

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO WOOD CREEK)	
WATER DISTRICT'S PROPOSED)	
TERMINATION OF WHOLESALE WATER)	CASE NO. 2006-00184
SERVICE TO THE CITY OF LIVINGSTON FOR)	
NONPAYMENT OF BILLS)	

ORDER

On May 4, 2006, the Commission established this proceeding to consider the reasonableness of Wood Creek Water District's ("Wood Creek") proposed termination of wholesale water service to the city of Livingston, Kentucky ("Livingston") and the effect of such termination upon Livingston's provision of wholesale water service to Eastern Rockcastle Water Association. On May 22, 2006, the parties advised the Commission that they had resolved their dispute and that Livingston had agreed to pay all amounts owed on or before May 26, 2006, and to remain current in its payment for water services. Based upon these representations, the Commission took no evidence in these proceedings but instead directed that they be placed in abeyance.

On May 31, 2006, Wood Creek advised the Commission that Livingston had breached the terms of the parties' agreement. It reported that Livingston had failed to pay the entire amount owed and that the municipal utility currently owes the water district approximately \$4,043.59. Asserting that Livingston's failure to make timely payment is consistent with a long history of non-payment and that this failure imposes a hardship on Wood Creek's retail customers by requiring them to finance Livingston's

water purchases, Wood Creek advised the Commission of its intent to terminate water service to Livingston on or about June 15, 2006.

In light of Wood Creek's recent notice, the Commission finds that these proceedings should be resumed and that a hearing should be held on the proposed termination of service and the adequacy and reliability of Livingston's supply of water to Eastern Rockcastle Water Association and Livingston's management of this supply. It further finds that, pending completion of these proceedings, Wood Creek should refrain from any action to discontinue or terminate Livingston's water service.

IT IS THEREFORE ORDERED that:

1. Wood Creek shall refrain from any action to discontinue or terminate Livingston's water service during the pendency of this proceeding without the Commission's approval.

2. Wood Creek and Livingston shall appear before the Commission on June 13, 2006 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of presenting evidence and argument on the proposed termination of water service, to include Livingston's alleged history of non-payment, Wood Creek's efforts to collect past due amounts, Livingston's present ability to make payment, the reasonableness of the proposed termination, the public health and safety effects resulting from the proposed termination, and feasible alternatives to the proposed termination.

3. Wood Creek shall further present evidence at this hearing on its ability to directly serve Eastern Rockcastle without the use of Livingston's water distribution facilities.

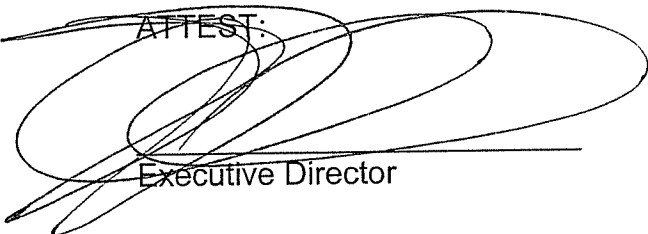
4. Livingston shall further present evidence and argument at this hearing on the present management and condition of its water distribution system and the adequacy and reliability of its current water service to Eastern Rockcastle Water Association.

5. At the scheduled hearing in this matter, Wood Creek and Livingston shall be represented by legal counsel licensed to practice law in the Commonwealth of Kentucky.

Done at Frankfort, Kentucky, this 2nd day of June, 2006.

By the Commission

ATTEST:



Executive Director