

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE APPLICATION OF NORTHERN KENTUCKY |) | |
| WATER DISTRICT FOR APPROVAL OF |) | |
| IMPROVEMENTS TO THE MEMORIAL PARKWAY |) | CASE NO. |
| TREATMENT PLANT, ISSUANCE OF A |) | 2006-00400 |
| CERTIFICATE OF CONVENIENCE AND |) | |
| NECESSITY AND APPROVAL OF FINANCING |) | |

O R D E R

Northern Kentucky Water District (“NKWD”) has applied for a Certificate of Public Convenience and Necessity to make improvements to its 10-million-gallon-per-day (“MGD”) Memorial Parkway Treatment Plant (“MPTP”) at an approximate total project cost of \$6,865,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. NKWD proposes to make improvements to its 10-MGD MPTP acquired from the city of Newport in 2002.
2. The MPTP was constructed in 1961, serves Newport and its surrounding areas, provides some treatment plant redundancy, and will help meet future growth needs.
3. The proposed improvements include the replacement of chemical storage and feed systems, improvements to three of the six filters, and improvements and repairs to the clearwell.
4. The existing chemical building is in poor condition and designed for dry chemical storage only. This project will convert the MPTP to liquid chemicals to meet

current standards for water treatment by rebuilding the existing chemical building, updating the outdated chemical pumps and piping, and upgrading the liquid chemical storage areas to include a containment system.

5. Currently only three of MPTP's six available filters are functional due to problematic valves, nonfunctioning surface wash systems, and media difficulties. NKWD is proposing to rehabilitate filters 1, 2, and 3, and improve the filter performance of the non-renovated filters to provide better finished water turbidity.

6. The clearwell rehabilitation and baffling improvements will provide better finished water quality by improving the disinfection efficiency of the treatment plant.

7. NKWD's Board of Commissioners has selected Building Crafts, Inc. as the lowest and best bid for the construction of the MPTP improvements project at a cost of \$5,899,484.

8. NKWD proposes to finance this project with \$2,365,000 of the proceeds of a bond anticipation note to be issued in 2007; \$500,000 of the proceeds of a revenue bond issuance; and \$4,000,000 of the proceeds of a loan from the Drinking Water State Revolving Loan Fund.

9. The Division of Water, Kentucky Environmental and Public Protection Cabinet, has approved the plans and specifications for the proposed project.

10. The public convenience and necessity require the construction of the proposed improvements to the MPTP.

IT IS THEREFORE ORDERED that:

1. NKWD is granted a Certificate of Public Convenience and Necessity to proceed with the proposed construction as set forth in its application.
2. NKWD shall notify 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 cost 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 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.
6. NKWD shall require construction to be inspected under the general supervision of a licensed professional engineer with a Kentucky registration in civil, electrical, or mechanical engineering, to ensure that the construction work is completed in accordance with the contract drawings and specifications and in conformance with the best practices of the construction trades involved in the project.

Done at Frankfort, Kentucky, this 1st day of November, 2006.

By the Commission

ATTEST:


Executive Director