

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE PROPOSED WATER	)	
SUPPLY AGREEMENT BETWEEN FRANKFORT	)	CASE NO. 2013-00250
ELECTRIC AND WATER PLANT BOARD AND	)	
SOUTH ANDERSON WATER DISTRICT	)	

ORDER

Pursuant to the Commission's Order in Administrative Case No. 351,<sup>1</sup> Frankfort Electric and Water Plant Board ("FEWPB") has filed with the Commission a water supply agreement with South Anderson Water District ("South Anderson District").<sup>2</sup> Pursuant to the terms of this agreement, which has a term of 42 years, South Anderson District will purchase a minimum of 5,000,000 gallons monthly from FEWPB.

Based upon our initial review of the contract, the Commission finds that the proposed contract requires South Anderson District to assume significant financial obligations that may affect the price and quality of the water service that South Anderson District provides to its customers. Moreover, these obligations appear to render the proposed water supply agreement an evidence of long-term indebtedness that would require prior Commission approval pursuant to KRS 278.300(1).<sup>3</sup> Accordingly, the Commission finds that, pursuant to KRS 278.040 and 278.250, an

---

<sup>1</sup> Administrative Case No. 351, *Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities* (Ky. PSC Aug. 9, 1994).

<sup>2</sup> TFS No. 2012-00913 (filed Oct. 25, 2012).

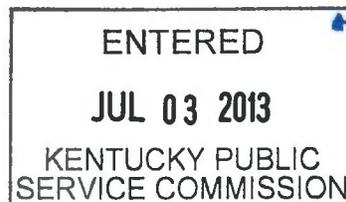
<sup>3</sup> No utility shall issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until it has been authorized to do so by order of the commission.

investigation into the reasonableness and lawfulness of the proposed water supply agreement should be conducted.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness and lawfulness of the proposed water supply agreement between FEWPB and South Anderson District.
2. FEWPB and South Anderson District are made parties to this proceeding.
3. Within 30 days of the date of this Order, FEWPB and South Anderson District shall file with the Commission a written memorandum addressing whether KRS 278.300(1) requires South Anderson District to apply for Commission approval prior to executing the proposed water supply agreement.
4. South Anderson District shall take no action to implement the provisions of the proposed water supply agreement until completion of this proceeding without express Commission approval.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

Case No. 2013-00250

Warner Caines  
General Manager  
Frankfort Electric & Water Plant Board  
P. O. Box 308  
Frankfort, KY 40602

Eddie R Stevens  
Chairman  
South Anderson Water District  
P. O. Box 17  
Lawrenceburg, KY 40342