

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of

THE APPLICATION OF SIMPSON COUNTY WATER DISTRICT, INC., SIMPSON COUNTY, KENTUCKY, (1) FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AUTHORIZING SAID SYSTEM TO CONSTRUCT MAJOR IMPROVEMENTS AND ADDITIONS TO ITS EXISTING MUNICIPAL WATER DISTRIBUTION 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 WATER RATES.

CASE NO. 2019-00395

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The Applicant, Simpson County Water District, situated in Simpson 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 WATER DISTRIBUTION 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 WATER RATES. By authorizing the request set forth in the application will permit the District to construct major improvements and additions to its municipal water distribution system for the purpose of assuring an adequate water 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. The District was created and established by an Order entered by the County Court of Simpson County, Kentucky, on April 14, 1964, upon petition of the requisite number of freeholders of the area involved and after notice and public hearing in the manner set forth in KRS 74.010. Said Order establishing the District was entered following proceedings before the Public Service Commission of Kentucky pursuant to KRS 74.015. 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 Simpson County Fiscal Court has appointed Commissioners who were and are water users of the District. The present Commissioners and officers are Ray Mann - Chairman; Stephen Snider – Vice-Chairman; Joe Richards – Secretary/ Treasurer. 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 water 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 TWO MILLION THREE HUNDRED SEVENTEEN THOUSAND THREE HUNDRED DOLLARS (\$2,317,300.00), which cost

shall be financed by the Applicant through (A) the issuance of the Applicant's Water Revenue Bonds, in the amount of ONE MILLION FIVE HUNDRED TWENTY-NINE THOUSAND FIVE HUNDRED DOLLARS (\$1,529,500.00), maturing over a period not to exceed 40 years and bearing interest at a single rate not to exceed 3.5% per annum, and which Bonds will be purchased by USDA in accordance with USDA's Letter of Conditions dated June 26, 2019; said Letter of Conditions attached as **EXHIBIT B**, and incorporated herein as if set forth in full; (B) An Economic Development Administration grant in the amount of SIX HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$665,000.00), in accordance with **EXHIBIT C**; and (C) ONE HUNDRED TWENTY-TWO THOUSAND EIGHT HUNDRED DOLLARS (\$122,800.00) will be provided from the Applicants Reserve Fund and new user fees 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:

**EXISTING MONTHLY WATER RATES**

<b><u>5/8 X 3/4-Inch Meter</u></b>			
First	2,000 Gallons	\$16.11	Minimum Bill
Next	8,000 Gallons	5.80	per 1,000 Gallons
Next	190,000 Gallons	5.19	per 1,000 Gallons
Next	400,000 Gallons	4.86	per 1,000 Gallons
Over	600,000 Gallons	3.58	per 1,000 Gallons

<b><u>3/4-Inch Meter</u></b>			
First	3,000 Gallons	\$22.42	Minimum Bill

<b><u>1-Inch Meter</u></b>			
First	5,000 Gallons	\$34.52	Minimum Bill

<b><u>1-1/2-Inch Meter</u></b>			
First	10,000 Gallons	\$69.54	Minimum Bill

<b><u>2-Inch Meter</u></b>			
First	16,000 Gallons	\$102.19	Minimum Bill

<b><u>3-Inch Meter</u></b>			
First	30,000 Gallons	\$201.90	Minimum Bill

<b><u>4-Inch Meter</u></b>			
First	50,000 Gallons	\$311.71	Minimum Bill

<b><u>6-Inch Meter</u></b>			
First	100,000 Gallons	\$585.25	Minimum Bill

<b><u>8-Inch Meter</u></b>			
First	160,000 Gallons	\$916.71	Minimum Bill

<b><u>10-Inch Meter</u></b>			
First	100,000 Gallons	\$2,838.09	Minimum Bill

**EXISTING PRIVATE FIRE SERVICE RATES**

<b><u>Service Size</u></b>	<b><u>Monthly Customer Charge</u></b>
1-inch	\$9.45
1.5-inch	15.91
2-inch	24.63
3-inch	61.83
4-inch	130.26
6-inch	323.99
8-inch	649.74
10-inch	1,142.01

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

**PROPOSED MONTHLY WATER RATES**

**5/8 X 3/4-Inch Meter**

First	2,000 Gallons	\$17.68	Minimum Bill
Next	8,000 Gallons	6.37	per 1,000 Gallons
Next	190,000 Gallons	5.70	per 1,000 Gallons
Next	400,000 Gallons	5.33	per 1,000 Gallons
Over	600,000 Gallons	3.93	per 1,000 Gallons

**3/4-Inch Meter**

First	3,000 Gallons	\$24.61	Minimum Bill
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**1-Inch Meter**

First	5,000 Gallons	\$37.89	Minimum Bill
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**1-1/2-Inch Meter**

First	10,000 Gallons	\$76.32	Minimum Bill
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**2-Inch Meter**

First	16,000 Gallons	\$112.15	Minimum Bill
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**3-Inch Meter**

First	30,000 Gallons	\$221.59	Minimum Bill
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**4-Inch Meter**

First	50,000 Gallons	\$342.10	Minimum Bill
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**6-Inch Meter**

First	100,000 Gallons	\$642.31	Minimum Bill
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**8-Inch Meter**

First	160,000 Gallons	\$1,006.09	Minimum Bill
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**10-Inch Meter**

First	100,000 Gallons	\$3,114.80	Minimum Bill
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**PROPOSED PRIVATE FIRE SERVICE RATES**

<b><u>Service Size</u></b>	<b><u>Monthly Customer Charge</u></b>
1-inch	\$10.37
1.5-inch	17.46
2-inch	27.03
3-inch	67.86
4-inch	142.96
6-inch	355.58
8-inch	713.09
10-inch	1,253.36

\*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 and are 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 June 26, 2019.
- EXHIBIT C** EDA Financial Assistance Award dated December 1, 2017.
- 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 and federal 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.
- EXHIBITS F1, F2** Engineering Specifications signed and sealed by an engineer registered in Kentucky
- EXHIBITS F3, F4** Engineering Plans signed and sealed by an engineer registered in Kentucky
- EXHIBITS G1, G2** Copy of USDA letter of concurrence in bid award.  
Copy of EDA 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, Simpson County Water District, respectfully requests that such Order be issued.

Respectfully submitted,

SIMPSON COUNTY WATER DISTRICT

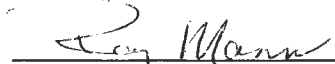
By:   
\_\_\_\_\_  
Ray Mann, Chairman of the Board

  
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G. William Leach, Jr.  
Attorney for Applicant  
Simpson County Water District  
lac@LEACHANDCUMMINS.COM

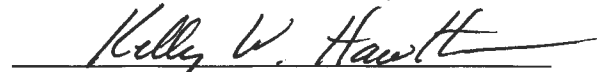
COMMONWEALTH OF KENTUCKY )  
COUNTY OF ~~WARREN~~ *Simpson* )

I, Ray Mann being first duly sworn according to law, state that I am Chairman of the Board of Directors of Simpson County Water District, Simpson 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 24<sup>th</sup> day of October, 2019.

  
Ray Mann

Subscribed and sworn to before me this 24<sup>th</sup> day of October, 2019. My commission expires: 2/22/23.

  
Notary Public  
ID: 615925

Simpson ~~Warren~~ County, Kentucky  
(State at Large - Kentucky)