

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO.
THE MUNICIPAL WATER SYSTEM OF THE) 96-326
CITY OF HODGENVILLE, KENTUCKY)

O R D E R

The City of Hodgenville, Kentucky ("Hodgenville") and LaRue County Water District No. 1 ("LaRue District") have agreed upon a rate which Hodgenville will charge for wholesale water service and submitted this Agreement to the Commission. This action follows Hodgenville's application for an adjustment of its current wholesale rate, LaRue District's objection to the proposed adjustment, and the initiation of this proceeding to investigate the proposed adjustment. The agreed rate of \$1.58 per 1,000 gallons of water is the same as Hodgenville's proposed rate.

Having considered the Agreement and being otherwise sufficiently advised, the Commission finds that the agreed rate should be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The public utility which purchases water from Hodgenville made clear its objections to the proposed adjustment. Hodgenville has apparently addressed LaRue District's concerns and convinced it of the reasonableness of the proposed rate adjustment.

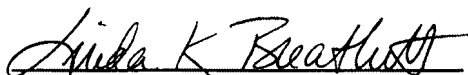
As the proposed rate on its face appears neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

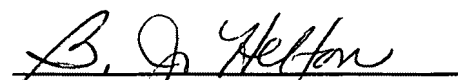
1. The rate set forth in the Settlement Agreement is approved for wholesale water service rendered by Hodgenville to LaRue District on and after the date of this Order.
3. Hodgenville shall, within 30 days of the date of this Order, file tariff sheets which reflect the rate approved herein.

Done at Frankfort, Kentucky, this 11th day of April, 1997.

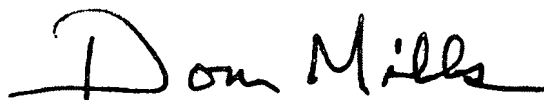
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director