

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN)	
KENTUCKY WATER SERVICE DISTRICT TO)	
ISSUE REVENUE BONDS IN THE APPROXIMATE)	
PRINCIPAL AMOUNT OF \$33,645,000)	
(+ OR - \$3,360,000) FOR THE PURPOSE OF)	
REFINANCING A PORTION OF CERTAIN)	
OUTSTANDING BONDS OF THE SYSTEM, TO)	CASE NO. 98-417
PAY THE COST OF ISSUING THE BONDS AND)	
TO FUND APPROXIMATELY \$10,360,000 OF)	
PROJECTS WHICH THE COMMISSION HAS)	
DETERMINED ARE NOT SUBJECT TO APPROVAL)	
AS TO A CERTIFICATE OF PUBLIC CONVENIENCE))	
AND NECESSITY; AND, TO FUND PROJECT K)	

O R D E R

On August 10, 1998, the Northern Kentucky Water Service District ("Northern District") applied to the Commission for authority to issue securities, as required by KRS 278.300, in the approximate principal amount of \$33,645,000. Northern District subsequently amended its application to reflect a reduction in the proposed Revenue Bond Issue from \$33,645,000 to \$11,355,000, or as issuance costs may vary. The proposed Revenue Bonds serve to pay the costs of issuing the bonds and to finance approximately \$10,360,000 of projects now being planned or under construction by Northern District. The proposed Revenue Bonds will mature in various annual amounts from 1999 to 2028 and interest rates are estimated to range serially from 4.0 percent to 4.75 percent.

Approximately \$4,000,000 of the proposed Revenue Bonds will be used to finance a certain water system improvement, Project K, which the Commission approved in Case No. 98-079.¹ The approximately \$6,360,000 of remaining proposed Revenue Bonds will be used to finance system extensions, Projects A, C, D, E, F, G, H, I, L, R, CC, DD, SS, and UU, which are among those also addressed in Case No. 98-079.² Northern District stated the proposed issuance of securities and the resulting costs "does not require any increase or change in the existing rates or charges of the System." Should any of the proceeds from this issuance remain after the completion of the aforementioned projects, Northern District may apply to the Commission for approval to apply these proceeds to other projects.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that Northern District's proposal to issue these bonds for the purposes of financing system improvements and extensions is for a lawful object within Northern District's corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and therefore should be approved.

¹ Case No. 98-079, The Application of Northern Kentucky Water Service District for Permission or Certificate to Construct Various Normal Extensions to its Water System; to Make Replacements; to Install Betterments in the Existing Water Treatment Plants; to Make Studies of its Water Supply Needs; and to Increase Storage Capacity [Funding Will be from Cash Flows and Notes Authorized by Statute], Interim Order dated April 7, 1998.

² Case No. 98-079, Final Order dated June 9, 1998.

IT IS THEREFORE ORDERED that:

1. Northern District is authorized to issue the proposed Revenue Bonds for \$11,355,000 or, as the issuance costs may vary, at an interest rate not to exceed 6.0 percent per annum.

2. Northern District shall, within 30 days after the issuance of the securities, advise the Commission in writing of the date or dates of issuance of the securities, the price paid, the interest rate or rates, the purchasers, and all fees and expenses, including underwriting discounts or commissions, or other compensation involved in the issuance and distribution.


3. The proceeds from the transactions authorized herein shall be used only for the lawful purposes specified in Northern District's amended application.

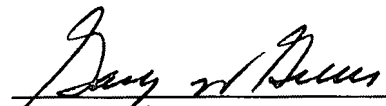
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 7th day of December, 1998.

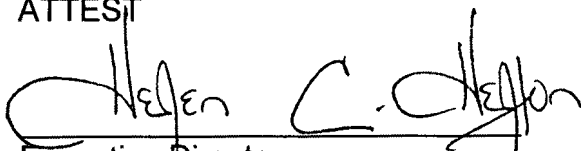
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