

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF NORTH)	CASE NO.
SHELBY WATER COMPANY)	95-387

O R D E R

North Shelby Water Company has applied for a rate adjustment pursuant to KRS 278.012 and Commission Regulation 807 KAR 5:068 to recover the increased cost of water purchased from the Frankfort Electric and Water Plant Board ("Frankfort Plant Board"). Having reviewed the application and being otherwise sufficiently advised, the Commission finds that the application fails to meet the requirements of KRS 278.012 and should be denied without prejudice.

As of the date of this Order, the Frankfort Plant Board has not increased its rates. It only recently filed with the Commission its proposed wholesale rate for water service to North Shelby Water Company.¹ This rate will not become effective before October 26, 1995. Until the Frankfort Plant Board's proposed rate becomes effective, no rate adjustment under the provisions of KRS 278.012 and Commission Regulation 807 KAR 5:068 is possible.

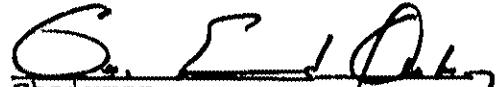
¹ In Simpson County Water District v. City of Franklin, Kentucky, Ky., 872 S.W.2d 460 (1994), the Kentucky Supreme Court held that the Commission has jurisdiction over the wholesale rates and service of municipal utilities which provide utility service to any public utility. The Commission has since found that, by virtue of the Simpson County decision, municipal utilities must comply with KRS 278.180 when adjusting their wholesale rates to public utilities. See Administrative Case No. 351, Submission of Contracts and Rates of Municipal Utilities Providing Wholesale Utility Service to Public Utilities (Ky. P.S.C. Aug. 10, 1994).

The Commission advises North Shelby Water Company that a new application may be filed when any change in the Frankfort Plant Board's rates takes effect. In lieu of filing a new application, North Shelby Water Company may request the Commission reopen this case.

IT IS THEREFORE ORDERED that North Shelby Water Company's application for a rate adjustment pursuant to KRS 278.012 and Commission Regulation 807 KAR 5:068 is denied without prejudice.

Done at Frankfort, Kentucky, this 6th day of October, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director