

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR (A) AN ADJUSTMENT)	
OF RATES; (B) A CERTIFICATE OF PUBLIC)	CASE NO. 2002-00105
CONVENIENCE AND NECESSITY FOR)	
IMPROVEMENTS TO WATER FACILITIES IF)	
NECESSARY; AND (C) ISSUANCE OF BONDS)	

O R D E R

On July 1, 2002, the Commission entered an Order finding that all of the filing deficiencies on the rate portion of this case were cured and ordering that portion of the case filed. Northern Kentucky Water Districts (NKWDs) application also included a request for approval of a Certificate of Public Convenience and Necessity (CPCN) and a request for approval of financing. The Commission, having reviewed the application, NKWDs responses to the Commission's data request dated September 16, 2002, and being otherwise sufficiently advised, addresses the filing of the other requests.

NKWD identifies in its application several construction projects that it planned for 2002. It states that all of the projects identified have already received a CPCN from the Commission, except for those that NKWD has determined to be in the ordinary course of business. The Commission found in its Order of July 1, 2002 that further review of the proposed projects was necessary to determine whether any of the remaining uncertified projects required CPCNs.

The Commission has reviewed the projects for 2002 and the responses to the Commission Staff's data requests dated September 16, 2002 and finds that the projects

planned for 2002 which NKWD has designated as extensions in the ordinary course of business on its revised Exhibit R do not, pursuant to KRS 278.020, require CPCNs. The Commission also finds that the acquisition of land for the Central Facility does not require a CPCN. Id. However, the reasonableness of acquiring the land at this time and the reasonableness of allowing recovery of the debt service on the purchase should be issues for cross-examination at the scheduled hearing.

NKWD's application also included a request for approval to issue bonds to finance the proposed construction. Since the financing was for the proposed construction and since the construction issue was deferred for further review, the Commission also deferred the filing of the financing request. The Commission has reviewed NKWD's request for approval of financing, and finds that it fails to meet the filing requirements of Administrative Regulation 807 KAR 5:001, Section 6. Administrative Regulation 807 KAR 5:001, Section 6, requires all financial exhibits to cover operations for a 12-month period ending not more than 90 days prior to the date the application is filed. NKWD submitted its application on April 30, 2002. The financial exhibits are for the period ending December 31, 2001. NKWD requests that the Commission allow the use of December 31, 2001 financial data. It states that the data is sufficiently current to reflect the financial condition of the District.

The Commission, having reviewed the filing and being otherwise sufficiently advised, finds that the data exceeds the requirement by only one month and covers a period that coincides with the test year. Therefore, the Commission finds that good cause has been shown to grant NKWD a deviation from the requirements of Administrative Regulation 807 KAR 5:001, Section 6. NKWD's request for financing

date of this Order and should be a subject of review and cross-examination at the scheduled hearing.

IT IS THEREFORE ORDERED that:

1. The 2002 projects designated as ordinary course of business on Revised Exhibit R do not require a CPCN.

2. The reasonableness of the land acquisition for the Central Facility shall be a subject for review and cross-examination at the hearing scheduled in this proceeding.

3. NKWD is granted permission to deviate from the 90-day requirement of Administrative Regulation 807 KAR 5:001, Section 6.

4. NKWD's application for approval of financing is considered filed as of the date of this Order and the request shall be a subject for review and cross-examination at the hearing scheduled in this proceeding.

Done at Frankfort, Kentucky, this 21st day of October, 2002.

By the Commission

ATTEST:


Executive Director