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Charles R. Borders
Commissioner

June 14, 2010

John N. Hughes, Esq.
124 W. Todd Street
Frankfort, Kentucky 40601

Re: Case No. 2010-00094
Northern Kentucky Water District

Dear Mr. Hughes:

Commission Staff has reviewed the application of Northern Kentucky Water District in the above-referenced case and has determined that the application fails to comply with 807 KAR 5:001 in the follow respects:

- It fails to contain an estimate of the effect that new rates will have on revenues including, at minimum, total revenues resulting from increase and percentage of increase (807 KAR 5:001, Section 10(6)(e)).
- It does not contain a summary of determination of revenue requirements based on debt service coverage with supporting schedules (807 KAR 5:001, Section 10(6)(h)).
- It does not contain a reconciliation of rate base and capital used to determine revenue requirements (807 KAR 5:001, Section 10(6)(i)).
- It does not contain the prospectuses of most recent bond offerings (807 KAR 5:001, Section 10(6)(p)).
- It does not contain a detailed income statement and balance sheet reflecting impact of all proposed adjustments, more specifically adjustments to depreciation and interest expenses (807 KAR 5:001, Section 10(7)(a)).

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- It does not contain an operating budget for each month of the period encompassing the pro forma adjustments (807 KAR 5:001, Section 10(7)(d)).

- It lacks the number of customers to be added to the test period-end level of customers and the related revenue requirements impact for all pro forma adjustments with complete details and supporting work papers (807 KAR 5:001, Section 10(7)(e)).

The statutory time period in which the Commission must decide this case will not commence until the listed filing deficiencies are cured. Northern Kentucky Water District has proposed to place its proposed rates into effect on July 15, 2010. If the deficiencies in its application are not cured by June 15, 2010, its notice of the proposed adjustment will not be effective and Northern Kentucky Water District may not place the proposed rates into effect without providing new notice to the Commission. See 807 KAR 5:011, Section 9.

Please also note that, should the Commission deny Northern Kentucky Water District's request for a deviation from 807 KAR 5:001, Section 6(9), Northern Kentucky Water District must also provide a detailed income statement and balance sheet for a 12-month period ending not more than 90 days from the date of the filing of the application.

Direct any questions regarding this letter to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 564-3940, Extension 259.

Sincerely,



Linda Faulkner
Filings Division Director

LF/rs