

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN)	
KENTUCKY WATER DISTRICT FOR)	
APPROVAL OF ORDINARY EXTENSION OR)	CASE NO.
THE ISSUANCE OF A CERTIFICATE OF)	2020-00127
CONVENIENCE AND NECESSITY AND)	
APPROVAL OF FINANCING FOR WATER)	
MAIN REPLACEMENT)	

ORDER

On April 23, 2020, Northern Kentucky Water District (Northern Kentucky District) filed a petition for an order approving the acquisition, installation, and financing of SCADA improvements as an ordinary extension pursuant to KRS 278.020(1)(a) and 807 KAR 5:001, Section 15(3). No party has sought intervention in this matter. Commission Staff issued one round of discovery on May 13, 2020, and the responses to Staff’s request were filed on May 14, 2020. The record for this case is complete, and the matter stands ready for decision.

Northern Kentucky District is a nonprofit water district organized under Chapter 74 and has no separate articles of incorporation. Northern Kentucky District serves retail customers in Kenton, Boone, and Campbell counties and sells water at wholesale to nonaffiliated water distribution systems in Kenton, Boone, Pendleton, and Campbell counties.

Northern Kentucky District obtained approval of a \$4,000,000 Kentucky Infrastructure Authority (KIA) loan Case No. 2018-00316.¹ In Case No. 2018-00316, Northern Kentucky District requested to expend \$1,000,000 of the KIA loan for a project contained in its application in that docket. The Commission approved the project, but ordered that Northern Kentucky District request Commission approval before using the KIA loan funds for any other projects. Hence, Northern Kentucky District's application in the instant case.²

A portion of the KIA loan is allocated to the replacement of SCADA software and technology upgrades. The remaining funds from that loan will be allocated to the third and final SCADA replacement and upgrades.³ In the present application, Northern Kentucky District is seeking approval of the acquisition, financing, and replacements of the SCADA software. A separate application for the remaining SCADA upgrades will be filed when that project is finalized.⁴ The total cost of the SCADA project in this application is \$900,000. Northern Kentucky District proposes that the project be funded with \$671,031 of the \$4,000,000 loan previously approved in Case No. 2018-00316, and the remaining \$228,969 be funded with internal District funds in its Improvement, Repair and Replacement account.⁵ The total SCADA project in its entirety will be paid from the District's Five-Year Capital Budget, PSC No. 202 "Upgrade

¹ Case No. 2018-00316, *Electronic Application of Northern Kentucky Water District for Approval of Financing and Issuance of a Certificate of Convenience and Necessity* (Ky PSC Dec. 12, 2018).

² *Id.* Order at 6–7

³ Case No. 2020-00127, Northern Kentucky District's Response to Staff's First Request for Information, Item 1.

⁴ *Id.*

⁵ Application, paragraph 6.

SCADA/Instrumentation/Security Equipment” with a total budget of \$3,000,000, which includes construction cost, engineering, and contingencies.

In its Application, Northern Kentucky District requests that the project be declared an ordinary extension of facilities where a CPCN and approval of financing are not required. As support for its request, Northern Kentucky District cites 807 KAR 5:001, Section 15(3), that provides that:

(3) Extensions in the ordinary course of business. A certificate of public convenience and necessity shall not be required for extensions that do not create wasteful duplication of plant, equipment, property, or facilities, or conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the commission that are in the general or contiguous area in which the utility renders service, and that do not involve sufficient capital outlay to materially affect the existing financial condition of the utility involved, or will not result in increased charges to its customers.

In its Application, Northern Kentucky District states that it satisfies this criteria by meeting the three conditions the regulation describes:

- 1) There will be no wasteful duplication or interference with any other utility operations because the project is for replacement and upgrading of the existing SCADA equipment and technology.
- 2) There will be no material financial impact on Northern Kentucky District (the cost of the project represents 0.26 percent of net utility plant).
- 3) Rates will not be not be raised as a result of the project.⁶

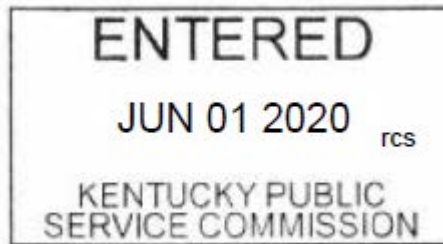
⁶ *Id.*, paragraph 9.

In light of the evidence provided in the application, the Commission finds that Northern Kentucky District has properly demonstrated that the proposed project is in the ordinary course of business and therefore no CPCN is required.

IT IS THEREFORE ORDERED that:

1. Northern Kentucky District does not require a CPCN for the proposed project as submitted.
2. Northern Kentucky District's proposed plan of financing from the KIA loan for the project is approved.
3. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:



Executive Director

*Alex Mattingly
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Lindsey Rehtin
Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640

*Northern Kentucky Water District
2835 Crescent Springs Road
P. O. Box 18640
Erlanger, KY 41018-0640