

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF THE	)	
NORTHEAST WOODFORD COUNTY WATER	)	
DISTRICT FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY FOR	)	CASE NO.
PROPOSED WATERWORKS IMPROVEMENTS	)	2018-00351
AND FOR AUTHORIZATION TO EXECUTE AN	)	
ASSISTANCE AGREEMENT WITH THE	)	
KENTUCKY INFRASTRUCTURE AUTHORITY	)	
TO FINANCE THOSE IMPROVEMENTS	)	

ORDER

On October 15, 2018, Northeast Woodford County Water District (Northeast Woodford District), pursuant to KRS 278.020(1) and KRS 278.300, filed an application (Application) for the issuance of a Certificate of Public Convenience and Necessity (CPCN) to construct new water mains, and to replace existing water mains and a pumping station. Northeast Woodford District also requests approval to borrow up to \$400,000 from the Kentucky Infrastructure Authority (KIA) to finance the proposed construction. Northeast Woodford District requests a final Order no later than November 15, 2018, in order to timely meet the conditions established by KIA in a conditional commitment letter.

Northeast Woodford District, a water district organized under KRS Chapter 74, provides retail water service to approximately 1,033 customers in Woodford and Fayette counties, Kentucky.<sup>1</sup> Northeast Woodford District purchases its water requirements from the city of Versailles and Frankfort Electric and Water Plant Board.

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<sup>1</sup> Application at paragraph 4.

The Commission notes that in its 2017 Annual Report, Northeast Woodford District reported a water loss of 1.9675 percent.<sup>2</sup>

In the present case, Northeast Woodford District requests a CPCN for the following proposed projects:

- Construct approximately 4,800 linear feet of four-inch polyvinylchloride (PVC) water main to extend water service to two customers.
- Replace existing smaller water mains with approximately 3,343 linear feet of six-inch PVC and 2,843 linear feet of four-inch PVC water main to improve the quality of service to approximately 50 current customers.
- Install a pumping station to replace an existing pumping station that is near the end of its 35-year useful life. Northeast Woodford District explains that the replacement pumping station will have updated supervisory control and a data acquisition system that will improve system efficiency.

The Kentucky Division of Water (KDOW) reviewed and approved the sanitary features and specifications of the proposed water mains. Northeast Woodford District states that KDOW approval is not required for the proposed replacement pumping station because it has the same characteristics at the same location of the existing pumping station, and thus is not a modification of the existing station. Kentucky Transportation Cabinet approval of an encroachment permit is pending.

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<sup>2</sup> 2017 Annual Report of Northeast Woodford District (filed July 23, 2018) at page 56 of 60.

The total capital cost of the proposed project is approximately \$440,600.<sup>3</sup> Northeast Woodford District states that it does not anticipate any annual cost to operate the proposed water main and that the annual operation and maintenance (O&M) cost for the replacement pumping station will be the same or slightly less than the current O&M cost to operate the existing pumping station.<sup>4</sup> Northeast Woodford District further states that it will finance the proposed project with a \$400,000 loan from KIA and with \$40,600 of internal funds. The proposed loan will be repaid over a 20-year term at an interest rate of 1.75 percent per annum.<sup>5</sup>

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

1. The proposed construction will not result in wasteful duplication of existing facilities.
2. The proposed construction does not conflict with any existing certificates or service of any other utility operating in the area.
3. Public convenience and necessity require the proposed construction, which will allow Northeast Woodford District to provide reliable and adequate water services to its customers.
4. KDOW has approved the plans and specifications for this proposed project.
5. The proposed Assistance Agreement with KIA is for lawful objects within Northeast Woodford District's corporate purpose. It is necessary and appropriate for, and

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<sup>3</sup> Application at paragraph 17.

<sup>4</sup> *Id.* at paragraph 20.

<sup>5</sup> *Id.* at paragraph 23.

consistent with, the proper performance of Northeast Woodford District's service to the public, will not impair Northeast Woodford District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

6. The project will be funded from a KIA Fund B loan of \$400,000 and \$40,600 of internal funds.

7. Northeast Woodford District should be authorized to utilize \$400,000 of the Assistance Agreement on the project approved herein.

8. Northeast Woodford District's application does not include a proposal to adjust rates.

IT IS THEREFORE ORDERED that:

1. Northeast Woodford District is granted a CPCN to construct the proposed projects as set forth in its Application.

2. Northeast Woodford District shall notify the Commission prior to performing any additional construction not expressly approved by this Order.

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

4. Northeast Woodford 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. Northeast Woodford District shall file the encroachment permit with the Commission within ten days of the Kentucky Transportation Department approving the permit.

6. Northeast Woodford District is authorized to enter the proposed Assistance Agreement with KIA and, under the terms of the Assistance Agreement, to borrow from KIA an amount not to exceed \$400,000 to be repaid over a 20-year period at an interest rate of 1.75 percent per annum.

7. Northeast Woodford District shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs, 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.

8. Northeast Woodford 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 authorized under this CPCN.

9. Any documents filed in the future pursuant to ordering paragraphs 5, 7, and 8 shall reference this case number and shall be retained in the post-case correspondence file.

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

11. This case is hereby closed and will be removed from the Commission's docket.

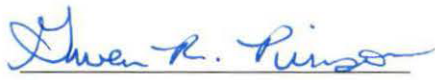
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any other agency as to the securities authorized in this Order.

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By the Commission

ENTERED  
NOV 06 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



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