

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
NORTHERN KENTUCKY WATER DISTRICT)	
FOR A CERTIFICATE OF CONVENIENCE)	CASE NO.
AND NECESSITY FOR THE TAYLOR MILL)	2017-00147
WATER TREATMENT PLANT)	

ORDER

On March 28, 2017, Northern Kentucky Water District (“Northern Kentucky”) submitted an application for a Certificate of Public Convenience and Necessity (“CPCN”) for construction and repairs to the Taylor Mill Water Treatment Plant (“TMTP”). No person has sought intervention in this matter, and Northern Kentucky has not requested a hearing. The record for this case is complete.

Northern Kentucky, a water district organized under KRS Chapter 74, provides retail water service to approximately 81,671 customers in Boone, Campbell, and Kenton counties, Kentucky, and wholesale water service to Bullock Pen Water District, the city of Walton, and Pendleton County Water District.¹

Northern Kentucky’s application for a CPCN proposes the following construction and repairs to the TMTP: installation of a new belt filter press, conveyor, polymer feed system with mixing and aging tanks, control panel, and chemical metering pumps, with associated piping, valves, and associated electrical and instrumentation work. The application further proposes the demolition and construction of a new interior wall, access

¹ *Annual Report of Northern Kentucky Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2015 at 14, 56, and 53.*

door, and monorail and hoist system.² GRW, Inc. prepared the plans and specifications for the proposed project.³ The total cost of the proposed project, including engineering, construction, and contingencies, is approximately \$1,075,000.⁴ This project will be funded through a future Bond Anticipation Note paid from the District's five-year capital budget.⁵

In support of the application, Northern Kentucky refers to the 2008 Asset Management Program Update that recommended the replacement of the TMTP's existing sludge-handling process equipment, since the aging equipment was quickly approaching the end of its useful life.⁶ Northern Kentucky states that the proposed improvements are required to continue to provide adequate service to its customers. Additionally, Northern Kentucky submitted an electronic mail message from the Kentucky Division of Water ("DOW") stating that pursuant to 401 KAR 5:005, Section 1(2)(a), this project does not have to be approved by DOW because it consists of maintenance and replacement work.⁷

Northern Kentucky opened bids for this project on January 25, 2017, and the bids were scheduled to expire on April 25, 2017; however, Northern Kentucky filed a supplemental letter stating that the bids had been extended until May 25, 2017. Northern

² Application, Exhibit A.1 at 4-13 and 4-14; Specifications for Northern Kentucky Water District, Taylor Mill Treatment Plant Belt Filter Press Replacement Project, Invitation to Bid.

³ Application, Exhibit A, Engineering Reports and Information.

⁴ Application at 2.

⁵ *Id.*

⁶ Application, Exhibit A.1, 2008 Asset Management Program Update at 4-13 and 4-14.

⁷ Supplemental Filing (filed Apr. 26, 2017) at 1 and 2. While Northern Kentucky stated in the Application that a copy of a DOW letter approving the Plans and Specifications for the proposed improvements was attached as Exhibit B, such a letter is not in the "record, but not required for a decision."

Kentucky has asserted that the projected start date for construction is June 1, 2017, or upon PSC approval, with a proposed in-service date of July 2018.

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

1. The record for this case is complete.
2. The proposed construction will not result in wasteful duplication of existing facilities.
3. The proposed construction does not conflict with any existing certificates or service of any other utility operating in the area.
4. Public convenience and necessity require the proposed construction, which will allow Northern Kentucky to continue providing reliable and adequate water service to its customers.
5. The project will be financed through a future Bond Anticipation Note. Commission approval of the financing is not required at present. However, pursuant to KRS 278.300, Northern Kentucky must obtain Commission approval before issuing any long-term revenue notes.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky is granted a CPCN to proceed with the proposed construction as set forth in its application.
2. Northern Kentucky shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.
3. Any deviation from the construction and repairs approved by this Order shall be undertaken only with the prior approval of the Commission.

4. Northern Kentucky 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.

5. Northern Kentucky shall submit an application to the Commission prior to issuing any securities that require approval pursuant to KRS 278.300.

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

7. Northern Kentucky 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. Any documents filed in the future pursuant to ordering paragraphs 2, 5, 6, and 7 shall reference this case number and shall be retained in the post-case correspondence file.

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

By the Commission

ENTERED
MAY 08 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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