

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT (A) FOR AUTHORITY TO ISSUE)	
PARITY REVENUE BONDS IN THE APPROXIMATE)	CASE NO.
AMOUNT OF \$16,545,000; AND (B) A CERTIFICATE)	2000-481
OF PUBLIC CONVENIENCE AND NECESSITY FOR)	
THE CONSTRUCTION OF WATER MAIN FACILITIES)	

INTERIM ORDER

On October 27, 2000, Northern Kentucky Water District ("NKWD") applied for authority to issue approximately \$16.5 million of revenue bonds and a Certificate of Public Convenience and Necessity for certain water system improvements. On December 28, 2000, NKWD requested by letter that the Commission issue an Interim Order, on or before January 3, 2001 regarding its application for a Certificate of Public Convenience and Necessity for Project Z (Phase II) and Project W (Phase 1a) to permit the water district to award contracts based upon offered bids on these projects. NKWD was granted a Certificate of Public Convenience and Necessity to construct said projects on January 3, 2001.

On February 7, 2001, NKWD requested by amended petition that the Commission issue an Interim Order for a Certificate of Public Convenience and Necessity for certain improvements to the Ft. Thomas Treatment Plant to avoid the loss of the bid that expires on February 12, 2001. NKWD was granted a Certificate of Public Convenience and Necessity to construct said project on February 9, 2001.

On June 18, 2001, the Commission received the final bid tabulations for the 42-inch transmission main from Grand Avenue to Dudley Pike. NKWD has requested that Commission approval of the proposed construction be granted as expeditiously as possible so that construction may begin in a timely manner due to the questionable reliability of the existing main. By subsequent Order, the Commission will address NKWD's request for authority to issue \$16.5 million in revenue bonds.

Having considered the motion and the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed Project 184-082 (the 42-inch transmission main from Grand Avenue to Dudley Pike) includes the construction of approximately 13,000 lineal feet of 42-inch ductile iron class 52 pipe along Madison Pike and Howard Litzler Drive. This project is designed to replace an existing 36-inch concrete water main and a 24-inch cast iron water main that serves approximately 60 percent of NKWD's service territory. NKWD has experienced numerous problems with the existing mains including leaking joints and corroded pre-stress wires due to highly corrosive soils.
2. The proposed improvements will not compete with any other water utility.
3. Construction of the proposed improvements will not result in the wasteful duplication of existing utility facilities.
4. Viox and Viox Inc. of Erlanger, Kentucky prepared the drawings and specifications for the proposed waterworks improvement project.
5. The Division of Water of the Kentucky Natural Resources and Environmental Protection Cabinet has approved the drawings and specifications for the proposed project.

6. NKWD has advertised for bids on Project 184-082 and received an acceptable bid of \$3,497,511.50 on May 24, 2001.

IT IS THEREFORE ORDERED that:

1. NKWD is granted a Certificate of Public Convenience and Necessity to construct the proposed Project 184-082 (the 42-inch transmission main from Grand Avenue to Dudley Pike) as set forth in the drawings and specifications contained in its application.

2. NKWD shall obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.

3. Any deviation from the construction approved shall be undertaken only with the prior approval of the Commission.

4. NKWD shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

5. NKWD shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil or mechanical engineering, to ensure that the construction work is done in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

6. NKWD shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract

plans and specifications within 60 days of the substantial completion of the construction certificated herein.

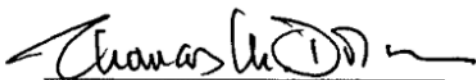
7. NKWD shall notify the Commission 7 days prior to the actual scheduled start of construction and at the 50 percent completion point.

8. Nothing contained herein shall be deemed as a decision on the merits of the remaining portions of NKWD's application.

Done at Frankfort, Kentucky, this 24th day of July, 2001.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. [unclear]", written over a horizontal line.

Executive Director