

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN	)	
KENTUCKY WATER DISTRICT FOR AN	)	CASE NO.
ADJUSTMENT OF RATES; ISSUANCE OF	)	2018-00291
BONDS; FINANCING; AND TARIFF REVISIONS	)	

ORDER

On September 28, 2018, Northern Kentucky Water District (Northern Kentucky District) tendered its application (Application) requesting a general rate adjustment pursuant to KRS 278.180 and KRS 278.190; issuance of bonds and financing pursuant to KRS 278.300; and revision of tariffs pursuant to KRS 278.160. In its Application, Northern Kentucky District requested a “deviation under 807 KAR 5:004(22)” for any documents requested that are not maintained by Northern Kentucky District or are substantially similar to documents tendered as exhibits to the Application.<sup>1</sup>

As an initial matter, the Commission notes that, as it has done in several filings requesting a deviation, Northern Kentucky District cites to a non-existent regulation. Because the regulations from which Northern Kentucky District requests to deviate are contained in 807 KAR 5:001, the regulation that is relevant to Northern Kentucky District’s request is 807 KAR 5:001, Section 22, which states, “[i]n special cases, for good cause shown, the commission may permit deviations from these rules.” Thus, the Commission will evaluate Northern Kentucky District’s request under the standard set forth in 807 KAR 5:001, Section 22.

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<sup>1</sup> Application at paragraph 16.

After a review of the Application, the Commission finds that the Application should be rejected due to filing deficiencies pursuant to 807 KAR 5:001, Section 16(4)(n), and 807 KAR 5:001, Section 18(1)(f). Further, the Commission finds that Northern Kentucky District failed to establish good cause, and therefore its request to deviate from the cited regulations should be denied.

When submitting a request for a general rate adjustment, 807 KAR 5:001, Section 16(4)(n), requires a utility to file:

A summary of the utility's latest depreciation study with schedules by major plant accounts, except that telecommunications utilities that have adopted the commission's average depreciation rates shall provide a schedule that identifies the current and test period depreciation rates used by major plant accounts. If the required information has been filed in another commission case, a reference to that case's number shall be sufficient.

Northern Kentucky District filed a summary of its latest depreciation schedule as Exhibit G to the Application, which is labeled "Tax Asset Detail 7/10/17-6/30/18." A depreciation study presents an analysis of service lives used to develop depreciation rates. Because the depreciation schedule is not the same as a depreciation study and because it failed to reference another case's number in which it filed a depreciation study, Northern Kentucky District failed to meet the filing requirement in 807 KAR 5:001, Section 16(4)(n). Furthermore, Northern Kentucky District failed to file any statement to explain why it did not file a summary of a depreciation study, why a depreciation study is not maintained by Northern Kentucky District, or reference other exhibits to the Application that are substantially similar to a depreciation study. The Commission finds that Northern Kentucky District failed to establish good cause to deviate from the requirement to file a

summary of a depreciation study, and therefore a deviation from 807 KAR 5:001, Section 16(4)(n), should be denied.

When submitting a request for issuance of bonds and financing, 807 KAR 5:001, Section 18(1)(f), requires a utility to file the following:

If it is proposed to discharge or refund obligations, a statement of the nature and description of the obligations including their par value, the amount for which they were actually sold, the associated expenses, and the application of the proceeds from the sales. If notes are to be refunded, the application shall show the date, amount, time, rate of interest, and payee of each and the purpose for which their proceeds were expended.

In its Application, Northern Kentucky District states, “[t]he financing is based on the need to issue bonds to replace a Bond Anticipation Note (BAN) used to initially fund several capital construction projects.”<sup>2</sup> Also in the Application, Northern Kentucky District indicates that this filing requirement is not applicable to its financing request. However, because Northern Kentucky District seeks additional financing to discharge the BAN, the Commission finds that Northern Kentucky District failed to establish good cause to deviate from the filing requirements of 807 KAR 5:001, Section 18(1)(f), and therefore its request to deviate from this filing requirement should be denied.

The Commission finds that the statutory time period set forth in KRS 278.190 in which we must process this case will not commence until the above-mentioned information is filed with the Commission or until the Commission finds that Northern Kentucky District established good cause to grant a deviation from the above-mentioned filing requirements. The rejection of Northern Kentucky District’s filing for reasons of deficiencies voids the proposed October 28, 2018 effective date for the revised tariffs. At

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<sup>2</sup> *Id.* at paragraph 7.

the same time it files the required information to correct the deficiencies or files a motion that establishes good cause to deviate from the referenced filing requirements, Northern Kentucky District may refile the proposed tariffs with a new proposed effective date that is at least 30 days from the date it files the required information or motion.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky District's Application is rejected for filing due to filing deficiencies pursuant to 807 KAR 5:001, Section 16(4)(n), and 807 KAR 5:001, Section 18(1)(f).

2. Within 15 days of the date of entry of this Order, Northern Kentucky District shall file the required information to cure the filing deficiencies pursuant to 807 KAR 5:001, Section 16(4)(n). In the alternative, within 15 days of the date of entry of this Order, Northern Kentucky District may file a motion setting forth good cause to deviate from 807 KAR 5:001, Section 16(4)(n).

3. Within 15 days of the date of entry of this Order, Northern Kentucky District shall file the required information to cure the filing deficiencies pursuant to 807 KAR 5:001, Section 18(1)(f). In the alternative, within 15 days of the date of entry of this Order, Northern Kentucky District may file a motion setting forth good cause to deviate from 807 KAR 5:001, Section 18(1)(f).

4. The October 28, 2018 effective date of the proposed tariffs is void.

By the Commission



ATTEST:

  
Executive Director

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