

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR APPROVAL OF)	
FINANCING FOR THE PURCHASE AND)	CASE NO.
INSTALLATION OF AUTOMATED METER)	2009-00266
READING EQUIPMENT)	

ORDER

Northern Kentucky Water District (“NKWD”) has applied for Commission authorization to enter into a loan agreement with the Kentucky Infrastructure Authority (“KIA loan”). NKWD estimates that the proposed \$6 million KIA loan will have a 10-year term with an interest rate of 3 percent per annum.¹ By this Order we authorize NKWD to enter into the proposed KIA loan agreement.

NKWD previously requested and was granted a Certificate of Public Convenience and Necessity to retrofit approximately 81,000 of its existing water meters with transmitters and antennas to support a drive-by automated meter reading (“AMR”) system.² The AMR project, which also included the drive-by radio reading equipment and the computer software, was projected to cost \$7.5 million. NKWD was previously authorized to fund the AMR system with \$1.6 million in proceeds of previous bond

¹ Application at Exhibit 1, KIA loan agreement.

² Case No. 2008-00119, *Northern Kentucky Water District* (Ky. PSC July 29, 2008).

issuances³ and \$5.9 million in bond anticipation notes (“BANs”). NKWD is now proposing to use the proceeds of the \$6 million KIA loan to refinance the outstanding BANs used to originally fund the AMR project.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that NKWD’s proposal to issue the KIA loan, as described herein, for the purpose of refinancing the BANs is for a lawful object within its corporate purpose, is necessary, appropriate for and consistent with the proper performance of its service to the public, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. NKWD is authorized to obtain the KIA loan to refinance its BANs.
2. NKWD shall, within 30 days of obtaining the KIA loan authorized herein, file with the Commission a statement setting forth the date the KIA loan is issued, the actual interest rate, a loan amortization schedule, and the principal amount.
3. The proceeds from the transaction authorized herein shall be used only for the lawful purposes specified in the application.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

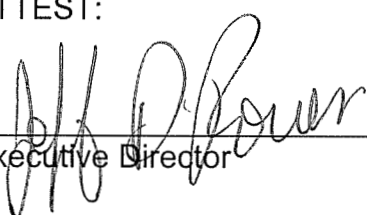
³ See Case No. 2005-00148, *Northern Kentucky Water District* (Ky. PSC Apr. 28, 2006); Case No. 2007-00135, *Northern Kentucky Water District* (Ky. PSC Dec. 21, 2007).

By the Commission

Vice Chairman Gardner is disqualified.

ENTERED *M*
AUG 21 2009
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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