

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY FOR THE)	CASE NO. 2007-00131
CONSTRUCTION OF SUBDISTRICT G)	
WATER MAIN EXTENSIONS, FINANCING)	
AND SURCHARGE)	

ORDER

Northern Kentucky Water District ("NKWD") has applied for a Certificate of Public Convenience and Necessity to construct certain water main extensions and for authority to assess a surcharge to customers within its proposed Subdistrict G. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. NKWD, a water district organized under KRS Chapter 74, provides retail and wholesale water service to Boone, Campbell, Kenton, and Pendleton counties, Kentucky.

2. NKWD proposes to create for administrative, financing, and rate-making purposes a subdistrict known as "Subdistrict G."

3. Under NKWD's proposal, Subdistrict G will consist of the following areas in Kenton County, Kentucky:

- a. Banklick Road, Bramlage Road, and Independence Road;
- b. Klein Road, Estate Lane, and Petty Road;
- c. Misty Lane, Pleasure Isle Drive, Bullock Pen Road, Cody Road, Upton Drive, and Webster Road; and

d. Fowler Creek Road, Sugar Camp Road, Lieberman Road, Wolf Road, and Hollyhock Road.

4. NKWD proposes to construct approximately 14,520 linear feet of 24-inch water main; 5,658 linear feet of 12-inch water main; 33,548 linear feet of 8-inch water main; 1,511 linear feet of 6-inch water main; and related appurtenances within Subdistrict G to serve 258 additional customers. Approximately 123 of these customers have contracted for water service.

5. The total construction cost is approximately \$5,520,822.

6. No public or municipal utility currently provides water service to the proposed Subdistrict G.

7. The proposed project will not compete with any other water utility in the area.

8. Viox and Viox of Erlanger, Kentucky prepared the plans and specifications for the proposed construction.

9. The Division of Water, Department of Environmental Protection of the Kentucky Environmental and Public Protection Cabinet, has approved the plans and specifications for the proposed construction.

10. Construction of the proposed project will not result in the wasteful duplication of existing facilities nor result in uneconomic or wasteful competition between public utilities.

11. NKWD proposes to fund the total construction cost from the following sources:

a. Appropriated funds from the Kentucky State Treasury and a grant from the Kentucky Infrastructure Authority collectively totaling \$3,000,000;

b. A grant of \$50,000 from Kenton County Fiscal Court; and

c. Proceeds of existing and future debt instruments of \$2,470,822.¹

12. NKWD proposes to assess a monthly surcharge not to exceed \$30 to customers located within Subdistrict G to allocate a portion of the cost of the proposed construction directly to those customers and to reimburse its general funds for such costs.

13. The public convenience and necessity require the construction of the proposed project.

IT IS THEREFORE ORDERED that:

1. NKWD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.

2. NKWD shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

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

4. NKWD shall furnish documentation of the total costs of this project, including the cost of construction and all other capitalized costs, including, but not limited to, engineering, legal, and administrative expenses, within 60 days of the date that construction is substantially completed. Construction costs shall be classified into

¹ The debt instruments involve revenue bonds whose issuance the Commission has previously approved or bond anticipation notes that do not require Commission authorization.

appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. NKWD shall file with the Commission 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 certificated herein.

6. NKWD 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 completed in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

7. NKWD shall notify the Commission 7 days prior to the actual start of construction and at the 50 percent completion point.

8. Nothing contained in this Order shall be construed as approval of the proposed formation of Subdistrict G or the assessment of the proposed monthly surcharge of \$30.

Done at Frankfort, Kentucky, this 27th day of June, 2007.

By the Commission

ATTEST:



Executive Director