

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST PENDLETON COUNTY)
WATER DISTRICT FOR AUTHORITY TO ENTER) CASE NO. 2012-00505
INTO A LOAN AGREEMENT WITH THE)
KENTUCKY INFRASTRUCTURE AUTHORITY)

ORDER

East Pendleton County Water District (“East Pendleton District”) has applied to the Commission for approval to enter into an Assistance Agreement with Kentucky Infrastructure Authority (“KIA”) to borrow approximately \$160,000.¹

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. East Pendleton District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that distribute water to 1,915 customers in the Kentucky counties of Bracken, Carroll, and Pendleton.²

2. East Pendleton District proposes to execute an Assistance Agreement with KIA to borrow an amount not to exceed \$160,000. The proposed loan will have a 20-year term with an interest rate of 2.75 percent per annum.³ A loan servicing fee

¹ East Pendleton District tendered its application on November 21, 2012. In its application, it requested a deviation from 807 KAR 5:001, Section 11(2). On January 7, 2013, the Commission granted this request and accepted the application for filing. No person or entity has sought intervention in this proceeding.

² *Annual Report of East Pendleton County Water District to the Kentucky Public Service Commission for the Calendar Year Ending December 31, 2011* at 5, 27.

³ App. ¶ 4. KIA approved East Pendleton District’s application for the loan on August 2, 2012. See Minutes of Full Board Meeting (Aug 2, 2012) at 4-5, *available at* <http://kia.ky.gov/NR/rdonlyres/9C811D48-326E-4912-9274-3F1EBD660A6E/0/kiaboardbook110112REVISED.pdf> (last visited Jan. 1, 2013).

equal to 0.20 percent of the loan's outstanding balance will be due with each interest payment.⁴

3. East Pendleton District will use the proceeds of the proposed loan to refurbish an existing 150,000 water storage tank.⁵

4. East Pendleton District's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair East Pendleton District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. East Pendleton District is authorized to enter into the Assistance Agreement with KIA to borrow no more than \$160,000 to be paid over a 20-year period at an interest rate of 2.75 percent per annum.

2. Within 30 days of executing the proposed Assistance Agreement, East Pendleton District shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that East Pendleton District has not previously filed with the Commission.

3. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in East Pendleton District's application.

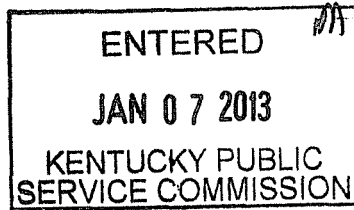
⁴ Letter from Sandy Williams, Financial Analyst, Kentucky Infrastructure Authority, to William Thompson, Chairman, East Pendleton County Water District (Aug. 7, 2012) at 2.

⁵ This Water Resource Information System has assigned Project Number WX21191002. For a detailed description, see Kentucky Infrastructure Authority Board Meeting Booklet for Aug. 2, 2012 at 68, available at <http://kia.ky.gov/NR/rdonlyres/5370E49F-DD87-4106-8258-35340E6BBF5B/0/kiaboardbook080212.pdf> (last visited Jan. 1, 2013).

4. Any documents filed pursuant to ordering paragraph 2 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST



Executive Director

Case No. 2012-00505

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