

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

ELECTRONIC APPLICATION OF NORTHERN KENTUCKY )  
WATER DISTRICT FOR A CERTIFICATE OF PUBLIC ) **CASE NO. 2024-00304**  
CONVENIENCE AND NECESSITY FOR THE CONSTRUCTION )  
OF SUB DISTRICT HB WATER MAIN EXTENSION, )  
FINANCING AND SURCHARGE )

**APPLICATION**

Northern Kentucky Water District (“NKWD”), by and through counsel, petitions the Commission for an order authorizing for a Certificate of Public Convenience and Necessity for the construction of Sub District HB water main extension **before the bids expire on December 4, 2024** pursuant to KRS 278.020 and approval of financing pursuant to KRS 278.300. In support of this Application, NKWD states as follows:

**GENERAL INFORMATION**

1. NKWD states pursuant to **807 KAR 5:001(14)** that its office address is 2835 Crescent Springs Road, Erlanger, Kentucky 41018-0640. Its principal officers are listed in its current Annual Report, which is filed with the Commission as are its prior years Reports.
2. Pursuant to **807 KAR 5:001(14)**, NKWD states it is a non-profit water district organized under Chapter 74 and has no separate articles of incorporation; its web page is [www.nkywater.org](http://www.nkywater.org). Its contact officers and employees are:

Stacey Kampsen Vice President of Finance and Support Services 2835 Crescent Spring Road P.O. Box 18640 Erlanger, Kentucky 41018 Phone: (859) 578 9898 Fax: (859) 578-3668	Tom Edge General Counsel and Director of Compliance, Communications and Regulatory Affairs 2835 Crescent Spring Road P.O. Box 18640 Erlanger, Kentucky 41018 Phone: (859) 578 5457
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Email: [tedge@nkywater.org](mailto:tedge@nkywater.org)

3. A description of NKWD's water system and its property stated at original cost by accounts is contained in its Annual Report, which is incorporated by reference.
4. NKWD serves retail customers in Kenton, Boone and Campbell Counties and sells water at wholesale to non-affiliated water distribution systems in Kenton, Boone, Pendleton and Campbell Counties.
5. NKWD proposes constructing a water main extension as described in Exhibit A.
6. The Sub District HB water main extension is necessary to provide service to unserved properties in unincorporated areas of Campbell County and to maintain quality water service to the general area of Campbell County. NKWD seeks an order allowing the formation of the sub district associated with the construction proposed in this Application.
  - a. The purpose of the sub district is to aggregate sufficient customers to make the extension of facilities to the residents of the affected areas feasible. While there are limited areas in NKWD's service area that are unserved, those areas are widely separated and sparsely populated. The estimated 91 households in Campbell County without access to a potable water distribution system are widely dispersed. By combining the proposed areas into Sub District HB, NKWD is able to provide water service to higher density unserved areas which helps spread the cost among sufficient customers to make the project financially feasible for NKWD and affordable for the residents in those areas. This is the same methodology and application format that NKWD has used for other sub district projects.<sup>1</sup>

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<sup>1</sup> See e.g., *Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity, Financing, Surcharge, and Creation of Sub District M Pursuant to KRS 278.023*, Case No. 2014-00150; *Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity for the Construction of Sub District I Water Main Extension, Financing and Surcharge*, Case No. 2012-00583; *Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity for the Construction of Sub District H Water Main Extensions, Financing and Surcharge*, Case No. 2010-00434; *Application of Northern Kentucky Water District for a Certificate of Convenience and Necessity for the Construction of Sub District G Water Main Extensions, Financing and Surcharge*, Case No. 2007-00131; *Application of*

- b. NKWD has always used household density as one of the primary criterion for the establishment of a sub district. See Exhibit I. In order to maximize the number of customers served with the limited dollars available from all funding sources, the District determines where the highest number of households per mile can be feasibly served and where interest levels are highest. The cost per mile of any extension dictates that the District maximize the number of customers served along each extension. Because of the limited resources available to extend service, the District attempts to get the most value from each dollar spent.
- c. To standardize the sub district process, the District formulated a tariff that specifies the criteria for establishing a sub district:

**SECTION XIV-D – DISTRIBUTION MAIN EXTENSION POLICY  
FOR DISTRIBUTION SUBDISTRICTS**

1. Pursuant to 807 KAR 5:066, when the District determines that the cost of a main extension using any other main extension tariff creates an unreasonable financial hardship on potential customers or that an alternative extension method will benefit the public interest by allowing the extension of water facilities into unserved areas that would otherwise be uneconomical to serve or would benefit the District, the District may use a subdistrict and rate surcharge as an alternative to other extension procedures.
2. The use of a subdistrict, including the imposition of a rate surcharge for the customers within the subdistrict, is subject to the following criteria:
  - a. There must be a demand for the extension of the service sufficient to make the extension hydraulically and financially feasible as determined by the District.
  - b. There must be funds available to the District from third party sources, such as governmental loans and grants, customer contributions or other non-rate based revenue to supplement the District's financial contribution to the extension to make the extension financially feasible in the discretion of the District.
  - c. The demand for service must be within an area or areas in which the potential customers share common geographic characteristics or can be served through common utility plant and facilities. The area of the proposed subdistrict may include non-contiguous locations of potential customers.
  - d. Common geographic characteristics include but are not limited to greater customer population density when compared to other unserved areas within the District's service area. In areas where customer density may be lower than other potentially served areas, factors such as location of customers along the route needed to connect higher density areas, hydraulic improvements to the District's system, geotechnical factors, location of existing distribution facilities, adequate customer participation in the project, financial contributions by a customer or group of customers to fund the extension, availability of sewer service in an area or other similar factors may be used by the District in assessing the feasibility of the subdistrict.

**d.** As the application and exhibits herein establish, all criteria have been met.

**7.** The construction is in the public interest and is required to allow NKWD to continue to provide adequate service to customers within its jurisdiction.

**a.** The areas included in Sub District HB are all rural, remote from existing water distribution facilities and have no access to potable water other than cisterns and wells. Given the need to develop financially and technically feasible projects, location of these residents, the distance between the properties, the sparse number of residents in the affected areas and the demand for safe, affordable, piped water supplies, all of the residents of the proposed sub district are in a similar situation as to geographic characteristics, water supply inadequacy, and need for affordable service. This project will extend 8-inch water mains to make public water available to 91 residences in rural areas that currently have no access to public water supply:

- i.** Approximately 2,575 feet of 8” ductile iron water main and 215 feet of 2” HDPE water main along Blangey Road (from 700’ west of Mary Ingles Highway to the end of County maintenance),
- ii.** Approximately 1,430 feet of 8” ductile iron and PVC water main along Enzweiler Road (from the AA Highway to the end of County maintenance),
- iii.** Approximately 2,760 feet of 8” ductile iron and PVC water main along Gunkel Road (from Mystic Rose to the end of County maintenance),
- iv.** Approximately 7,835 feet of 8” ductile iron water main along Oneonta Road (from Washington Trace Road to Mary Ingles Highway),
- v.** Approximately 3,615 feet of 8” ductile iron and PVC water main along Upper Lick Branch Road (from Grandview to house #2421),
- vi.** Approximately 5,000 feet of 8” ductile iron and PVC water main along Poplar Thicket Road (from Licking Pike to house #446),

vii. Approximately 1,755 feet of 8” ductile iron water main along Pond Creek Road (from house #10365 to Visalia Road), and

viii. Approximately 9,950 feet of 8” ductile iron water main along Rifle Range Road from #539 to the end of County maintenance).

b. These areas were chosen based on population density and interest level. The estimated cost of the total project is \$6,400,000.00. All areas included in the project have similar characteristics of rural location, sparse population density, lack of potable water supply and inability to connect to a water distribution system without the extension of these water lines.

c. The funds obtained in a number of prior sub districts were predicated on the economic status of the affected areas’ residents. The funds in this case are not so encumbered. There is no low/moderate income requirements for the financing of this project, therefore, income levels are not a factor in the selection of geographic areas. There is no low/moderate income funding associated with this project. No customers or areas have been designated a part of this sub district based on income criteria.

8. The proposed construction project identified in Exhibit A is scheduled to begin construction upon PSC approval and beginning in December 2024 and completed in March 2026. Board approval of the final bids for the project is included in Exhibit C. The bids were opened September 5, 2024 and are subject to acceptance for 90 days. **The bids will expire December 4, 2024.**

9. The project, its cost, need and other details are contained in Exhibits A -1 through A-7.

10. NKWD has received approvals from the DOW for the Plans and Specifications and funding for these improvements. See Exhibit B.

11. A copy of the Bid Tabulation for this project, along with the Engineer’s Recommendation of Award and minutes of NKWD’s Board of Commissioner’s meeting approving the award are contained in Exhibit C-1 through C-3.

12. The project finance information including: (i) customers added and revenue effect; (ii) debt issuance and source of debt; (iii) USoA Accounts; (iv) additional costs for operating and maintenance; and (v) depreciation costs and debt service after construction is contained in Exhibit D.

13. Information on NKWD's Mortgages, Bonds, Notes and Other Indebtedness is included in Exhibit E.

14. NKWD's Financial Statements are included as Exhibit F and an Affidavit for this Application is included as Exhibit J.

15. Only an additional surcharge for the customers being added upon approval and construction of the proposed Sub District is being proposed. See Exhibit G and H. No other rate adjustment is being proposed as part of this Application.

16. The following information is provided pursuant to **807 KAR 5:001(15)(2)**:

- a. Specifications and descriptions are in Exhibit A. The construction is in the public interest and is required to allow NKWD to continue to provide adequate service to its customers. Facts relied on to justify the public need are included in the project descriptions in Exhibit A-1 through A-6.
- b. No new franchises are required. Copies of permits from the proper public authority for the proposed construction are in Exhibit B.
- c. A full description of the proposed location and route of the proposed construction including a description of the manner of the construction and related information is in Exhibit A-1 through A-6. The project will not compete against any other public utility in the area.
- d. A Project Map is included as Exhibit A-1.
- e. The project will be funded using the following sources:

Cleaner Water Program Grant #21CWW280	\$1,000,000.00
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Cleaner Water Program Grant #22CWW221 and 22CWW222	\$2,960,000.00
Campbell County Fiscal Court Contribution	\$1,300,000.00
Sub District HB Surcharge	\$405,000.00
NKWD Contribution	\$735,000.00
<b>TOTAL PROJECT FUNDING:</b>	<b>\$6,400,000.00</b>

The Sub District HB Surcharge portion of the project funding will be advanced by NKWD and collected as a monthly surcharge of \$30.00 on the customer's water bill over 25 years and assumes 45 of the 91 potential customers will sign up which is based on the 45 property owners that have already submitted applications and tap fees. These 45 property owners completed this action at NKWD's invitation and with an understanding that the surcharge would be required. Funding will cover costs including construction cost, engineering, and contingencies. A summary of the project costs is provided below:

Engineering	\$387,255.00
Contractor's Bid	\$5,454,350.00
Misc. & Contingencies	\$558,395.00
<b>TOTAL PROJECT COST:</b>	<b>\$6,400,000.00</b>

Project financial information is further outlined Exhibit D.

17. Pursuant to **807 KAR 5:001(12)(1)**, Financial operations for the twelve-month period not less than 90 days prior is attached hereto in Exhibit E.

18. The following information is provided pursuant to **807 KAR 5:001(12)(2)**:

- a. No stock is authorized.
- b. No stock is issued.
- c. There are no stock preferences.
- d. Mortgages are listed in Exhibit E.

- e. Bonds are listed in Exhibit E.
  - f. Notes are listed in Exhibit E.
  - g. Other indebtedness is listed in Exhibit E.
  - h. No dividends have been paid.
  - i. Current balance sheet and income statement are attached as Exhibit F.
19. Pursuant to **KRS 322.340**, Engineering plans, specifications, drawings, plats and reports for the proposed construction or extension prepared by a registered engineer are signed, sealed and dated by an engineer registered in Kentucky are included as Exhibit A.
20. The following information is provided as required by **807 KAR 5:001(18)(1)**:
- a. The information required by **807 KAR 5:001(14)** is contained within this Petition generally and within paragraphs 1-4 specifically as if fully rewritten herein;
  - b. A general description of the property is contained in the NKWD Annual Report filed with the Public Service Commission and is incorporated herein. The Annual Report and attached financial information in Exhibit F are the latest available from NKWD.  
  
No stock or bonds are to be issued as part of this case. Project financial information is included as Exhibit D.
  - c. The funds will be used to construct the project described in Exhibit A.
  - d. A detailed description of property to be acquired, constructed, improved or extended is included in Exhibit A and Exhibit B.
  - e. There is no refunding or refinancing proposed herein.
  - f. The state debt officer has not been notified pursuant to 807 KAR 5:001(18)(1)(g) because no permanent debt is being issued.
21. The following exhibits are provided pursuant to **807 KAR 5:001(18)(2)**:
- a. Financial Exhibits, pursuant to **807 KAR 5:001(12)**, are included as Exhibit F.





For these reasons, NKWD requests issuance of an order granting authority to construct and finance the facilities, issue and collect a surcharge for Sub District HB and for any other authorizations that may be necessary.

RESPECTFULLY SUBMITTED:

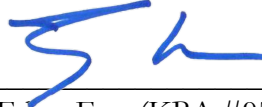


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## CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on October 1, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.



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Tom Edge, Esq. (KBA #95534)

**EXHIBIT LIST**  
**TABLE OF CONTENTS**

**EXHIBIT A** ENGINEERING REPORTS AND INFORMATION

- (1) Project Description and Map
- (2) Engineer's Opinion of Probable Total Construction Costs
- (3) System Hydraulic Model
- (4) Plans
- (5) Specifications
- (6) Addendum 1-3

**EXHIBIT B** APPROVALS AND PERMITS (Franchises, Plan Review and Permit Status, Easements, Right-of-Ways, Construction Start and In-Service Date, Plant Retirements)

- (1) KDOW Approval
- (2) KYTC Approval

**EXHIBIT C** BID INFORMATION AND BOARD APPROVAL

- (1) Bid Tabulation
- (2) Engineer's Recommendation of Award
- (3) Board Meeting Minutes

**EXHIBIT D** PROJECT FINANCE INFORMATION

**EXHIBIT E** MORTGAGES, BONDS, NOTES AND OTHER INDEBTEDNESS

**EXHIBIT F** FINANCIAL STATEMENTS (Balance Sheet and Income Statement)

**EXHIBIT G** CUSTOMER NOTICE

**EXHIBIT H** PROPOSED TARIFF

**EXHIBIT I** STREET DENSITY TABLE

**EXHIBIT J** AFFIDAVIT