

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BEAVER-ELKHORN WATER)
DISTRICT FOR (1) CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY - CONSTRUCTION -)
TO UPDATE WATER TREATMENT PLANT/WATER)
LINE EXTENSIONS PURSUANT TO KRS) CASE NO.
278.020(1); (2) AUTHORIZATION OF) 92-129
BORROWING FROM THE COMMONWEALTH OF)
KENTUCKY, KENTUCKY INFRASTRUCTURE)
AUTHORITY WATER RESOURCES LOAN FUND)
PURSUANT TO KRS 278.300; (3) AUTHORITY)
TO INCREASE RATES PURSUANT TO 807 KAR)
5:001, SECTION 10)

INTERIM ORDER

Beaver-Elkhorn Water District ("Beaver-Elkhorn") filed its application on March 30, 1992 for a Certificate of Public Convenience and Necessity to construct a \$7,168,091 waterworks improvement project, for approval for financing, and for adjustment to retail rates.

Beaver-Elkhorn now moves for an Interim Order for Phase I Construction which grants a Certificate of Public Convenience and Necessity for the construction of water main extensions, three booster pump stations, two water storage tanks, and related appurtenances.

The proposed construction will provide water service to the new Left Beaver High School and water storage facility for the Left Beaver High School, Allen Central High School and Duff Elementary. Total cost for the proposed Phase I construction is \$958,225.85. The project funding includes a tap-on fee of \$500,000 from Floyd

County Board of Education and a \$458,225.85 interim financing from First Guaranty Bank.

Drawings and specifications for the proposed construction were prepared by Howard K. Bell Consulting Engineers, Inc. of Lexington, Kentucky ("Engineer") and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet. The Engineer by certified statement has indicated that the proposed construction is appropriate for the present operating condition of Beaver-Elkhorn, and proposed water storage tanks will empty and fill properly.

The Interim Order will address the construction and financing portion of the application. In the final Order in this case, the Commission will set rates necessary to provide the utility with an opportunity to recover its reasonable operating costs, service its debt and provide a reasonable surplus for equity growth.

After review of the evidence of the record and being otherwise sufficiently advised, the Commissions finds that:

1. Public convenience and necessity require that the construction identified in Beaver-Elkhorn's application be performed and that a Certificate of Public Convenience and Necessity be granted.

2. The proposed construction consists of 12,470 feet of 10- and 8-inch diameter pipelines, three pump stations, two water storage tanks, and related appurtenances. The low bids totaled \$893,070.85 which will require a total of approximately \$958,225.85 after allowances are made for fees and other indirect costs.

3. The financing plan proposed by Beaver-Elkhorn is for lawful objects within the corporate purpose of its utility operations, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose. It should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Beaver-Elkhorn's motion for an Interim Order is granted.
2. Beaver-Elkhorn be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the drawings and specifications of record herein.
3. Any deviations of the construction herein approved which could adversely affect service to any customer shall be done only with prior approval of the Commission.
4. Beaver-Elkhorn shall furnish duly verified documentation of the total cost 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. Said construction shall be classified into appropriate plant accounts in accordance with the Uniform System for Water Utilities prescribed by the Commission.
5. Beaver-Elkhorn's contract with its Engineers shall require the provisions of resident inspection under the general supervision of a professional engineer with a Kentucky registration

in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of construction trades involved in the project.

6. Beaver-Elkhorn shall require its engineer to furnish a copy of the "as built" drawings and a signed statement that construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

7. The interim financing secured by Beaver-Elkhorn for this project will be needed to pay for the work herein approved. Beaver-Elkhorn's interim plan for financing shall, therefore, be approved.


8. Nothing contained herein in this Order shall be construed as constituting approval of any other portion of Beaver-Elkhorn's application.

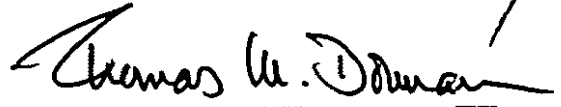
9. Beaver-Elkhorn's application for adjustment to retail rates is continued generally.

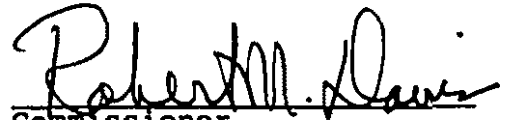
Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 29th day of September, 1992.

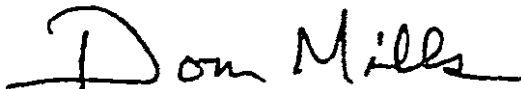
PUBLIC SERVICE COMMISSION


Chairman


Vice-Chairman


Commissioner

ATTEST:



Executive Director