

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF REID VILLAGE WATER)	
DISTRICT TO ISSUE EVIDENCE OF)	
INDEBTEDNESS TO OBTAIN A LOAN FROM)	
THE KENTUCKY INFRASTRUCTURE)	CASE NO.
AUTHORITY IN THE APPROXIMATE PRINCIPAL)	2016-00086
AMOUNT OF \$401,625.00 FOR THE PURPOSE)	
OF PURCHASING IMPROVED REAL PROPERTY)	

ORDER

Reid Village Water District (“Reid Village”) has applied for approval to issue evidence of indebtedness, pursuant to KRS 278.300, for the purpose of purchasing improved real property in Montgomery County, Kentucky.

Having reviewed Reid Village’s application and being otherwise sufficiently advised, the Commission finds that:

1. Reid Village, a water district organized under KRS Chapter 74, owns and operates water distribution facilities that serve approximately 1,132 customers in Clark and Montgomery counties, Kentucky.¹

2. Reid Village’s application, which was received on February 22, 2016, was supplemented and accepted as filed with the Commission on March 11, 2016. No person has sought intervention in this matter. On April 1, 2016, Commission Staff issued a request for information (“Staff’s First Request”) with responses due on April 7, 2016. On April 5, 2016, Reid Village filed a motion to extend the time to respond to

¹ *Annual Report of Reid Village Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2014 (“2014 Annual Report”)* at 12 and 53.

Staff's First Request until May 1, 2016. By Commission Order dated April 7, 2016, Reid Village's motion for an extension of time was granted, and good cause was found for the Commission to extend its review of the application beyond the 60-day period specified in KRS 278.300(2). On April 28, 2016, Reid Village filed into the record its responses to Staff's First Request. Reid Village has not requested a hearing in this matter and the Commission finds the record complete.

3. Reid Village proposes to purchase commercial property to serve as its primary location and headquarters for office and field personnel. The property consists of two existing structures, an office building and maintenance building, near Reid Village's current office location. The total parcel size, encompassing the two structures and paved parking lot, is approximately .72 acres.²

4. Reid Village states that the proposed purchase is intended to provide a needed increase in the district's office space, operations and maintenance center space and on-site vehicle and equipment storage.³

5. The total cost of the proposed acquisition, including administrative, legal, land, and contingencies, is approximately \$401,625.

6. Reid Village intends to finance the proposed project with a \$401,625 Infrastructure Revolving Loan Fund B approved by the Kentucky Infrastructure Authority ("KIA").⁴

² Application, Exhibit A 1.

³ Application, paragraph 9.

⁴ Application, Exhibit E, February 4, 2016 Letter from Amanda Yeary, KIA, to Don Crabtree, Chairman, Reid Village.

7. On February 4, 2016, KIA approved a loan of \$401,625 from the Infrastructure Revolving Loan Fund B to finance Reid Village's Office and Maintenance Building Purchase Project. KIA offered to provide a loan to be repaid over a 30-year term at an interest rate of 1.75 percent per annum.⁵

8. KIA also states that there will be an additional loan servicing fee of 0.20 percent of the annual outstanding loan balance that will be payable to KIA as a part of each interest payment.⁶

9. KIA has placed as a condition to the loan that Reid Village execute an Assistance Agreement with KIA no later than February 4, 2017.

10. Reid Village's failure to execute the proposed Assistance Agreement with KIA by February 4, 2017, will result in the rescission of KIA's commitment to fund the project.

11. A utility having less than \$5 million in gross annual revenues is not required to provide financial data for a 12-month period ending within 90 days of the filing of the application if the utility's most recent annual report is on file with the Commission, and if the application contains information regarding any changes that have occurred since the period covered in the annual report.⁷ For the calendar year ending December 31, 2014, Reid Village had total operating revenues of \$449,201,⁸ and

⁵ *Id.*

⁶ *Id.* at 2.

⁷ 807 KAR 5:001, Section 12(1)(b).

⁸ *2014 Annual Report* at 24 and 53.

its application states that there has been no material change in its financial condition or operation since December 31, 2014.⁹

12. The proposed Assistance Agreement with KIA is for lawful objects within Reid Village's corporate purpose, is necessary, appropriate for and consistent with the proper performance of Reid Village's service to the public, will not impair Reid Village's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. Reid Village is authorized to enter into the proposed Assistance Agreement with KIA and, under the terms of that Agreement, to borrow from KIA an amount not to exceed \$401,625 to be repaid over a 30-year period at an interest rate of 1.75 percent per annum.

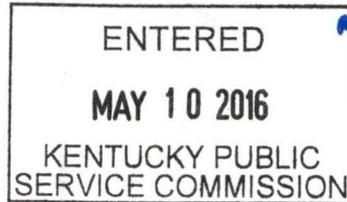
2. Within 30 days of executing the proposed Assistance Agreement with KIA, Reid Village shall file with the Commission an executed copy of the Assistance Agreement. Reid Village shall use the proceeds from the proposed Assistance Agreement with KIA only for the lawful purposes set forth in its application. None of the proceeds shall be used for the construction of any other improvements or any other project except those clearly identified in Reid Village's application in this proceeding, unless and until Reid Village obtains prior Commission approval for the use of the proceeds.

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

⁹ Application, paragraph 12(l).

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

By the Commission



ATTEST:


Acting Executive Director

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White, Peck, Carrington & McDonald
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