

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF)
NORTHERN KENTUCKY WATER DISTRICT) Case No. 2014-00150
FOR A CERTIFICATE OF CONVENIENCE)
AND NECESSITY, FINANCING, SURCHARGE)
AND CREATION OF SUB DISTRICT M)
PURSUANT TO KRS 278.023)

RESPONSE TO ORDER OF JUNE 4, 2014 AND MOTION

Northern Kentucky Water District (NKWD), by counsel, responds to the order dated June 4, 2014. That order indicates that additional notice of this project be published due to the change of rates of sub districts A,B,C, D, E, F, G, K, R, RF and RL. Rates for those sub districts are not changing. Each sub district is funded independently of all other sub districts. The rate for each of those sub districts is calculated on the debt service, the number of customers and the funding sources and is recalculated annually. Rates from customers of one sub district do not contribute to or subsidize the rates of other sub districts.

The confusion in this case seems to relate to the RD letter of conditions, which specifies certain rates for the proposed sub district M and the other sub districts. The tariff rates referenced in the RD letter are based on NKWD's 2012 filed tariff rates, copy attached. A comparison of the RD rates and the 2012 rates shows they are the same. There is apparently a typographical error on the rate for sub district B. That rate is listed in the RD letter as \$17.92, but is actually \$17.16. No sub district rate is changing as a result of this application.

The discrepancy in the rates contained in the RD letter and the current tariff rates is the result of the annual recalculation of the sub district rates. As required by Commission orders, each year the rate for each sub district is recalculated to reflect the

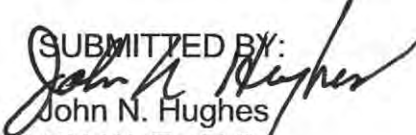
current debt service and number of customers of that sub district.

Because NKWD is not changing any sub district rate, except for the imposition of the surcharge on the proposed new sub district M customers, the order mistakenly requires an additional notice to customers of the unaffected sub districts.

The order also indicates that the notice should be republished due to the timing of the publication. One of the newspapers in the service area only publishes on Thursday. That schedule affected the timing of the notice. Because the notice previously caused to be published by NKWD is correct and because all customers of sub M are aware of the surcharge and many have already applied for service based on information previously provided by NKWD, republication of the original notice seems unduly repetitive. Additional notice could cause a delay in the case beyond the bid period, which is July 12, 2014.

NKWD requests a deviation pursuant to 807 KAR 5:001(22), if necessary, for the acceptance of the prior publication and from any additional public notice.

For these reasons, Northern Kentucky Water District requests that its application for the construction, financing and surcharge for sub district M be accepted as of the original filing date.

SUBMITTED BY:

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ATTORNEY FOR NORTHERN
KENTUCKY WATER DISTRICT

SECTION II – RETAIL WATER RATES

Northern Kentucky Water District Service Area

I. Monthly Service Rate

First	1,500 cubic feet	\$4.02 per 100 cubic feet
Next	163,500 cubic feet	\$3.27 per 100 cubic feet
Over	165,000 cubic feet	\$2.58 per 100 cubic feet


- Customers in Subdistrict A *shall be assessed a monthly surcharge in the amount of \$8.55
- Customers in Subdistrict B *shall be assessed a monthly surcharge in the amount of \$17.16
- Customers in Subdistrict C *shall be assessed a monthly surcharge in the amount of \$18.48
- Customers in Subdistrict D *shall be assessed a monthly surcharge in the amount of \$30.00
- Customers in Subdistrict E *shall be assessed a monthly surcharge in the amount of \$30.00
- Customers in Subdistrict F *shall be assessed a monthly surcharge in the amount of \$30.00
- Customers in Subdistrict G *shall be assessed a monthly surcharge in the amount of \$30.00
- Customers in Subdistrict K *shall be assessed a monthly surcharge in the amount of \$13.65
- Customers in Subdistrict R *shall be assessed a monthly surcharge in the amount of \$18.73
- Customers in Subdistrict RF *shall be assessed a monthly surcharge in the amount of \$21.61
- Customers in Subdistrict RL *shall be assessed a monthly surcharge in the amount of \$36.22

*Subdistrict charges are reviewed annually.
 *Detailed street listing within each Subdistrict can be found under Appendix A.
 *Service connections on extensions or laterals from a Subdistrict street will be assessed the appropriate Subdistrict charge.

2. Quarterly Rates

First	4,500 cubic feet	\$4.02 per 100 cubic feet
Next	490,500 cubic feet	\$3.27 per 100 cubic feet
Over	495,000 cubic feet	\$2.58 per 100 cubic feet

Date of Issue: January 1, 2012

Issued by: 
 Officer & Title: Jack Bragg, Jr. CPA, CMA
 Vice President - Finance

Date Effective: January 1, 2012
 TARIFF BRANCH
 2835 Crescent Springs Road Brent Hirtley, 18

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH
EFFECTIVE 1/1/2012
PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

27. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

28. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

SECTION I - RETAIL WATER RATES

Northern Kentucky Water District Service Area

1. Monthly Service Rate

First 1,500 cubic feet	\$4.25 per 100 cubic feet
Next 163,500 cubic feet	\$3.53 per 100 cubic feet
Over 165,000 cubic feet	\$2.72 per 100 cubic feet

Customers in Subdistrict A *shall be assessed a monthly surcharge in the amount of \$ 8.55

Customers in Subdistrict B *shall be assessed a monthly surcharge in the amount of ~~\$17.92~~ *17.16 (wrong monthly surcharge)*

Customers in Subdistrict C *shall be assessed a monthly surcharge in the amount of \$18.48

Customers in Subdistrict D *shall be assessed a monthly surcharge in the amount of \$30.00

Customers in Subdistrict E *shall be assessed a monthly surcharge in the amount of \$30.00

Customers in Subdistrict F *shall be assessed a monthly surcharge in the amount of \$30.00

Customers in Subdistrict G *shall be assessed a monthly surcharge in the amount of \$30.00

Customers in Subdistrict K *shall be assessed a monthly surcharge in the amount of \$13.65

Customers in Subdistrict M *shall be assessed a monthly surcharge in the amount of \$30.00

Customers in Subdistrict R *shall be assessed a monthly surcharge in the amount of \$18.73

Customers in Subdistrict RF *shall be assessed a monthly surcharge in the amount of \$21.61

Customers in Subdistrict RL *shall be assessed a monthly surcharge in the amount of \$36.22

2. Quarterly Rates

First	4,500 cubic feet	\$4.25 per 100 cubic feet
Next	490,500 cubic feet	\$3.53 per 100 cubic feet
Over	495,000 cubic feet	\$2.72 per 100 cubic feet

3. Fixed Service Charge

<u>Meter Size</u>	<u>Monthly Service Charge</u>	<u>Quarterly Charge</u>
5/8"	\$14.20	\$28.40
3/4"	\$14.60	\$29.90
1"	\$16.00	\$34.30
1 1/2"	\$18.00	\$40.50
2"	\$22.70	\$56.90
3"	\$54.90	\$177.00
4"	\$68.80	\$221.80
6"	\$101.90	\$327.80
8"	\$137.80	\$447.90
10" and Larger	\$183.00	\$584.80

SECTION II - WHOLESALE WATER SALES

Bullock Pen Water District \$3.26 per 1,000 gallons (or) \$2.44 per 100 cubic feet

City of Walton \$3.26 per 1,000 gallons (or) \$2.44 per 100 cubic feet

Pendleton County \$3.26 per 1,000 gallons (or) \$2.44 per 100 cubic feet

29. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).