

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN)
KENTUCKY WATER SERVICE DISTRICT FOR)
PERMISSION OR CERTIFICATE TO)
CONSTRUCT VARIOUS NORMAL)
EXTENSIONS TO ITS WATER SYSTEM; TO)
MAKE REPLACEMENTS; TO INSTALL) CASE NO. 98-079
BETTERMENTS IN THE EXISTING WATER)
TREATMENT PLANTS; TO MAKE STUDIES OF)
ITS WATER SUPPLY NEEDS; AND, TO)
INCREASE STORAGE CAPACITY [FUNDING)
WILL BE FROM CASH FLOWS AND NOTES)
AUTHORIZED BY STATUTE])

O R D E R

On February 10, 1998, Northern Kentucky Water Service District ("Northern Kentucky District") applied for a certificate of public convenience and necessity for 44 construction projects that are set forth in its 1998-1999 and 1999-2002 capital budgets. Estimated total cost for these projects is \$34,065,631.76. As of the date of this Order, Northern Kentucky District's application has yet to comply with the filing requirements set forth in Administrative Regulation 807 KAR 5:001, Section 9.¹

On April 1, 1998, Northern Kentucky District moved for the immediate issuance of a certificate of public convenience and necessity for Project K of its 1998-1999 Capital Budget. In support of its motion, Northern Kentucky District states that urgent public safety and financial considerations require the requested relief. As of April 2, 1998,

¹ See Letter from Helen C. Helton to All Parties of Record of Feb. 26, 1998 at 1.

Northern Kentucky District has submitted for Project K all documents that Administrative Regulation 807 KAR 5:001, Section 9, requires of an application for a certificate of public convenience and necessity.

Having considered the motion and the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Project K involves the construction of a new chemical storage and feed building at Northern Kentucky District's Taylor Mill Water Treatment Plant ("WTP"), the addition of tube settlers and new overflow weirs to that WTP's clear wells, the replacement of other equipment at that WTP, and the installation of yard piping, paving and controls equipment.

2. Total cost of Project K, based upon accepted bids, is \$3,855,264.

3. Northern Kentucky District currently uses a chlorine gas system at the Taylor Mill WTP.

4. Use of a chlorine gas system poses a potential public safety hazard and increases administrative costs. The current chemical plant is located near an elementary school. Any release or explosion of the chlorine gas may have grave consequences. Moreover, chlorine gas in the quantities now stored at the existing Taylor Mill WTP chemical building is regulated under the Clean Air Act and requires Northern Kentucky District to prepare a Risk Management Plan.

5. A sodium hypochlorite system will be used in the proposed chemical storage and feed building. Such system eliminates most public safety hazards

associated with the current system and will eliminate the need for preparation of a Risk Management Plan.

6. As part of Project K, Northern Kentucky District will replace the following equipment at the Taylor Mill WTP: raw water flow control valve; 5 of 8 flocculation mixer motors and drives; sludge collection mechanisms and drives on both clarifiers; 4 slide gates in the clarifier complex; handrails and grating in the clarifier complex; chemical feed equipment for disinfectant, coagulants, caustic, corrosion inhibitor, fluoride, filter aid polymer, and copper sulfate; a flow control valve for the diversion of finished water from the Fort Thomas WTP. These items are either near the end of their useful life or cannot be monitored or controlled by the upgrade control system.

7. The proposed improvements will increase the capacity of the Taylor Mill WTP clarifiers and clear wells and address the recommendations of the Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet that such capacity be increased.

8. CH₂M HILL, Inc. of Cincinnati, Ohio, prepared the drawings and specifications for the proposed construction.

9. The Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet has approved the drawings and specifications for the proposed construction.

10. Northern Kentucky District intends to finance Project K from internally generated funds and short term borrowing.

11. Northern Kentucky District advertised for bids on Project K and received an acceptable bid of \$3,855,264. This bid expires on April 7, 1998.

12. The public convenience and necessity require the construction of Project K.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky District's Motion for an Interim Order for a Certificate of Public Convenience and Necessity is granted.

2. Northern Kentucky District is granted a Certificate of Public Convenience and Necessity for Project K as set forth in the drawings and specifications of record.

3. Northern Kentucky District shall obtain prior Commission approval before performing any construction not expressly authorized herein.

4. No deviation from the plans and specifications submitted to the Commission shall be made without prior Commission approval.

5. Northern Kentucky District shall furnish written evidence 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 of the substantial completion of the proposed construction project. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

6. Northern Kentucky District 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

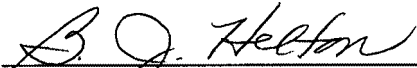
with contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. Northern Kentucky District shall furnish, within 60 days of the date of the proposed construction project's substantial completion, a copy of "as-built" drawings and a signed statement from the Engineer that the construction has been satisfactorily completed in accordance with the contract plans and specifications.

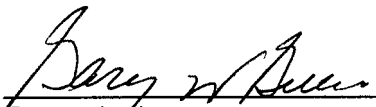
8. Nothing contained herein constitutes approval of any other construction project set forth in Northern Kentucky District's application.

Done at Frankfort, Kentucky, this 7th day of April, 1998.

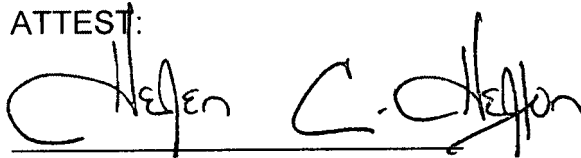
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ATTEST:


Executive Director