

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 12th  
day of August, 1997.

In the matter of the Application of )  
Central Jefferson County Utility )  
Company for authority to execute a )  
loan for the purpose of constructing )  
an additional water storage tank and )  
the appurtenances thereto. The )  
principal amount of the loan is )  
\$150,000.00. )

Case No. WF-97-568

ORDER APPROVING FINANCING

On June 30, 1997 Central Jefferson County Utility Company (Central) filed an Application with the Commission requesting approval from the Commission to borrow \$170,000 to provide funds for the erection of a water tank and the installation of allied equipment in order to meet the Missouri Department of Natural Resources rules and provide proper water service to its customers.

Central adds that it currently has no long-term indebtedness and proposes to apply the loan proceeds to engineering and construction of the proposed project.

On July 24 the Staff of the Commission (Staff) filed its recommendation in this matter, stating that the loan rate is fixed at eight percent, with the note maturing in 60 months. The principal and interest payments would be based on an approximate 15-year amortization. The Staff continues that the proposed additional storage is needed to allow a reserve in case of a well failure, main break, fire protection and future growth. The proposed standpipe will be an elevated 100,000 gallon facility. The

company currently has a 32,000 gallon standpipe. The Staff also states that the proposed construction would allow Central to eliminate an existing booster station.

After review of the loan commitment, the Staff finds the terms to be reasonable. The Staff also expresses the opinion that the cost of the proposed project seems to be reasonable but recommends that the project be reviewed in a future rate case.

Financial analysis of Central indicates that the capital structure of Central after the loan transaction will be 56.48 percent common equity and 43.52 percent long-term debt. The Staff states that Central will have a debt ratio and pretax interest coverage ratio well within the benchmark for a "AA" rated utility company as determined by Standard and Poor. The Staff states that the proposed loan would not have a negative impact on the ability of Central to attract new capital. The Staff recommends approval of the proposed financing.

The Commission has reviewed the Application, accompanying documentation and the Staff recommendation, and finds the proposed transaction to be reasonable and in the public interest. The Commission will approve the proposed financing as set out in the Application.

**IT IS THEREFORE ORDERED:**

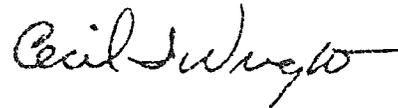
1. That Central Jefferson County Utility Company is hereby granted Commission approval to borrow an amount not to exceed \$170,000 for the purpose of constructing a water tank and allied equipment in order to meet the Department of Natural Resources requirements and provide safe and adequate service to its customers, to enter into and to execute all documents necessary to effectuate the financial transaction as set out in its Application, and to take such other action as is reasonably necessary

to complete the above-stated transaction.

2. That, in accordance with Section 393.200, RSMo 1994, the property to be procured or paid for by the above-stated loan is reasonably required for the purposes as specified in this order and the Application and that such purposes are not in whole or in part reasonably chargeable to operating expense or income.

3. That this order shall become effective on August 22, 1997.

BY THE COMMISSION



Cecil I. Wright  
Executive Secretary

(S E A L)

Zobrist, Chm., Crumpton, Drainer,  
Murray, and Lumpe, CC., Concur.

ALJ: Derque