

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATE OF THE CITY OF) CASE NO. 2012-00170
MILTON, KENTUCKY)

ORDER

On April 9, 2012, the city of Milton, Kentucky ("Milton") notified the Commission in writing of proposed revisions to its wholesale water service rate for West Carroll Water District ("West Carroll District"). It proposed to increase its wholesale water service rate to West Carroll District from \$1.50 per 1,000 gallons to \$3.50 per 1,000 gallons effective May 15, 2012. In response to Milton's action, West Carroll District requested that the Commission initiate an investigation into the proposed wholesale rate adjustment.

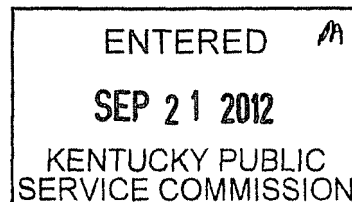
On May 14, 2012, the Commission initiated this proceeding and directed Milton to produce certain information in support of its proposed wholesale rate adjustment. When Milton failed to produce the required information within the specified time period, the Commission, on August 16, 2012, directed Milton to show cause why its proposed adjustment should not be denied and this matter removed from the Commission's docket. On August 31, 2012, Milton filed with the Commission a "Supplemental Agreement to Provide Water Service," which it executed with West Carroll District on August 22, 2012, and which establishes a new wholesale water service rate of \$1.84 per 1,000 gallons of water.

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."¹ In the case at bar, this purpose has been served. The public utility affected by the proposed rate adjustment has had the opportunity to voice its concerns and to request an investigation. Upon the public utility voicing its objections and both utilities engaging in discussions, the utilities have agreed upon a wholesale rate. As the proposed rate appears neither unreasonable nor unconscionable on its face, we find that further proceedings are not required² and that the agreed rate should be permitted to become effective.

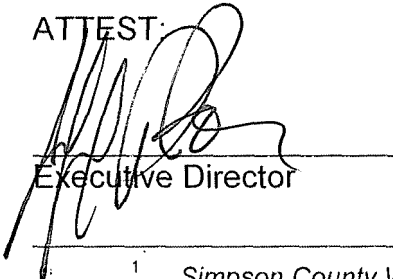
IT IS THEREFORE ORDERED that:

1. The rate of \$1.84 per 1,000 gallons is approved for wholesale water service rendered by Milton to West Carroll District on and after October 1, 2012.
2. The informal conference in this matter scheduled for October 5, 2012 is cancelled.

By the Commission



ATTEST:



Executive Director

¹ *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 465 (Ky.1994).

² To the extent that KRS 278.200 requires a hearing in this matter, we find that West Carroll District has waived its right to such hearing by its execution of the "Supplemental Agreement to Provide Water Service" and no hearing on the proposed adjustment is required.

Vickie Edwards
Chairperson
West Carroll Water District
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