

CASE

NUMBER:

99-410

HISTORY INDEX FOR CASE: 1999-410
NORTHERN KENTUCKY WATER SERVICE DISTRICT
Transfer/Sale/Purchase/Merger
OF TAYLOR MILL'S WINSTON PARK WATER

IN THE MATTER OF THE APPLICATION OF NORTHERN KENTUCKY WATER
SERVICE DISTRICT FOR AUTHORITY TO ACQUIRE TITLE TO TAYLOR
MILL'S WINSTON PARK WATER FACILITIES; TO OPERATE THE 210
CUSTOMER WINSTON PARK WATER FACILITIES WITH NO CHANGE OR
INCREASE IN RATES UNDER A MUTUAL AGREEMENT BETWEEN THE TWO
PARTIES AND PROVIDING FOR A NOMINAL SUM PURCHASE PRICE OF
\$1.00 CASH AT THE TIME OF CLOSING

SEQ NBR	ENTRY DATE	REMARKS
0001	09/29/1999	Application.
0002	10/05/1999	Acknowledgement letter.
0003	11/01/1999	No deficiencies letter
0004	11/29/1999	FINAL ORDER; GRANTS TRANSFER OF WINSTON PARK SYSTEMS
M0001	12/20/1999	CHARLES PANGBURN NORTHERN KY WATER S-NOTIFICATION THAT TRANSFER OF WINSTON PARK SYSTEM FROM

HEMMER, SPOOR, PANGBURN, DEFRAK & KASSON PLLC

SUITE 200
250 GRANDVIEW DRIVE
FT. MITCHELL, KENTUCKY 41017
(606) 344-1188
Fax: (606) 578-3869

CINCINNATI, OHIO OFFICE
SUITE 624
8044 MONTGOMERY ROAD
CINCINNATI, OHIO 45236
(513) 794-1188
FAX: (513) 936-3746

RECEIVED
DEC 20 1999

PUBLIC SERVICE
COMMISSION

December 16, 1999

Hon. Helen Helton
Executive Director
Public Service Commission of
the Commonwealth of Kentucky
P.O. Box 615
Frankfort, KY 40602

Re: Case No. 99-410
Transfer of the Winston Park system from the City of Taylor Mill
to the Northern Kentucky Water Service District

Dear Honorable Executive Director:

On behalf of the Northern Kentucky Water Service District and in accordance with the Public Service Commission's order of November 29, 1999 in the above-referenced case and matter, I am writing to notify you and the Public Service Commission that the transfer of the Winston Park system from the City of Taylor Mill to the Northern Kentucky Water Service District was completed and became effective this 16th day of December, 1999.

Please let me know if you have any questions regarding this matter or if I can be of any other assistance.

Respectfully yours,


Charles H. Pangburn III

CHP/bav

c: Mr. Norman Veatch
Mr. Ronald J. Barrow
Hon. John Hughes



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 29, 1999

Ronald J. Barrow
Interim General Manager
Northern Kentucky Water Service
District
100 Aqua Drive
P.O. Box 220
Cold Spring, KY. 41076

Honorable Charles H. Panburn
Attorney at Law
Suite 200
250 Grandview Drive
Ft. Mitchell, KY. 41017

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 1999-410

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN)
KENTUCKY WATER SERVICE DISTRICT)
FOR AUTHORITY TO ACQUIRE TITLE) CASE NO. 99-410
TO TAYLOR MILL'S WINSTON PARK)
WATER FACILITIES)

O R D E R

On September 29, 1999, Northern Kentucky Water Service District ("Northern Kentucky Water") filed an application for authority to acquire all of the water lines, improvements, and related appurtenances of the Winston Park System in Kenton County, Kentucky. The Winston Park System is part of a municipal water system owned by the city of Taylor Mill, Kentucky ("Taylor Mill").

Northern Kentucky Water is a water district formed and operating under the provisions of KRS Chapter 74. It is subject to the jurisdiction of the Commission under KRS Chapter 278. Northern Kentucky Water is serving approximately 60,000 retail customers in northern Kentucky, plus supplying four cities and three other water districts with water for resale. Northern Kentucky Water's gross plant is approximately \$15,000,000.

The transfer will add approximately 210 customers to Northern Kentucky Water's system. This addition will not affect Northern Kentucky Water's system since it presently operates the Winston Park System with its tariff in effect. The purchase price

for the transfer is one dollar. Northern Kentucky Water has published notice of the proposed transfer.

This is a transfer of a part of the operating facilities of a non-jurisdictional utility, Taylor Mill, to a jurisdictional utility, Northern Kentucky Water. Upon the transfer of a part of the operations of one company to another company, 807 KAR 5:011, Section 11(1), requires the new operating company to file with the Commission an Adoption Notice, adopting, ratifying, and making its own all rates, rules, classifications, and administrative regulations of the old operating company. However, in this case, Northern Kentucky Water cannot adopt the rates, rules, and regulations of a non-jurisdictional utility. This fact is coupled with the fact that the portion to be transferred has been subject to Northern Kentucky Water's tariff for several years.

The Commission finds that an Adoption Notice is not required to be filed in this case. 807 KAR 5:011, Section 11(1) and Section 14.

IT IS THEREFORE ORDERED that:

1. The request of Northern Kentucky Water for the approval of the transfer of Winston Park System, as contained in the agreement dated July 28, 1998, is granted.
2. An Adoption Notice is not required to be filed in this case.
3. Northern Kentucky Water shall notify the Commission of the transfer within 10 days of completion of the transfer.

Done at Frankfort, Kentucky, this 29th day of November, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 1, 1999

Ronald J. Barrow
Interim General Manager
Northern Kentucky Water Service
District
100 Aqua Drive
P.O. Box 220
Cold Spring, KY. 41076

Honorable Charles H. Panburn
Attorney at Law
Suite 200
250 Grandview Drive
Ft. Mitchell, KY. 41017

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

RE: Case No. 99-410
NORTHERN KENTUCKY WATER SERVICE DISTRICT

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

JAMES M. HONAKER
SOWER BUILDING
219 ST. CLAIR STREET
FRANKFORT, KENTUCKY 40601

RECEIVED

SEP 29 1999

September 29, 1999

PUBLIC SERVICE
COMMISSION

FILED

SEP 29 1999

PUBLIC SERVICE
COMMISSION

Honorable Helen Helton
Executive Director
Public Service Commission of Kentucky
P. O. Box 615
Frankfort, Kentucky 40602

CASE 99-410

Re: Application of Northern Kentucky Water Service
District for approval to acquire Taylor Mill's
Winston Park water facilities

Dear Honorable Executive Director:

Submitted herewith in the original and 10 copies is the Application of Northern to acquire the water distribution properties of Taylor Mill in the Winston Park area. Also included herewith are Exhibits 1 thru 9 in the required copies.

Please note that the Application carries a request for a deviation from the Rules in event some rule is impracticable or burdensome. Northern believes the instant Application is standard and direct and thus uncomplicated.

In event the Commission needs further information, please notify the undersigned and Ron Barrow, Manager, Northern Kentucky Water Service District, 100 Aqua Drive, P. O. Box 220, Cold Spring, Kentucky 41076.

Respectfully,


James M. Honaker

JMH:anb

attachments



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 5, 1999

To: All parties of record

RE: Case No. 99-410
NORTHERN KENTUCKY WATER SERVICE DISTRICT
(Transfer/Sale/Purchase/Merger) OF TAYLOR MILL'S WINSTON PARK WATER

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received September 29, 1999 and has been assigned Case No. 99-410. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

Ronald J. Barrow
Interim General Manager
Northern Kentucky Water Service
District
100 Aqua Drive
P.O. Box 220
Cold Spring, KY. 41076

Honorable Charles H. Panburn
Attorney at Law
Suite 200
250 Grandview Drive
Ft. Mitchell, KY. 41017

Honorable James M. Honaker
Attorney at Law
Sower Buidling
219 St. Clair Street
Frankfort, KY. 40601

Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY. 40601

JAMES M. HONAKER
SOWER BUILDING
219 ST. CLAIR STREET
FRANKFORT, KENTUCKY 40601

RECEIVED

SEP 29 1999

September 29, 1999

PUBLIC SERVICE
COMMISSION **FILED**

SEP 29 1999

PUBLIC SERVICE
COMMISSION

Honorable Helen Helton
Executive Director
Public Service Commission of Kentucky
P. O. Box 615
Frankfort, Kentucky 40602

CASE 99-410

Re: Application of Northern Kentucky Water Service
District for approval to acquire Taylor Mill's
Winston Park water facilities

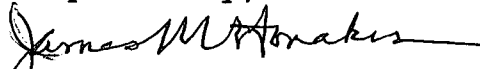
Dear Honorable Executive Director:

Submitted herewith in the original and 10 copies is the Application of Northern to acquire the water distribution properties of Taylor Mill in the Winston Park area. Also included herewith are Exhibits 1 thru 9 in the required copies.

Please note that the Application carries a request for a deviation from the Rules in event some rule is impracticable or burdensome. Northern believes the instant Application is standard and direct and thus uncomplicated.

In event the Commission needs further information, please notify the undersigned and Ron Barrow, Manager, Northern Kentucky Water Service District, 100 Aqua Drive, P. O. Box 220, Cold Spring, Kentucky 41076.

Respectfully,


James M. Honaker

JMH:anb

attachments

RECEIVED

SEP 29 1999

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTHERN KENTUCKY WATER SERVICE)	
DISTRICT FOR AUTHORITY TO ACQUIRE TITLE TO TAYLOR)	
MILLS'S WINSTON PARK WATER FACILITIES; TO OPERATE)	
THE 210 CUSTOMER WINSTON PARK WATER FACILITIES WITH)	CASE NO.
NO CHANGE OR INCREASE IN RATES UNDER A MUTUAL)	99-410
AGREEMENT BETWEEN THE TWO PARTIES AND PROVIDING)	
FOR A NOMINAL SUM PURCHASE PRICE OF \$1.00 CASH AT)	
THE TIME OF CLOSING)	

APPLICATION

1. The full name and address of Applicant is Northern Kentucky Water Service District, c/o Ron Barrow, Manager, 100 Aqua Drive, P. O. Box 220, Cold Spring, Kentucky 41076.

2. Northern Kentucky Water Service District (Northern, or District) is the lawful successor to former Campbell County Kentucky Water District (originally established in 1953) and former Kenton County Water District No. 1 (originally established in 1926). On May 24, 1996, the prior districts petitioned the Public Service Commission of Kentucky (PSC or Commission) for approval to merge and operate as the Northern Kentucky Water Service District. On August 28, 1996, the Public Service Commission by Order [Case No. 96-234] approved the merger of the prior districts. The rates, rules, and regulations of the prior districts were adopted by Northern, which is governed by a Board of Commissioners appointed by the county judge/executives from the District's service area.

Northern serves some 60,000 retail customers in the northern Kentucky area, plus four cities and three water districts at wholesale for resale. It has the authority and duty to plan, design, finance, construct, install, operate, replace, and maintain a water treatment system and water distribution system within its service area approved by the PSC.

3. Northern operates under the provisions of KRS Chapter 74 which constitutes its Articles of Incorporation. It is subject to the jurisdiction of the Kentucky Public Service Commission under KRS Chapter 278. Particular reference is made to the Rules of 807 KAR 5:001.

4. Northern, in this Application, seeks a deviation as provided in Section 14 of the Regulations, for any occasion that may arise where strict compliance with a Rule is impracticable or unduly burdensome.

Its gross plant is approaching \$150,000,000. Reference is made to Northern's 1998 Annual Report to the Commission, on file with the Commission, for a full description of the existing plant by accounts.

5. The City of Taylor Mill (Taylor Mill or City) is a municipal corporation operating a large water system for consumers within the City and environs. It purchases its treated water supply from Northern at rates prescribed by the Public Service Commission. Its address is 5225 Taylor Mill Road, Taylor Mill, Kentucky 41017.

6. Submitted herewith are nine (9) Exhibits in the required number of copies. The Exhibits are made a part hereof by reference. Notice to the public is in the publishing process in a newspaper of general circulation in the Winston Park area.

7. Exhibit 6 includes a map highlighting the geographical boundaries of the small Winston Park service area. The aforementioned Notice makes reference to the subject area by street boundaries.

8. As depicted in the enclosed Exhibit 6, there is no change in the water operations since Northern has been serving the Winston Park area, which is adjacent to Northern's transmission system, for a few years.

9. Reference is made to Kentucky Revised Statutes Chapter 278 and Chapter 74.

10. There is no change in the operator, namely Northern; nor any change or increase in the rates; nor any change in the meter reading, and the transfer of title should be of no consequence to any customer. However, as aforementioned, Notice is being published to the customers to comply with any Rule and for the purpose of continued good public relations.

In summary, Northern will have title to the Winston Park water facilities for which it has been maintaining and providing replacements for a few years.

WHEREFORE, for the reasons herein given, Northern seeks approval of the transfer of title of the Winston Park water facilities from the City of Taylor Mill comporting with the Agreement between the Two Parties, Exhibit 6 attached hereto; and for any and all other relief and remedies to which it may appear entitled in the public interest.

Respectfully submitted,

CHARLES H. PANGBURN III
Suite 200 - 250 Grandview Drive
Ft. Mitchell, Kentucky 41017
606-344-1188

JAMES M. HONAKER
Sower Building
219 St. Clair Street
Frankfort, Kentucky 40601
502-223-0376

JOHN N. HUGHES
124 West Todd Street
Frankfort, Kentucky 40601
502-227-7270

by 
OF COUNSEL FOR APPLICANT

RECEIVED

SEP 29 1999

PUBLIC SERVICE
COMMISSION

**NORTHERN KENTUCKY WATER
SERVICE DISTRICT**

PUBLIC SERVICE COMMISSION

Filing

ACQUISITION OF

WINSTON PARK WATER SYSTEM

9-29-99

Exhibit -1-

There will be no increase in any rates or charges.

Exhibit -2-

There will be no changes in any rates or charges.

Exhibit -3-

The subject properties are located in Kenton county and within Northern's service area.

Exhibit -4-

The agreed purchase price is \$ 1.00.

Exhibit -6-

Exhibit 6A Acquisition Agreement

Exhibit 6B NKWSD Resolution

Exhibit 6C Municipal Order No. 19 (07-28-99)

ACQUISITION AGREEMENT

This Acquisition Agreement (hereinafter "Agreement") is made and entered this 28th day of July, 1999, by and between the City of Taylor Mill, 5225 Taylor Mill Road, Taylor Mill, Kentucky 41017 (hereinafter "Taylor Mill") and the Northern Kentucky Water Service District, 100 Aqua Drive, P.O. Box 220, Cold Spring, Kentucky 41076 (hereinafter the "District"). Together, Taylor Mill and the District shall be referred to herein as the "Parties."

W I T N E S S E T H:

WHEREAS, Taylor Mill is a municipal corporation which owns a system of water lines and related improvements and appurtenances known as the Winston Park Water System (hereinafter the "Winston Park System"); and

WHEREAS, the District is a duly organized water district pursuant to Chapter 74 of the Kentucky Revised Statutes and has been operating the Winston Park System for and on behalf of Taylor Mill for a period of years; and

WHEREAS, Taylor Mill and the District have agreed that it is in their best interests and the best interests of the water customers served by the Winston Park System for the District to acquire the Winston Park System from Taylor Mill;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and agreements hereinafter set forth, the Parties agree as follows:

I. ASSETS

Taylor Mill hereby grants, sells and conveys unto the District all of the water lines and related improvements and appurtenances known as the Winston Park System, which extends from and includes Winston Avenue on the west, Church Street on the south and east, and Doris Drive and Sunset Place on the North, all in the City of Taylor Mill, as depicted on the attached Exhibit A (hereinafter the "Assets"). In the event that the Winston Park System contains any additional assets, including water lines and related improvements and appurtenances, which are omitted from the description contained in this Section I, such omission is inadvertent and any and all such additional water lines and related improvements and appurtenances shall be included in the acquisition contemplated herein.

II. CLOSING

Taylor Mill shall sell and the District shall purchase the Assets at the closing of the transaction provided for herein (hereinafter the "Closing"). The Closing shall take place at a time and place convenient to the Parties within thirty (30) days after approval of this Agreement and the transfer of the Assets by the Public Service Commission of the Commonwealth of Kentucky (hereinafter the "PSC"). At the Closing, Taylor Mill shall transfer title and ownership of the Assets and deliver to the District good and sufficient instruments of transfer. Such instruments of transfer may include a

bill of sale or other customary instruments of transfer which are in a form satisfactory to the District. Such instruments of transfer shall effectively transfer to the District good and marketable title to all of the Assets free and clear of all mortgages, pledges, security interests, liens, claims, restrictions and other encumbrances.

III. PURCHASE PRICE

The purchase price to be paid by the District for the Assets shall be the sum of One Dollar (\$1.00). Said sum shall be paid by the District to Taylor Mill in cash at the Closing.

IV. STATUS OF CUSTOMERS

All water customers served by the Winston Park System shall continue to be retail customers of the District as they have been prior to the execution of this Agreement.

V. TAYLOR MILL'S WARRANTIES AND REPRESENTATIONS

A. Taylor Mill warrants and represents that, to the best of its knowledge, all of the Assets are in a reasonable state of repair and properly functioning as of the execution of this Agreement. Taylor Mill further warrants and represents that it has not had any major leaks, malfunctions or breakdowns in the water lines and related improvements and appurtenances which constitute the Assets for a period of at least 12 months prior to the execution of this Agreement.

B. Taylor Mill warrants and represents that it has and possesses good and marketable title to all of the Assets and that all of the Assets shall be transferred to the District free and clear of all mortgages, pledges, security interests, liens, claims, restrictions and other encumbrances.

C. Taylor Mill warrants and represents that, to the best of its knowledge, there is no litigation, action, suit, investigation or proceeding pending or threatened against or affecting Taylor Mill before any federal, state or local court or governmental agency relating to the Assets. Taylor Mill further warrants and represents that, to the best of its knowledge, no one has asserted and no one has grounds to assert any claim against Taylor Mill based upon any wrongful action or inaction of Taylor Mill relating to the Assets.

D. Taylor Mill warrants and represents that it has and possesses all necessary and proper authority and power to enter into this Agreement and to perform all of the obligations to be performed by it hereunder. Taylor Mill further warrants and represents that this Agreement has been fully approved and authorized by the City Commission of Taylor Mill, as evidenced by the resolution attached hereto as Exhibit B, and that it has satisfied all statutory and regulatory requirements for the transfer of the Assets to the District except for the approval of the PSC.

E. Taylor Mill warrants and represents that neither the execution and delivery of this Agreement nor any other transaction contemplated hereby will conflict with, result in a breach of, constitute a default under, or accelerate the performance required by any term of any law, rule or regulation of any governmental agency; any judgment, order, writ, decree, permit or license of any court or governmental agency; or any contract, agreement, indenture, or instrument to which Taylor Mill is a party or is bound.

F. Taylor Mill warrants and represents that it will take all necessary steps and make every good faith effort to secure the approval of this Agreement and the transfer of the Assets by the PSC and any other regulatory agency which may have authority or right of approval over this Agreement and the transfer of the Assets.

G. Taylor Mill warrants and represents that, to the best of its knowledge, it has complied with all laws, regulations and orders of any and all governmental agencies and authorities relating to the ownership and operation of the Assets.

H. Taylor Mill warrants and represents that it shall, from the date of execution hereof until the Closing, continue to own and maintain the Assets as it would normally do and as it has in the past. In the event that any material adverse event to the Assets should occur between the execution hereof and the Closing, Taylor Mill shall forthwith notify the District in writing.

I. Taylor Mill warrants and represents that no representation, warranty or statement made by it in this Agreement contains, or will contain, any untrue statement of material fact or omits, or will omit, any material fact.

VI. THE DISTRICT'S WARRANTIES AND REPRESENTATIONS

A. The District warrants and represents that it is a duly organized water district pursuant to Chapter 74 of the Kentucky Revised Statutes and possesses full power and authority to own and operate the Assets.

B. The District warrants and represents that it has and possesses all necessary and proper authority and power to enter into this Agreement and to perform all of the obligations to be performed by it hereunder. The District further warrants and represents that this Agreement has been fully approved and authorized by the Board of Commissioners of the District, as evidenced by the resolution attached hereto as Exhibit C, and that it has satisfied all statutory and regulatory requirements for the acquisition of the Assets except for the approval of the PSC.

C. The District warrants and represents that neither the execution and delivery of this Agreement nor any other transaction contemplated hereby will conflict with, result in a breach of, constitute a default under, or accelerate the performance required by any term of any law, rule or regulation of any governmental agency; any judgment, order, writ, decree, permit or license of any court or governmental agency; or

any contract, agreement, indenture, or instrument to which the District is a party or is bound.

D. The District warrants and represents that it will take all necessary steps and make every good faith effort to secure the approval of this Agreement and the transfer of the Assets by the PSC and any other regulatory agency which may have authority or right of approval over this Agreement and the transfer of the Assets.

E. The District warrants and represents that no representation, warranty or statement made by it in this Agreement contains, or will contain, any untrue statement of material fact or omits, or will omit, any material fact.

VII. INSPECTION AND EXAMINATION OF ASSETS

Taylor Mill hereby grants to the District the right to review and inspect all of the Assets and all of its books and records relative to the Assets and customers served by the Assets for the purpose of determining and evaluating the condition of the Assets. The District shall be permitted to make copies of any and all books and records of Taylor Mill as it may deem appropriate in making such examination and inspection. The District may terminate this Agreement at any time before the Closing if it determines, in its sole discretion, that it should not acquire the Assets based upon its inspection and examination under this Section VII.

VIII. PUBLIC SERVICE COMMISSION APPROVAL

Taylor Mill and the District acknowledge and agree that the consummation of this Agreement shall be contingent upon the Parties receiving approval from the PSC. Any decision by the PSC that its approval of this Agreement and the transfer of the Assets is not necessary or appropriate shall be treated by the Parties the same as the approval of the PSC. In the event that the PSC should not approve this Agreement and the transfer of the Assets, this Agreement shall become null and void with neither Party having any further responsibility to the other.

IX. ASSIGNMENT OF EASEMENTS

During the construction and installation of the Assets, Taylor Mill may have acquired various easements from property owners in order to allow for future maintenance, repair, alteration, modification or construction. By the execution of this Agreement, Taylor Mill expressly agrees to assign to the District all of its easement rights, whether or not recorded, relating to the Winston Park System and the Assets which may be necessary for the District to perform maintenance, repair, alteration, modification or construction of water lines or related improvements or appurtenances in the Winston Park System. Taylor Mill agrees to execute at the Closing either a General Assignment of Easements or Individual Assignments of Easements in such forms as may be required by the District.

X. NO ASSUMPTION OF LIABILITY

Taylor Mill and the District acknowledge and agree that the District's acquisition of the Assets pursuant to this Agreement does not constitute an acceptance or assumption of any liability relating to the Assets which may arise from events or conditions existing prior to the Closing.

XI. DEPOSITS OF CUSTOMERS

Taylor Mill and the District acknowledge and agree that Taylor Mill may be holding deposits provided by customers served by the Winston Park System. Taylor Mill expressly agrees to properly handle and dispose of any such deposits and to defend, indemnify and hold harmless the District from and against any claims, demands or requests of customers or former customers relating to deposits provided prior to the Closing.

XII. MISCELLANEOUS

A. This Agreement constitutes the entire understanding and agreement between the Parties and supersedes all other understandings and agreements between them with respect to the subject matter of this Agreement. There are no understandings, representations, or warranties of any kind, express or implied, which are not expressly set forth in this Agreement. No modification or amendment of this Agreement shall be effective unless in writing and signed by both Parties.

B. The failure of any Party at any time to enforce any provision of this Agreement, to exercise its rights under any provision, or to require a certain performance of any provision, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or the right of the Party thereafter to enforce each and every provision.

C. This Agreement shall not be assigned by any Party without the written consent of the other Party.

D. Any and all warranties and representations set forth in this Agreement shall survive the execution of this Agreement and the Closing.

E. The invalidity, illegality or unenforceability of any of the provisions of this Agreement shall not affect the validity, legality or enforceability of the remainder of this Agreement.

IN WITNESS WHEREOF, the Parties hereto, acting under the authority of their respective governing bodies, have caused this Agreement to be duly executed on the date first above written.

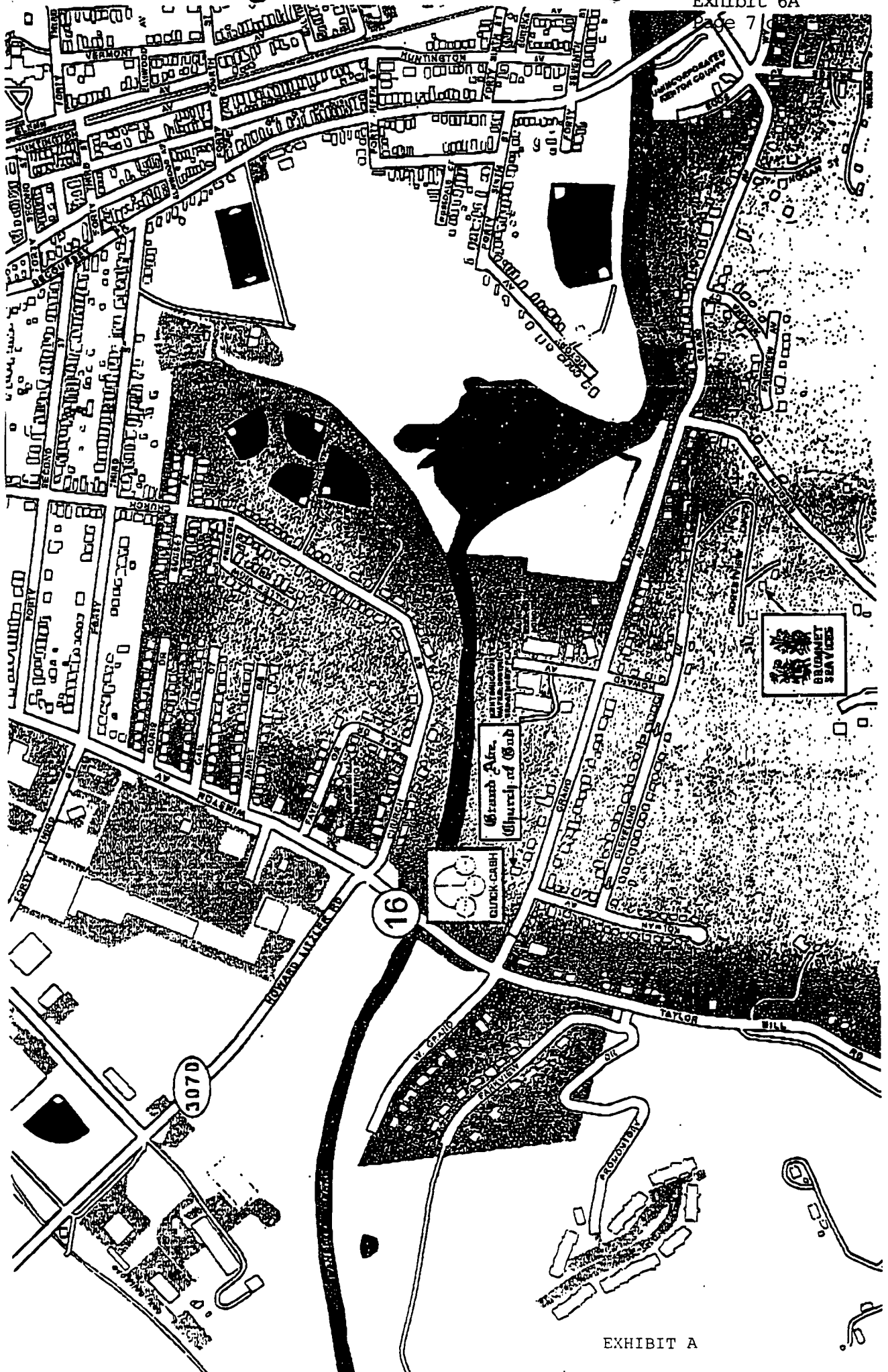
CITY OF TAYLOR MILL

By: Mark Krumborg
Printed Name: Mark Krumborg
Title: Mayor

NORTHERN KENTUCKY WATER
SERVICE DISTRICT

By: Patricia J. Sommerkamp
Printed Name: PATRICIA J. SOMMERKAMP
Title: Chair

wateracquisition.agr



WINSTON PARK SYSTEM
(Boundaries highlighted)

**RESOLUTION
OF
THE NORTHERN KENTUCKY WATER SERVICE DISTRICT**

**A RESOLUTION REGARDING THE EXECUTION OF AN
ACQUISITION AGREEMENT FOR THE PURCHASE OF
THE WINSTON PARK SYSTEM FROM THE CITY OF
TAYLOR MILL**

BE IT RESOLVED by the Board of Commissioners of the Northern Kentucky Water Service District ("District") that the District enter the proposed Acquisition Agreement with the City of Taylor Mill, dated July 28, 1998, for the sale and purchase of the Winston Park System.

BE IT FURTHER RESOLVED that the Chair of the District is authorized and empowered to execute the aforementioned Acquisition Agreement on behalf of the District.

AGREED, DETERMINED and RESOLVED this 14th day of September 1999 at a regular meeting of the Board of Commissioners at Aqua Drive, Cold Spring, Kentucky.

Patricia J. Sommerberg, Chair
Francis J. [unclear]
Richard [unclear]

Jul J. Kouta
Michael Heming
James P. [unclear]

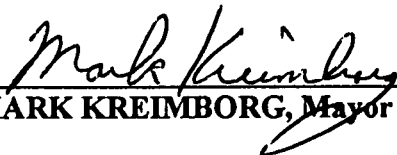
MUNICIPAL ORDER NO. 19(07-28-99)

WHEREAS, the City of Taylor Mill owns and operates a water distribution system known as the Winston Park Water System; and

WHEREAS, the Northern Kentucky Water Service District is a duly organized water district pursuant to Chapter 4 of the Kentucky Revised Statutes and has been operating the Winston Park Water System for and on behalf of the City of Taylor Mill for a period of years; and

WHEREAS, the City of Taylor Mill and the Northern Kentucky Water Service District have agreed that it is in their best interests and the best interests of the water customers served by the Winston Park System for the district to acquire the Winston Park System from the City of Taylor Mill;

NOW, THEREFORE, it is hereby resolved and ordered by the Taylor Mill City Commission that the Mayor of the City of Taylor Mill is hereby authorized and directed to sign the attached Acquisition Agreement on behalf of the City, and any and all other documents associated therewith or in the performance thereof.



MARK KREIMBORG, Mayor

Exhibit -7-

The proposed addition of 210 customers will not require additional production facilities.

Exhibit -8-

There will not be a need for a new hydraulic study because of the present conformation of the District's line. The proposed acquisition will not substantially affect the operation of Northern's present service to approximately 62,000 customers, some of which are sales for resale.

LEGAL NOTICE

NOTICE TO CUSTOMERS AND TO THE PUBLIC

Proposed Acquisition of the Winston Park Water System

On or about the first week in October 1999 Northern Kentucky Water Service District will file an application with the Public Service Commission of Kentucky for authority to purchase the Winston Park Water Service facilities from the City of Taylor Mill. There will be no disruption in service, nor will the rates be increased or changed. Northern already operates the facilities for Taylor Mill. The geographical area of the Winston Park service area is as follows: Winston Avenue on the west, Church Street on the south and east, and Doris Drive and Sunset Place on the north, all in the City of Taylor Mill.

Should anyone have an interest in this acquisition, please contact the Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky (1-800-772-4636).

Ronald J. Barrow
Int. General Manager
Northern Kentucky Water Service District
P.O. Box 220
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