

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CANNONSBURG)	
WATER DISTRICT FOR A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY TO)	
CONSTRUCT AN IMPROVEMENTS PROJECT)	
AND TO ISSUE SECURITIES IN THE)	CASE NO. 2001-343
APPROXIMATE PRINCIPAL AMOUNT OF \$103,000)	
FOR THE PURPOSE OF FINANCING SAID)	
PROJECT PURSUANT TO THE PROVISIONS OF)	
KRS 278.020, 278.300 AND 807 KAR 5:001)	

ORDER

On October 15, 2001, the Cannonsburg Water District (“Cannonsburg”) submitted its application requesting the Commission to: (1) issue a Certificate of Public Convenience and Necessity (“Certificate”) to acquire and install a \$103,000 telemetry system; and (2) approval for Cannonsburg to obtain a \$103,000 Kentucky Rural Water Finance Corporation (“KRWFC”) loan. The proposed KRWFC loan will have a 20-year term and an interest rate that will vary from 4.15 to 5.53 percent per annum.

Cannonsburg’s application does not comply with 807 KAR 5:001, Section 11(2)(a), that requires a financial exhibit for a 12-month period ending within 90 days of the filing of the application. Cannonsburg requests a deviation from this requirement, stating that there has been no material change that would impact its financial condition or operation since the issuance of the December 31, 2000 financial statements, the most recent published financial data available. It further states that its computer system is unable to generate the required financial data in a timely and efficient manner; therefore, it would risk losing the favorable bids if forced to comply with the regulation.

Having considered Cannonsburg's requested deviation, the Commission has determined that good cause for granting the deviation has been presented, and that there is sufficient financial information in the record for it to render a decision regarding the proposed KRWFC loan.

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

1. The purpose of Cannonsburg's improvement project is to increase the efficiency of its system operations; therefore, the construction project will not result in the wasteful duplication of any existing utility facilities nor will it compete with any other utility.

2. The acquisition and installation of the telemetry system does not require approval or a permit from the Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet.

3. The installation of the telemetry system will permit the efficient monitoring of the water levels in Cannonsburg's tanks, thereby allowing Cannonsburg to avoid the labor costs that would be incurred if an employee is required to physically inspect the tank levels. For this reason the improvement project is in the public interest and the public convenience and necessity require construction of the proposed project.

4. Cannonsburg's proposal to obtain a KRWFC loan of \$103,000 is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Cannonsburg is granted a Certificate to acquire and install its telemetry system.
2. Cannonsburg shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.
4. Cannonsburg shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.
5. Cannonsburg is authorized to obtain a KRWFC loan in the principal amount of \$103,000 at an interest rate that will vary from 4.15 to 5.53 percent and a term of 20 years.
6. Cannonsburg shall, within 30 days of obtaining the KRWFC loan, file with the Commission a statement setting forth the date the loan is executed, the actual interest rates, and the principal amount.
7. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.
8. Cannonsburg is authorized to deviate from 807 KAR 5:001, Section 11(2)(a). Its application shall be considered filed as of the date of this Order.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 5th day of November, 2001.

By the Commission

ATTEST:


Executive Director