

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL)	
COUNTY WATER DISTRICT NO. 1 FOR)	
AUTHORIZATION TO ENTER INTO AN)	
ASSISTANCE AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY,)	CASE NO.
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	2021-00064
TO CONSTRUCT CERTAIN WATER)	
IMPROVEMENTS AND AUTHORIZATION TO USE)	
WATER LOSS CONTROL PROGRAM)	
SURCHARGE PROCEEDS)	

ORDER

This matter arises on Estill County Water District No. 1's (Estill District No. 1) motion to extend the time to file a rate adjustment application. In the June 3, 2022 Order in this proceeding, the Commission ordered Estill District No. 1 to file by June 3, 2023, a general rate adjustment application, pursuant to 807 KAR 5:001, Section 16; an alternative rate adjustment (ARF) application, pursuant to 807 KAR 5:076; or a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary.

On June 1, 2023, Estill District No. 1 moved to file its application for adjustment of rates no later than December 1, 2023, or 30 days after the establishment of a final amortization commencement date and final payment schedule for Kentucky Infrastructure Authority (KIA) Loan F20-013, whichever is earlier. Estill District No. 1 engaged the services of Rural Community Assistance Partnership (RCAP) to prepare an application

for rate adjustment to be filed pursuant to the Commission's alternative rate adjustment procedures. It selected the calendar year ending December 31, 2022, as its test period to ensure that the proposed rates would reflect Estill District No. 1's most recent financial and operating conditions, including the completion of the Commission approved water system improvements. At the time it obtained RCAP's services and determined that calendar year 2022 should be used as the test period, Estill District No. 1 indicated that it reasonably expected that these projects would be completed by December 31, 2022, and that a final amortization commencement date for KIA Loan F20-013 would be established before the June 3, 2023 deadline.

KIA continues to report that Loan F20-013 remains open and is not yet ready for closeout. Currently, approximately \$25,000 of Loan F20-013 funds remain available for disbursement. Estill District No. 1 expects to request disbursement of those funds by June 5 and to receive the final disbursement of funds by July 15. After disbursement of these funds, closeout can occur. Once loan closeout has been completed, KIA will establish a final amortization commencement date and issue a final payment schedule for Loan F20-013. KIA Staff has advised Estill District No. 1 that the issuance of a final payment schedule will likely occur in the third quarter or early fourth quarter of this year.

Estill District No. 1 argued that without a known and definite amortization commencement date or a final payment schedule that Estill District No. 1 will be unable to demonstrate that the principal and interest payments for KIA Loan F20- 013 are known and measurable and thus qualify for rate recovery. Thus, Estill District No. 1 requests to file its application for adjustment of rates no later than December 1, 2023, or 30 days after

the establishment of a final amortization commencement date and final payment schedule for KIA Loan F20-013, whichever is earlier.

Based on the motion, and being otherwise sufficiently advised, the Commission will grant Estill District No. 1's motion. The Commission's decision in this regard is based on the finding that Estill District No. 1 timely sought assistance with the application from RCAP, and the reasonableness of choosing calendar year 2022 as the test year for its application. At the time Estill District No. 1 made its decisions to use 2022 as the test year, it appeared the information would be available to do so, and using the most-recent annual report would ensure a more accurate rate case application. Because of the unforeseen delays with disbursements, an application is necessarily reasonably delayed. Further, the Commission finds that the requested extension should not significantly delay the implementation of any new rates and it would be easier to establish the costs after KIA issues the final payment schedule. However, the Commission cautions Estill District No. 1 that in the future, it should more timely seek extensions or delays, and not wait mere days before a deadline to file a motion.

IT IS THEREFORE ORDERED that:

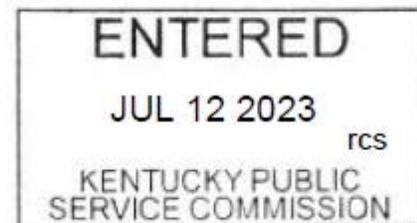
1. Estill District No. 1's motion for an extension of time to file an ARF application is granted.
2. Estill District No. 1 shall have to December 1, 2023, or 30 days after the establishment of a final amortization commencement date and final payment schedule for KIA Loan F20-013, whichever is earlier, to file its ARF application.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner



ATTEST:


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