

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF THE HOPKINSVILLE)	
WATER ENVIRONMENT AUTHORITY'S)	CASE NO.
WHOLESALE RATE TO CHRISTIAN)	2003-00087
COUNTY WATER DISTRICT)	

O R D E R

On April 18, 2003, the Hopkinsville Water Environment Authority (Hopkinsville) submitted a response to the Commission Staff s First Data Request. Christian County Water District (Christian County) filed its response on April 21, 2003. The responses confirm that agreements of the parties purportedly reached in 2001 on the rate that Hopkinsville should charge for wholesale water service to Christian County are in dispute. Additionally, the rates included in the tariff filed by Hopkinsville in September 1994 are the last rates the Commission has on file.

In the Order in this proceeding issued March 11, 2003, the Commission found that the rate of \$1.73 per thousand gallons that Hopkinsville proposed to charge Christian County effective January 1, 2002 shall not become effective pending the final action by the Commission. Therefore, it is essential that a rate be established either by agreement of the parties, or by this Commission. To that end the Commission has scheduled an informal conference for June 19, 2003 at 9:00 a.m., Eastern Daylight Time, at the Commission s offices in Frankfort, Kentucky. The purpose of the informal conference is for the parties to discuss the areas of disagreement and to determine whether they are willing to negotiate an agreement on the rates and other terms and

conditions for service. The Commission requests that both parties file a statement of the issues to be discussed in the informal conference and a proposal for a resolution of all of the issues.

The Commission encourages the parties to begin negotiations immediately and to attempt to reach an agreement on the rates prior to the informal conference. In the event an agreement is reached, the informal conference may be cancelled. If, after negotiations between the parties and further discussions at the informal conference, it appears that the parties cannot reach an agreement, the Commission will initiate steps to establish a new wholesale rate for Hopkinsville that will be based on the cost of service to Christian County. Hopkinsville and Christian County should include in the statement of the issues a discussion of whether the cost-of-service study should be performed by a consultant agreed to by the parties or whether it should be performed by the Commission Staff.

IT IS THEREFORE ORDERED that:

1. On or before May 30, 2003, Hopkinsville and Christian County shall file with the Commission a statement of the issues to be resolved between the two parties, along with the arguments supporting the position on each issue and a proposed solution.

2. Hopkinsville and Christian County shall file with the Commission, on or before May 30, 2003, a status report on their individual and joint efforts to enter negotiations and the progress toward reaching a settlement in this matter.

3. Parties shall appear at an informal conference scheduled for June 19, 2003 at 9:00 a.m., Eastern Daylight Time, at the Commission's offices at 211 Sower Blvd., Frankfort, Kentucky.

Done at Frankfort, Kentucky, this 16th day of May, 2003.

By the Commission

ATTEST:


Executive Director