



Paul E. Patton, Governor

**Janie A. Miller, Secretary
Public Protection and
Regulation Cabinet**

**Thomas M. Dorman
Executive Director
Public Service Commission**

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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**Martin J. Huelsmann
Chairman**

**Gary W. Gillis
Vice Chairman**

**Robert E. Spurlin
Commissioner**

February 4, 2003

Honorable Michael P. Irby
City of Burkesville, Kentucky
P.O. Box 250
Burkesville, Kentucky 42717

Dear Mayor Irby:

The Public Service Commission acknowledges receipt of your letter of January 24, 2003 to Cumberland County Water District regarding the City of Burkesville's decision to adjust its rates for wholesale water service to that public utility.

In Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460 (1994), the Kentucky Supreme Court held that the Public Service Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Public Service Commission. Pursuant to the Simpson County decision, the Public Service Commission in Administrative Case No. 351 directed that "[a]ny municipal utility wishing to change or revise a contract or rate for wholesale utility service to a public utility shall, no later than 30 days prior to the effective date of the revision, file with the Commission the revised contract and rate schedule." A copy of the Simpson County decision and the Public Service Commission's Order is enclosed.

As of this date, Burkesville has not filed its proposed rate revisions with the Public Service Commission. Until such revisions are filed with and approved by the Public Service Commission, Burkesville may not change the rate that it currently charges its wholesale customers that are public utilities. Changes to Burkesville's existing rates should be made in accordance with KRS 278.180 and Administrative Regulation 807 KAR 5:011.

For your reference, I am enclosing the Public Service Commission's letter of December 18, 1998 that contains detailed guidance on the procedures that a municipal utility must follow when changing its rates for utility service to public utilities. In addition to the materials listed in that letter, I strongly recommend that a copy of the city ordinance adjusting the wholesale water service rate also be filed with this Commission.



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Hon. Michael P. Irby
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Any questions regarding this letter should be directed to Gerald Wuetcher,
Assistant General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Dorman", with a long, sweeping horizontal flourish extending to the right.

Thomas Dorman
Executive Director

Enclosures

cc: Cumberland County Water District (w/o enclosures)