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PROFESSIONAL SERVICE CORPORATION
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April 4, 2017

RECEIVED

APR 04 2017

PUBLIC SERVICE
COMMISSION

Talina Mathews
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

Re: Northern Kentucky Water District:
2014-00150

Dear Ms. Mathews:

On May 8, 2014, Northern Kentucky Water District ("NKWD") applied to the Commission for a Certificate of Public Convenience and Necessity ("CPCN") to construct certain water main extensions within its proposed Sub district M and for authority to assess a surcharge to all customers within that area. On June 16, 2014, the Commission issued the final order approving the construction and surcharge. Included in the order is a provision relating to the use of surplus funds:

8. Notwithstanding ordering paragraph 5, if surplus funds remain after the approved construction has been completed, NKWD may use such surplus to construct additional plant facilities if RD approves of the use and the additional construction will not result in a change in NKWD's rates for service. NKWD shall provide written notice of this additional construction in accordance with 807 KAR 5:069, Section 4. (Order June 16, 2014, p. 5).

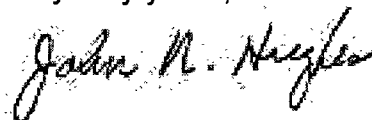
807 KAR 5:069(4) states: "Additional Construction Activity. If surplus project funds remain after the approved construction project has been completed, the water utility may construct additional facilities without prior commission approval if no change

in existing rates will result. The water utility shall notify the commission in writing of additional construction proposed under this section, and shall attach to the notice a statement of the federal lending agency authorizing the water utility to use the remaining project funds in the manner proposed”.

Pursuant to that order and 807 KAR 5:069(4), NKWD provides this notice that there will be no change in existing rates and that it has obtained approval from RD for the use of remaining funds. A copy of the approval, bid tab and funding summary are attached.

If you have any questions about this matter, please contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "John N. Hughes". The signature is written in a cursive style with some loops and flourishes.

John N. Hughes

Attorney for Northern Kentucky Water
District



United States Department of Agriculture

Rural Development

March 29, 2017

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

SUBJECT: Northern Kentucky Water District
Sub-District M, Phase 2
Contract Award Concurrence

TO: Area Office
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Smith and Brown Contractors, in the amount of \$953,445.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

Jeff Jones
Acting State Director
Rural Development

cc: HDR
Lexington, Kentucky

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Northern Kentucky Water District
 Kenton County Unserved Project 2012 (Sub-District M)
 Kenton County, Kentucky

12/18/2015

	Totals	RUS Loan	RUS Grant	HUD-CDBG Grant	Kenton County	Connection Fees	Total this Period	Previous Amount	Total to Date
Total Funds	\$3,400,000.00	\$1,733,000.00	\$600,000.00	\$1,000,000.00	\$50,000.00	\$17,000.00			\$3,400,000.00
Legal and Administrative	\$41,000.00			\$50,000.00			\$50,000.00	\$21,311.52	\$71,311.52
Lands and Rights	\$20,000.00						\$0.00	\$8,131.00	\$8,131.00
Engineering Fees - Design	\$75,324.00						\$0.00	\$75,324.00	\$75,324.00
Engineering Fees - Construction	\$18,831.00	\$514.09					\$514.09	\$11,675.22	\$12,189.31
Engineering Fees - Inspection	\$3,900.00						\$0.00	\$3,900.00	\$3,900.00
Engineering Fees - Other	\$5,045.00						\$0.00	\$5,045.00	\$5,045.00
Construction	\$1,989,522.00	\$68,378.71			\$50,000.00		\$118,378.71	\$11,514.00	\$129,892.71
Interest	\$35,000.00	\$65,668.85					\$65,668.85	\$1,949,373.21	\$2,015,042.06
Contingences	\$1,211,378.00						\$0.00	\$0.00	\$0.00
Total Draw (This Period)		\$134,561.65	\$0.00	\$50,000.00	\$50,000.00	\$0.00	\$234,561.65	\$2,086,273.95	\$2,320,835.60
Previous Total Draws		\$1,169,273.95	\$0.00	\$900,000.00	\$0.00	\$0.00			\$2,069,273.95
Project to Date		\$1,303,835.60	\$0.00	\$950,000.00	\$50,000.00	\$0.00			\$2,303,835.60
Funds Remaining		\$429,164.40	\$600,000.00	\$50,000.00	\$0.00	\$17,000.00			\$1,096,164.40
% Expended		75.24%	0.00%	95.00%	100.00%	0.00%	#DIV/0!		67.76%

Monthly Expenses

Total

Reviewed and Accepted By:

 Mark S Stephens
 HDR Engineering, Inc.

Reviewed and Accepted By:

 Amy Kramer
 Northern Kentucky Water District

Reviewed and Accepted By:

 Elwood Howe - Area Specialist
 USDA - Rural Development

BID TAB

Northern Kentucky Water District
Kenton County Unserved
Sub-District "M" - Phase II

February 8, 2017

<u>CONTRACTOR</u>	<u>BID AMOUNT</u>
Smith & Brown Contractors, Inc.	\$953,445.00
Lonkard Construction Company	\$1,006,875.00