

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Garrison-Quincy-Ky-O-Heights Water District for Approval of a Certificate of Public Convenience and Necessity and Approval of Financing ) ) Case No. 2015-00052 ) )

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**SUPPLEMENTAL INFORMATION**

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Garrison-Quincy-Ky-O-Heights Water District (“Garrison-Quincy”), by counsel, provides the following supplemental information to support its application in the above-styled case.

1. In response to the deficiency letter that was issued on March 18, 2015, Garrison-Quincy provides as Exhibit 1 hereto detailed estimates of property and construction expenses arranged according to the Uniform System of Accounts for Class A and B Water Districts.

2. Garrison-Quincy is submitting as Exhibit 2 hereto a letter from John Covington, Executive Director of the Kentucky Infrastructure Authority, to Luke Bentley, Chairman of Garrison-Quincy, dated September 11, 2014, as additional information to be considered by the Commission in considering Garrison-Quincy’s application. This letter states, “The new expiration date will be April 4, 2015. If the project does not meet the conditions by the new expiration date, no additional extensions will be considered and the commitment will be rescinded.” Because the expiration date is a Saturday, Garrison-Quincy identified the preceding date of April 3, 2015, as the deadline in its application.

3. Garrison-Quincy is submitting as Exhibit 3 hereto a letter from John Covington, Executive Director of the Kentucky Infrastructure Authority, to Luke Bentley, Chairman of Garrison-Quincy, dated March 17, 2015, as additional information to be considered by the Commission in considering Garrison-Quincy's application. This letter states that "KIA requires a minimum 1.0 debt service coverage as a requirement on all loans. Garrison-Quincy submits this letter to assist the Commission in entering a specific finding of fact that Garrison-Quincy's current rates are sufficient to meet the debt service coverage requirements of KIA.

Respectfully submitted,

STURGILL, TURNER, BARKER & MOLONEY, PLLC



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ATTORNEY FOR APPLICANT

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**SUPPLEMENTAL INFORMATION**

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**EXHIBIT 1**

Exhibit 1

Garrison-Quincy estimates the following property and construction expenses arranged according to the Uniform System of Accounts for Class A and B Water Districts:

Account Number	Account Description	Estimate
307	Wells and Springs	\$138,426.80
320	Water Treatment Equipment	\$692,573.20

These estimates account for the total estimated projected cost of \$831,000 and do not reflect any adjustment for the principal forgiveness of the KIA financing. In addition, these estimates are based on a revised project budget. Garrison-Quincy is no longer budgeting any expense for “Land, Easements,” but it still anticipates that the total project will cost \$831,000.

The revised Project Budget is as follows:

1	Administrative Expenses	16,620
2	Legal Expenses	10,000
3	Land, Appraisals, Easements	-
4	Relocation Expenses & Payments	-
5	Planning	25,000
6	Engineering Fees – Design	43,920
7	Engineering Fees – Construction	10,980
8	Engineering Fees – Inspection	48,100
9	Engineering Fees – Other	17,000
10	Construction	548,342
11	Equipment	-
12	Miscellaneous	-
13	Contingencies	111,038
	<b>Total</b>	<b>831,000</b>

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**SUPPLEMENTAL INFORMATION**

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**EXHIBIT 2**



**KENTUCKY INFRASTRUCTURE AUTHORITY**

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-0260  
Fax (502) 573-0157  
<http://kia.ky.gov>

**Steven L. Beshear**  
Governor

**John E. Covington III**  
Executive Director

September 11, 2014

Board Chairman, Jonathon Bivens  
Garrison-Quincy-KY-O-Heights Water District  
P.O. Box 279  
Garrison, KY 41141

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (F13-034)  
EXTENSION**

Dear Chairman Bivens:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Drinking Water State Revolving Fund (DWSRF) loan F13-034 for the New Well and Water Treatment Plant Improvement Project. The Authority has extended the deadline for the Agency to meet the conditions set forth in the conditional commitment letter for six (6) months. The original expiration date was October 4, 2014. The new expiration date will be April 4, 2015. If the project does not meet the conditions by the new expiration date, no additional extensions will be considered and the commitment will be rescinded.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

John E. Covington, III  
Executive Director

cc: Laura Jefferson, Buffalo Trace Area Development District  
John Pierce, Garrison-Quincy-KY-O-Heights Water District  
Robert Blankenship, HMB Professional Engineers, Inc.  
Jeff Reynolds, HMB Professional Engineers, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State Local Debt Office, DLG  
Borrower File - Garrison-Quincy-KY-O-Heights Water District - F13-034

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**SUPPLEMENTAL INFORMATION**

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**EXHIBIT 3**



**KENTUCKY INFRASTRUCTURE AUTHORITY**

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-0260  
Fax (502) 573-0157  
<http://kia.ky.gov>

**Steven L. Beshear**  
Governor

**John E. Covington III**  
Executive Director

March 17, 2015

Mr. Luke Bentley, Chairman  
Garrison-Quincy-KY-O-Heights Water District  
P.O. Box 279  
Garrison, KY 41141

Dear Chairman Bentley:

The purpose of this correspondence is to respond to an inquiry from the Garrison-Quincy-KY-O-Heights Water District regarding a special condition of the Drinking Water State Revolving Fund Loan, F13-034. The special conditions states that, "The District shall receive the final order from the Public Service Commission that authorizes rates that are sufficient to meet the debt service coverage requirements of the Assistance Agreement."

Our standard Assistance Agreement language states under Section 5.4 that "The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals." Specifically, the KIA requires a minimum 1.0 debt service coverage as a requirement for all loans.

If you have any questions regarding this matter, please don't hesitate to contact me at (502)573-0260.

Sincerely,

A handwritten signature in black ink, appearing to read "John E. Covington, III".

John E. Covington, III  
Executive Director

cc: Todd Osterloh, Sturgill Turner