

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

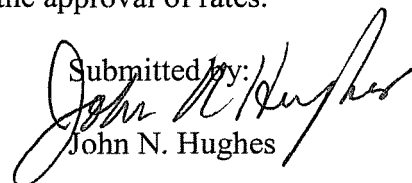
In the Matter of:

APPLICATION OF NORTHERN)
KENTUCKY WATER DISTRICT (A) FOR)
AN ADJUSTMENT OF RATES; (B))
A CERTIFICATE OF CONVENIENCE) Case No. 2007-00135
AND NECESSITY FOR IMPROVEMENTS)
TO WATER FACILITIES IF NECESSARY)
AND (C) ISSUANCE OF BONDS)

NOTICE OF FILING OF REVISED SCHEDULES

Northern Kentucky Water District (NKWD), by counsel, submits for filing revised schedules 1-10, which reflect adjustments discussed with the Staff and Attorney General. These schedules replace those filed with the Application and should be used in determining the rates allowed Northern.

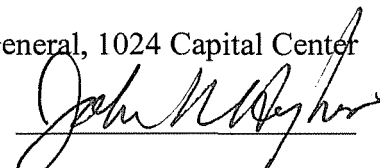
Northern has accepted the changes reflected in the revised schedules and believes that they resolve all outstanding issues in the case. Northern agrees to submission of the case on the record without an evidentiary hearing to expedite the final order and the approval of rates.

Submitted by: 
John N. Hughes

Attorney for NKWD

Certificate:

I certify that a copy of this Notice was delivered to the Attorney General, 1024 Capital Center Drive, Frankfort, KY, 40601 on October 24, 2007.


John N. Hughes

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 1
SUMMARY OF TEST YEAR REVENUE REQUIREMENTS
TEST YEAR 2007**

<u>Line No.</u>		<u>Total</u>	<u>Reference</u>
		\$	
1	Operation & Maintenance Expense	21,341,496	Schedule 2
2	Debt Service Requirements	13,969,286	Schedule 3
3	Depreciation Expense	5,797,324	Schedule 4
4	Debt Service Coverage	<u>2,701,477</u>	Schedule 3
5	Total Revenue Requirements	43,809,583	
6	Less: Operating Revenue not Subject to Rate Increase	(2,128,688)	Schedule 5
7	Less: Non-Operating Revenue	(2,387,169)	Schedule 6
8	Less: Boone & Florence	<u>(443,685)</u>	Schedule 6
9	Net Revenue Requirements	38,850,041	
10	Revenues Under Existing Rates	(34,938,417)	Schedule 7
11	Revenue Increase Required	<u>3,911,624</u>	
12	Percentage Revenue Increase Required	11.196%	

NORTHERN KENTUCKY WATER DISTRICT
SCHEDULE 2
TEST YEAR OPERATION AND MAINTENANCE EXPENSE
TEST YEAR 2007

Line No.		
	UNADJUSTED TEST YEAR OPERATION AND MAINTENANCE EXPENSE	
1	Operation and Maintenance Expense	20,831,914
	ADJUSTMENTS FOR KNOWN AND MEASURABLE CHANGES	
2	Salary Increases @ 4%	134,205
3	Pension & Benefit Increases @ 14.1% (a)	139,958
4	Health Insurance Increases @ 12.4%	181,816
5	Electric Cost Increases @ 17%	204,186
6	Gas Cost Increases @ 17%	0
7	Rate Case Amortization	(7,541)
8	Capital/Nonrecurring Items	(157,321)
9	Total Adjustments for Known and Measurable	495,303
10	Total Test Year Operation and Maintenance Expense	21,327,217

(a) Includes \$2,209 for 401-457 match.

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 3
DEBT SERVICE**

Year	Existing		Proposed 2008		Total		Proposed 2007		Taylor Mill		Total
	Revenue	Bonds	Revenue	Bonds	Revenue	Bonds	SRF	Loan	Purchase	Financing	
	\$		\$		\$		\$		\$		\$
2007	12,262,241				12,262,241		160,500		250,000		12,672,741
2008	12,747,095		754,236		13,501,331		275,100		250,000		14,026,431
2009	12,748,138		1,965,304		14,713,442		275,100		175,000		15,163,542
2010	12,742,139		1,964,319		14,706,458		275,100		175,000		15,156,558
2011	12,744,149		1,961,821		14,705,970		275,100		175,000		15,156,070
3-Year Average					13,507,386		236,900		225,000		13,969,286
Debt Service Coverage @ 20%					2,701,477						

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 4
DEPRECIATION EXPENSE
TEST YEAR 2007**

Line No.	Plant Account	(1)	(2)	(3)
		Dec. 31, 2006 Depreciation	Change in Current Assets	Test Year Depreciation
		\$	\$	\$
		(1) + (2)		
	Source of Supply & Pumping			F-3
1	Land & Land Rights	0	0	0
2	Structures & Improvements	270,935	21,976	292,911
3	Lake River & Other Intakes	75,733	0	75,733
4	Supply Mains	23,312	2,584	25,895
5	Pumping Equipment	379,886	(29,215)	350,671
6	Subtotal	<u>749,866</u>	<u>(4,656)</u>	<u>745,210</u>
	Water Treatment Plant			
7	Land & Land Rights	0	0	0
8	Structures & Improvements	785,381	(9,093)	776,287
9	Water Treatment Equipment	386,442	(27,790)	358,652
10	Subtotal	<u>1,171,822</u>	<u>(36,883)</u>	<u>1,134,939</u>
	Transmission & Distribution			
11	Land & Land Rights	0	0	0
12	Structures & Improvements	203,582	37,466	241,048
13	Distribution Reservoirs & Standpipes	133,754	(0)	133,754
14	Transmission & Distribution Mains	1,239,489	166,083	1,405,572
15	Transmission & Distribution Services	431,065	17,620	448,686
16	Meters & Meter Installation	173,089	4,679	177,768
17	Hydrants	104,437	6,134	110,571
18	Other Plant & Misc. Equipment	303,599	(16,049)	287,551
19	Subtotal	<u>2,589,016</u>	<u>215,934</u>	<u>2,804,950</u>
	General Plant			
20	Land & Land Rights	0	0	0
21	Structures & Improvements	490,720	23,227	513,946
22	Office Equipment	239,345	(11,484)	227,861
23	Transportation Equipment	233,831	7,526	241,357
24	Tools, Shop & Garage Equipment	2,947	(926)	2,021
25	Power Operated Equipment	89,256	31,831	121,088
26	Other Tangible Plant	12,254	(6,303)	5,951
27	Subtotal	<u>1,068,353</u>	<u>43,871</u>	<u>1,112,224</u>
28	Total Plant Investment	<u>5,579,057</u>	<u>218,267</u>	<u>5,797,324</u>

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 5

REVENUES NOT SUBJECT TO RATE INCREASE

TEST YEAR 2007

Line No.		<u>2007</u>
		\$
	Other Operating Revenue	
1	Forfeited Discounts	713,273
2	Rent from Water Property (a)	396,716
3	Rent from Water Property - Newport	1,200
4	Fire Protection	42,637
5	Meter Tests	717
6	Income Turn On Fees	398,335
7	Income Turn on Fees - Taylor Mill	330
8	Returned Check Charge	13,820
9	Current Surcharge Revenues	561,660
10	Proposed Sub-District F Revenues	0
11	Proposed Sub-District G Revenues	0
12	Total Other Operating Revenue	<u>2,128,688</u>

(a) Represents a reduction of \$95,878.20 due to loss of 2008 rental income at central facility.

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 6
NON-OPERATING INCOME
TEST YEAR 2007**

<u>Line No.</u>		<u>2007</u>
		\$
	Non-Operating Revenues	
1	Sale of Fixed Assets	6,799
2	Income Miscellaneous	77,571
3	Lab Test Fees	29,964
4	Commission on Sales Tax	5,430
5	Material Sold	34,624
6	Interest Income	2,227,971
7	Miscellaneous Income	4,810
8	Boone & Florence Reserve	443,685
9	Total Non-Operating Revenues	<u>2,830,854</u>

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 7
REVENUES UNDER CURRENT RATES
TEST YEAR 2007**

Line No.	Metered Sales			Bulk	Total
	Retail	Wholesale			
	\$	\$	\$	\$	\$
1	2006 Revenues	31,528,505	921,897	6,954	32,457,356
2	Plus Volume Normalization (a)	1,726,541	0		1,726,541
3	Plus New Connections (b)	0	0		0
4	Plus Prior Rate Increase (c)	739,640	14,880		754,520
5	2007 Revenues	<u>33,994,686</u>	<u>936,777</u>	<u>6,954</u>	<u>34,938,417</u>

- (a) Adjustment to normalize for abnormally low billable water usage due to rainy weather in 2006.
- (b) Extensions are expected to result in approximately 868 new connections.
- (c) Adjustment for Rate Increase approved in PSC Order 2005-00148.

NORTHERN KENTUCKY WATER DISTRICT

**SCHEDULE 8
PROPOSED RATES
EFFECTIVE**

<u>MeterSize</u>	<u>Monthly</u>	<u>Quarterly</u>
	\$	\$
Fixed Service Charge - \$/bill		
5/8"	11.82	17.89
3/4"	12.22	18.85
1"	13.34	21.67
1 1/2"	15.02	25.53
2"	18.98	35.89
3"	45.83	111.69
4"	57.41	140.21
6"	85.01	206.91
8"	114.80	282.68
10"	152.67	369.13

Monthly Volume Charge - \$/Ccf

First 1,500 cubic feet	3.12
Next 163,500 cubic feet	2.71
Over 165,000 cubic feet	2.40

Quarterly Volume Charge - \$/Ccf

First 4,500 cubic feet	3.12
Next 490,500 cubic feet	2.71
Over 495,000 cubic feet	2.40

Wholesale Volume Charge - \$/Ccf

Bullock Pen Water District	2.10
City of Walton	2.10
Pendleton County	2.10

Ccf - Hundred Cubic Feet

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 9
 COMPARISON OF ADJUSTED COST OF SERVICE
 WITH REVENUE UNDER PROPOSED RATES
 TEST YEAR 2007

Line No.	Customer Class	(1) Cost of Service \$	(2) Revenue Under Existing Rates \$	(3) Revenue Under Proposed Rates \$	(4) Proposed Revenue as a Percent of Cost of Service %	(5) Indicated Increase Over Existing Rates
Monthly						
1	Residential/Multi Family		944,348	1,049,863		11.2%
2	Commercial		143,705	160,105		11.4%
3	Industrial		536,803	597,035		11.2%
4	Public Authority		724,633	807,793		11.5%
5	Subtotal		2,349,490	2,614,795		11.3%
Quarterly						
6	Residential/Multi Family		23,781,503	26,422,456		11.1%
7	Commercial		5,226,194	5,820,097		11.4%
8	Industrial		2,046,245	2,279,277		11.4%
9	Public Authority		867,476	966,456		11.4%
10	Subtotal		31,921,418	35,488,286		11.2%
11	Total Retail		34,270,908	38,103,081		11.2%
12	Wholesale		936,777	1,040,866		11.1%
13	Total System	38,850,041	35,207,685	39,143,947	100.8%	11.2%

NORTHERN KENTUCKY WATER DISTRICT

SCHEDULE 10
COMPARISON OF TYPICAL WATER BILLS
UNDER EXISTING AND PROPOSED RATES
TEST YEAR 2007

(1) Meter Size	(2) Monthly Usage Ccf Mgal		(3)-(6) Monthly				(7)-(11) Quarterly					
			Existing Rates \$	Proposed Rates \$	Increase \$	Increase %	Existing		Proposed			
							Rates \$	Rates \$	Increase \$	Increase %		
5/8"	0.00	0	10.63	11.82	1.19	11.2%	0.00	0	16.09	17.89	1.80	11.2%
5/8"	2.67	2	18.13	20.15	2.02	11.1%	8.02	6	38.63	42.91	4.29	11.1%
5/8"	6.68	5	29.40	32.66	3.26	11.1%	20.05	15	72.43	80.45	8.02	11.1%
5/8"	8.02	6	33.17	36.84	3.68	11.1%	24.06	18	83.70	92.96	9.26	11.1%
5/8"	13.37	10	48.20	53.53	5.33	11.1%	40.10	30	128.77	143.00	14.23	11.1%
5/8"	20.05	15	65.05	72.31	7.25	11.2%	60.16	45	179.38	199.37	19.99	11.1%
5/8"	26.74	20	81.31	90.44	9.13	11.2%	80.21	60	228.10	253.71	25.61	11.2%
5/8"	40.10	30	113.77	126.64	12.87	11.3%	120.31	90	325.54	362.38	36.84	11.3%
5/8"	66.84	50	178.75	199.11	20.36	11.4%	200.52	150	520.45	579.75	59.30	11.4%
5/8"	133.68	100	341.17	380.24	39.07	11.5%	401.04	300	1,007.72	1,123.16	115.44	11.5%
3/4"	40.10	30	114.13	127.04	12.91	11.3%	120.31	90	326.40	363.34	36.94	11.3%
3/4"	66.84	50	179.11	199.51	20.40	11.4%	200.52	150	521.31	580.71	59.40	11.4%
3/4"	133.68	100	341.53	380.64	39.11	11.5%	401.04	300	1,008.58	1,124.12	115.54	11.5%
1"	26.74	20	82.68	91.96	9.28	11.2%	80.21	60	231.50	257.49	25.99	11.2%
1"	66.84	50	180.12	200.63	20.51	11.4%	200.52	150	523.85	583.53	59.68	11.4%
1"	133.68	100	342.54	381.76	39.22	11.4%	401.04	300	1,011.12	1,126.94	115.82	11.5%
1 1/2"	133.68	100	344.05	383.44	39.39	11.4%	401.04	300	1,014.59	1,130.80	116.21	11.5%
1 1/2"	334.20	250	831.32	926.85	95.54	11.5%	1,002.60	750	2,476.38	2,761.03	284.65	11.5%
1 1/2"	668.40	500	1,643.42	1,832.53	189.11	11.5%	2,005.21	1,500	4,912.72	5,478.10	565.38	11.5%
2"	334.20	250	834.88	930.81	95.94	11.5%	1,002.60	750	2,485.70	2,771.39	285.69	11.5%
2"	668.40	500	1,646.98	1,836.49	189.51	11.5%	2,005.21	1,500	4,922.04	5,488.46	566.42	11.5%
2"	1,336.81	1,000	3,271.22	3,647.89	376.67	11.5%	4,010.42	3,000	9,794.70	10,922.58	1,127.88	11.5%
3"	668.40	500	1,671.13	1,863.34	192.21	11.5%	2,005.21	1,500	4,990.20	5,564.26	574.06	11.5%
3"	1,336.81	1,000	3,295.37	3,674.74	379.37	11.5%	4,010.42	3,000	9,862.86	10,998.38	1,135.52	11.5%
3"	2,673.61	2,000	6,267.42	6,980.14	712.73	11.4%	8,020.83	6,000	18,779.03	20,914.63	2,135.60	11.4%
4"	1,336.81	1,000	3,305.78	3,686.32	380.54	11.5%	4,010.42	3,000	9,888.51	11,026.90	1,138.39	11.5%
4"	2,673.61	2,000	6,277.83	6,991.72	713.90	11.4%	8,020.83	6,000	18,804.68	20,943.15	2,138.47	11.4%
4"	6,684.03	5,000	14,940.33	16,616.73	1,676.40	11.2%	20,052.08	15,000	44,792.18	49,818.15	5,025.97	11.2%
6"	2,673.61	2,000	6,302.65	7,019.32	716.68	11.4%	8,020.83	6,000	18,864.67	21,009.85	2,145.18	11.4%
6"	6,684.03	5,000	14,965.15	16,644.33	1,679.18	11.2%	20,052.08	15,000	44,852.17	49,884.85	5,032.68	11.2%
6"	13,368.05	10,000	29,402.64	32,685.98	3,283.34	11.2%	40,104.16	30,000	88,164.67	98,009.84	9,845.18	11.2%
8"	6,684.03	5,000	14,991.94	16,674.12	1,682.18	11.2%	20,052.08	15,000	44,920.31	49,960.62	5,040.31	11.2%
8"	13,368.05	10,000	29,429.43	32,715.77	3,286.34	11.2%	40,104.16	30,000	88,232.81	98,085.61	9,852.81	11.2%
8"	26,736.11	20,000	58,304.44	64,799.11	6,494.68	11.1%	80,208.33	60,000	174,857.81	194,335.62	19,477.81	11.1%
10"	13,368.05	10,000	29,463.49	32,753.64	3,290.15	11.2%	40,104.16	30,000	88,310.55	98,172.06	9,861.52	11.2%
10"	26,736.11	20,000	58,338.50	64,836.98	6,498.49	11.1%	80,208.33	60,000	174,935.55	194,422.07	19,486.52	11.1%
10"	66,840.27	50,000	144,963.48	161,086.97	16,123.48	11.1%	200,520.82	150,000	434,810.53	483,172.05	48,361.52	11.1%

Ccf - Hundred Cubic Feet
Mgal - Thousand Gallons