

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTHERN WATER &)
SEWER DISTRICT FOR A CERTIFICATE OF) CASE NO. 2019-328
PUBLIC NECESSITY AND APPROVAL OF)
FINANCE)

FIRST AMENDED APPLICATION

The application of Southern Water & Sewer District (“Southern”) respectfully shows:

1. The District was established pursuant to the provisions of Chapter 74 of the Kentucky Revised Statutes. The District is now, and has been since its inception, regulated by Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation because it is a statutorily created entity.

2. The governing body of the District is its Board of Commissioners, which is a Public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74 and all applicable law and regulations.

3. The mailing address of Southern is as follows:

Southern Water & Sewer District
245 Kentucky Route 680
P.O. Box 610
McDowell, Kentucky 41647

4. A general description of the District’s water system property, together with a statement of the original cost, is contained in the District’s Annual Report for

2018 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Applicant proposes to purchase new radio frequency water meters to replace their current meters for all of their customers. This improvement is necessary for a uniform, efficient and modern metering system.
6. Sealed Bid Proposals for Water Meter AMR System were due/received by Southern by July 10, 2019. Southern received multiple bid packages from several vendors in response to their request for proposals. Southern held a Board Meeting on July 22, 2019 to enable Southern's Board to question the vendors on their products and their installation process. During a Board meeting held on August 29, 2019, Southern voted to award the bid to RG3. The total price for the purchase and installation of 5,500 "RG3" Water Meters is \$1,291,750. (See attached Exhibit 1).
7. The funding of the \$1,291,750 meter and installation purchase will be decided by Southern's Current Board in the very near future. Southern has recently requested a financing proposal from Government Capital Corporation and will consider this as well as other financing alternatives to fund this purchase. Applicant will seek PSC approval of the proposed financing pursuant to KRS 278.300 as soon as said funding decision is made.
8. Specifications of the proposed meter purchase and installation. See attached Exhibit 1.

9. The installation of the radio frequency meters will allow Southern to direct resources and personnel to other areas that were once used to read meters. Additionally, Southern feels as though replacing their current meters will significantly reduce water loss due to the fact that the current meters have not been tested for accuracy in over 10 years.
10. Pursuant to 807 KAR 5:001, Section 12 – Financial Exhibits; the District hereby responds as follows:
- (i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District's financial condition have occurred since the end of the twelve (12) month period contained in the District's most recent annual report on file with the Commission.
 - (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
 - (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
 - (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2018 Annual Report on file with this Commission.
 - (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.
11. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:

- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
- (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2018 Annual Report on file with this Commission.
- (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing.
- (iv) Section 18(1)(d): The proceeds of evidence of indebtedness will be used to acquire new water meters and to install said meters. (See attached Exhibit 1).
- (v) Section 18(1)(e): See attached Exhibit 1.
- (vi) Section 18(1)(f): Not Applicable.
- (vii) Section 18(1)(g): Written notification of the proposed issuance of the Community Trust Bank Loan is being provided to the State Local Debt Officer (see Exhibit 2 attached hereto).
- (viii) Section 18(2)(a): See paragraph #10 above.
- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): See attached Exhibit 1.

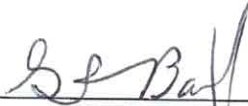
12. Pursuant to 807 KAR 5:001, Section 15(2)(f), the estimated annual cost of operation would be impacted by the increased debt service that would be a result

of the meter replacement project and depreciation expense of approximately \$64,588 annually over 20 years, which reflects the total cost of the project divided by the 20-year estimated useful life of a radio read meter. Because the details of the financing arrangement are unknown at this time, there is no quantifiable change to the estimated annual cost of operation with respect to debt service

13. A rate adjustment may be necessary to accomplish the meter replacement.

WHEREFORE, the District respectfully requests the Public Service Commission of the Commonwealth to grant a certificate of public convenience and necessity for the purchase of 5,500 new radio frequency meters, for approval of financing and it be afforded all proper relief.

Southern Water and Sewer District



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The undersigned, Jeff Prater, Chairman of the Board of Southern Water and Sewer District, hereby verifies that he has personal knowledge of the matters set forth in the above stated application, that the information set forth therein is true and correct and that he is duly designated by Southern Water and Sewer District to sign this application on its behalf.


Jeff Prater

State of Kentucky

County of Floyd

Subscribed and sworn to before me by Jeff Prater, Chairman of Southern's Board,
this 18 day of Sept. 2019.

My Commission expires: MAY 24, 2021

Nathan Frisley

Notary Public, State of Kentucky at Large

