

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF MILLENNIUM ENERGY, INC.)	
FOR A CERTIFICATE OF CONVENIENCE AND)	CASE NO. 99-075
NECESSITY TO CONSTRUCT AND)	
OPERATE A NATURAL GAS SUPPLY LINE)	

O R D E R

On March 2, 1999, Millennium Energy, Inc. ("Millennium") submitted an application requesting a Certificate of Public Convenience and Necessity to construct a natural gas pipeline, pursuant to 807 KAR 5:001, Section 9, and for approval of the financing of the project. On March 18, 1999, the Commission, by letter, requested information about the proposed financing of the project.

On May 4, 1999, the Commission, by letter, advised Millennium that its filing was rejected, pursuant to 807 KAR 5:001, Section 2. Millennium was directed to file certain information to cure the filing deficiencies no later than 15 days from the date of the letter. On May 7, 1999, the Commission Staff met with Millennium personnel in an informal conference and discussed the filing requirements and the information that Millennium should provide to the Commission to acquire a certificate of convenience and necessity to construct a natural gas distribution system.

On May 12, 1999, Millennium filed the requested information and cured the deficiencies of its filing for constructing a natural gas distribution system.

Millennium is proposing to install about 4 miles of 6-inch and 4-inch polyethylene pipelines from a 30-inch Midwestern Pipeline to its end-users in Simpson County, Kentucky. Millennium estimates the cost of construction will be \$282,579. Millennium states it plans only to borrow those funds necessary for construction (\$282,579) and the amount designated by Millennium for working capital and a debt service reserve of \$22,421.

Funding for the construction, debt service reserve fund and working capital will be provided through a loan that will not exceed \$305,000 from the National Cooperative Service Corporation, a subsidiary of the National Rural Utilities Cooperative Finance Corporation. The loan will be amortized over 10 years, with principal payments deferred for the first 2 years, at an interest rate of 6 percent per year. A loan in the amount of \$305,000 from the National Cooperative Service Corporation is for lawful corporate purposes, is consistent with and will not impair Millennium's proper performance of its service to the public, and is reasonable, necessary and appropriate.

The proposed project will initially serve Cagle's Keystone Foods LLC and Super Wal-Mart. The rates will be defined in special contracts with these customers.

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

1. Millennium's petition for a Certificate of Public Convenience and Necessity to construct the proposed pipeline and facility should be granted.
2. No change should be made in the scope of service, i.e., the addition of residential customers, except upon prior Commission approval.

3. Two weeks prior to construction, Millennium should file with the Commission the construction schedule and a copy of the construction drawings.

4. Within 30 days of their execution, Millennium should file with the Commission copies of the service contracts with Cagle's Keystone Foods LLC and Super Wal-Mart.

5. Within 60 days from the completion of the construction, Millennium should file as-built drawings for the project and a statement of the actual cost of the project.

6. Prior to providing service to its customers, Millennium should file with the Commission the operating and maintenance manual of its distribution system.

IT IS THEREFORE ORDERED that:

1. Millennium is hereby granted a Certificate of Public Convenience and Necessity to construct the proposed project set forth in the drawings and specifications of its application.

2. Millennium shall obtain prior Commission approval to perform any additional construction not expressly authorized herein.

3. No deviation from the proposed construction project shall be undertaken without prior Commission approval.

4. Within 60 days of the date that construction is substantially completed, Millennium shall inform the Commission in writing of the total project costs, including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.). Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for gas utilities prescribed by the Commission.

5. Millennium shall require that the proposed project be constructed under the general supervision and inspection of a professional engineer with Kentucky registration in civil or mechanical engineering.

6. Millennium is authorized to borrow from the National Cooperative Service Corporation an amount not to exceed \$305,000, bearing interest at a rate not to exceed 6 percent per annum for a period not to exceed 10 years.

7. Millennium shall use the proceeds from the loan authorized herein only for the purpose of financing the proposed project, including working capital as stated herein.

8. Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the loan approved herein.

9. Millennium shall file with the Commission all special contracts with any customers it proposes to serve at least 30 days prior to providing service pursuant to those contracts.

10. Prior to providing service to its customers, Millennium shall file with the Commission the operating and maintenance manual of its distribution system.

Done at Frankfort, Kentucky, this 20th day of May, 1999.

By the Commission

ATTEST:

Executive Director