

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MADISON COUNTY)	
UTILITY DISTRICT (A) FOR AUTHORITY TO)	
FINANCE CONSTRUCTION IN THE APPROXIMATE)	
AMOUNT OF \$3,000,000; AND (B) A CERTIFICATE)	CASE NO.
OF CONVENIENCE AND NECESSITY FOR THE)	2002-00184
CONSTRUCTION OF WATER FACILITIES AND)	
ADJUSTMENT OF RATES)	

O R D E R

On August 9, 2002, Madison County Utility District (MCUD) submitted an application for a Certificate of Public Convenience and Necessity to construct a waterworks improvement project at a cost of \$3,047,500 for approval of its plan of financing for this project, and for adjustments to its water service rates.

The project consists of the construction of approximately 24,794 linear feet of 12-inch, 40,505 linear feet of 8-inch, 57,962 linear feet of 6-inch, 34,801 linear feet of 4-inch water transmission mains and related appurtenances and a 500 gallon per minute pumping station to serve approximately 75 new customers. This project also includes the construction of a 500,000 gallon elevated water storage tank. Funding for the proposed projects consists of a \$3,000,000 loan from the Kentucky Infrastructure Authority and \$47,500 from internally generated funds.

MCUD has requested that Commission approval of the proposed construction and financing be granted as expeditiously as possible so that construction may begin in a timely manner. 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 and service its debt.

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

1. MCUD proposes to construct: 24,794 linear feet of 12-inch, 40,505 linear feet of 8-inch, 57,962 linear feet of 6-inch, 34,801 linear feet of 4-inch water transmission mains and related appurtenances, a 500 gallon per minute pumping station and a 500,000 gallon elevated water storage tank.

2. Plans and specifications for the proposed improvements prepared by CMW, Inc. of Richmond, Kentucky, have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

3. Public convenience and necessity require that the construction identified in MCUD s application be performed and that a Certificate of Public Convenience and Necessity be granted.

4. The financing plan proposed by MCUD 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. MCUD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction project as set forth in the plans and specifications of record herein.

2. MCUD 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. MCUD 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.

5. MCUD shall furnish an income statement and balance sheet along with updated projection of revenues and expenses in sufficient detail to show that the rates and charges approved herein are sufficient to meet the MCUD's water operation revenue requirements within 60 days following the close of the first full year of water operations.

6. MCUD shall require construction to be inspected under the general supervision of a professional engineer with Kentucky licensure 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. MCUD shall file a copy of the as-built drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.

8. MCUD is authorized to issue notes to Kentucky Infrastructure Authority in an amount not to exceed \$3,000,000.

9. The proceeds from the \$3,000,000 note shall be used only for the lawful purposes specified in MCUD s application.

10. MCUD s proposed plan of financing is granted.

11. MCUD s proposed rates are hereby suspended for five months from August 14, 2002, up to and including January 13, 2003.

12. Nothing in this Order shall prevent the Commission from entering a final decision in this case prior to the termination of the suspension period.

13. MCUD shall notify the Commission one week prior to the actual start of construction and at the 50 percent completion point.

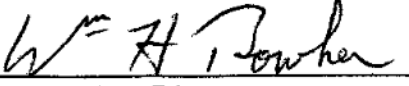
14. Nothing contained herein shall be construed as constituting approval of any other portion of MCUD s application.

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 14th day of August, 2002.

ATTEST:

By the Commission

Deputy 
Executive Director