

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of

THE APPLICATION OF WARREN COUNTY WATER DISTRICT, INC., WARREN COUNTY, KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING SAID SYSTEM TO CONSTRUCT MAJOR IMPROVEMENTS AND ADDITIONS TO ITS EXISTING MUNICIPAL SEWER COLLECTION SYSTEM FINANCED BY RURAL ECONOMIC AND COMMUNITY DEVELOPMENT SERVICE (FORMALLY FARMERS HOME ADMINISTRATION) PURSUANT TO THE PROVISIONS OF KRS 278.023 OF THE KENTUCKY REVISED STATUTES: AND (2) SEEKING APPROVAL OF THE ISSUANCE OF CERTAIN SECURITIES, AND (3) APPROVAL OF SEWER RATES.

CASE NO. 2019-00134

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The Applicant, Warren County Water District, situated in Warren County, Kentucky (the "District"), acting by and through its Commissioners, which is a special district or special purpose governmental entity as set forth in KRS 65.005 and KRS 65A.010, by counsel, respectfully tenders this Application and requests that the Public Service Commission of Kentucky enter its Order issuing authority to the System for (1) CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING SAID DISTRICT TO CONSTRUCT MAJOR IMPROVEMENTS AND ADDITIONS TO ITS EXISTING MUNICIPAL SEWER COLLECTION SYSTEM FINANCED BY RURAL ECONOMIC AND COMMUNITY DEVELOPMENT SERVICE PURSUANT TO THE PROVISIONS OF KRS 278.023 OF THE KENTUCKY REVISED STATUTES; AND (2) SEEKING APPROVAL OF THE ISSUANCE OF CERTAIN SECURITIES; AND (3) APPROVAL OF SEWER RATES. By authorizing the request set forth in the application will permit the District to construct major improvements and additions to its municipal sewer collection system for the purpose of assuring an adequate sewer service to the area of and the customers in the District, all in the interests of the public health, safety

and general welfare of the citizens and inhabitants of the District and its customers. In support of this application and in conformity with the rules of the Public Service Commission, the District, by the Commissioners and counsel, states as follows:

1. Warren County Water District, situated in Warren County, Kentucky, (The Applicant), is a water district existing by virtue of an Order entered by the Public Service Commission. The District is now, and has been since its inception on December 18th, 1973 (PSC Case No. 5909), regulated by the Public Service Commission of Kentucky, and all records and proceedings of the Public Service Commission with reference to the District are incorporated in this Application by reference.

2. The governing body of the District is its Board of Commissioners, with power to make contracts in furtherance of its lawful and proper purposes as provided in KRS 74.070. In conformity with KRS 74.020, the Warren County Fiscal Court has appointed Commissioners who were and are water users of the District. The present Commissioners and officers are Glen Johnson - Chairman; Tad Donnelly - Vice-Chairman; Joe Taylor - Treasurer; Harvey Johnston - Secretary; and Dion Houchins - Commissioner; The mailing address of the District is P. O. Box 10180 (523 U.S. 31W Bypass); Bowling Green, Kentucky 42102; Attention: John M. Dix, General Manager.

3. The District's staff engineer, Ryan J. Leisey, P.E., Bowling Green, Kentucky (the "Engineer"), has prepared engineering reports as well as detailed plans and specifications for the construction and installation of proposed major additional sewer facilities and improvements (the "Project") to serve the District.

The Preliminary and Final Engineering Report contains, among other things, a description of the Project, cost figures and other pertinent financial data and projections, and plans for the financing of the Project.

4. According to the final engineering report of the Engineer, the estimated cost of constructing and installing the Project is THREE MILLION FIFTY-SIX THOUSAND DOLLARS (\$3,056,000.00), which cost shall be financed by the Applicant

through (A) the issuance of the Applicant's Water Revenue Bonds, in the amount of SIX HUNDRED FORTY-FIVE THOUSAND DOLLARS (\$645,000.00), maturing over a period not to exceed 40 years and bearing interest at a single rate not to exceed 3.875% per annum, and which Bonds will be purchased by USDA in accordance with USDA's Letter of Conditions dated August 21, 2018 and Amendment No. 1 dated May 3, 2019; said Letter of Conditions and Amendment being attached as **EXHIBIT B**, and incorporated herein as if set forth in full; (B) A Kentucky Infrastructure Authority loan in the amount of TWO MILLION DOLLARS (\$2,000,000.00), maturing over a period not to exceed 20 years and bearing interest at a single rate not to exceed 2.000% per annum plus a 0.2% annual loan servicing fee provided by in accordance with **EXHIBIT C**; and (C) FOUR HUNDRED ELEVEN THOUSAND DOLLARS (\$411,000.00) will be provided from the Applicants Reserve Fund in accordance with the Letter of Conditions attached as **EXHIBIT B**.

The Preliminary and Final Engineering Report contains, among other things, a description of the Project, cost figures and other pertinent financial data and projections, and plans for the financing of the Project.

It is the opinion of the Commissioners of the District that the public health, safety and general welfare of the citizens and inhabitants of the District will be promoted and served by the construction of the Project and the financing thereof as herein described.

5. The District represents that, based upon the projections of the Engineer the proposed rate change is necessary and will be adequate to meet the annual operating cost of the additions to the District. The following rate structure is set out in the RURAL ECONOMIC AND COMMUNITY DEVELOPMENT SERVICE Letter of Conditions and Amendment No. 1:

EXISTING MONTHLY SEWER RATES

<u>5/8 X 3/4-Inch Meter</u>		
First 2,000 Gallons	\$10.78	Minimum Bill
Next 6,000 Gallons	4.59	per 1,000 Gallons
Next 12,000 Gallons	3.40	per 1,000 Gallons
Next 80,000 Gallons	3.01	per 1,000 Gallons
Over 100,000 Gallons	2.39	per 1,000 Gallons
<u>1-Inch Meter</u>		
First 5,000 Gallons	\$24.55	Minimum Bill
<u>1-1/2-Inch Meter</u>		
First 10,000 Gallons	\$45.15	Minimum Bill
<u>2-Inch Meter</u>		
First 16,000 Gallons	\$65.52	Minimum Bill
<u>3-Inch Meter</u>		
First 30,000 Gallons	\$109.22	Minimum Bill
<u>4-Inch Meter</u>		
First 50,000 Gallons	\$169.42	Minimum Bill
<u>6-Inch Meter</u>		
First 100,000 Gallons	\$319.92	Minimum Bill

*All rates are subject to a 10 percent penalty if paid after the due date.

EXISTING MONTHLY SEWER RATES (Users Inside City of Smiths Grove)

<u>5/8 X 3/4-Inch Meter</u>		
First 2,000 Gallons	\$17.22	Minimum Bill
Next 6,000 Gallons	4.76	per 1,000 Gallons
Next 12,000 Gallons	4.56	per 1,000 Gallons
Next 80,000 Gallons	3.96	per 1,000 Gallons
Over 100,000 Gallons	3.16	per 1,000 Gallons
<u>1-Inch Meter</u>		
First 5,000 Gallons	\$31.50	Minimum Bill
<u>1-1/2-Inch Meter</u>		
First 10,000 Gallons	\$54.90	Minimum Bill
<u>2-Inch Meter</u>		
First 16,000 Gallons	\$81.26	Minimum Bill
<u>3-Inch Meter</u>		
First 30,000 Gallons	\$140.10	Minimum Bill

4-Inch Meter

First 50,000 Gallons \$219.30 Minimum Bill

6-Inch Meter

First 100,000 Gallons \$417.30 Minimum Bill

*All rates are subject to a 10 percent penalty if paid after the due date.

PROPOSED MONTHLY SEWER RATES

5/8 X 3/4-Inch Meter

First 2,000 Gallons	\$11.77	Minimum Bill
Next 6,000 Gallons	5.06	per 1,000 Gallons
Next 12,000 Gallons	3.92	per 1,000 Gallons
Next 80,000 Gallons	3.62	per 1,000 Gallons
Over 100,000 Gallons	3.12	per 1,000 Gallons

1-Inch Meter

First 5,000 Gallons \$26.94 Minimum Bill

1-1/2-Inch Meter

First 10,000 Gallons \$49.77 Minimum Bill

2-Inch Meter

First 16,000 Gallons \$72.66 Minimum Bill

3-Inch Meter

First 30,000 Gallons \$122.09 Minimum Bill

4-Inch Meter

First 50,000 Gallons \$190.39 Minimum Bill

6-Inch Meter

First 100,000 Gallons \$361.14 Minimum Bill

*All rates are subject to a 10 percent penalty if paid after the due date.

PROPOSED MONTHLY SEWER RATES(Users Inside City of Smiths Grove)

5/8 X 3/4-Inch Meter

First 2,000 Gallons	\$18.46	Minimum Bill
Next 6,000 Gallons	5.23	per 1,000 Gallons
Next 12,000 Gallons	5.02	per 1,000 Gallons
Next 80,000 Gallons	4.40	per 1,000 Gallons
Over 100,000 Gallons	4.00	per 1,000 Gallons

<u>1-Inch Meter</u> First 5,000 Gallons	\$34.15	Minimum Bill
<u>1-1/2-Inch Meter</u> First 10,000 Gallons	\$59.89	Minimum Bill
<u>2-Inch Meter</u> First 16,000 Gallons	\$89.00	Minimum Bill
<u>3-Inch Meter</u> First 30,000 Gallons	\$154.14	Minimum Bill
<u>4-Inch Meter</u> First 50,000 Gallons	\$242.17	Minimum Bill
<u>6-Inch Meter</u> First 100,000 Gallons	\$462.22	Minimum Bill

***All rates are subject to a 10 percent penalty if paid after the due date.**

6. A copy of the District's articles of formation and all amendments thereto were filed with the PSC in prior proceedings Case No. 5909 and is incorporated herein by reference.

7. The following detailed information included with the Application and all exhibits referred to herein are incorporated by reference as a part of this Application:

- EXHIBIT A1** Preliminary Engineering Report.
- EXHIBIT A2** Final Engineering Report.
- EXHIBIT B** USDA Letter of Conditions dated August 21, 2018.
USDA Letter of Conditions Amendment No. 1 dated May 3, 2019.
- EXHIBIT C** KIA Conditional Commitment Letter dated December 20, 2018.
- EXHIBIT D** Certified statement from an authorized utility official confirming (1) that the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3-4), Section 5(1), Section 6 and 7, Section 8(1-3),

Section 9(1) and Section 10. The plans and specifications for the Project have also been designed to meet the minimum construction and operating requirements of the Kentucky Natural Resources and Environmental Protection Cabinet, Department for Environmental Protection, Division of Water: (2) that all other state approvals or permits have already been obtained; (3) that the proposed rates and charges shall produce total revenue requirements set out in the engineering report; and (4) dates when construction will begin and end.

- EXHIBIT E** Notice to customers of rate change with evidence of publication.
- EXHIBIT F1** Engineering Specifications signed and sealed by an engineer registered in Kentucky
- EXHIBIT F2** Engineering Plans signed and sealed by an engineer registered in Kentucky
- EXHIBIT G** Copy of USDA letter of concurrence in bid award.


8. The Commissioners of the District respectfully represent to the Public Service Commission that there is a genuine need and demand for the Project and that the Commission should enter herein its Order issuing its Certificate of Public Convenience and Necessity pursuant to KRS 278.023 authorizing construction and installation of the Project.

WHEREFORE, the Applicant, Warren County Water District, respectfully requests that such Order be issued.

Respectfully submitted,

WARREN COUNTY WATER DISTRICT

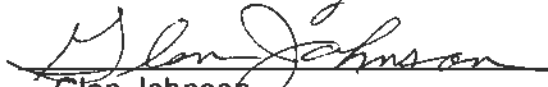
By: 
Glen Johnson, Chairman of the Board


Frank Hampton Moore, Jr.
Attorney for Applicant
Warren County Water District
hmoore@coleandmoore.com

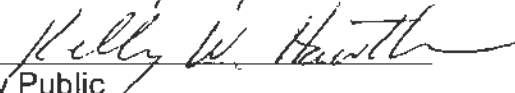
COMMONWEALTH OF KENTUCKY)
COUNTY OF WARREN)

I, Glen Johnson being first duly sworn according to law, state that I am Chairman of the Board of Directors of Warren County Water District, Warren County, Kentucky, that I have read the foregoing Application, and that the statements of fact set forth therein are true and accurate to the best of my knowledge and belief.

WITNESS my signature this 9 day of May, 2019.


Glen Johnson

Subscribed and sworn to before me this 9 day of May, 2019. My commission expires: 2/22/23.


Notary Public
ID: 615925
Warren County, Kentucky
(State at Large - Kentucky)