

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)	CASE NO.
RURAL WATER FINANCE CORPORATION TO)	2019-00412
REFUND AN EXISTING LOAN AND TO)	
SUBSEQUENTLY ENTER A LONG-TERM)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY)	

ORDER

On November 30, 2019, Hyden-Leslie County Water District (Hyden-Leslie District), filed an application seeking Commission authority to execute a short-term Assistance Agreement with Kentucky Rural Water Finance Corporation (KRWFC) to refund an existing loan and subsequently execute a 30-year Assistance Agreement with the Kentucky Infrastructure Authority (KIA) to refund the proposed short-term KRWFC Assistance Agreement and provide permanent financing for a completed water system improvement project. On December 26, 2019, Hyden-Leslie District filed an amended application, which was accepted as filed in the Commission's January 17, 2020 Order. In that same Order, the Commission ordered Hyden-Leslie District to appear and give evidence in this matter at a hearing, which took place on February 5, 2020. There are no intervenors in this case.

The Commission's January 17, 2020 Order explained that, but for an abundance of concern for the utilities served by KRWFC that could suffer unduly should the

Commission deny Hyden-Leslie District's proposed short-term Loan Agreement with KRWFC to borrow funds to pay off the 2019 assistance agreement indebtedness, the Commission would have denied Hyden-Leslie District's application. The Commission, however, granted Hyden-Leslie District authorization to enter into that short-term agreement despite its disapprobation of Hyden-Leslie District's practice to disregard the admonitions of the final Order in Case No. 2019-00041¹ and conditioned its authorization upon Hyden-Leslie District filing for an alternative rate filing within six months of the final Order in this case.

After considering the evidence of record, and featuring prominently for consideration the fact that Hyden-Leslie District has not submitted its operations for review with the Commission through a base rate case since 1978,² the Commission finds that the remaining portion of Hyden-Leslie District's application should be denied pending the completion of a rate case. The remaining portion of Hyden-Leslie District's application is its proposal to execute a 30-year Assistance Agreement with KIA, and it should be denied unless and until Hyden-Leslie District submits an application for and completes an alternative rate filing with the Commission. At such time, when Hyden-Leslie District completes an alternative rate filing, the Commission finds it will reconsider the application to execute a 30-year Assistance Agreement with KIA.

Based upon the evidence of record, including the evidence filed and the testimony given at the hearing held in this matter on February 5, 2020, the Commission finds that:

¹ Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC. Nov. 22, 2019).

² Testimony of Kristin Millard, Kentucky Rural Financing Corporation, Hearing Video Transcript at 5:50:10/8:11:17. Counsel for Hyden-Leslie District stated for the record that there was a rate change in 1978, (February 5, 2020 Hearing).

1. Hyden-Leslie District's proposal to execute a 30-year Assistance Agreement with KIA should be denied, and this case is continued until such time that Hyden-Leslie District has filed for an alternative rate filing and a final Order has been filed in that alternative rate filing case.

2. The Commission Order filed January 17, 2020, should be amended by this interim Order, and Hyden-Leslie District should file an alternative rate filing within six months of the filing of this Order.

3. The Commission should reconsider its decision concerning the KIA permanent financing proposal only when Hyden-Leslie District has completed the alternative rate filing.

4. The record for Case No. 2019-00412 should be incorporated into any alternative rate filing case filed by Hyden-Leslie District and that case should be incorporated to Case No. 2019-00412, so that the Commission can consider all relevant evidence in both matters.

IT IS THEREFORE ORDERED that:

1. Hyden-Leslie District's proposal to execute a 30-year Assistance Agreement with KIA is denied, and this case is continued and shall remain open pending the conclusion of a Hyden-Leslie District alternative rate filing.

2. The Commission's Order filed January 17, 2020, ordering paragraph 7, is amended to remove the language "within six months of the final Order of Commission Case No. 2019-00412." All other conditions of the Commission's January 17, 2020 Order shall remain in effect.

3. Hyden-Leslie District shall file with the Commission within six months of the date of entry of this interim Order its application for an alternative rate adjustment.

4. The record for Case No. 2019-00412 shall be incorporated into any alternative rate filing case filed by Hyden-Leslie District and the record from that rate case shall be incorporated into Case No. 2019-00412.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

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By the Commission

ENTERED
FEB 20 2020
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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