

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF THE)
MCCREARY COUNTY WATER DISTRICT)
TO ISSUE SECURITIES IN THE)
APPROXIMATE PRINCIPAL AMOUNT OF)
\$1,702,000 FOR THE PURPOSE OF)
REFUNDING CERTAIN OUTSTANDING) **CASE NO. 2020-00151**
OBLIGATIONS OF THE DISTRICT AND)
REFINANCING OF A SHORT-TERM)
OBLIGATION PURSUANT TO THE)
PROVISIONS OF KRS 278.300 AND)
807 KAR 5:001)**

**ELECTRONIC APPLICATION OF)
MCCREARY COUNTY WATER DISTRICT)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A SYSTEM IMPROVEMENTS) **CASE NO. 2021-00021**
PROJECT AND AN ORDER APPROVING A)
CHANGE IN RATES AND AUTHORIZING)
THE ISSUANCE OF SECURITIES PURSUANT)
TO KRS 278.023)**

MOTION FOR EXTENSION OF TIME TO FILE
APPLICATIONS FOR RATE ADJUSTMENT

Pursuant to 807 KAR 5:001, Section 5, McCreary County Water District (“McCreary District”) moves for a 60-day extension of time to comply with the Public Service Commission’s (“Commission”) Orders of June 26, 2020 and February 22, 2021 to file its applications for rate adjustment.

In support of its Motion, McCreary District states:

1. On June 26, 2020 in Case No. 2020-00151, the Commission authorized McCreary District to enter an assistance agreement with Kentucky Rural Water Finance Corporation to borrow \$1,702,000 refund and refinance four outstanding debt obligations.

2. In its Order of June 26, 2020, the Commission noted that McCreary District had not applied for an adjustment of rates pursuant to KRS 278.180 in more than forty years and suggested that the absence of such application had limited the Commission's opportunity to perform a comprehensive review of McCreary District's "total financial stability and operational viability." Order at 2. Citing a concern with "McCreary District's prolonged absence from the Commission's review of its asset management through an application for adjustment of rates," the Commission directed McCreary District to apply for an adjustment of rates within one year "to ensure its rates are sufficient." Order at 4 and 5.

3. On February 22, 2021 in Case No. 2021, the Commission granted McCreary District a certificate of public convenience and necessity to construct certain waterworks improvements and authorized its issuance of \$542,000 of water system revenue bonds and an adjustment of its rates for water service. In its Order, the Commission directed McCreary District to file an application for a general rate adjustment no later than June 26, 2021. Order at 7.

4. On March 11, 2021 in Case No. 2020-00399,¹ the Commission expressed concerns about cross-subsidization of rates between its water and sewer operating divisions and found that McCreary District should file "an application for a general rate adjustment which includes financial data for both the sewer and water division."

¹ *Electronic Application of McCreary County Water District for Authorization to Execute An Assistance Agreement with the Kentucky Infrastructure Authority and for a Certificate of Public Convenience and Necessity to Construct the Sanitary Sewer Collection System Expansion Phase 1 Project*, Case No. 2020-00399 (Ky. PSC Mar. 11, 2021) at 4.

5. McCreary District interprets the Commission's orders as requiring an application for rate adjustment be filed for each of its operating subdivisions.

6. McCreary District has worked diligently to prepare its applications for rate adjustment within the time period specified in the Order of June 26, 2020 but requires an additional 60 days to complete and file its applications. Work on the applications could not begin until completion of McCreary District's annual reports. In addition to having to prepare two applications, other factors, including a post-test period rate adjustment of its water rates, the post-test period completion of several improvement projects, the effects of COVID-19 on test period operations and cost allocation issues involving McCreary District's water and sewer operations, have added to the applications' complexity and require more preparatory work than originally anticipated. Furthermore, McCreary District's auditors have not yet completed their review of McCreary District's financial statements.

7. Given the Commission's expressed concerns about the absence of adequate regulatory review of McCreary District's finances and operations due to the long period since McCreary District's last rate adjustment, McCreary District will submit complete and comprehensive applications that include the documents that Commission regulations do not mandate, but which Commission Staff regularly requests. This approach will allow the Commission and its Staff to more efficiently and thoroughly conduct its review and may shorten the time needed for the Commission's review.

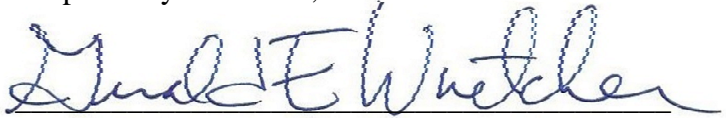
8. The requested extension is necessary for McCreary District to complete its applications, obtain review and approval of its governing board of any actions arising from the applications and publish the required notice of the filing of the applications. No further requests for extensions will be made.

9. This motion is made in good faith and not for purposes of delay.

WHEREFORE, McCreary District respectfully requests that the Commission extend the time in which McCreary District has to file its applications for rate adjustment until August 25, 2021.

Dated: June 18, 2021

Respectfully submitted,




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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that McCreary County Water District's electronic filing of this document 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 June 18, 2021; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that within 30 days following the end of the state of emergency announced in Executive Order 2020-215 this document in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher