

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATE OF PRESTONSBURG ) CASE NO. 2007-00095  
CITY UTILITIES )

ORDER

On February 22, 2007, Prestonsburg City Utilities Commission (“Prestonsburg”) notified the Commission of a proposed revision to its wholesale water service rate for Sandy Valley Water District (“Sandy Valley District”) and Auxier Water Company, Inc. (“Auxier”). Prestonsburg proposed to place the revised rates into effect on February 1, 2007. On March 23, 2007, after receiving notice of Southern Water and Sewer District’s (“Southern District”) objection<sup>1</sup> to the proposed adjustment and request for an investigation of the proposed adjustment, the Commission initiated this proceeding and granted Southern District’s motion for leave to intervene.<sup>2</sup>

On April 12, 2007, Southern District advised the Commission during an informal conference that it had no objection to the proposed rate revisions. On the same day, Prestonsburg moved to bifurcate this proceeding to permit separate proceedings on the

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<sup>1</sup> Southern District has entered an agreement with Sandy Valley District and the city of Pikeville to acquire certain facilities of Sandy Valley District. On January 22, 2007, the Commission approved Southern District’s acquisition of these facilities. See Case No. 2006-00327, The Joint Application of Sandy Valley Water District, Southern Water and Sewer District and the City of Pikeville for Approval of the Transfer of Facilities and for the Assumption of Debt by Southern Water and Sewer District (Ky. PSC Jan. 22, 2007).

<sup>2</sup> Because Prestonsburg failed to provide 30 days’ prior notice of its proposed rate revision, KRS 278.180(1) prevented Prestonsburg from placing its rate into effect on its proposed effective date.

proposed wholesale rates to Auxier and Sandy Valley District and to immediately approve the proposed wholesale rate for Auxier.

In light of Southern District's statement that it no longer opposes the proposed rate adjustment, the Commission finds that this proceeding should be concluded and that the proposed rate adjustment should be allowed to become effective. 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, 872 S.W.2d 460, 465 (Ky. 1994).

In the case at bar, this purpose has been served. An affected public utility has been allowed the opportunity to voice its objections to the proposed rate adjustment and has now withdrawn those objections. As the proposed rates on their face appear neither unreasonable nor unconscionable, and as none of the affected utilities object to the proposed rate adjustment or request further Commission review of the proposed rate adjustment, the Commission finds no need for additional proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. The rates set forth in the Appendix to this Order are approved for wholesale water service that Prestonsburg renders to Sandy Valley District and Auxier on and after the date of this Order.

2. Prestonsburg's Motion for Bifurcation and Approval of Auxier Water Company's Tariff Schedule is denied as moot.

Done at Frankfort, Kentucky, this 29<sup>th</sup> day of May, 2007.

By the Commission

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2007-00095 DATED May 29, 2007

The following rates and charges are prescribed for water service that Prestonsburg City Utilities Commission provides to Sandy Valley Water District and Auxier Water Company on and after the date of this Order. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Sandy Valley Water District

First 3 Million Gallons	\$7,556.98	Monthly Bill
All usage over 3 Million Gallons	\$2.48	Per 1,000 Gallons

Auxier Water Company

First	2,000 Gallons	\$8.15	Per 1,000 Gallons
Next	98,000 Gallons	\$3.53	Per 1,000 Gallons
Over	100,000 Gallons	\$2.37	Per 1,000 Gallons

For each metered delivery point to Auxier Water Company that requires booster pump service, an additional charge of \$0.10 per 1,000 gallons is charged.