit attached as Exhibit 1.

2. Refer to the application in this case, page 1, the sentence that states, “The net effect is that the CCWD’s pro rata share of the project has increased from \$224,685.00 to \$362,251.35, including a cash contribution of \$50,000.00 from CCWD”. Is CCWD requesting authorization to issue a Note in the amount of \$362,251.35 or \$312,251.35?

RESPONSE: The financing of the project is being handled by the City of Carrollton (“City”) through its municipality, Carrollton Utilities, pursuant to its loan with Kentucky Infrastructure Authority (“KIA”). The City will sign the note for the entire cost of the project. It will then ask CCWD to sign a note for its proportionate share of the debt, minus the debt forgiveness. Therefore, the maximum loan amount to the CCWD will be \$362,251.35 minus the \$50,000.00 cash contribution, minus the twenty-five percent (25%) debt forgiveness, for a net loan not to exceed \$234,188.51. Witness: Obe Cox, Manager, CCWD. See Affidavit attached as Exhibit 1.

3. In Case No. 2014-00174, the Commission authorized CCWD to enter into the proposed Intergovernmental Agreement with the City. Has CCWD entered in to the Intergovernmental Agreement?

a. If so:

1. Provide a copy of the executed Intergovernmental Agreement.

2. Will the executed Intergovernmental Agreement be amended?

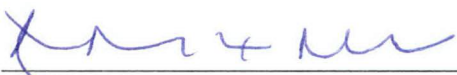
b. If the answer is no, file a copy of the proposed Intergovernmental Agreement.

RESPONSE: The CCWD entered into an Intergovernmental Agreement, a copy of

which is attached as Exhibit 2. The City's attorney is revising the Intergovernmental Agreement for review by the City of Carrollton, and it will be presented to City Council on Monday, May 11th, 2015. After it has been approved by the City, we will immediately present it to the CCWD Board. The Agreement will then be filed with the Office of the Attorney General. We will supplement this response with the Agreement once signed by the City and CCWD and then furnish the Commission a final document after approved by the Office of the Attorney General. Witness: Obe Cox, Manager, CCWD. See Affidavit attached as Exhibit 1.

CRAWFORD & BAXTER, P.S.C.
ATTORNEYS AT LAW
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P.O. Box 353
Carrollton, Kentucky 41008
Phone: (502) 732-6688
Fax: (502) 732-6920
Email: cbjruthbaxter@aol.com

Attorneys for Carroll County Water District #1

By: 
Ruth H. Baxter

CARROLL COUNTY WATER DISTRICT #1
205 Main Cross Street
Ghent, Kentucky 41045
(502) 347-9500 (Direct Line)
(502) 347-9333 (Fax)

BY: 
Obe Cox, Manager

VERIFICATION

I, Obe Cox, Manager of the Carroll County Water District #1, state that the statements contained in this Response are true to the best of my information and belief.



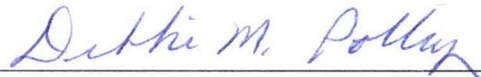
Obe Cox, Manager

STATE OF KENTUCKY)

COUNTY OF CARROLL)

Subscribed and sworn to before me by Obe Cox, Manager of the Carroll County
Water District #1, on this the 6th day of May, 2015.

My commission expires: 10-13-2017



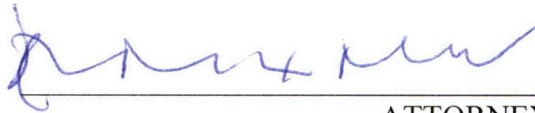
Notary Public, Kentucky State at Large

CERTIFICATE OF SERVICE

The undersigned counsel certifies that the foregoing responses have been served upon
the following by first class mail, postage prepaid:

Mr. Jeff Dereoun, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

This 7th day of May, 2015.



ATTORNEY FOR
CARROLL COUNTY WATER DISTRICT #1

AFFIDAVIT OF OBE COX

Comes now Obe Cox, after first having been duly sworn, and states and deposes as follows:

1. I am the manager of the Carroll County Water District No. 1 (“CCWD), and have served in the capacity as manager since 2010. Immediately prior to being the manager, I worked at CCWD as Office Manager and Plant/Distribution Operator for the time period of 1994 to 1999, and worked as an Associate Senior Engineer Technician and Construction Inspector supervisor at CMW, Inc., Engineering, for the time period of 1999 to 2010. I have twenty-one (21) years of experience in the Utility Field, and am licensed with the Kentucky Energy and Environmental Cabinet Division of Water Operator in 3-B Treatment and 2-D Distribution, and with the Kentucky Public Service Commission as a Certified Meter Tester.

2. I am familiar with the plans and specifications for the CCWD Highway 1039 Interconnection construction project and have worked with the City of Carrollton, by and through its municipal utility, Carrollton Utilities, in the planning of this project as it affects CCWD;

3. Exhibit 1 of the July 10, 2014, filing states the cost of materials for the CCWD Highway 1039 Interconnection construction project. This was in response to the Commission’s question about ‘property’ being acquired for this project. CCWD is not acquiring any real estate, but the term ‘property’ includes pipes and materials which will be utilized in the construction of this project and which will lay in the ground as an asset of CCWD, so we listed that sum for the Commission. The \$262,192.50 construction cost for the CCWD Highway 1039 Interconnection listed in Exhibit 5 of the filing of this case, is the actual bid price for labor and materials for this project;

4. The financing of the project is being handled by the City of Carrollton (“City”)



through its municipality, Carrollton Utilities, pursuant to its loan with Kentucky Infrastructure Authority ("KIA"). The City will sign the note for the entire cost of the project. It will then ask CCWD to sign a note for its proportionate share of the debt, minus the debt forgiveness. Therefore, the maximum loan amount to the CCWD will be \$362,251.35 minus the \$50,000.00 cash contribution, minus the twenty-five percent (25%) debt forgiveness, for a net loan not to exceed \$234,188.51;

5. The City's attorney is revising the Intergovernmental Agreement for review by the City of Carrollton, and it will be presented to City Council on Monday, May 11th, 2015. After it has been approved by the City, we will immediately present it to the CCWD Board. The Agreement will then be filed with the Office of the Attorney General. We will supplement this response with the Agreement once signed by the City and CCWD and then furnish the Commission a final document after approved by the Office of the Attorney General; and,

6. I am available to answer questions from the Commission and its staff as needed.

Further the affiant sayeth not, this the 6th day of May, 2015.



Obe Cox

STATE OF KENTUCKY)

COUNTY OF CARROLL)

Subscribed and sworn to before me by Obe Cox, this the 6th day of May, 2015.

My commission expires: 10-13-2017



NOTARY PUBLIC, KY. STATE AT LARGE

INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF CARROLLTON, KENTUCKY,
A CITY OF THE FOURTH CLASS,
AND THE CARROLL COUNTY WATER DISTRICT
AMENDED AND RESTATED

INTERCONNECT PROJECT

WHEREAS, the City of Carrollton, Kentucky, by and through Carrollton Utilities (“CU”), is a public utility that provides water to customers in Carroll County, Kentucky; and,

WHEREAS, the Carroll County Water District is organized under the provisions of KRS Chapter 74, as a provider of water to customers within its service territory in Carroll, Gallatin and Owen Counties.

WHEREAS, for the benefit of customers served by the City of Carrollton, the West Carroll Water District (“WCWD”) and the Carroll County Water District (“CCWD”), these public water systems are undertaking projects for the improvements to their respective water systems which are warranted; and,

WHEREAS, the City of Carrollton, Kentucky, and CCWD have previously entered into an interlocal agreement for the Interconnect Project dated May 14, 2013 and now desire to amend said interlocal agreement;

NOW THEREFORE, it is hereby agreed between the City of Carrollton, Kentucky, hereinafter referred to as "City", and the CCWD that the interlocal agreement dated May 14, 2013 is amended and restated as follows:

1. The City and CCWD shall proceed to apply for the regional project with funding through KIA, and shall cooperate to provide all information required for said application;
2. The construction of the project shall likely be divided into multiple contracts



with the City, the WCWD and the CCWD each determining the nature and scope of the project as it affects their respective water system operations. Engineering for the project shall be handled by one engineering firm to be selected jointly by the City, WCWD, and the CCWD.

3. To finance the project, the City shall be responsible to apply for and receive the KIA funding on a thirty (30) year amortization at the rate of 0.75% interest with twenty-five percent (25%) principal forgiveness in an amount estimated at \$1,538,817 including construction, engineering, inspection, geotechnical engineering for wells and contingency. Funding obtained by the City shall be utilized to fund the project, with the funding being allocated between multiple construction contracts in accordance with actual expenses incurred for construction on each contract pro rata, with a similar percentage assigned to each entity for the cost of engineering services which cost is also to be divided between them pro rata. The pro rata share of each public water system is estimated as follows:

City	\$ 1,237,830
WCWD	\$ 76,302
CCWD	\$ 224,685

The above amount shall not be exceeded without approval of the affected system. If bids for the project result in a pro rata in excess of the amount stated above, the affected public water system may reduce the scope of project to achieve a pro rata share that is acceptable to the affected public water system. Nothing shall restrict the public water system from utilizing other funding sources to meet shortfall in KIA funding or to reduce the KIA pro rata share.

4. CCWD will pay to the City a semi-annual payment for a period equal to the years of the debt incurred by the City to cover its proportionate share of the final debt service for its portion of the project with said payments to begin on the same year as the City is required to

begin paying the debt following construction of the project. CU shall provide CCWD a notice of payment due semiannually 30 days prior to due date.

5. CCWD will retain sole authority to identify the nature and scope of its portion of the project, and shall be allowed to reject any contract proposals, and/or resubmit the project for bid and/or restructure the project as it sees fit.

6. The City will retain sole authority to identify the nature and scope of its portion of the project, and shall be allowed to reject any contract proposals, and/or resubmit the project for bid and/or restructure the project as it sees fit.

7. Both parties acknowledge that in the event either party withdraws from the project, then it understands that KIA may withdraw its funding of the project;

8. This Intergovernmental Agreement is subject to the review and approval of the Kentucky Public Service Commission, and its approval of the project and debt service obligation to the city, and if required by PSC a certificate of convenience and necessity to go forward with the project.

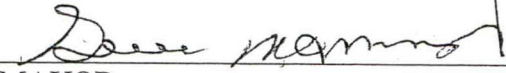
9. The City and CCWD agree to sign such documents as may be required to effectuate the terms and conditions of this Agreement.

10. In the event that funding from KIA is not received on the rates and terms set forth herein, then this Agreement will be rendered null and void.

11. The parties hereto will not own any property jointly and no provision need be made for disposition of property upon termination hereof.

12. The term of this agreement is thirty years or until the CCWD portion of the indebtedness is paid in full, whichever is sooner. CCWD may pay CU their portion of the debt in full at any time without any penalties.

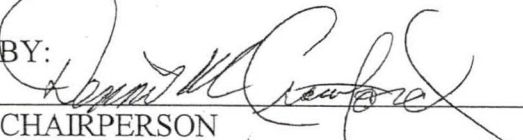
DONE THIS THE 10TH DAY OF March 2014.


MAYOR
CITY OF CARROLLTON, KENTUCKY

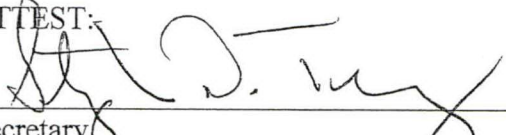
ATTEST:

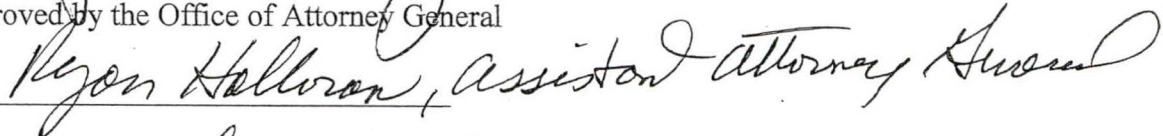

CITY CLERK

CARROLL COUNTY WATER DISTRICT

BY: 
CHAIRPERSON

ATTEST:


Secretary
Approved by the Office of Attorney General

By: 
Assistant Attorney General

Date: March 20, 2014

Approved by the Kentucky Public Service Commission

By: _____

Date: _____

RESOLUTION 2014-07

A RESOLUTION AMENDING AND RESTATING AN INTERGOVERNMENTAL
AGREEMENT BETWEEN
THE CITY OF CARROLLTON, KENTUCKY,
A CITY OF THE FOURTH CLASS,
AND THE CARROLL COUNTY WATER DISTRICT

INTERCONNECT PROJECT

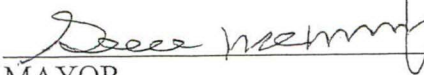
WHEREAS, the City of Carrollton, Kentucky, by and through Carrollton Utilities ("CU"), is a public utility that provides water to customers in Carroll County, Kentucky; and,

WHEREAS, for the benefit of customers served by the City of Carrollton, the West Carroll Water District ("WCWD") and the Carroll County Water District ("CCWD"), these public water systems are undertaking projects for the improvements to their respective water systems which are warranted; and,

WHEREAS, the City of Carrollton, Kentucky, and CCWD have previously entered into an interlocal agreement for the Interconnect Project dated May 14, 2013 and now desire to amend said interlocal agreement;

NOW THEREFORE, BE IT RESOLVED by the City of Carrollton that the amended and restated interlocal agreement with CCWD is unanimously approved on motion by MR. LOUDEN and seconded by MR. GORDON.

DONE THIS THE 10TH DAY OF MARCH, 2014.


MAYOR
CITY OF CARROLLTON, KENTUCKY

ATTEST:


CITY CLERK



Carroll County Water District

REGULAR MEETING OF THE BOARD

A regular meeting of the Commissioner of the Carroll County Water District, was held on Thursday, March 13, 2014¹⁴ at 3:00 p.m. in Ghent, Kentucky. 8 - Commissioners Present
1 - Commissioners Absent

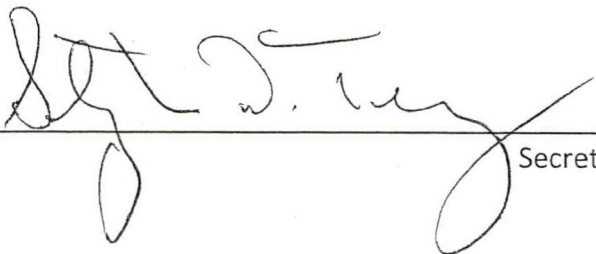
which constitute a quorum.

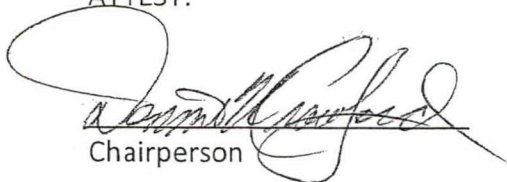
Upon Motion duly made and carried, following discussion among the Board members, the following resolutions were adopted unanimously:

RESOLVED, that the Carroll County Water District ("District") sign the revised Interlocal Agreement ("Agreement") to indicate the correct term of 30 years with the City of Carrollton, Kentucky, with the terms contained therein, as reviewed by the District and to submit the signed Agreement to the Kentucky Public Service Commission ("PSC") with all necessary documentation on behalf of the District, for approval; and,

RESOLVED FURTHER, that **Chairperson, Dennis Crawford** is hereby authorized to execute and deliver the Interlocal Agreement, on behalf of the District, and such documents as may be required by the PSC for its approval of said Agreement.

There being no further business, the meeting was adjourned.


Secretary

ATTEST:

Chairperson