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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR APPROVAL OF) CASE NO. 2008-00188
CONSTRUCTION OF PRETREATMENT)
BUILDING IMPROVEMENTS AT FORT)
THOMAS TREATMENT PLANT AND)
ISSUANCE OF A CERTIFICATE OF)
CONVENIENCE AND NECESSITY)

AMENDED APPLICATION FOR APPROVAL OF CONSTRUCTION AND FINANCING

Northern Kentucky Water District (NKWD), by counsel, petitions for an order approving construction of pretreatment building improvements at its Fort Thomas treatment plant pursuant to KRS 278.020 **and approval to enter into a loan agreement with the Kentucky Infrastructure Authority pursuant to KRS 278.300. NKWD incorporates all exhibits, responses and correspondence associated with the Application for Approval of Construction into this Amended Application.**

In support of the application, the following information is provided:

1. NKWD's office address is 2835 Crescent Springs Rd., Erlanger, KY 41018-0640. Its principal officers are listed in its current Annual Report on page 6, which is filed with the Commission as are its prior years Reports;
2. NKWD is a non-profit water district organized under Chapter 74 and has no

separate articles of incorporation;

3. A description of NKWD's water system and its property stated at original cost by accounts is contained in its Annual Report, which is attached as Exhibit E.

4. NKWD serves retail customers in Kenton, Boone and Campbell Counties and sells water at wholesale to non-affiliated water distribution systems in Kenton, Boone, Pendleton and Campbell Counties.

5. It proposes to construct improvements to facilities at its Fort Thomas Treatment Plant as described in Exhibit A (Two copies of the Maps, Plans, Specifications and Bid Documents are provided as a separate bound document). The District is financing a portion of the engineering costs with \$250,000 of proceeds from its 2007 Bond Anticipation Note (BAN). \$4,000,000 has been approved for a State Revolving Fund (SRF) loan. **NKWD seeks approval for financing of \$2.7 million of the \$4.0 million KIA loan for this project. The KIA loan commitment was filed with the Commission on June 6, 2008. The final loan documents will be executed at the time the funds are made available and requested by the District. The remaining KIA loan amount will fund a future project, which will be the subject of a separate application. The financing amounts are reflected in Revised Exhibit D filed on July 28, 2008.** Any unfunded amount up to \$650,000 will be available from the contingencies remaining in BAN 2007 or provided from a BAN to be issued in 2008.

6. 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 safer, more efficient use of its facilities. The project, its cost, need and other details are contained in Exhibit A.

7. The total project cost is approximately \$3,100,000, see Exhibits B and D.

8. Easements and rights of way are not required, see Exhibit B.

9. This service will not compete with any other utility in the area.

10. The proposed project, identified in Exhibit A, is scheduled to begin construction in August 2008 and be completed by August, 2009. Board approval of the project was given on May 15, 2008, attached as Exhibit C. Bid information is included with Exhibit B. Bids have **been extended to expire on September 8, 2008.**

11. No new franchises are required. The DOW permit is attached as Exhibit B.

12. Construction descriptions are in Exhibit A and Bid Documents. Facts relied on to justify the public need are included in the project descriptions in Exhibit A.

13. Maps of the area showing location of the proposed facilities are in Exhibit A.

14. The construction costs will be funded by the issuance of BANS and SRLF.

15. Estimated operating costs for operation and maintenance, depreciation and debt service after construction to the extent that there are any are shown in Exhibit D.

16. A description of the facilities and operation of the system are in Exhibit A.

17. A full description of the route, location of the project, description of construction and related information is in Exhibit A.

18. The start date for construction; proposed in-service date; and total estimated cost of construction at completion are included in Exhibits A and B.

19. CWIP at end of test year is listed in Exhibit E.

20. Plant retirements are listed in Exhibit B and E. No salvage values are included as booked.

21. The use of the funds and need for the facilities is justified based on a the engineering report included as Exhibit A

22. No rate adjustment is being proposed.

23. The following information is provided in response to 807 KAR 5:001 (8):

a. Articles of Incorporation – None. NKWD is a statutorily created water district under KRS Chapter 74;

24. The following information is supplied pursuant to 807 KAR 5:001(9):

a. Facts relied upon to show that the application is in the public interest:
See Exhibit A.

25. The following information is provided as required by 807 KAR 5:001 (11):

a. A general description of the property is contained in the Annual Report, Exhibit E.

b. No stock is to be issued; No bonds are to be issued in this case;

c. There is no refunding or refinancing;

d. The proceeds of the financing are to construct the property described in Exhibit A

e. The par value, expenses, use of proceeds, interest rates and other information is not applicable because no bonds are being issued at this time.

26. The following exhibits are provided pursuant to 807 KAR 5:001 (11)(2):

a. There are no trust deeds. All notes, indebtedness and mortgages are included in Exhibits E and F.

b. Property is to be constructed is described in Exhibit A.

27. The following information is provided pursuant to 807 KAR 5:001(6):

a. No stock is authorized.

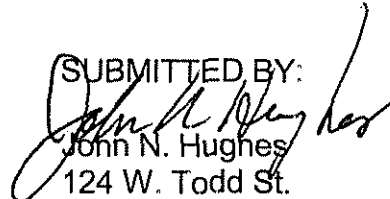
b. No stock is issued.

c. There are no stock preferences.

d. Mortgages are listed in Exhibit F.

- e. Bonds are listed in Exhibit F.
- f. Notes are listed in Exhibit F.
- g. Other indebtedness is listed in Exhibit F.
- h. No dividends have been paid.
- i. Current balance sheet; income statement and debt schedule are attached as Exhibits F and G.
- k. The facilities being constructed will be reflected in USoA Accounts as shown in Exhibit D.

For these reasons, the District requests authorization to construct the facilities and **approval of the KIA loan portion of this project in the amount of \$2.7 million** and any other order or authorization that may be necessary to obtain Commission approval for construction.

SUBMITTED BY:

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

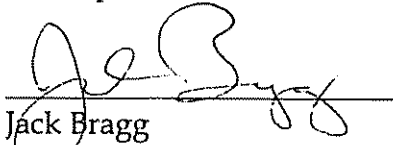
Attorney for Northern
Kentucky Water District

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF KENTON

Affiant, Jack Bragg, appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that he is Vice President - Finance, that he is authorized to submit this Application on behalf of Northern Kentucky Water District, and that the information contained in the Response is true and accurate to the best of his knowledge, information and belief, after a reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.


Jack Bragg

This instrument was produced, signed, acknowledged and declared by Jack Bragg to be his act and deed the 4 day of August, 2008.


Notary Public

My Commission expires: 5-9-2008