

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CRITTENDEN-LIVINGSTON)	
WATER DISTRICT FOR AUTHORITY TO ENTER)	
INTO A LOAN AGREEMENT WITH THE)	
KENTUCKY INFRASTRUCTURE AUTHORITY)	CASE NO. 2012-00077
AND FOR A CERTIFICATE OF CONVENIENCE)	
AND NECESSITY TO ACQUIRE AND INSTALL)	
AUTOMATED METER READING EQUIPMENT)	

ORDER

Crittenden-Livingston Water District (“Crittenden-Livingston District”) has applied for a Certificate of Public Convenience and Necessity (“Certificate”) to purchase and install an automated meter reading (“AMR”) system to serve one-half of its water distribution system and for authority to borrow an amount not to exceed \$300,000 from the Kentucky Infrastructure Authority (“KIA”) to fund this purchase and installation.

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

1. Crittenden-Livingston District, a water district organized pursuant to KRS Chapter 74, owns and operates facilities that produce and distribute water to approximately 3,297 customers in Crittenden and Livingston counties of Kentucky.¹ It provides wholesale water service to Ledbetter Water District, Lyon County Water District, and to the cities of Grand Rivers, Salem, and Smithland.²

¹ *Report of Crittenden-Livingston Water District to the Public Service Commission of Kentucky for the Calendar Year Ended December 31, 2010 (“Annual Report”)* at 5 and 27.

² *Id.* at 30.

2. Crittenden-Livingston District proposes to install an AMR system, which would initially cover all customer services located in Crittenden County.

3. The proposed radio read meter system enables a meter reader to collect meter readings while driving through the use of a meter equipped with a radio frequency ("RF") reading device. A battery powers the RF device. When the meter reader is in the vicinity of the RF reading device, it transmits a signal that activates the RF device to transmit the meter reading data. Drive-by radio read meter systems are generally capable of reading several thousand meters daily. The reading productivity depends upon a number of factors including meter population density, location of the RF device, weather, temporary obstructions, and driving speed.³

4. Water utilities in several major U.S. cities, including Chicago, Houston, Richmond, Memphis, and Charlotte, are currently using drive-by AMR systems.⁴

5. Based upon the responses to its requests for bids, Crittenden-Livingston District selected United Systems & Software, Inc. to provide and install the drive-by AMR system.

6. Crittenden-Livingston District proposes to replace 1,640 existing 5/8-inch x 3/4-inch meters and 40 existing 1-inch meters that are located in Crittenden County with Master Meter Multijet water meters. Installation is scheduled to commence on June 1, 2012 and to be completed within six months.

7. Installation and use of the proposed drive-by AMR system will reduce the number of employees whose duties are devoted to meter reading; expand Crittenden-

³ Case No. 2008-00119, *Application of Northern Kentucky Water District for Approval of Construction and Issuance of a Certificate of Convenience and Necessity for the Purchase and Installation of Automated Meter Reading Equipment* (Ky. PSC July 29, 2008) at 2.

⁴ *Id.*

Livingston District's ability to perform consumption analysis, peaking trends, and distribution modeling; and enhance Crittenden-Livingston District's ability to discover meter tampering.

8. Total cost of the proposed installation, including contingencies, is \$300,000.

9. Crittenden-Livingston District estimates that installation of the proposed AMR system will result in a reduction of \$46,600 of labor and vehicle costs annually.

10. Crittenden-Livingston District proposes to finance the cost of the proposed project with the proceeds of a loan from KIA in the amount of \$300,000.

11. The loan will have an interest rate of two percent per annum, which shall commence six months after the first draw of funds, and has a repayment period of 20 years.

12. Crittenden-Livingston District estimates its annual debt service payments for the proposed KIA loan to be \$18,873.

13. The proposed purchase and installation of the AMR system will result in annual savings of \$27,727.

14. The proposed purchase and implementation of the AMR system will not result in the wasteful duplication of facilities.

15. Public convenience and necessity require the proposed purchase and implementation of the AMR system.

16. 807 KAR 5:006, Section 16, requires a water utility to test its meters and ensure they are in good order prior to installing them for use by any customer. Testing may only be performed by an entity that the Commission has approved for that purpose.

17. Crittenden-Livingston District's proposed loan is for a lawful object within its corporate purposes, is necessary, and is appropriate for and consistent with the proper performance of its service to the public, will not impair Crittenden-Livingston District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

Having considered the evidence of record and being otherwise sufficiently advised, IT IS HEREBY ORDERED that:


1. Crittenden-Livingston District is granted a Certificate to proceed with the proposed purchase and installation of an AMR system.
2. Crittenden-Livingston District shall notify the Commission prior to installing any equipment or facilities not expressly authorized by this Order.
3. Any deviation from the installation of equipment or facilities approved shall be undertaken only with the prior approval of the Commission.
4. None of the meters in question shall be placed in service until they are tested by an entity that the Commission has approved for that purpose and are shown to be in good order and within required tolerance standards.
5. Crittenden-Livingston District is authorized to enter into an agreement with KIA for a loan in an amount not to exceed \$300,000 at an interest rate of two percent per annum and payable over a 20-year period.
6. The proceeds of the loan agreement with KIA shall be used only for the lawful purposes specified in Crittenden-Livingston District's application.
7. If the final cost for the purchase and installation of meters and advanced metering infrastructure approved in this Order exceeds the estimated cost (with

contingency included), Crittenden-Livingston District shall notify the Commission in writing within 30 days of determining the final cost and shall provide a written explanation for the additional cost.

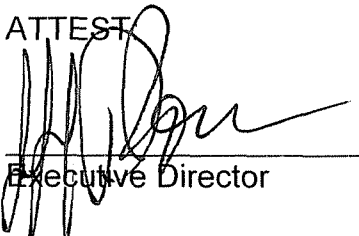
8. Any documents filed in the future pursuant to this Order shall reference this case number and shall be retained in the utility's general correspondence file.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission

ENTERED 
MAR 30 2012
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST


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