

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On September 1, 2006, Northern Kentucky Water District ("NKWD") submitted for filing with the Commission an application for a Certificate of Public Convenience and Necessity ("CPCN") for modifications to the Memorial Parkway Treatment Plant and for approval of the financing for the project. In a cover letter with the application, NKWD noted that it had expected approval of a Drinking Water State Revolving Fund Loan ("DWSRFL") of \$4,000,000 toward the total cost of the project to be approved by the Kentucky Infrastructure Authority ("KIA") at its September 2006 meeting. However, that September meeting has been rescheduled to October 5, 2006. In its application NKWD requests a deviation, pursuant to 807 KAR 5:001, Section 14, from those filing requirements that will be included in the KIA letter approving the loan application and terms. The reason for seeking the deviation is that the bids on this project will expire on November 6, 2006 and re-bidding the project could result in increased cost for materials and labor.

On September 7, 2006, Commission Staff rejected NKWD's filing because of numerous deficiencies. Several of these deficiencies related to the information which

would normally be included in the loan financing and in the KIA approval letter. KIA will either approve or disapprove the loan application on October 5, 2006. The Commission is allowed 60 days to consider the CPCN application. We believe that once Commission Staff has the required information, this application can be promptly processed. Therefore, the Commission will deny the request for deviation and consider it as a request to expedite processing of the application.

We have also examined Commission Staff's determinations of deficiencies as listed in its September 7, 2006 letter and NKWD's response of September 20, 2006 and find that only the following filing requirements are deficient pursuant to 807 KAR 5:001:

1. 807 KAR 5:001, Section 11(l)(b), If Bonds or Notes or Other Indebtedness is proposed: Description of the amount(s).
2. 807 KAR 5:001, Section 11(l)(b), If Bonds or Notes or Other Indebtedness is proposed: Full descriptions of all terms.
3. 807 KAR 5:001, Section 11(l)(b), If Bonds or Notes or Other Indebtedness is proposed: Interest rate(s).
4. 807 KAR 5:001, Section 11(l)(b), If Bonds or Notes or Other Indebtedness is proposed: Whether the debt is to be secured and if so a description of how it is secured.
5. 807 KAR 5:001, Section 11(2)(c), If property to be acquired: Detailed estimates by Uniform System of Accounts number.

We believe that all of the above information can be filed shortly after the KIA's October meeting and that the application can then be processed in a timely manner.

IT IS THEREFORE ORDERED that:

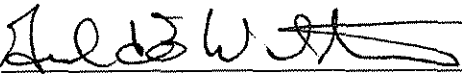
1. The request for a deviation from filing DWSRFL and KIA letters is denied.

2. Commission Staff shall expedite consideration of NKWD's application after the above-listed deficiencies are cured and the application is accepted for filing.

Done at Frankfort, Kentucky, this 10th day of October, 2006.

By the Commission

ATTEST:

for the 
Executive Director