

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF HYDEN-)	
LESLIE COUNTY WATER DISTRICT FOR)	
AUTHORIZATION TO ENTER A SHORT-)	
TERM ASSISTANCE AGREEMENT WITH)	
KENTUCKY RURAL WATER FINANCE)	CASE NO. 2019-00412
CORPORATION TO REFUND AN EXISTING)	
LOAN AND TO SUBSEQUENTLY ENTER A)	
LONG-TERM ASSISTANCE AGREEMENT)	
WITH THE KENTUCKY INFRASTRUCTURE)	
AUTHORITY)	

MOTION TO AMEND APPLICATION

Pursuant to 807 KAR 5:001, Hyden-Leslie County Water District (“Hyden-Leslie District”) moves for leave to file an Amended Application. In support of its motion, Hyden-Leslie District states:

1. On November 30, 2019, Hyden-Leslie District filed with the Public Service Commission an application for authorization to enter (1) a short-term assistance agreement with Kentucky Rural Water Finance Corporation (“KRWFC”) and (2) a long-term assistance agreement with the Kentucky Infrastructure Authority (“KIA”).

2. The proposed a short-term assistance agreement with KRWFC (“2020 Assistance Agreement”) would evidence a loan in the estimated principal amount of \$2,865,000 (subject to adjustment of up to ten percent) for a term of one year at an interest rate of 2.25 percent per annum. The proceeds of the 2020 Assistance Agreement would be used to refinance an outstanding short-term loan from KRWFC (“2019 Assistance Agreement”) in the principal amount of \$2,735,000, dated January 29, 2019, bearing interest at the rate of four percent per annum, and maturing on February 1, 2020. Hyden-Leslie District issued the 2019 Assistance

Agreement to refinance an earlier short-term loan from KRWFC, whose proceeds were used to construct the waterworks project for which the Commission issued a certificate of public convenience and necessity in Case No. 2013-00388.¹ Hyden-Leslie District intended the 2020 Assistance Agreement to serve as interim financing until permanent financing is obtained in the form of a KIA loan.

3. The proposed KIA Assistance Agreement involves a loan of \$2,735,000 payable over a 30-year period at an interest rate of 0.5 percent per annum. This loan will serve as permanent financing for the waterworks project that was the subject of Case No. 2013-00388. On November 7, 2019, the KIA Board of Directors approved Hyden-Leslie District's application for this loan but attached certain conditions to its approval. Among these conditions was that Hyden-Leslie District satisfy no later than January 31, 2020, the conditions set forth in Rural Development's Letter of Conditions of December 4, 2018 for the Hyden/Leslie Water System Improvements Phase III Project. KIA considered satisfaction of the RD Letter of Conditions critical since Hyden-Leslie District requires an increase in its rates for water service to meet the debt service requirements of the proposed KIA Assistance Agreement and Hyden-Leslie District had stated its intent to apply pursuant to KRS 278.023 to the Commission for an adjustment of its rates as part of an application for approval of the proposed Hyden/Leslie Water System Improvements Phase III Project.

4. Since filing its Application with the Public Service Commission on November 30, 2019, the following has occurred that requires Hyden-Leslie District to amend its Application:

a. On December 6, 2019, the Department of Local Government withdrew its award of a Community Development Block Grant of \$900,000 to Hyden-Leslie District and

¹ *Application of the Hyden-Leslie County Water District for Authority to Issue Securities and Issuance of a Certificate of Public Convenience and Necessity to Construct an Improvements Project Pursuant to KRS 278.020 and 278.300, Case No. 2013-00388 (Ky. PSC Feb. 6, 2014).*

Leslie County. The proceeds of this grant were to serve as a source of funding for the Hyden/Leslie Water System Improvements Phase III Project.

b. As a result of the withdrawal of the Community Development Block Grant, Hyden-Leslie District will be unable to meet the conditions established in Rural Development's Letter of Conditions of December 4, 2018 by January 31, 2020. Hyden-Leslie District intends to reapply to the Department of Local Government for the grant but a decision on such application is not expected before April 2020.

c. Hyden-Leslie District has requested and been granted an extension of time from KIA to meet the conditions set forth in Rural Development's Letter of Conditions of December 4, 2018.

5. Hyden-Leslie District has determined that the more prudent course of action is to lengthen the 2020 Assistance Agreement's term to two years. The extended term will allow it additional time with little additional costs to address any unforeseen events that may delay its satisfaction of all conditions necessary to obtain the KIA loan before the 2020 Assistance Agreement matures.

6. Hyden-Leslie District has prepared the attached Amended Application that updates and supplements its original Application and reflects revisions in the proposed 2020 Assistance Agreement.

Wherefore, Hyden-Leslie District requests that the Public Service Commission grant its Motion to Amend Application and accept for filing the attached Amend Application.

Dated: December 26, 2019

Respectfully submitted,



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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Hyden-Leslie County Water District's electronic filing of this Motion is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on December 26, 2019; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that on or before December 30, 2019 this Application in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher