

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY	)	
WATER DISTRICT FOR APPROVAL OF THE	)	
RIPPLE CREEK WATER MAIN REPLACEMENT	)	CASE NO.
AND EXTENSION, ISSUANCE OF A	)	2013-00390
CERTIFICATE OF CONVENIENCE AND	)	
NECESSITY AND APPROVAL OF FINANCING	)	

ORDER

Northern Kentucky Water District (“Northern District”) has applied for a Certificate of Public Convenience and Necessity (“Certificate”) to replace and extend an existing water main and for approval of its plan to finance the proposed extension.

Having reviewed the application and being otherwise sufficiently advised,<sup>1</sup> the Commission finds that:

1. Northern District, a water district organized under KRS Chapter 74, provides retail water service to approximately 80,557 customers in Boone, Campbell, and Kenton counties, Kentucky, and wholesale water service to Pendleton County Water District, Bullock Pen Water District, and the city of Walton, Kentucky.<sup>2</sup>

2. Northern District proposes to construct approximately 9,347 linear feet of 24-inch ductile iron (“DI”) water transmission main, 56 linear feet of 8-inch DI water

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<sup>1</sup> Northern District filed its application with the Commission on November 7, 2013. No person has sought intervention in this matter. Commission Staff has served requests for information on Northern District regarding the proposed construction. Northern District has fully responded to these requests. Northern District has not requested a hearing in this matter. The Commission has received no requests for hearing and finds the record complete.

<sup>2</sup> *Annual Report of Northern Kentucky Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2012* at 5, 27 and 30.

main, and 47 linear feet of 6-inch DI water main in Campbell, Kentucky along Kentucky Route 547 from Kentucky Route 9 to Main Street in Alexandria, Kentucky.<sup>3</sup>

3. Approximately 3,900 linear feet of the proposed 24-inch DI water transmission main will replace an existing 6-inch unlined cast iron pipe that has been in service for 51 years,<sup>4</sup> that currently serves 60 customers, and that has experienced numerous breaks.<sup>5</sup>

4. Northern District intends to abandon the existing 6-inch unlined cast iron main upon completion of the proposed 24-inch water main.<sup>6</sup>

5. The proposed 24-inch transmission main will connect an existing 24-inch water main running along Kentucky Route 9 with an existing 24-inch water main that runs along Main Street.

6. Construction of the proposed 24-inch transmission main will:

a. Provide a redundant water main to an existing 12-inch water main that runs along U.S. Highway 27 and thus enhance system reliability;

b. Improve the efficiency of Northern District's Ripple Creek Booster Pump Station;

c. Provide reliable water flow to the Northern District's Main Street Storage Tank and thus allow for future extension of large water transmission mains to

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<sup>3</sup> Application ¶ 5. See also Application Ex. C.

<sup>4</sup> Northern Kentucky Water District's Response to Commission Staff's First Request for Information, Item 6 (filed Dec. 19, 2013).

<sup>5</sup> *Id.* Items 10 and 11.

<sup>6</sup> *Id.* Item 6.

the southern end of the Northern District's Campbell Service Area to meet projected future growth.<sup>7</sup>

7. Northern District projects significant growth in the southern portion of Campbell County as a result of the completion of Sanitation District No. 1 of Northern Kentucky's Eastern Regional Sanitation Plant<sup>8</sup> and the lifting of a moratorium on new construction in Alexandria, Kentucky, that the Kentucky Division of Water had directed.<sup>9</sup>

8. Northern District has added approximately 406 customers in the general area around Alexandria, Kentucky, since the Kentucky Division of Water lifted the moratorium.<sup>10</sup>

9. Total cost of the proposed project, including construction cost, engineering costs, materials, and contingencies, is approximately \$1,753,000.

10. Total construction cost of the proposed project is \$1,452,453.<sup>11</sup>

11. Cardinal Engineering, of Wilder, Kentucky, prepared the plans and specifications for the proposed project.

12. The Kentucky Division of Water has approved the plans and specifications for the proposed project.<sup>12</sup>

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<sup>7</sup> *Id.* Item 11.

<sup>8</sup> The Eastern Regional Sanitation Plant began operation on September 28, 2007. *Id.* Item 1(d).

<sup>9</sup> The Kentucky Division of Water lifted the moratorium in stages as construction projects were completed. A partial lifting occurred on November 14, 2007. The moratorium was completely lifted on May 18, 2011. *Id.* Item 2(d).

<sup>10</sup> *Id.* Item 3.

<sup>11</sup> Application Ex. D.

<sup>12</sup> Letter from Mark Rasche, Professional Engineer, Supervisor, Engineering Section, Water Infrastructure Branch, Kentucky Division of Water, to Brandon L. Kuper, Northern Kentucky Water District (July 11, 2012).

13. The proposed construction will not result in wasteful duplication of existing facilities.

14. The proposed construction does not conflict with any existing certificates or the service of any other utility operating in the area.

15. The public convenience and necessity require the proposed construction.

16. Northern District intends to finance the proposed construction project with \$976,000 of the proceeds from the sale of Northern Kentucky Water District Revenue Bonds, Series 2009; and \$777,000 of the proceeds from the sale of Northern Kentucky Water District Revenue Bonds, Series 2013.<sup>13</sup>

17. The Commission has previously authorized Northern District's issuance of these revenue bonds.<sup>14</sup>

18. Given that the Commission has granted Northern District prior authorization to issue the bonds that are being used to fund the proposed construction project, Northern District's proposed financing does not require Commission approval in this proceeding.

IT IS THEREFORE ORDERED that:

1. Northern District is granted a Certificate to proceed with the proposed construction set forth in its application.

2. Northern District shall notify the Commission in writing prior to performing any additional construction not expressly authorized by this Order.

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<sup>13</sup> Application ¶ 5.

<sup>14</sup> Case No. 2007-00135, *Application of Northern Kentucky Water District for an Adjustment of Rates and Issuance of Bonds* (Ky. PSC Dec. 21, 2007); Case No. 2012-00072, *Application of Northern Kentucky Water District for an Adjustment of Rates, Issuance of Bonds, and Financing* (Ky. PSC Dec. 20, 2012).

3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

4. Northern District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, (e.g., engineering, legal, administrative) 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. Northern District 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.

6. Northern District 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. Any documents filed in the future pursuant to ordering paragraphs 2, 4, and 5 shall reference this case number and shall be retained in the utility's general correspondence file.

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

By the Commission

ENTERED  
JAN 10 2014  
KENTUCKY PUBLIC  
SERVICE COMMISSION

Case No. 2013-00390

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