

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BRACKEN COUNTY WATER)	
DISTRICT TO MODIFY THE FINAL ORDER OF)	
CASE NO. 2015-00149 TO PERMIT USE OF)	
PROCEEDS OF AN ASSISTANCE AGREEMENT)	CASE NO.
WITH THE KENTUCKY INFRASTRUCTURE)	2016-00104
AUTHORITY FOR OTHER PURPOSES)	
)	

ORDER

Bracken County Water District (“Bracken County”) has filed an application requesting the Commission to modify its Order entered on June 17, 2015, in Case No. 2015-00149,¹ approving an assistance agreement with the Kentucky Infrastructure Authority (“KIA”) in an amount not to exceed \$358,000. Bracken County seeks a modification of that Order to authorize the use of the remaining proceeds for an additional purpose not set forth in its application in Case No. 2015-00149 and not approved by the Commission.

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. Bracken County, a water district organized under KRS Chapter 74, owns and operates water distribution facilities that serve approximately 2,448 customers in Bracken, Mason, Pendleton, and Robertson counties, Kentucky.²

¹ Case No. 2015-00149, *Application of Bracken County Water District for Authorization to Enter Local Agreement with the Kentucky Infrastructure Authority* (Ky. PSC June 17, 2015).

² *Annual Report of Bracken County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2014* (“2014 Annual Report”) at 12 and 53.

2. Bracken County's application was filed with the Commission on March 17, 2016. There are no intervenors in this proceeding. Bracken County has not requested a hearing, and the Commission finds that the record is complete.

3. By Order entered June 17, 2015, in Case No. 2015-00149, the Commission approved Bracken County's application to finance up to \$358,000 with KIA to fund a water main replacement project. The record in Case No. 2015-00149, including the Post Case Correspondence, is incorporated by reference into the record of this case.

4. Bracken County now states that it has completed the water main replacement project and has funds of approximately \$61,498 remaining. Bracken County proposes to use the remaining funds to construct an interconnection with Western Mason County Water District ("Western Mason"). The proposed interconnection will consist of the installation of 1,800 linear feet of six-inch polyvinyl chloride water main, a six-inch gate valve, a flushing hydrant, and a master meter vault.³

5. Bracken County states that the proposed interconnection will provide for an emergency supply of water and will allow each water district to diversify its sources of water.⁴

6. The total cost of the proposed project is \$91,600.⁵

³ Application, paragraph 9 and 10.

⁴ *Id.*, paragraph 13.

⁵ *Id.*, paragraph 20.

7. Bracken County intends to finance the proposed project with \$61,498⁶ of the remaining KIA financing approved in Case No. 2015-00149, and \$30,102 of internally generated funds.⁷

8. On February 4, 2016, the KIA approved, through a meeting of the full board, the use of residual funds for the purpose of an interconnection between Bracken County and Western Mason.⁸

9. The proposed loan, as approved in Case No. 2015-00149, will have a 20-year term subject to an interest rate of 1.75 percent.⁹

10. On December 21, 2015, Bracken County and Western Mason entered into a Water Purchase Agreement in which both water utilities agreed to provide water service to the other as needed. The agreement became effective on January 30, 2016.

11. Bracken County is a Class A water utility as defined by the Uniform System of Accounts, and the proposed construction is a water line extension that does not cost in excess of \$500,000. Bracken County also has not proposed to increase rates to its customers. Therefore, pursuant to House Bill 235 passed during the 2014 Regular Session of the Kentucky General Assembly, the proposed interconnection does not require a Certificate of Public Convenience and Necessity under KRS 278.020(1).

12. A utility having less than \$5,000,000 in gross annual revenue in the immediate past calendar year is no longer required to provide financial data for a 12-month period ending within 90 days of the filing of the application if the utility's most

⁶ *Id.*, paragraph 9.

⁷ *Id.*, paragraph 21. \$91,600 (Total Cost of Project) - \$61,498 (Remaining KIA Funds) = \$30,102.

⁸ *Id.*, Exhibit 13 at 9.

⁹ *Id.*, Exhibit 5 at 1.

recent annual report is on file with the Commission, and if the application contains information regarding any changes that have occurred since the period covered in the annual report.¹⁰ For the calendar year ending December 31, 2014, Bracken County had total operating revenues of \$1,581,127.¹¹ Bracken County stated in its application that there has been no material change in its financial condition or operation since December 31, 2014.¹²

13. The proposed use of KIA funds is for lawful objects within Bracken County's corporate purpose, is necessary, appropriate for and consistent with the proper performance of Bracken County's service to the public, will not impair Bracken County's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that:

1. The record in Case No. 2015-00149, including the Post Case Correspondence, is incorporated by reference into the record of the instant case.

2. Bracken County's request to modify the Commission's June 17, 2015 Order in Case No. 2015-00149 is granted.

3. The Commission's June 17, 2015 Order in Case No. 2015-00149 is modified to the limited extent that the KIA financing approved therein is authorized for the purposes of funding the water main replacement project described therein and for construction of the proposed interconnection between Bracken County and Western Mason.

¹⁰ 807 KAR 5:001, Section 12(1)(b).

¹¹ *2014 Annual Report* at 24 and 53.

¹² Application, paragraph 27(b).

4. All other provisions of the Commission's June 17, 2015 Order shall remain in full force and effect.

By the Commission

ENTERED
APR 11 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

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