

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR APPROVAL OF)	
CONSTRUCTION OF U.S. 27 PUMP STATION)	
EXPANSION AND ISSUANCE OF A)	CASE NO. 2005-00052
CERTIFICATE OF CONVENIENCE AND)	
NECESSITY)	

ORDER

Northern Kentucky Water District (“NKWD”) has applied for a Certificate of Public Convenience and Necessity for the construction of certain facilities related to the expansion of the U.S. 27 pump station at a total project cost of approximately \$2,300,000. On March 3, 2005, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, was granted full intervention in this proceeding. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. NKWD, a water district organized pursuant to KRS Chapter 74, is a utility subject to Commission jurisdiction. KRS 278.010(3)(d); KRS 278.015; KRS 278.040. It provides retail water service to 70,561 customers in Kenton and Campbell counties, Kentucky and wholesale water service to Bullock Pen Water District, Pendleton County Water District, and the city of Walton, Kentucky.¹

¹ NKWD’s Application, Exhibit C, Annual Report of NKWD to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2003 (“2003 Annual Report”) at 27 and 30.

2. NKWD was formed on January 1, 1997 from the merger of Kenton County Water District No. 1 and Campbell County Kentucky Water District.²

3. NKWD proposes to expand its existing U.S. 27 pump station to meet the increased production demands on the Fort Thomas Treatment Plant.

4. The increased production demand on the Fort Thomas Treatment Plant is due to the decrease in the overall system water demands as a result of the termination of the purchase water contracts of the Boone County Water District and the City of Florence, Kentucky. Instrumentation limitations at the Fort Thomas Treatment Plant hinder the ability to properly feed chemicals at low production rates; therefore, production has been reduced from the Memorial Parkway Treatment Plant to match the reduced demands. As a result, demands on the existing U.S. 27 pump station have increased in order to supply water from the Fort Thomas Treatment Plant to areas of the northern Campbell County service area that previously had been served from the Memorial Parkway Treatment Plant.

5. The proposed construction project consists of three new vertical turbine pumps rated at 3,550 gallons per minute at 300 feet of total dynamic head with supporting electrical and control system and related appurtenances.

6. NKWD's Board of Commissioners approved Building Crafts as the lowest responsible bidder for the project at a cost of \$1,706,607.

² See Case No. 1996-00234, The Joint Application of Kenton County Water District No. 1 and Campbell County Kentucky Water District for Authority to Merge Into Northern Kentucky Water Service District, and for Authority for the Combined District to Operate (Ky. PSC August 22, 1996).

7. NKWD proposes to finance the proposed project through the issuance of a Bond Anticipation Note, which will be converted to a long-term bond at some future date. NKWD does not intend to adjust its rates for water service immediately to cover the project cost.

8. Construction of the proposed pump station will not result in the wasteful duplication of existing facilities.

9. The public convenience and necessity require the construction of the proposed expansion of the U.S. 27 pump station.

IT IS THEREFORE ORDERED that:

1. NKWD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed expansion project as set forth in its application.

2. NKWD 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. NKWD shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs, including, but not limited to, engineering, legal and administrative expenses, within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. NKWD shall file with the Commission 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.

6. NKWD shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration 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. NKWD shall notify the Commission 7 days prior to the actual start of construction and at the 50 percent completion point.

Done at Frankfort, Kentucky, this 21st day of April, 2005.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above the text 'Executive Director'.

Executive Director