

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESAL E    )  
WATER SERVICE RATES OF HOPKINSVILLE    ) CASE NO. 2005-00174  
WATER ENVIRONMENT AUTHORITY            )

ORDER

On April 14, 2005, Hopkinsville Water Environmental Authority (“HWEA”) proposed to increase its existing rates for wholesale water service to Christian County Water District (“Christian District”) effective July 1, 2005 by approximately 62 percent. On June 15, 2005, after receiving notice of Christian District’s objection to the proposed adjustment and request for an investigation of the proposed adjustment, the Commission suspended the proposed adjustment and initiated this proceeding. It further granted Christian District status as a full intervenor in this proceeding.

On December 8, 2005, shortly before the scheduled hearing in this matter, HWEA advised the Commission that the parties had reached an agreement on the level of a rate increase and moved for cancellation of the hearing and Commission approval of that agreement’s provisions. The agreement provides for, inter alia, a rate schedule that effectively increases HWEA’s wholesale rate by 15 percent. On December 12, 2005, the Commission continued the hearing generally.

Having considered the motion and being otherwise sufficiently advised, the Commission finds that HWEA’s motion should be granted and that the agreed rate

schedule be approved.<sup>1</sup> 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 affected public utility made clear its objections to the proposed rate adjustment. The municipal utility and public utility have discussed these objections and have reached an accommodation. As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. The rates set forth in Appendix A are approved for wholesale water service that HWEA renders to Christian District on and after the date of this Order.
2. Within 20 days of the date of this Order, HWEA shall file with the Commission revised tariff sheets that reflect the rates approved herein.

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<sup>1</sup> The Commission approves only the agreed rate schedule. It makes no determination on any methodology that the parties may have used to develop these rates. The Commission's approval of the agreed rates should not be construed as acceptance or approval of any rate methodology.

Done at Frankfort, Kentucky, this 9<sup>th</sup> day of February, 2006.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and flourishes, positioned above a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2005-00174 DATED FEBRUARY 9, 2006

The following rates and charges are prescribed for HWEA. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Wholesale Water Rate

First	3,000	cubic feet	\$2.16 per 100 cubic feet
Next	3,000	cubic feet	1.89 per 100 cubic feet
Over	6,000	cubic feet	1.37 per 100 cubic feet