

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF) CASE NO. 2007-00326
SHARPSBURG WATER DISTRICT)

ORDER

On July 23, 2007, Sharpsburg Water District (“Sharpsburg District”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Sharpsburg District purchases water from Bath County Water District (“Bath District”) and the city of Carlisle, Kentucky.

2. On July 3, 2007, Bath District notified Sharpsburg District of its intent to adjust its wholesale water rate from \$2.54 per 1,000 gallons to \$2.67 per 1,000 gallons. Bath District further advised that the proposed adjustment was intended to pass through increases in the rate that Morehead Utility Plant Board charges for wholesale water service provided to Bath District and that it had applied to the Commission for a purchased water adjustment.¹

3. Morehead Utility Plant Board notified Bath District that, effective January 1, 2007, its rate for wholesale water service to Bath District would increase

¹ Case No. 2007-00299, Purchased Water Adjustment of Bath County Water District (Ky. PSC filed July 6, 2007).

from \$0.778 per 1,000 gallons to \$0.908 per 1,000 gallons. It further advised Bath District that its monthly charge of \$18,678.58 would be reduced to \$18,628.44.

4. Morehead Utility Plant Board has not provided written notice of its proposed wholesale rate adjustment in accordance with KRS 278.180 or Administrative Regulation 807 KAR 5:011 or filed an application to adjust its wholesale rates with the Commission.

5. Morehead Utility Plant Board's rate for wholesale water service to a jurisdictional utility is subject to Commission approval.²

6. KRS 278.180(1) provides that no utility may change its rates except upon 30 days' notice to the Commission.

7. As Morehead Utility Plant Board has not provided the Commission with the notice of any rate change that KRS 278.180 requires, its rate adjustment is not effective or lawful, may not be assessed, and may not serve as the basis for a purchased water adjustment.

8. Bath District's proposed purchased water adjustment has been denied.³

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment is denied.
2. Sharpsburg District's proposed rates are denied.
3. Subject to the filing of timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future

² See Simpson County Water District v. City of Franklin, 872 S.W.2d 460 (Ky. 1994).

³ Case No. 2007-00299, Purchased Water Adjustment of Bath County Water District (Ky. PSC Aug. 6, 2007).

filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

Done at Frankfort, Kentucky, this 7th day of August, 2007.

By the Commission

ATTEST:

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

Executive Director

Case No. 2007-00326