

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CONSUMERS WATER)
DISTRICT, OF GRAVES COUNTY, KENTUCKY,)
FOR A CERTIFICATE OF CONVENIENCE AND)
NECESSITY, AUTHORIZING SAID DISTRICT)
TO EXTEND A WATER MAIN IN ORDER TO)
PURCHASE WATER FROM MAYFIELD ELECTRIC)
AND WATER SYSTEM AND SEEKING APPROVAL)
OF A RATE INCREASE)

CASE NO.
97-223

O R D E R

Consumers Water District ("Consumers") filed its application on May 22, 1997 for a Certificate of Public Convenience and Necessity to construct a \$136,000 waterworks improvement project, for approval of financing, and for an adjustment to its retail rates. This project will provide a reliable source of potable water from the Mayfield Electric and Water System and eliminate the need for Consumers' existing wells. Funding for the proposed project consists of a \$136,000 loan at an interest rate of 6.25 percent for 10 years from the Graves County Bank.

Consumers has moved for an Interim Order from the Commission which grants a Certificate of Public Convenience and Necessity for the proposed construction. Pursuant to Consumers' request, this Order will address the construction and financing portion of the application. By subsequent Order in this case, the Commission will address the 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 Commission finds that:

1. Consumers proposes to construct a booster pumping station and approximately 1,300 feet of a transmission main to be located in Graves County, Kentucky.

2. Drawings and specifications for the proposed construction were prepared by Water Management Services ("Engineer") and have been approved by the Division of Water, Kentucky Natural Resources and Environmental Protection Cabinet.

3. The financing plan proposed by Consumers is for lawful objects within the corporate purpose of its utility operation, 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. Consumers' motion for an Interim Order to proceed with construction is granted.

2. Consumers 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. Consumers shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

4. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

5. Consumers 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 should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by the Commission.

6. Consumers shall require construction to be inspected 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 the construction trades involved in the project.

7. Consumers shall furnish, within 60 days of the date of substantial completion of this construction, a copy of "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

8. Consumers' financing plan consisting of a \$136,000 loan from the Graves County Bank is approved. The financing shall be used only for the lawful purposes specified in Consumers' application.

9. Consumers' application for adjustments to retail rates is continued generally.

10. Nothing contained herein shall be construed as constituting approval of any other portion of Consumers' application.

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 1st day of August, 1997.

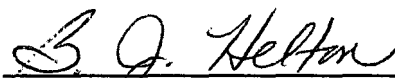
PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ATTEST:



Executive Director