

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED SEWAGE TREATMENT	)	CASE NO.
ADJUSTMENT OF WOOD CREEK WATER DISTRICT	)	2001-346

ORDER

Wood Creek Water District (“Wood Creek”) has applied for a rate adjustment pursuant to KRS 278.015 to recover the increased cost of sewage treatment services purchased from the city of London, Kentucky (“London”). Having reviewed the application and being otherwise sufficiently advised, the Commission finds that the application fails to meet the requirements of KRS 278.015 and should be denied without prejudice.

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 that provide utility service to any public utility. The Commission has since found that, by virtue of the Simpson County Water District decision, municipal utilities must comply with KRS 278.180(1)<sup>1</sup> when

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<sup>1</sup> Except as provided in subsection (2) of this section, no change shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect. However, the commission may, in its discretion, based upon a showing of good cause in any case, shorten the notice period from thirty (30) days to a period of not less than twenty (20) days. The commission may order a rate change only after giving an identical notice to the utility. The commission may order the utility to give notice of its proposed rate increase to that utility's customers in the manner set forth in its regulations.

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.PSC Aug. 10, 1994).

As the service that London provides to Wood Creek is a utility service,<sup>2</sup> London must comply with KRS 278.180(1). As of the date of this Order, London has not done so. Until London complies with KRS 278.180(1), its proposed rate adjustment is not lawful and Wood Creek's proposed rate adjustment under the provisions of KRS 278.015 is not possible.

The Commission advises Wood Creek that a new application may be filed when any change in London's rates takes effect. In lieu of filing a new application, Wood Creek may request that the Commission reopen this case.

IT IS THEREFORE ORDERED that Wood Creek's application for a rate adjustment pursuant to KRS 278.015 is denied without prejudice.

Done at Frankfort, Kentucky, this 20<sup>th</sup> day of November, 2001.

By the Commission

ATTEST:

  
Executive Director

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<sup>2</sup> KRS 278.010(3)(f) defines utility services as including "the collection, transmission, or treatment of sewage for the public, for compensation."