

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF WEST SHELBY WATER)
DISTRICT TO ALLOW FREE WATER FOR WATER) CASE NO. 2007-00211
DISTRICT COMMISSIONERS)

ORDER

West Shelby Water District (“West Shelby District”) has proposed revisions to its rate schedules to permit free water service to the members of its Board of Commissioners.¹ The Commission has previously rejected similar proposals for such service as unreasonable since water districts “have no shareholders to which the foregone revenue can be charged.”² Unlike an investor-owned utility whose shareholders assume the cost of any free or reduced rate service, we have reasoned, a water district’s ratepayers bear the cost of such service. In light of these decisions, the Commission finds that additional proceedings are necessary to determine the reasonableness and lawfulness of the proposed revision.

¹ West Shelby District notified the Commission of its proposed rate revisions on April 9, 2007. It proposed to place these revisions into effect on May 1, 2007. West Shelby District’s notice fails to comply with KRS 278.180(1), which requires a utility to provide the Commission with 30 days’ prior notice of any rate revision. Accordingly, the proposed revision may not be placed into effect until the Commission approves it or West Shelby District submits a notice that complies with KRS 278.180(1).

² East Logan Water District, Case No. 92-094, (Ky. PSC Mar. 16, 1992); South 641 Water District, Case No. 93-358 (Ky. PSC Jan. 3, 1994) at 2; Cumberland Falls Highway Water District, Case No. 94-054 (Ky. PSC Apr. 7, 1994). See also Bronston Water Association, Case No. 2005-00060 (Ky. PSC Oct. 12, 2005).

IT IS THEREFORE ORDERED that:

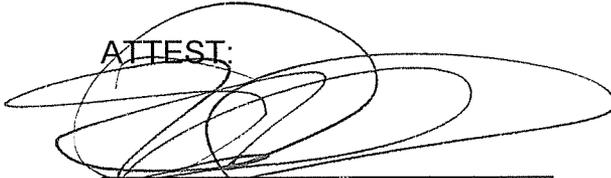
1. This proceeding is established to investigate the reasonableness of the proposed rate schedule revisions.

2. Within 20 days of the date of this Order, West Shelby District shall show cause in writing to the Commission why the proposed rate schedule is reasonable and should not be denied for the reasons set forth above.

Done at Frankfort, Kentucky, this 31st day of May, 2007.

By the Commission

ATTEST:



Executive Director

Wanda H Land
Co-Manager
West Shelby Water District
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