

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF KENTON)
COUNTY WATER DISTRICT NO. 1 AND)
CAMPBELL COUNTY KENTUCKY)
WATER DISTRICT FOR AUTHORITY TO)
MERGE INTO NORTHERN KENTUCKY) CASE NO. 96-234
WATER SERVICE DISTRICT, AND FOR)
AUTHORITY FOR THE COMBINED)
DISTRICT TO OPERATE)

O R D E R

On May 24, 1996, Kenton County Water District ("Kenton District") and Campbell County Water District ("Campbell District") jointly petitioned the Commission for approval to merge and operate as the Northern Kentucky Water Service District ("Northern"). An informal conference was held between the parties and Commission Staff on June 17, 1996, to review the terms and conditions for the merger. There are no intervenors in this case.

After consideration of the joint petition and being otherwise sufficiently advised, the Commission finds that:

1. Both districts were organized under the provisions of KRS Chapter 74 and the Boards of Commissioners of each have entered the appropriate resolutions regarding the merger pursuant to KRS 74.363.

2. Kenton District operates a water treatment and distribution system which serves approximately 36,842 retail customers and eight wholesale customers in and around Kenton, Boone and Campbell counties, Kentucky.

3. Campbell District operates a water distribution system which serves approximately 19,900 retail and two wholesale customers in and around Campbell and Pendleton counties, Kentucky.

4. Campbell District purchases water from Kenton District and the city of Newport, Kentucky.

5. Kenton District has approximately 496 miles of transmission and distribution mains, significant treated storage capacity and two water treatment plants with rated capacities of 44 and 10 million gallons per day ("MGD"). Kenton District plans to construct a 20 MGD plant within the next two years.

6. Campbell District has approximately 310 miles of transmission and distribution mains and significant treated storage capacity.

7. As of December 31, 1995 Kenton District had total utility plant of \$73,320,692.

8. As of December 31, 1995 Kenton District had total assets and other debits of \$104,228,160; total equity capital of \$18,671,960; and, other liabilities and credits of \$85,556,200.

9. As of December 31, 1995 Campbell District had total utility plant of \$30,799,531.

10. As of December 31, 1995 Campbell District had total assets and other debits of \$30,990,974; total equity capital of \$11,427,736; and, other liabilities and credits of \$19,563,238.

11. The present Board membership of each of the Districts will carry over for a term of one year after the merger. Northern's Board will consist thereafter of four members appointed by the County Judge/Executive of the county in which the greatest portion of the population of the merged district resides; two members appointed by the County Judge/Executive of the county in which the next greatest portion of the population of the merged district resides; and, one member appointed by the Judge/Executive of each remaining county in which a portion of the population of the merged district resides.

12. Existing administrative and technical personnel from the two districts will be employed by Northern on and after the effective date of the merger.

13. The existing rates, rules and regulations of both districts have been adopted by Northern.

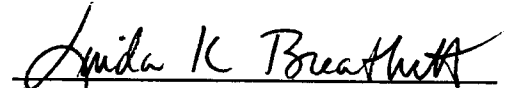
14. Merger of the two districts will present significant opportunities for improving customer service, consolidating debt, eliminating duplication of costs and efforts, and ultimately result in economies of scale, less cost, and a higher degree of service to the public.

IT IS THEREFORE ORDERED that the proposed merger of Kenton District and Campbell District into the Northern Kentucky Water Service District is approved.

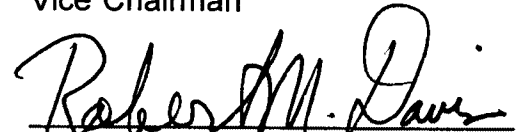
IT IS FURTHER ORDERED that the parties shall file with the Commission an original and ten copies of the executed closing documents. Within 10 days after closing Northern shall execute and file the districts' tariffs in its own name.

Done at Frankfort, Kentucky, this 28th day of August, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director