

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTH MERCER WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO ACQUIRE A)	CASE NO.
BUILDING AND MAKE MINIMAL ADAPTATIONS)	2016-00392
THERETO)	

ORDER

North Mercer Water District (“North Mercer”) has applied for a Certificate of Public Convenience and Necessity (“CPCN”) to acquire a tract of land, with a building constructed thereon, for the purpose of maintaining and operating a water district office and headquarters.

North Mercer filed an application for a CPCN on November 10, 2016, which was accepted for filing as of that date.

No person has sought intervention in this matter, and North Mercer has not requested a hearing. The record for this case is complete.

North Mercer, a water district organized under KRS Chapter 74, provides retail water service to approximately 4,518 customers in Anderson, Boyle, Mercer, and Washington Counties, Kentucky.¹

¹ *Annual Report of North Mercer Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2015* at 12 and 53.

This CPCN is for the purchase of a 0.24 acre tract of land with a building constructed thereon located at 4795 Louisville Road in Salvisa, Kentucky. The proposed site is a former branch bank owned by Whitaker Bank, Inc., that is to be used by North Mercer as its water district office and headquarters.²

The total purchase price of the property, including land, is approximately \$100,000. The costs of the modifications to adapt the property to the needs of North Mercer are estimated to be \$10,000. North Mercer states that it has existing funds available to acquire the bank property and to make the necessary modifications without having to obtain financing.³

North Mercer states that the building it proposes to purchase will serve as a safer, more convenient place for its customers to pay monthly bills and transact with the District. The new building also has a covered 360-square-foot, two-car drive-through that is equipped with sound systems for talking with customers in their automobiles, as well as vacuum tubes for sending documents between the customers and the District's clerks without requiring the customers to leave the convenience and safety of their cars.⁴

North Mercer states that it will continue to hold the property and building that currently serves as its office and headquarters subsequent to the purchase and renovation of the bank building for use as a new office and headquarters. North Mercer's stated intent to continue to hold the property and building it is seeking to

² Application at 9(a).

³ *Id.* at 9(f), (g), and (h).

⁴ *Id.* at 9(c) and (d).

replace through this proposal raises a concern as to whether the District will be in a position of holding underutilized or surplus assets that are not necessary for the provision of reasonable service. The Commission finds that North Mercer should file a report with the Commission, within 30 days following the first anniversary date of this Order, that describes and documents the utilization the property and building that currently serves as North Mercer's office and headquarters. The report should address, at a minimum, the cost of maintaining the facility, the use of the facility in providing reasonable service, and an explanation supporting whether or not divestiture of the building and property is necessary.

Having reviewed the record and being sufficiently advised, the Commission finds that:

1. The proposed purchase will not result in wasteful duplication of existing facilities.
2. The proposed purchase does not conflict with any existing certificates or service of any other utility operating in the area.
3. Public convenience and necessity require the proposed purchase, which allows North Mercer to provide reliable and adequate water service to its customers.
4. The purchase will be funded from North Mercer's available cash on hand.

IT IS THEREFORE ORDERED that:

1. North Mercer is granted a CPCN to proceed with the proposed purchase and renovation as set forth in its application.
2. Any deviation from the purchase and renovation as approved shall be undertaken only with the prior approval of the Commission.

3. North Mercer shall file with the Commission documentation of the total costs of this project, including the cost of renovation and all other capitalized costs, (e.g. engineering, legal, administrative) within 60 days of the date that the purchase and renovation authorized under this CPCN is substantially completed. Renovation costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

4. If "as built" drawings are prepared for the proposed renovations of the building, North Mercer shall file a copy of the drawings and a certified statement that the renovation has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the renovation certificated herein.

5. Any documents filed in the future pursuant to ordering paragraphs 4 and 5 shall reference this case number and shall be retained in the utility's general correspondence file.

6. Within 30 days following the first anniversary date of this Order, North Mercer shall file with the Commission a report that describes and documents the utilization of the office and headquarters that it is replacing through this proposal. The report shall address, at a minimum, the cost of maintaining the facility, the use of the facility in providing reasonable service, and whether divertiture of the building the property is necessary.

7. The Executive Director is delegated authority to grant reasonable extensions of time for filing any documents required by this Order upon North Mercer's showing of good cause for such extension.

By the Commission

ENTERED
DEC 22 2016
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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