

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF HENDERSON COUNTY)	
WATER DISTRICT FOR CERTIFICATE OF)	CASE NO.
PUBLIC CONVENIENCE AND NECESSITY AND)	2014-00402
APPROVAL OF FINANCING)	

ORDER

Henderson County Water District (“Henderson”) has applied for a Certificate of Public Convenience and Necessity (“CPCN”) to purchase and install radio-read meters and for an approval of its plan to finance said project.

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

1. Henderson, a water district organized under KRS Chapter 74, owns and operates water distribution facilities that provide retail water service to approximately 6,416 customers in Henderson and Webster counties, Kentucky.¹

2. Henderson’s initial application, which was received on November 20, 2014, was supplemented and accepted as filed with the Commission on December 10, 2014. No person has sought intervention in this matter. Henderson has not requested a hearing in this matter, and the Commission finds the record complete.

¹ *Annual Report of Henderson County Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2013* at 12 and 53.

3. Henderson proposes to purchase and install a 1,900 5/8- x 3/4-inch T-10 E-Coder/R900i Neptune residential radio-read meter system to replace existing manual-read meters and new-service meters in its system.²

4. Henderson states that it has a total of 6,311 residential customers in its system, of which 2,861 are radio-read meters.³ Henderson states that its goal is to have all its meters replaced with radio-read meters. Henderson states that it plans to focus on areas with the highest concentration of meters that are ten years old or older, and then proceed to replace the newer meters.⁴

5. Henderson states that since the installation of 2,861 radio-read meters in its system, the reading time of those meters decreased from 14 days to three days, at a monthly savings of \$1,027. Henderson states that those savings will triple when its conversion to radio-read meters is complete.⁵

6. In addition to making meter reading faster, the proposed radio-read metering system will free utility's staff to address maintenance and reliability issues.⁶

7. The total cost of this project, which includes the cost of the metering equipment and its installation, is \$350,000.

8. Henderson will fund the proposed project with a loan through Old National Bank of Henderson, Kentucky, payable over a period of ten years at an interest rate not exceeding 3.25 percent per annum.

² Henderson's Response to Commission Staff's First Request for Information, Item 7, and Exhibits 1 and 2.

³ *Id.*, Item 7.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

9. Henderson advertised for and received bids for the proposed purchase.
10. Henderson proposes to purchase the meters and associated services from Neptune Equipment.⁷
11. The proposed purchase and installation of the metering system will not result in wasteful duplication of existing facilities.
12. The proposed purchase and installation of the metering system do not conflict with any existing certificates or the service of any other utility operating in the area.
13. The public convenience and necessity require the proposed purchase and installation of the radio read metering system.
14. Approval from the Division of Water of the Environmental and Public Protection Cabinet Department for Environmental Protection is not required for this type of construction.

IT IS THEREFORE ORDERED that:

1. Henderson is granted a CPCN to proceed with the proposed purchase and replacement of the radio-read meter system as set forth in its application.
2. Henderson is authorized to enter into a ten-year agreement with Old National Bank of Henderson, Kentucky, to borrow an amount not to exceed \$350,000 at an interest rate not exceeding 3.25 percent per annum.
3. Prior to placing the proposed meters in service, Henderson shall ensure that each meter is tested for accuracy by an approved agency or utility and a Commission-certified meter tester, pursuant to 807 KAR 5:006, Section 17.

⁷ *Id.*, Exhibit 2, Supplemental Testimony of Peter Conrad, at 1.

4. Henderson shall adopt procedures to test its meters as soon as possible after removal from service, and maintain test records in accordance to 807 KAR 5:006, Section 18.

5. Henderson shall notify the Commission prior to performing any additional work not expressly authorized by this Order.

6. Henderson shall file with the Commission documentation of the total costs of this project, including the cost of installation and all other capitalized costs, (e.g., engineering, legal, and administrative) within 60 days of the date that installation is substantially completed. Installation costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

7. Any deviation from the purchase and installation approved shall be undertaken only with the prior approval of the Commission.

8. Any documents filed in the future pursuant to ordering paragraph 6 shall reference this case number and shall be retained in the utility's general correspondence file.

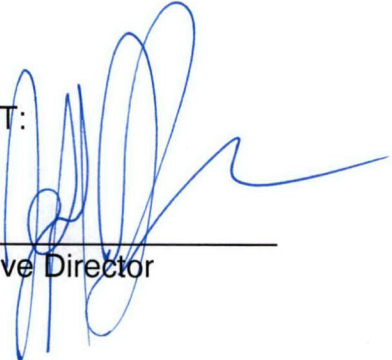
9. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon Henderson's showing of good cause for such extension.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized on the part of the Commonwealth of Kentucky or any agency thereof.

By the Commission

ENTERED
FEB 03 2015
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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