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Commonwealth of Kentucky  
**Public Service Commission**  
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Department of Public Protection

May 4, 2007

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

CERTIFICATE OF SERVICE

RE: Case No. 2007-00074  
Northern Kentucky Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on May 4, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/sh  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|  |   |            |
|--|---|------------|
| APPLICATION OF NORTHERN KENTUCKY WATER   | ) |            |
| DISTRICT FOR APPROVAL OF CONSTRUCTION OF | ) |            |
| A BACKWASH TREATMENT SYSTEM AND          | ) | CASE NO.   |
| ISSUANCE OF A CERTIFICATE OF CONVENIENCE | ) | 2007-00074 |
| AND NECESSITY                            | ) |            |

O R D E R

Northern Kentucky Water District ("NKWD") has applied for a Certificate of Public Convenience and Necessity ("CPCN") to make improvements to its 12 million-gallon-per-day ("MGD") Taylor Mill Treatment Plant ("TMTP") at an approximate total project cost of \$2,100,000. Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. NKWD proposes to construct a backwash treatment system at its TMTP.
2. The backwash treatment system project consists of a lamella plate settler-type treatment process to allow its effluent to return to the head of the plant or to be discharged to Banklick Creek after dechlorination.
3. The improvements proposed will allow NKWD to discontinue its current practice of discharging its backwash to Sanitation District No. 1 of Northern Kentucky at an approximate cost of \$250,000 annually.
4. The construction is in the public interest and is required to allow NKWD to continue to provide adequate service to its customers. The project will provide additional options to the spent water treatment scheme currently used by NKWD.

5. Frank Duran, P.E. with CH2M HILL, recommended, and NKWD's Board of Commissioners approved, Arnold, Dugan & Meyers as the lowest and best bid for the construction of the TMTP improvements project at a cost of \$1,700,000.

6. NKWD proposes to finance \$1,189,000 of the proposed project through a Bond Anticipation Note to be issued in 2007 and \$911,000 of the bonds issued in 2006.

7. CH2M HILL, of Cincinnati, Ohio, prepared the drawings and specifications for the proposed UV disinfection system.

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

9. The public convenience and necessity require the construction of the proposed improvements to the TMTP.

IT IS THEREFORE ORDERED that:

1. NKWD is granted a CPCN 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 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 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 done 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 4th day of May, 2007.

By the Commission

ATTEST:



Executive Director