

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTHERN)	
KENTUCKY WATER DISTRICT FOR A)	CASE NO.
DEVIATION FROM 807 KAR 5:006, SECTION)	2016-00427
26(6)(b))	

ORDER

On December 16, 2016, Northern Kentucky Water District (“NKWD”) filed a Petition for Deviation (“Petition”), pursuant to 807 KAR 5:001, Section 22, requesting a deviation from the inspection requirements of 807 KAR 5:006, Section 26(6)(b).¹ Section 26(6)(b) of 807 KAR 5:006, requires, *inter alia*, that a water utility inspect its valves and meters annually. NKWD requests a deviation allowing it to inspect 20 percent of its valves and 33 percent of its meters annually. NKWD stated that denial of the requested deviation would result in significant increased costs to its ratepayers, as complying with the annual inspection of meters and valves would require hiring 21 new full-time employees with a resultant cost of \$1,160,250 annually.

On May 27, 2016, prior to the filing of this request for deviation, a Commission inspection report noted NKWD’s failure to comply with the annual inspection requirement for meters, meter settings, and valves contained in 807 KAR 5:006, Section 26(6)(b).²

¹ 807 KAR 5:001, Section 22, addresses deviations from the regulations contained in 807 KAR 5:001, not 807 KAR 5:006. The proper regulation to which NKWD should have cited is 807 KAR 5:006, Section 28. The Commission, however, will treat the Petition as seeking relief under 807 KAR 5:006, Section 28.

² Application at 1.

NKWD responded to two requests for information in this matter. There are no intervenors in this matter and the case now stands submitted to the Commission for a decision.

NKWD has approximately 22,850 valves in its system, ranging in size from 1 inch to 42 inches. NKWD currently inspects approximately 4,080 valves per year.³ NKWD proposes to inspect mainline valves 16 inches and larger not less than once every two years. Valves 4 inches through 14 inches will be inspected not less than once every five years. Valves 3 inches or smaller and fire hydrant valves will be inspected not less than once every ten years.⁴

As of December 31, 2015, NKWD had 83,781 meters and meter settings in service. In 2015, NKWD inspected and changed out 8,257 meters, inspected 9,366 meters due to customer service inspection requests, inspected 7,961 meters due to billing inspection requests, and inspected 4,864 meters in connection with delinquent turn-offs/turn-ons. NKWD estimates that it inspects 30,000 meters annually, or approximately 36% of its total meters.⁵

807 KAR 5:006, Section 28⁶ provides that the Commission may grant a deviation from the rules for good cause shown. Based on the evidence of record and being

³ Application at 2–3.

⁴ Responses to Commission Staff’s First Request for Information to NKWD, (“Staff’s First Request”) Item 1.b.

⁵ Application at 3–4.

⁶ As noted earlier, NKWD incorrectly referenced 807 KAR 5:001, Section 22 in its Application.

otherwise sufficiently advised, the Commission finds that NKWD should be allowed to deviate from the requirements of 807 KAR 5:006 Section 26(6)(b).

NKWD has designed its proposed valve inspection schedule to place priority on the larger valves which are most critical to the operation of the system. NKWD has inspected larger valves according to this schedule since 2010. In 2010, a written plan was filed with the Commission and received approval, although a formal deviation was not granted.⁷

Although meters are not inspected annually, they are read monthly. NKWD has a billing system in place with alerts that are triggered by potential issues such as abnormally high or low usage.⁸ The Commission has found in previous cases that a monthly meter reading is sufficient inspection of meters, and granted deviations accordingly.⁹

Based upon a review of the evidence and being otherwise sufficiently advised, the Commission finds that NKWD has shown good cause, and should be allowed to deviate from the requirements of 807 KAR 5:006, Section 26(6)(b). NKWD shall be required to inspect its valves according to the following schedule: (1) plant valves and valves 30 inches or larger shall be inspected annually; (2) valves that are 16 inches or larger shall be inspected every two years; and (3) valves that are smaller than 16 inches

⁷ Responses to Commission Staff's Second Request for Information to NKWD, ("Staff's Second Request"), Item 10, Exhibit F, at 3.

⁸ Id. at Item 9.

⁹ See Case No, 2016-00394 *Electronic Kentucky-American Water Company's Request for Permission to Deviate from 807 KAR 5:006, Section 26(6)(b)* (Ky. PSC Nov. 18, 2016).

and fire hydrant valves shall be inspected every five years. NKWD shall inspect 36 percent of its meters annually.

IT IS THEREFORE ORDERED that:

1. NKWD's motion for a deviation from 807 KAR 5:006, Section 26(6)(b), on inspection of meters and meter settings is granted.
2. NKWD will be required to inspect 36 percent of its meters annually.
3. NKWD's motion for a deviation from 807 KAR 5:006, Section 26(6)(b), on inspection of valves is granted.
4. NKWD shall inspect valves 30 inches or larger annually.
5. NKWD shall inspect valves 16 inches or larger every two years.
6. NKWD shall inspect valves measuring less than 16 inches and fire hydrant valves every five years.

By the Commission



ATTEST:


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