COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MCKINNEY WATER DISTRICT FOR THE ISSUANCE OF A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT A WATER SYSTEM IMPROVEMENTS PROJECT AND AN ORDER AUTHORING THE ISSUANCE OF SECURITIES PURSUANT TO THE PROVISIONS OF KRS 278.020, KRS 278.300 AND 807 KAR 5:001	)	CASE NO. 2025-00022

O R D E R

On February 13, 2025, McKinney Water District (McKinney District) filed an application,[1] pursuant to KRS 278.020, KRS 278.300, and 807 KAR 5:001 requesting a Certificate of Public Convenience and Necessity (CPCN) to construct a two-phase water system improvements project; and for approval of its plan to finance the proposed project via a combination of grants, loans, and local funding as further described below. On March 28, 2025, the Commission issued an Order granting approval for Phase 1B of the proposed project.[2]

McKinney District is a water district organized under KRS Chapter 74 and provides retail water service to approximately 1,853 residential customers and 32 commercial

[1] McKinney District tendered an application on February 6, 2025, that was rejected for filing due to certain deficiencies. On February 13, 2025, McKinney District filed documents that cured the filing deficiencies, and the application was deemed filed as of February 13, 2025.

[2] Order (Ky. PSC Mar 28, 2025).

customers.[3] McKinney District responded to two rounds of discovery in this case.[4] No party requested intervention in this proceeding. Stanford Water Works (Stanford) and the city of Danville (Danville) provided public comments in this matter.[5] McKinney District filed a response to Stanford's public comment on March 20, 2025.[6] By Order issued on March 28, 2025, the Commission continued beyond the 60-day period specified in KRS 278.300(2) to permit the Commission to conduct a more thorough review of the proposed transaction. This matter stands submitted for decision by the Commission.

LEGAL STANDARD

The Commission's standard of review regarding a CPCN is well settled. No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission.[7] To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.[8]

"Need" requires:

> [A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.
>
> [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied

[3] *Annual Report of McKinney District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 49.

[4] McKinney District's Response to Commission Staff's Frist Request for Information (Staff's First Request) (filed Mar. 10, 2025); McKinney District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Apr. 8, 2025).

[5] Sanford Public Comment (filed Mar. 13, 2025); Danville Public Comment (filed Mar. 26, 2025).

[6] McKinney District's Response to Comment of Stanford (Response) (filed Mar. 20, 2025).

[7] KRS 278.020(1). Although the statute exempts certain types of projects from the requirement to obtain a CPCN, the exemptions are not applicable.

[8] *Kentucky Utilities Co. v. Public Service Commission*, 252 S.W.2d 885 (Ky. 1952).

> by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.[9]

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."[10] To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.[11] Although cost is a factor, selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.[12] All relevant factors must be balanced.[13]

KRS 278.300 requires Commission authorization before a utility may "issue any securities or evidence of indebtedness, or assume any obligation or liability in respect to

[9] *Kentucky Utilities Co.*, 252 S.W.2d at 890.

[10] *Kentucky Utilities Co.*, 252 S.W.2d at 890.

[11] Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005), Order at 11

[12] *See Kentucky Utilities Co. v. Public Service Commission*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), final Order.

[13] Case No. 2005-00089, Aug. 19, 2005 final Order at 6.

the securities or evidences of indebtedness of any other person."[14] KRS 278.300 only applies to notes that have a term of more than two years.[15]

KRS 278.300(3) sets forth Commission considerations and clarifies the scope of Commission review, stating:

> The Commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

PROJECT DESCRIPTION

McKinney District requested the Commission approve a two-phase water system improvements project. As stated above, the Commission has already approved Phase 1B. Phase 1A will connect McKinney District to the Danville water system, and consists of Divisions 1 and 2.[16] McKinney District explained that Division 1 begins at KY Hwy 1247, connecting to the existing Danville water main at the Airport Road Water tank.[17] From there, an 8-inch water main will be constructed to the south through open farmland for a distance of 8,260 feet.[18] At this point, the water main will cross KY Hwy 300 to the intersection with Hatcher Lane to a master meter for McKinney District. This section will

[14] KRS 278.300.

[15] Case No. 2005-00089, Aug. 19, 2005 final Order at 6; KRS 278.300(8), exception to general provisions of KRS 278.300.

[16] Application, Exhibit A.

[17] McKinney District's Response to Filing Deficiencies (filed Feb. 13, 2025) at 1-2.

[18] McKinney Districts' Response to Filing Deficiencies, Exhibit A.

be financed, owned, and operated by the Danville at a cost of approximately $530,778.[19] McKinney District explained that it will not have to repay the Danville, and McKinney District and Danville will each fund their respective portions for Phase 1A with McKinney District's portion described below.[20]

McKinney District stated that Division 2 begins at the end of the Division 1 construction at the new master meter.[21] The proposed 8-inch water main will be constructed for 14,063 feet along Hatcher Lane to the intersection with Moore's Lane and will replace an existing McKinney District 3-inch water main.[22] The proposed 8-inch water main will continue along Moore's Lane to KY Hwy 1194 and replace an existing McKinney District 4-inch water main.[23] The Division 2 project will be funded by Kentucky Rural Water Association (KRWA) Bonds and by funds from the Lincoln County Fiscal Court in the collective amount of $1,095,243.[24]

McKinney District stated that the primary purpose for connecting to the Danville Water System is for water supply and system improvements.[25] McKinney District stated that it was recently released from an agreed order with the Department of Water (DOW) (DOW 150283) for exceeding limits on five haloacetic acids (HAA5) disinfection

[19] McKinney Districts' Response to Filing Deficiencies, Exhibit A.

[20] McKinney District's Supplemental Information Filing and Clarification (filed Mar. 12, 2025) at 2.

[21] McKinney District's Response to Filing Deficiencies, Exhibit A.

[22] McKinney District's Response to Filing Deficiencies, Exhibit A.

[23] McKinney District's Response to Filing Deficiencies, Exhibit A.

[24] Application, Exhibit A.

[25] Application, Exhibit A.

byproducts, and the DOW emphasized the need for enhanced treatment processes.[26] A major source of this problem, according to McKinney District, is the Stanford water treatment plant, and that the water delivered at the meter is 95 percent of the limit.[27] Stanford is currently planning a water treatment and supply expansion for an estimated cost of $23.2 million.[28] McKinney District cited to Stanford's statement of need for the current water treatment project, which states that this increase in plant capacity will be required to meet customer demand for both existing and future customers and will improve water quality to both residential and wholesale customers.[29]

McKinney District provided the current 2024 consumer confidence report (CCR) for Stanford.[30] McKinney District stated that HAA5 levels at the ballpark master meter, the main source of supply from Stanford, still run very close to the MCL.[31] McKinney District stated that the water quality in Stanford is better but, from McKinney District's perspective, still needs to be improved.[32] According to McKinney District, it does not currently add additional disinfection products to its system.[33] McKinney District stated that connecting to Danville will improve water quality, reduce HAA5 levels, and provide a

[26] Application, Exhibit A.

[27] McKinney Water Loss Investigation and Response (filed Mar. 11, 2025) at 4.

[28] Application, Exhibit A.

[29] McKinney District's Response to Staff's Second Request, Item 1d.

[30] McKinney District's Response to Staff's Second Request, Item 1d.

[31] McKinney District's Response to Staff's Second Request, Item 1d.

[32] McKinney District's Response to Staff's Second Request, Item 1d.

[33] Application, Exhibit A.

reliable raw water supply from Herrington Lake.[34] The proposed project is expected to improve water age[35] as well as have lower HAA5s at the meter.[36]

Additionally, McKinney District stated that it has an ongoing issue with its connection to Stanford.[37] These problems include service interruptions during extreme weather and potential termination of service during drought conditions.[38] McKinney District explained that connecting to Danville's water system was the selected solution due to a recent upgrade in the Danville water system to enhance treatment processes, including granular activated carbon (GAC) for disinfection byproduct (DBP).[39] Furthermore, McKinney District stated that water purchase rates for Danville are lower and will be sold at a reduced price once the financing has been repaid.[40]

McKinney District stated that its relationship with Danville is better than with Stanford.[41] McKinney District stated that Stanford has repeatedly accused McKinney District of causing problems in the Stanford system in order to deflect attention from the real problems in the system.[42] The relationship, according to McKinney District, has been strained since 2002.[43] McKinney District also stated that the Ballpark Master Meter failed

[34] Application, Exhibit A.

[35] The length of time water sits within a tank or pipe.

[36] Application, Exhibit A; McKinney Water Loss Investigation and Response at 4.

[37] Application, Exhibit A.

[38] Application, Exhibit A.

[39] Application, Exhibit A.

[40] Application, Exhibit A.

[41] McKinney District's Response to Staff's Second Request, Item 4.

[42] McKinney District's Response to Staff's Second Request, Item 4.

[43] McKinney District's Response to Staff's Second Request, Item 4.

to work, and Stanford tried to charge a punitive amount.[44] McKinney District explained that Stanford, through its treatment plant operator, has requested McKinney District seek other sources of water in 2022, 2023, and 2025, as well as other times not as recent as these.[45] McKinney District also explained that the water supply contract between Stanford and McKinney District has expired and has not been renewed; as a result, Stanford is under no contractual obligation to supply water to McKinney District.[46]

McKinney District explored four alternatives to the connection to Danville:

1. McKinney District's first alternative was to connect to the city of Eubank.[47] McKinney District determined that this option was not viable because of capacity limits, water quality issues, and the higher cost of water.[48]

2. Another option was to continue operating through purchase of potable water from Stanford. However, by continuing to purchase water from Stanford, McKinney District stated that it anticipated the necessity for upgrades to pumps and water mains, resulting rate increases due to planned water treatment and supply expansions by Stanford, and continued issues with raw water supply.[49]

3. McKinney District also explored the option of reducing the age of the water in its system.[50] The costs of this alternative are approximately $350,000 in capital costs

[44] McKinney District's Response to Staff's Second Request, Item 4.

[45] McKinney District's Response to Staff's Second Request, Item 7(a).

[46] McKinney District's Response to Staff's Second Request, Item 7(a).

[47] McKinney District's Response to Staff's First Request, Item 9e.

[48] McKinney District's Response to Staff's First Request, Item 9e.

[49] Application, Exhibit A.

[50] Application, Exhibit A.

plus $10,015 per year in flushing costs.[51] This would address the age of the water in storage tanks by installing a mixing system to make the water turn over more frequently.[52] McKinney District did not pursue this option because it stated this would not help with the current supply issues.

4. The last option was to adjust chlorine feeds. McKinney District explained that, since the water from Stanford was above the limits for HAA5, there was nothing short of building a new treatment plant that McKinney District could do.[53] Adding additional chlorine would have only worsened the DBP with higher MCLs.[54]

McKinney District solicited bids for the Phase 1A water line construction through publication.[55] McKinney District stated that it had bids from five contractors.[56] McKinney District selected the bid from Hubert Excavating Company in the amount of $1,045,000 for Division 2, and $375,000.01 for Division 1.[57] While Hubert Excavating Company was not the lowest cost option for Division 2 alone, the combined bid for Division 1 and 2 was the lowest cost.[58]

On March 13, 2025, Stanford issued a public comment contesting McKinney District's need to connect to the Danville Water System. Stanford stated it sought the

[51] McKinney District's Response to Staff's First Request, Item 9d.

[52] McKinney District's Response to Staff's First Request, Item 9d.

[53] McKinney District's Response to Staff's First Request, Item 9c.

[54] McKinney District's Response to Staff's First Request, Item 9c.

[55] Application, Exhibit N.

[56] McKinney District's Response to Staff's First Request, Item 17b.

[57] Application, Exhibit C.

[58] Application, Exhibit N.

assistance of Water Solutions Unlimited, Inc. (WSU) to explore how Stanford could best address disinfection byproducts in the water it produces.[59] Early in the process, Stanford stated that McKinney District participated with Stanford in discussions with WSU, and WSU recommended that McKinney District begin using the chemical ORA-CLE to clean its distribution system.[60] Stanford stated it was of the understanding that McKinney District decided not to use this product.[61]

Stanford stated that in July 2018, it was recognized by the Energy and Environment Cabinet as 1 of the 42 water treatment plants in the state that met the goals of Kentucky's Area-Wide Optimization Program.[62]

Stanford explained various treatments that it sought out to improve water quality.[63] In addition to seeking the most effective combination of agents to combat disinfection byproducts and total carbon in the water it produces, Stanford stated it has made improvements to its infrastructure to ensure it is equipped to provide an adequate supply of clean water to its customers.[64] Stanford explained that, included in the infrastructure improvements, was the replacement of approximately 1,330 linear feet of water line that feeds only the McKinney District pump station.[65] The new line delivers water to the

[59] Stanford Public Comment at 2.

[60] Stanford Public Comment at 2.

[61] Stanford Public Comment at 2.

[62] Stanford Public Comment at 2.

[63] Stanford Public Comment at 2.

[64] Stanford Public Comment at 3.

[65] Stanford Public Comment at 3.

McKinney District pump station at a pressure of 110-120 psi.[66] Stanford stated that had it known that McKinney District was going to substantially reduce its water purchases from Stanford, and thereby reduce or eliminate the demand on this line, Stanford may have chosen to use its resources to replace a different section of water line.[67]

Stanford discussed the flash freeze that occurred in December of 2022.[68] Stanford stated that, on December 26, 2022, McKinney District was using a substantial volume of water and that at 9:15 p.m. Stanford's million-gallon storage tank had 3.99 ft of water left in it, and the two tanks in town were completely empty.[69] Stanford serves McKinney Water District via three master meters.[70] Stanford explained that it decided to close the Neals Creek master meter to McKinney District's system, as it had the highest usage that night, and that the Neals Creek meter is usually the second highest usage of the three master meters serving McKinney District's system.[71] Stanford argued it determined by looking at the usage of the three master meters that serve McKinney District's system that the Neals Creek master meter service area must have had several leaks.[72] Stanford stated that it and Kentucky Rural Water worked in conjunction with McKinney District and began to slowly open McKinney District's system and check for leaks.[73]

[66] Stanford Public Comment at 3.

[67] Stanford Public Comment at 3.

[68] Stanford Public Comment at 4.

[69] Stanford Public Comment at 4.

[70] Stanford Public Comment at 4.

[71] Stanford Public Comment at 4.

[72] Stanford Public Comment at 4-5.

[73] Stanford Public Comment at 5.

Stanford argued that it is providing McKinney District with clean water that meets all of the regulatory requirements at the point of delivery and that McKinney District does not need a connection with Danville to obtain clean water for its customers.[74] Stanford acknowledged that McKinney District is responsible for providing its customers with an adequate supply of clean water.[75] However, Stanford questioned whether the proposed project will provide McKinney District's customers with a substantial benefit to justify its cost.[76] Stanford stated that roughly half of McKinney District's customers reside outside of the area that will be impacted by this project.[77]

On March 20, 2025, McKinney District filed a response to Stanford's public comment.[78] McKinney District stated that, while Stanford has made progress in addressing water quality issues, it still lags in providing sufficient quantities of both raw and treated water to meet their customers' needs in extreme events.[79] McKinney District argued that it has continued to experience concerns regarding long-term reliability and stability.[80] McKinney District pointed to the December 2022 flash-freeze and another occurrence in December 2024 of freezing weather when Stanford notified McKinney District of a possible interruption of service.[81] McKinney District also pointed out that

[74] Stanford Public Comment at 5.

[75] Stanford Public Comment at 5.

[76] Stanford Public Comment at 5.

[77] Stanford Public Comment at 5.

[78] McKinney District's Response.

[79] McKinney District's Response at 1.

[80] McKinney District's Response at 1.

[81] McKinney District's Response at 2.

concerns arose in the Fall of 2023, when Stanford experienced a water shortage due to the raw water supply lake falling below operational levels during a dry period, though no termination occurred.[82]

McKinney District acknowledged that Stanford has not experienced issues with disinfection byproducts since 2019.[83] McKinney District also highlighted a lack of communication between Stanford and McKinney District.[84] As an example, McKinney District stated that Stanford's investment in infrastructure improvement was completed in 2020, after McKinney District's project filing with Bluegrass Area Development District in mid-2018.[85] McKinney District stated that the interconnection with Danville will enhance McKinney District's system redundancy, improve reliability, and ultimately provide a more secure and stable water supply for the customers.[86] McKinney District explained that the project will ultimately reduce the cost of purchased water since Danville's rates are lower.[87]

McKinney District explained the project also replaces old asbestos cement water lines that will directly benefit customers by improving water quality and increasing overall system efficiency.[88] McKinney District stated that its goal is not to sever ties with Stanford, but to enhance its ability to serve customers effectively. McKinney District also stated

[82] McKinney District's Response at 2.

[83] McKinney District's Response at 1-2.

[84] McKinney District's Response at 2-3.

[85] McKinney District's Response at 2.

[86] McKinney District's Response at 3.

[87] McKinney District's Response at 3.

[88] McKinney District's Response at 3.

that having a third source of water will strengthen its overall system, provide operational flexibility, provide emergency capabilities, and allow it to manage future challenges better.[89]

Danville filed a public comment on March 26, 2025. It stated that it provides water to seven different wholesale customers and has successfully established itself as a regional water provider.[90] Danville provided that, in 2017, it completed water plant improvements that provided increased pumping capacity to 12 million gallons per day (MGD).[91] Currently, Danville stated that it distributes a daily demand of approximately 6.5 MGD, and it argued that this demonstrates adequate capacity to facilitate any current and future need in its distribution system.[92]

Danville stated that all reported violations during the 2015 through 2018 reporting period were the direct result of the aforementioned water plant upgrades and construction process and were recognized by KY Division of Water (DOW) as expected and allowable during that time.[93] Danville also provided a list of several awards it has received related to quality drinking water.[94]

Danville stated that, in 2020, it was approached by McKinney District in an effort to address capacity, pressure, and the disinfection-byproducts provision from their

[89] McKinney District's Response at 3.

[90] Danville Public Comment.

[91] Danville Public Comment.

[92] Danville Public Comment.

[93] Danville Public Comment.

[94] Danville Public Comment.

primary water wholesale provider.[95] According to Danville, since then, McKinney District has worked with Danville to address the ongoing issues with the McKinney District's water system[96] Danville and McKinney District mutually entered into a wholesale agreement to confirm intent to provide for the needs of the McKinney District drinking water system.[97]

Financing

McKinney District stated that the total cost of the Phase 1A was $1,361,139.[98] The construction cost for Phase 1A was estimated at $1,045,000.[99] The non-construction cost was an estimated $316,138 for Phase 1A, and included administrative, design, engineering, and legal fees, as well as bond financing and the cost of the pump station,[100] excluding contingency fees.[101]

McKinney District stated that it would fund Phase 1A using a combination of local funding in the amount of $600,000; funds from Danville in the amount of $530,778; and a loan from the Rural Water Financing Agency (RWFA) in the expected amount of $855,000.[102] McKinney District also stated that the RWFA loan is subject to a variance of a 10 percent increase or decrease to allow for an adjustment based on the interest

[95] Danville Public Comment.

[96] Danville Public Comment.

[97] Danville Public Comment.

[98] Application, Exhibit C.

[99] Application, Exhibit C.

[100] Application, Exhibit C.

[101] McKinney District's Response to Staff's First Request, Items 13a and 13b.

[102] Application at 3-4.

rates as determined once the bonds are sold.[103] McKinney District anticipated the RWFA loan to have an average life of 18.71 years and an average interest rate of 4.56 percent.[104]

DISCUSSION AND FINDINGS

Having considered the record and being otherwise sufficiently advised, the Commission finds that the CPCN should be granted for Phase 1A. The connection to Danville water system, or Phase 1A of the project, addresses both the water supply issues with Stanford, along with water quality issues. McKinney District also stated it does not currently have a contract in place with Stanford for water supply.[105] As McKinney District has had previous issues with exceeding the limits on HAA5 disinfection byproducts and does not add in its own disinfection products to its system, the connection to Danville will improve water quality. Danville recently expanded its treatment plant capacity and draws from Herrington Lake. Therefore, the Commission finds that McKinney District has demonstrated a sufficient need for Phase 1A, as the issues concerning water supply show a substantial inadequacy in existing service.

For Phase 1A, Division 1 and 2, McKinney District has established that the project will not result in wasteful duplication. McKinney District presented four alternatives to its chosen option of Danville's Water System: adjusting chlorine feeds, reducing the age of the water system, continuing to operate with Stanford, and connecting to the city of Eubank. McKinney District thoroughly analyzed all reasonable alternatives and explained why connecting to Danville was not only a viable option but also the most cost-effective.

[103] McKinney District's Response to Staff's First Request, Item 6.

[104] Application, Exhibit D.

[105] McKinney District's Response to Staff's Second Request, Item 7(a).

Specifically, Danville recently upgraded its water enhancement treatment process. While the estimated cost of reducing the age of the water in the water system is nominally a cheaper option, because of the funding received from Danville in the amount of $530,778 and issues surrounding service interruptions with Stanford, connecting to Danville is the best of the options. Therefore, the Commission finds that Phase 1A of the project will not result in wasteful duplication.

The Commission further finds that the requested financing, including the RWFA loan, is necessary to complete the projects discussed above and will not impair McKinney District's ability to provide service. As noted above, the Commission finds that the projects at issue are necessary and will not result in wasteful duplication. Further, the Commission finds that the financing requests are for the lawful purpose of providing safe, adequate, and reliable service to the public. The financing will enable McKinney District to construct the proposed project, which, as discussed above, is necessary to provide water service consistent with the lawful purpose. In this instance, the financing plan will not impair McKinney District's ability to provide service and is reasonably necessary for McKinney District to provide adequate service.

In addition, the Commission reiterates its finding in its Order dated March 28, 2025, granting Phase 1B of the project, that McKinney District shall file an application for a general rate adjustment, an alternative rate adjustment, or tender a detailed explanation with supporting documentation to show cause why a rate adjustment is unnecessary, on or before June 30, 2026, to ensure that depreciation and debt service for Phases 1A and 1B are captured in McKinney District's rates.[106]

[106] Order (Ky. PSC Mar 28, 2025) at 12-13.

IT IS THEREFORE ORDERED that:

1. McKinney District is granted a CPCN for Phase 1A of the proposed project as submitted.

2. McKinney District's proposed plan of financing is approved.

3. McKinney District is authorized to enter into a loan in the amount of $855,000 with RWFA, anticipated to mature over a period of 18.71 years and with an expected interest rate of 4.56 percent.

4. The proceeds of the loans shall be used only for the purposes specified in McKinney District's application.

5. McKinney District shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

6. McKinney District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, and administrative), within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

7. McKinney District shall notify the Commission in writing one week prior to the actual start of construction.

8. McKinney District shall require the construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is done in accordance with

the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

9. McKinney District shall immediately notify the Commission upon knowledge of any material changes to the projects, including but not limited to an increase in cost and any significant delays.

10. McKinney District shall only execute the loan documents with RWFA to the extent the terms and conditions are consistent with the loan described in its application except as otherwise authorized herein.

11. McKinney District shall file a copy of the loan documents executed with RWFA in this matter within ten days of execution.

12. Any documents filed in the future pursuant to ordering paragraphs 6-11 of this Order shall reference this case number and shall be retained in McKinney District's post-case correspondence file.

13. The Executive Director is delegated authority to grant reasonable extensions of time for filing of any documents required by this Order upon McKinney District's showing of good cause for such extension.

14. This case is closed and removed from the Commission's docket.

Nothing contained in this Order shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing, herein approved.

PUBLIC SERVICE COMMISSION

Chairman

Vice-Chairman

Commissioner

ATTEST:

Executive Director

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MAY 14 2025 MB
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