

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HARDIN COUNTY WATER)	
DISTRICT NO. 1 FOR A CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY TO)	2016-00075
CONSTRUCT A WHOLESALE INTERCONNECT)	
FACILITY TO THE LOUISVILLE WATER)	
COMPANY)	

ORDER

On February 5, 2016, Hardin County Water District No. 1 ("Hardin District") applied for a Certificate of Public Convenience and Necessity ("CPCN") to construct a waterworks improvements project and for approval of financing for the project. On February 10, 2016, Hardin District filed a request for deviation from the requirements of 807 KAR 5:001, Section 7(1), which requires, in filings not made through electronic filing procedures, the filing of an original and ten additional copies in paper medium of each paper filed with the Commission. On February 26, 2016, the Commission entered an Order that granted Hardin District's request for a deviation and accepted Hardin District's application for filing as of the date of that Order.¹ No party sought intervention in this case. Hardin District responded to one round of requests for information issued by Commission Staff. Hardin District has not requested a hearing. The matter now stands submitted to the Commission for a decision.

¹ Order (Ky. PSC Feb. 26, 2016) at 3.

Hardin District, a water district organized under KRS Chapter 74,² provides retail water service to approximately 10,000 water customers³ in Breckinridge, Hardin, and Meade counties.⁴ Hardin District requests a CPCN for construction of a water line to connect Hardin District to Louisville Water Company (“Louisville Water”) for purchasing wholesale water. The construction consist of approximately 3,570 feet of 24-inch water line, 18,715 feet of 16-inch water line, 445 feet of 14-inch water line, and a pump station with pump rated at 1,700 gallons per minute with 425 feet of head.⁵ The total construction cost of the proposed project, including engineering design, construction supervision, inspection, easement acquisition, and contingency, is \$6,545,590.⁶

Hardin District intends to finance this project with \$4,500,000 from a “BRAC” Grant from the Economic Development Cabinet, and the remainder from Hardin District unrestricted reserves.⁷

Hardin District previously entered into a Water Purchase Agreement, dated May 15, 2012, to purchase water from Louisville Water. The provisions of the Water Purchase Agreement, except for the System Development Charge, were approved by

² Application at 1.

³ *Annual Report of Hardin County Water District No. 1 to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 27.

⁴ *Annual Report of Hardin County Water District No. 1 to the Kentucky Public Service Commission for the Year Ended December 31, 2014* at 5.

⁵ Project Manual for LWC Interconnect Transmission Main and Pump Station Improvements, HDR Engineering, Inc.

⁶ Application at 2.

⁷ Application at 3.

the Commission in Case No. 2013-00251,⁸ contingent upon Hardin District's filing for and the Commission's granting of a CPCN for the required construction of the water line that is the subject of this application. Therefore, this application is in conformity with ordering paragraph 5 of Commission's September 12, 2014 final Order in Case No. 2013-00251.

This water line is intended to supplement the Pirtle Springs Water Treatment Plant ("Pirtle Springs") in providing water to Hardin District customers. Pirtle Springs is Hardin District's only water treatment plant, and it has a maximum treatment capacity of 3.1 million gallons per day ("mgd"). Pirtle Springs is limited to producing 2,150 gallons per minute (3.096 mgd) by a construction permit issued by Division of Water on November 9, 2007. Issues with water availability identified during a drought situation in 1999 prevent an expansion of Pirtle Springs. Hardin District's only connection to another water system is an emergency connection with Hardin County Water District No. 2.⁹

In peak summer months, Hardin District has supplemented its water supply by purchasing water from the Fort Knox Military Installation ("Fort Knox") in order to meet a peak demand of over 4 mgd. Fort Knox previously had an agreement with Hardin District to provide up to 2.7 mgd to supplement Hardin District's needs.¹⁰ In 2005, however, Fort Knox advised Hardin District that it would not renew the agreement, and

⁸ Case No. 2013-00251, *Investigation into the Proposed Water Purchase Agreement Between Louisville Water Company and Hardin County Water District No. 1* (Ky. PSC Sept. 12, 2014), Final Order at 8.

⁹ Response to Commission Staff's First Request for Information (filed Apr. 4, 2016) ("Staff's First Request"), Item 1.

¹⁰ Application, Exhibit 3.

since 2008, Fort Knox has sold water to Hardin District subject to an understanding that Hardin District would find a replacement source of water.¹¹

HDR Engineering of Lexington, Kentucky, prepared the plans and specifications for the proposed project.¹² The plans and specification were approved by the Kentucky Division of Water on August 12, 2015.¹³

Hardin District opened bids for this project on January 15, 2016.¹⁴ Bids are subject to acceptance for 90 days.¹⁵

Having reviewed the application and being otherwise 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 the service of any other utility operating in the area.
4. Public convenience and necessity require the proposed construction, which allows Hardin District to provide reliable and adequate water service to its customers.

¹¹ Application at 7.

¹² Application at 3.

¹³ Application, Exhibit 2.

¹⁴ Application, Exhibit 4.

¹⁵ Project Manual for LWC Interconnect Transmission Main and Pump Station Improvements, HDR Engineering, Inc.

IT IS THEREFORE ORDERED that:

1. Hardin District is granted a CPCN to proceed with the proposed construction as set forth in its application.

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

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

4. Hardin 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.

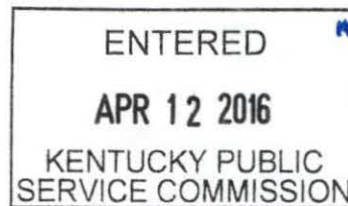
5. Hardin District shall file with the Commission documentation of the total costs of this project including the cost of construction and all other capitalized costs, (e.g., engineering, legal, and administrative) within 60 days of the date that construction authorized under this CPCN is substantially 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.

6. Hardin 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.

7. Any documents filed in the future pursuant to ordering paragraphs 2, 5, and 6 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 Hardin District's showing of good cause for such extension.

By the Commission



ATTEST:


Acting Executive Director

*Honorable David T Wilson II
Attorney at Law
Skeeters, Bennett, Wilson & Pike
550 West Lincoln Trail Boulevard
P.O. Box 610
Radcliff, KENTUCKY 40160

*Mr. James S Bruce
General Manager
Hardin County Water District #1
1400 Rogersville Road
Radcliff, KY 40159-0489

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1400 Rogersville Road
Radcliff, KY 40159-0489