

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATE OF PRESTONSBURG) CASE NO. 2007-00095
CITY UTILITIES)

MOTION FOR BIFURCATION AND APPROVAL OF AUXIER WATER
COMPANY'S TARIFF SCHEDULE

Prestonsburg City's Utilities Commission (hereinafter "Prestonsburg") moves the Public Service Commission (hereinafter "Commission") to enter an Order that separates the current proceeding involving both Auxier Water Company (hereinafter "Auxier") and Sandy Valley Water District (hereinafter "Sandy Valley") into two separate proceedings.

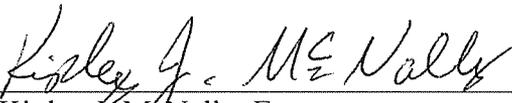
As grounds for this Motion, Prestonsburg states:

1. That Sandy Valley and Auxier have separate contracts with Prestonsburg which involve different issues. Auxier's Water Contract includes an existing rate with a formula that has been previously approved by the Commission. The Tariff Rate Schedule filed for Auxier updates the product of the rate previously approved by the Commission. The Water Contract between Prestonsburg and Auxier expires in less than twelve (12) months, and any rate determination should be deferred until expiration of the Contract.
2. Sandy Valley's contract does not include a rate structure similar to the approved rate structure in Auxier's Water Contract.
3. Auxier has requested that Commission approve the revised Tariff Schedule filed by Prestonsburg with an effective date of February 2, 2007. See attached copy of Auxier's letter requesting approval of Prestonsburg's Tariff Schedule, and stating that

Auxier has no objection to Prestonsburg's motion to approve Auxier's revised Tariff Schedule.

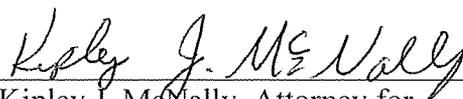
WHEREFORE, Prestonsburg moves the Commission to enter an appropriate Order ordering that Auxier Water Company be placed in a separate proceeding for its water rate adjustment, and that Prestonsburg's previously filed Tariff Rate Schedule be approved and authorized and permitted to go into affect in accordance with the terms of the Tariff Rate Schedule as to Auxier Water Company.

Respectfully submitted this 12th day of April, 2007.


Kipley J. McNally, Esq.
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KIPLEY J. McNALLY, PLC
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Louisville, Kentucky 40223
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Counsel for Prestonsburg City's
Utilities Commission

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Motion for Bifurcation and Approval of Auxier Water Company's Tariff Schedule was hand delivered to Honorable John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601 and a copy was mailed by first class mail, postage prepaid to Philip Ward, Auxier Water Company, Inc., P.O. Box 99, Auxier, Kentucky 41602 this 12th day of April, 2007.


Kipley J. McNally, Attorney for
Prestonsburg City's Utilities Commission

AUXIER WATER CO., INC.

P. O. BOX 99
AUXIER, KY 41602

(606) 886-6240

April __, 2007

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Annual Rate Adjustment Clause

Dear Ms. O'Donnell:

Prestonsburg City's Utilities Commission submitted its Third Revised Tariff Sheet with an effective date of February 2, 2007. On behalf of Auxier Water Company, the undersigned hereby requests that the Public Service Commission waive the thirty (30) day notice period and suspend any applicable waiting period to permit this rate to go into effect as provided for in the Third Revised Tariff Sheet.

The increase in the tariff rate is in accordance with the Water Contract between Auxier Water Company and Prestonsburg City's Utilities Commission dated February 11, 1998, as previously approved by the Public Service Commission.

Auxier Water Company requests that the Public Service Commission issue an appropriate order permitting the pass-through of the two percent (2%) rate increase in accordance with the existing rate formula under the Water Contract in accordance with the Public Service Commission's regulations.

It is my understanding that Prestonsburg City's Utilities Commission will file a motion with the Public Service Commission requesting approval of the tariff rate increase and Auxier Water Company does not oppose the entry of an order pursuant to such a motion.

Thank you for your assistance in this matter.

Sincerely,



Phillip Ward