

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF THE)
McKINNEY WATER DISTRICT)
FOR THE ISSUANCE OF A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY)
TO CONSTRUCT A WATER SYSTEM)
IMPROVEMENTS PROJECT AND AN ORDER) Case No. 2025 - 00022
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO THE PROVISIONS OF)
KRS 278.020, KRS 278.300 AND 807 KAR 5:001)

** *** **** ***** **** *** **

Response to Filing Deficiencies

The Applicant, McKinney Water District ("McKinney District"), by Counsel, files this Response to Filing Deficiencies, dated February 12, 2025, relating to the Electronic Application and supporting documents filed with the Kentucky Public Service Commission, as follows:

Deficiency 1. 807 KAR 5:001, Section 15(2)(c): A full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner in which same will be constructed, and the names of all public utilities, corporations or persons with whom the proposed construction or extension is likely to compete; A more specific written description of the listed requirements is needed, including all projects that McKinney District is specifically seeking financing and CPCN approval for.


Response 1. See **Exhibit "A"** attached hereto which contains a detailed description of the project for which the financing approval and CPCN is being requested and a statement as to all competing public and private entities impacted by the Project.

Deficiency 2. 807 KAR 5:001, Section 15(2)(f): An estimated annual cost of operation after the proposed facilities are placed into service.

Response 1. See **Exhibit "B"** attached hereto which is pro-forma budget through fiscal year 2027 containing a detailed description of the annual cost of operation of the water system after the Project to complete.


Respectfully Submitted

Rubin & Hays

By 
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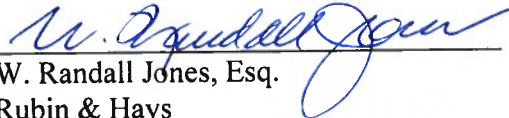
Verification of Response to Filing Deficiencies

The undersigned, Marty Spears, P.E., states that he is a registered professional engineer with the firm of AGE Engineering Services, Inc., and that he has personal knowledge of the matters set forth in the Responses to Filing Deficiencies are true and accurate to the best of his knowledge, information, and belief formed after a reasonable inquiry.


Marty Spears, P.E.
AGE Engineering Services, Inc.
Registered Professional
Engineer, State of Kentucky
No. 31674

CERTIFICATE OF SERVICE

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that McKinney Water District's electronic filing of the foregoing Response to Filing Deficiencies is a true and accurate copy of the same document being transmitted via electronic filing to the Kentucky Public Service Commission on February 13, 2024; that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.



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EXHIBIT A

Detailed Project Description

McKinney Water District
Construction Projects Phase 1A
Response to PSC request 2-12-25
Description of Project Routes

Phase 1A Project:

Division 1

The Project begins at KY Hwy 1247 (Airport Road) by connecting to the existing City of Danville water main at the Airport Road water tank. From here a new 8-inch water main will be constructed to the south through open farmland for a distance of 8260 feet. At this point the water main will cross KY Hwy 300 to the intersection with Hatcher Lane to a master meter for the McKinney Water District. This section of the water project will be financed, owned, and operated by the City of Danville.



Phase 1A Project:

Division 2

The Project begins at the end of Division 1 construction at the new master meter. The proposed 8-inch water main will be constructed for 14,063 feet along Hatcher Lane to the intersection with Moore's Lane and will replace an existing McKinney Water District 3-inch water main. The proposed 8-inch will continue along Moore's Lane to KY Hwy 1194 and will replace an existing McKinney Water District 4-inch water main. The Phase 1A project will end at this point.



This project is intended to supply water to the McKinney Water District from the City of Danville water system. This will replace a portion of the water normally purchased from the City of Stanford. It will not change any customer, meter or tap from or to the McKinney Water District and will not compete with any other public utility, corporation, or person.

McKinney Water District
Construction Projects Phase 1B
Response to PSC request 2-12-25
Description of Project Routes

Phase 1B Project:

Base Bid Section 1

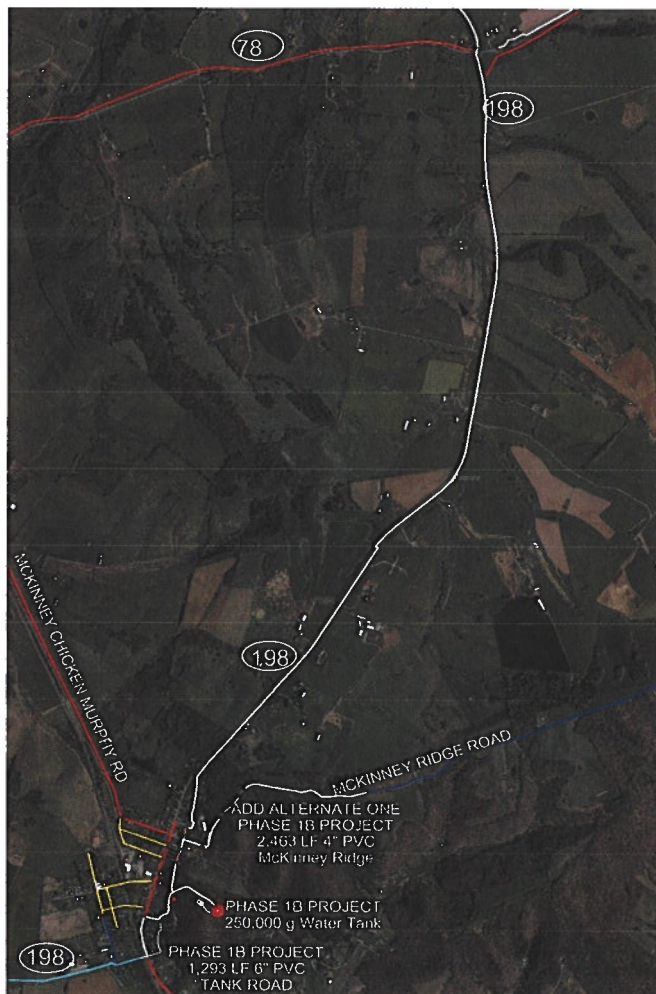
The Project begins at the end of Phase 1A construction at KY Hwy 1194 (McCormack Church Road). The proposed 8-inch water main will be constructed along a short section of Ky Hwy 1194 to the intersection with Peyton's Well Road and will replace an existing McKinney Water District 6-inch water main. The proposed 8-inch will continue along Peyton's Well Road to KY Hwy 78 for a distance of 19,700 feet and will replace an existing McKinney Water District 6-inch water main.



Phase 1B Project:

Base Bid Section 2

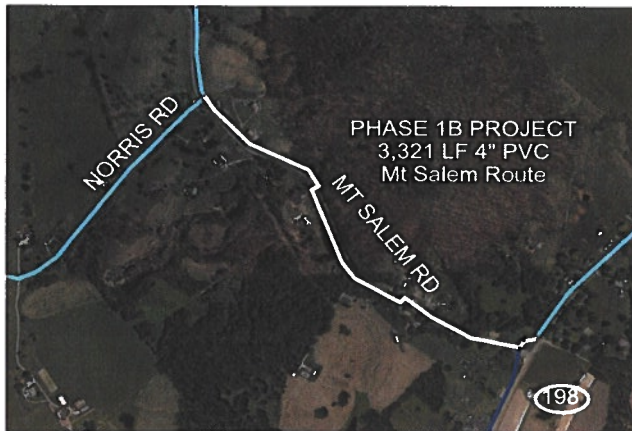
The Project for this section is constructed beginning at KY Hwy 78 at the intersection of Peyton;s Well Road and KY Hwy 198. The proposed 8-inch water main will cross KY Hwy 78 and proceed along Ky Hwy 198 to the new 8-inch water main for a distance of 15,640 feet to serve the new water tank in McKinney and will replace an existing McKinney Water District 6-inch asbestos cement water main. This section also includes the proposed 250,000 gallon water glass lined ground storage tank. The proposed 6-water main replacing a 6-inch asbestos cement water main for a distance of 1,340 feet along Ky Hwy 198 to the railroad and the Add Alternate 1 --4-inch water main for a distance of 4,821 feet for connection to the existing water main on McKinney Ridge Road.



Phase 1B Project:

Base Bid Section 3

The Project for this section is to construct a 4-inch water main for a distance of 3,534 feet on Mt Salem Road to replace a 3-inch McKinney Water District water main on this road to address low water pressures due to flow demand by several dairies in the area.



Phase 1B Project:

Add Alternate 2

The Project for this section is to construct an 8-inch water main for a distance of 5,700 feet on Ky Hwy 78 to replace a 6-inch asbestos cement water main of the McKinney Water District to address additional flow to and from City of Stanford Water System when needed.



The above project is intended to replace existing water tanks and water mains of the McKinney Water District and will not change any customers, meter, or taps either to or from the McKinney Water District and will not compete with any other public utility, corporation or person. This project is necessary to meet current and future water demands of the McKinney Water District water system.

EXHIBIT B

Estimated Annual Cost of Operation

McKinney Water District
Estimated Annual Cost of Operation

	FY 2025	FY 2026	FY 2027
OPERATING INCOME			
WATER SALES	1,258,900	1,403,045	1,403,045
PENALTIES & RECONNECTION	30,000	30,000	30,000
OTHER	3,000	3,000	3,000
WATER LOSS SURCHARGE	33,300	33,300	33,300
MISCELLANIOUS			
LESS ALLOWANCES AND DEDUCTION			
TOTAL OPERATING INCOME	1,325,200	1,469,345	1,469,345
OPERATION EXPENSES			
WATER	591,100	587,500	564,000
WATER SAMPLES	9,100	9,100	9,100
WAGES	301,500	316,575	332,404
PAYROLL TAXES	24,100	25,300	26,570
CONTRACT LABOR	53,200	54,264	55,349
COMMISSIONERS	11,800	12,036	12,277
TAXES NOT PAYROLL	3,000	3,060	3,121
MEETING FEES	11,500	11,730	11,965
UTILITIES	18,500	18,870	19,247
OFFICE EXPENSES	35,400	36,108	36,830
MAINTENANCE OR WATER SYSTEM	81,600	83,232	84,897
POSTAGE	11,500	11,730	11,965
LEGAL/PROFESSIONAL	10,800	11,016	11,236
INSURANCE	14,300	14,586	14,878
AUTO/TRUCK	30,200	30,804	31,420
BAD DEBTS	7,000	7,140	7,283
CREDIT CARD PROCESSING FEES	13,900	14,178	14,462
ADVERTISING	400	408	416
MISCELLANEOUS	1,000	1,000	1,000
INTEREST	40,856	43,296	93,365
DEPRECIATION	97,500	97,500	238,750
TOTAL OPERATING EXPENSE	1,350,996	1,389,433	1,580,534
NET OPERATING INCOME (LOSS)	(25,796)	79,912	(111,189)
TAP FEES	36,300	36,300	36,300
INTEREST INCOME	9,400	9,400	9,400
TOTAL NONOPERATING INCOME	45,700	45,700	45,700
NET INCOME (LOSS)	19,904	125,612	(65,489)

McKinney Water District
Estimated Annual Cost of Operation

	FY 2025	FY 2026	FY 2027
PERIOD BEGINNING EQUITY	1,281,000	1,300,904	3,723,428
PERIOD ENDING EQUITY	1,300,904	1,426,516	3,657,939
	FY 2025	FY 2026	FY 2027
NET INCOME (LOSS)	19,904	125,612	(65,489)
DEPRECIATION	97,500	97,500	238,750
PROCEEDS FROM AGENCIES	5,596,916	949,725	
TOTAL	5,714,320	1,172,837	173,261
LESS CASH EXTENDED FOR CONSTRUCTION IN PROGRESS (Loans & C ADDITIONS TO PROPERTY	5,248,223	1,243,880	-
TOTAL CONSTRUCTION IN PROGRESS	5,302,761	1,243,880	
PRINCIPAL PAYMENT	42,600	182,195	182,195
TOTAL	5,345,361	1,426,075	182,195
BEGINNING CASH BALANCE	666,300	1,035,259	782,021
ENDING CASH BALANCE	1,035,259	782,021	773,087
CASH BALANCE INCLUDES			
CONSTRUCTION ACCOUNT	308,449	41,687	164,619
REVENUE ACCOUNT	126,855	126,855	126,855
DEBT PAYMENT ACCOUNT	140,100	140,100	140,100
O&M ACCOUNT	42,585	42,585	42,585
RESERVE ACCOUNT			
FUNDED DEPRECIATION ACCOUNT	208,800	333,395	333,395
CUSTOMER DEPOSITS	134,470	134,470	134,470
WATER LOSS SURCHARGE	30,500	61,000	91,500
TOTAL ENDING BALANCE ABOVE	991,759	880,092	1,033,524
	FY 2025	FY 2026	FY 2027
	FY 2025	FY 2026	FY 2027
Expenses			
Contract 1	1,045,243		
Contract 2	2,900,000	739,046	
Contract 3	811,165		
Land-Easements	54,538		

**McKinney Water District
Estimated Annual Cost of Operation**

Legal Admin	142,268		
Engineering	349,547	195,793	
Contingency		309,041	
Summary of Construction Cost	5,302,761	1,243,880	
	FY 2025	FY 2026	FY 2027
Funding Sources			
KIA	2,491,916		
CDBG	1,750,000		
ARC	500,000		
KY RURAL WATER BONDS	855,000		
LINCOLN COUNTY		887,289	
MWD		62,436	
Total of Funding Sources	5,596,916	949,725	
Summary of Funding Sources	294,155	(294,155)	