

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL)	
COUNTY WATER DISTRICT NO. 1 TO AMEND)	CASE NO.
THE ORDER OF DECEMBER 21, 2018 IN CASE)	2019-00087
NO. 2018-00276)	

ORDER

On March 15, 2019, Estill County Water District No. 1 (Estill District No. 1) filed a motion to amend the Commission’s Order of December 21, 2018, in Case No. 2018-00276 (December Order)¹ to permit Estill District No. 1 to issue a promissory note to consolidate four existing loans with Citizens Guaranty Bank of Irvine, Kentucky (Citizens Guaranty) under differing terms than those previously proposed by Estill District No. 1 and authorized in the December Order. One data request has been issued in this case, and the matter stands for Commission decision.

As a basis for its motion, Estill District No. 1 asserts that after the December Order was entered that Citizens Guaranty advised Estill District No. 1 of the need to issue promissory notes with terms differing from those authorized in the December Order.² The new terms consolidate the existing four loans into one note payable over ten years at an initial interest rate of 3 percent per annum, with the interest rate adjusted to the current federal prime interest rate minus 250 basis points every three years. The interest rate

¹ Case No. 2018-00276, *Electronic Application of Estill County Water District No. 1 for Authorization to Consolidate Its Existing Loans with Citizens Guaranty Bank*, Final Order (Ky. PSC Dec. 21, 2018).

² Application at 3, paragraph 8.

may not decrease or increase more than 2 percent at any adjustment; the note's interest rate may at no time be less than 3 percent or greater than 8 percent; and no penalty will be assessed for prepayment of the note.³

In Case No. 2018-00276, Estill District No. 1 requested authorization to incur the debt at issue to consolidate four loans with Citizens Guaranty Bank because it was a condition necessary to reschedule existing United States Department of Agriculture Rural Development (RD) debt, which would improve Estill District No. 1's cash flow.⁴ RD reviewed and approved of the modified terms proposed in this matter as meeting the conditions it established because it felt the change would not affect repayment and that it could benefit Estill District No. 1.⁵

Having considered the motion, and being otherwise sufficiently advised, the Commission finds that Estill District No. 1 has established good cause to amend the December Order and the request should be granted. Except for the specific amendments requested herein, all terms and conditions as in Case No. 2018-00276, whether proposed by Estill District No. 1 or imposed by the Commission, shall apply to the debt for which Estill District No. 1 requests authority herein.

IT IS THEREFORE ORDERED that:

1. Estill District No. 1's motion to amend the previous Order of December 21, 2018, is granted.

2. Estill District No. 1 is authorized to consolidate its existing loans with Citizens Guaranty and execute a new promissory note payable over ten years

³ *Id.* at 4, paragraph 10.

⁴ Case No. 2018-00276, Final Order.

⁵ Application at Exhibit 3.

at an initial rate of 3 percent per annum and subject to the conditions set forth in Citizen Guaranty's revised terms.

3. All provisions of the Commission's Order of December 12, 2018, that are not in conflict with this Order shall remain in full force and effect.
4. A copy of this Order will be placed in the case file of Case No. 2018-00276.
5. This case is closed and removed from the Commission's Docket.

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By the Commission

ENTERED
MAY 20 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2019-00087

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