

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

SEP 19 2007

PUBLIC SERVICE
COMMISSION

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR A CERTIFICATE OF) CASE NO.
CONVENIENCE AND NECESSITY FOR THE) 2006-00315
CONSTRUCTION OF SUBDISTRICT F WATER MAIN)
EXTENSIONS, FINANCING AND SURCHARGE)

RESPONSE TO ATTORNEY GENERAL'S COMMENTS

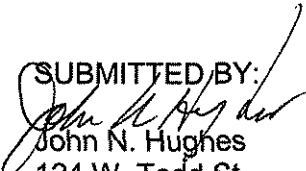
AND MOTION FOR PROCEDURAL ORDER

Northern Kentucky Water District (Northern), by counsel, pursuant to the Commission's order of August 28, 2007, provides this response to the Attorney General's written memorandum of September 12th. Northern agrees with the Attorney General that the Commission has jurisdiction to approve the surcharge requested in this case. Northern does not agree that the Commission's jurisdiction is limited to the statutory basis cited in the September 12th memorandum. The Commission has authority pursuant to KRS 278.040, 278.180 and 278.190 as well as KRS 278.280. This ratemaking authority has been consistently upheld by the courts, as acknowledged by the Attorney General.

Regardless of any theoretical differences in the positions of Northern and the Attorney General, there is agreement that the Commission can approve the requested surcharge. Because the processing of the case has been delayed due to the potential impact of the Franklin Circuit Court decision in *Stumbo v. Public Service Commission*, 2006-CI-0269, the Attorney General's memorandum of September 12th and the Court of Appeals order of September 14, 2006 resolve any legal issues impeding the Commission from approving the surcharge in this case.

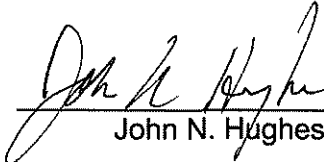
Prior to the issuance of the Franklin Circuit Court decision, this case was on rehearing for the purpose of resolving certain issues related to Northern's compliance with the evidentiary burden of proof to justify the formation of sub district F. Northern moves for the issuance of a procedural order that will allow for any additional data requests from the Commission and the Attorney General or if more appropriate the immediate scheduling of a hearing to complete the record in the case. Northern has completed the construction of the facilities to serve the residents of the proposed sub district F. Because of the uncertainty of the financing of the customers' connections to those facilities, many potential customers remain without potable water.

For these reasons, Northern supports the Commission's authority to approve a surcharge and moves for an immediate restatement of the procedural schedule to facilitate a quick resolution to this matter.

SUBMITTED BY:

John N. Hughes
124 W. Todd St.
Frankfort, KY 40601

ATTORNEY FOR NORTHERN
KENTUCKY WATER DISTRICT

I certify that a copy of this Response was served on David Spenard, 1024 Capital Center Dr., Frankfort, KY 40601 by First Class mail the 19th day of September, 2007.



John N. Hughes