

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.
CONVENIENCE AND NECESSITY FOR)	2003-00224
IMPROVEMENTS TO WATER FACILITIES IF)	
NECESSARY; AND (C) ISSUANCE OF BONDS)	

ORDER

Citing that a depreciation study had not been performed since Northern Kentucky Water District s (Northern District) formation in 1996, and the uncertainty of how the current depreciation lives were developed, the Commission ordered Northern District to complete and file a depreciation study by its next rate case application.¹ The Commission further ordered Northern District to file an application for an adjustment of rates on or before September 1, 2003 or, in the alternative, a statement explaining why a rate application cannot be filed by this date.

Pursuant to the Commission s Order of April 30, 2003, Northern District filed written notice on June 12, 2003 of its intent to file an application for an adjustment of rates on or before September 1, 2003. On June 13, 2003, Northern District filed a motion requesting an extension of time to file the depreciation study, stating that it will take 18 to 24 months to complete the study at a cost of several hundred thousand

¹ See Case No. 2002-00105, Application of Northern Kentucky Water District for (A) An Adjustment of Rates; (B) A Certificate of Public Convenience and Necessity for Improvements to Water Facilities if Necessary; and (C) Issuance of Bonds (April 30, 2003).

dollars. Northern District claims that it has begun a comprehensive Asset Management Program (Asset Study) that will provide, [a] detailed analysis of the types of facilities, their age, condition and expected useful life. Northern District estimates that it will take approximately 2 years to complete the Asset Study and, therefore, it will not be possible to meet the depreciation study deadline established by the Commission. Because of the continued need for significant construction and financing, Northern District expects that it will file a rate case within a short period and the Asset Study will be submitted in that rate filing. For these reasons Northern District requests that it be allowed to use the current depreciation information in this rate proceeding.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that there is insufficient time available for Northern District to complete its Asset Study or to perform a study that would result in depreciation lives that are more reliable and accurate than those currently being used. Therefore, Northern District's motion requesting an extension of time to file its depreciation study should be granted. The Commission finds that Northern District should be required to file, within 30 days of the date of this Order, a detailed report describing its Asset Study and to file monthly progress reports.

IT IS THEREFORE ORDERED that:

1. Northern District's motion for an extension of time to file a depreciation study is granted.
2. Northern District shall file, within 30 days of the date of this Order, a detailed report describing its Asset Study and how it differs from a normal depreciation study.

3. Beginning October 1, 2003, and continuing until further Order of the Commission, Northern District shall file on or before the 15th of each month a written monthly status report of its Asset Study.

Done at Frankfort, Kentucky, this 11th day of August, 2003.

By the Commission

ATTEST:


Executive Director