



Ernie Fletcher
Governor

Mark David Goss
Chairman

Teresa J. Hill, Secretary
Environmental and Public
Protection Cabinet

Commonwealth of Kentucky
Public Service Commission

John W. Clay
Commissioner

Timothy J. LeDonne
Commissioner
Department of Public Protection

211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

May 24, 2007

Denver Hammonds
Treasurer
Cunningham Water District
P. O. Box 662
Cunningham, KY 42035

RE: Case No. 2007-00203
Cunningham Water District

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact Scott Lawless at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Mike Burford".

Mike Burford
Director Division of Filings

MB/MB
Enclosure

Denver Hammonds
Treasurer
Cunningham Water District
P. O. Box 662
Cunningham, KY 42035



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May 23, 2007

Denver Hammonds
Treasurer
Cunningham Water District
P. O. Box 662
Cunningham, KY 42035

RE: Case No. 2007-00203
Cunningham Water District
(Alternative Rate Filing Adjustment)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received May 22, 2007 and has been assigned Case No. 2007-00203. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh

Case No. 2007-00703

FILED
MAY 22 2007
PUBLIC SERVICE
COMMISSION

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
MAY 22 2007
PUBLIC SERVICE
COMMISSION

For Small Utilities
Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

Cunningham Water District

Name of Utility

10 State Route 1820

Cunningham, Kentucky 42035

Business Mailing Address

Telephone Number (270) 642-2797

Area Code Number

I. Basic Information

NAME, TITLE, ADDRESS and Telephone number of the person to whom correspondence or communications concerning this application should be directed:

Name: Denver Hammonds, Treasurer

Address: P.O. Box 662

Cunningham, KY 42035

Telephone Number: (270) 642-2797

- 1) Do you have 500 customers or fewer? Yes No
- 2) Do you have \$300,000 in Gross Annual Revenue or less? Yes No
- 3) Has the Utility filed an annual report with this Commission for the past year and the two previous years? Yes No
- 4) Are the utility's records kept separate from any other commonly-owned enterprise? Yes No

NOTICE: To be eligible for consideration of a rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answer no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these

requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for the 12 months ending December 31, 2005.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

See Attachment A.

b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

Please see the notes to Attachment A.

i. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

See attachments

III. Other Information

a. Please complete the following questions:

1) Please describe any events or occurrences, which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

2) Total number of Customers
as of the date of filing: 152

3) Total amount of increased
revenue requested: \$5,753

4) Please circle Yes or No:

- a) Does the utility have any outstanding indebtedness? Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

- b) Were all revenues and expenses listed in the Annual Report for 2005 incurred and collected from January 1 to December 31 of that year? Yes No

If no, list total revenues and total expenses incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2003 and the amount shown on this schedule. – **Depreciation schedule attached.**

- 6) If utility is a sewer utility:

- a) Attach a copy of the latest State and Federal Income Tax Returns. **Not applicable**

- b) How much of the utility plant was recovered through the sale of lots or other contributions? (If unknown, state the reason).

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

Cunningham is one of the smallest water districts in Kentucky, and there is very little growth in the area to make it bigger. Its management has traditionally subsidized the utility by managing and/or operating the utility for little or no compensation, and its low rates have reflected this subsidy. As management attrition occurs through retirements, etc., Cunningham needs to reduce or eliminate subsidies in order to pay the personnel needed to operate the utility. In addition, Cunningham's utility plant is aging and is experiencing additional maintenance requirements. These factors combined have increased Cunningham's costs since its last rate case, and Cunningham is requesting this rate increase to more fully reflect its costs, and to provide additional reserves in the event of an emergency.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
 432 Bills
 518,400 gallons used
 All bills use 2,000 gallons or less, therefore, all usage
 is recorded in Column 4.

Step2: Next 3,000 gallons rate level
 1,735 Bills
 4,858,000 gallons used
 1st 2,000 minimum x 1,735 bills = 3,470,000 gallons –
 record in Column 4.
 Next 3,000 gallons – remainder of water over 2,000 =
 1,388,000 gallons – record in Column 5.

Step3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 1,830 bills = 5,490,000 gallons –
 record in Column 5.
 Next 10,000 gallons – remainder of water over 3,000
 = 7,118,700 gallons – record in Column 6.

Step4: Next 25,000 gallons rate level
 650 Bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 650 bills = 1,950,000 gallons –
 record in Column 5.
 Next 10,000 gallons x 650 bills = 6,500,000 gallons –
 record in Column 6.
 Next 25,000 gallons – remainder of water over 10,000
 = 5,525,000 gallons – record in Column 7.

Step5: Over 40,000 gallons rate level
 153 Bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000 gallons –
 record in Column 4.
 Next 3,000 gallons x 153 bills = 459,000 gallons –
 record in Column 5.
 Next 10,000 gallons x 153 bills = 1,530,000 gallons –
 record in Column 6.
 Next 25,000 gallons x 153 bills = 3,825,000 gallons –
 record in Column 7.
 Over 40,000 gallons – remainder of water over 25,000
 = 3,855,600 gallons – record in Column 8.

Step6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

The Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains the revenue produced.

SAMPLE

Revenue from Present/Proposed Rates
 Test Period from 01-01-XX to 12-31-XX

USAGE TABLE

Usage by Rate Increment

Class: Residential

(1)	(2) Bills	(3) Gallons/Mcf	(4) First 2,000	(5) Next 3,000	(6) Next 10,000	(7) Next 25,000	(8) Over 40,000	(9) Total
First 2,000 Minimum Bill	432	518,400	518,400					518,400
Next 3,000 Gallons	1,735	4,858,000	3,470,000	1,388,000				4,858,000
Next 10,000 Gallons	1,830	16,268,700	3,660,000	5,490,000	7,118,700			16,268,700
Next 25,000 Gallons	650	15,275,000	1,300,000	1,950,000	6,500,000	5,525,000		15,275,000
Over 40,000 Gallons	153	9,975,600	306,000	459,000	1,530,000	3,825,000	3,855,600	9,975,600
Totals	4,800	46,895,700	9,254,400	9,287,000	15,148,700	9,350,000	3,855,600	46,895,700

REVENUE TABLE

Revenue by Rate Increment

(1)	(2) Bills	(3) Gallons/Mcf	(4) Rates	(5) Revenue
First 2,000 Minimum Bill	4,800	9,254,400	\$ 5.00 Minimum Bill	\$ 24,000.00
Next 3,000 Gallons		9,287,000	\$ 2.50 per 1,000 Gal.	23,217.50
Next 10,000 Gallons		15,148,700	\$ 2.00 per 1,000 Gal.	30,297.40
Next 25,000 Gallons		9,350,000	\$ 1.25 per 1,000 Gal.	11,687.50
Over 40,000 Gallons		3,855,600	\$ 0.75 per 1,000 Gal.	2,891.70
Totals	4,800	46,895,700		\$ 92,094.10 Total Revenue

Instructions for Completing Revenue Table:

- (1) Complete Columns No. 1, 2, and 3 using information from Usage Tables.
- (2) Complete Column No. 4 using rates either present or proposed.
- (3) Column No. 5 is completed by first multiplying the bills times the minimum charge.
- (4) Then, starting with the second rate increment, multiply Column No. 3 by Column No. 4 and total.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

Telephone: 502 / 564 – 3940

c. One Copy of the completed application should also be sent at the same time to:

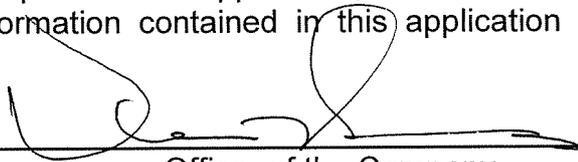
Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502 / 564 – 3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed



Officer of the Company

Title

TR

Date

5-17-07

Cunningham WD Attachment A	2005	Adjustments	Ref	Adjusted
Water Operating Revenue	\$26,552	\$125	A	\$26,677
Purchased Power	\$2,013	0		\$2,013
Chemicals	\$219	0		\$219
Materials/Supplies	\$1,354	0		\$1,354
Contract Services-Management Fees	\$19,154	\$2,085 (\$9,900)	B	\$11,339
Water Testing	\$3,451	(\$1,489)	C	1,962
Insurance	\$1,775	0		\$1,775
Miscellaneous Expense	\$2,425	(\$250) \$1,200	D	\$3,375
<i>Total Water Utility Expense</i>	<i>\$30,391</i>			<i>22,037</i>
Depreciation Expense	\$4,444	(\$129)	E	\$4,315
Amortization Expense	0	\$496 \$3,300 \$1,629	F	\$5,425
Taxes OT Income	\$50	0		\$50
Total Operating Expenses	\$34,885	(\$3,058)		\$31,827
<i>Total Operating Income</i>	<i>(\$8,333)</i>	<i>\$3,183</i>		<i>(\$5,150)</i>
Interest Income	\$3,737	0		\$3,737
Net Income	(\$4,596)	\$3,183		(\$1,413)

Revenue Requirement

\$31,827 – Total Operating Expenses

\$36,167 – Divided by 88% Operating Ratio

(\$26,677) – 2005 Revenues

(\$ 3,737) – Interest Income

\$ 5,753 - Increase (21.6% increase over normalized revenues)

Reference Notes:

A. Normalized revenues as determined by Commission Staff's billing analysis.

B. Contract Services Expense was adjusted for two items. First, the monthly fee for plant operations, billing and collection has increased to \$800 per month effective June 2006. Second, nonrecurring charges for tank maintenance and repairs have been removed from expenses, and recovery over a multi-year period has been requested in amortization expense.

C. Water Testing Expense has been adjusted to remove a testing expenditure which occurs only once every three years, and recovery has been requested in amortization expense.

D. Miscellaneous Expense has been adjusted for two items. First, two dues payments were made to the Kentucky Rural Water Association during 2005, and one of these

charges has been removed. Second, bookkeeping, accounting, and administrative fees have been increased from \$100 to \$200 per month.

E. Depreciation Expense was adjusted to recognize that certain plant items were fully depreciated during 2005 and 2006.

F. Amortization Expense was adjusted to request a three-year recovery for the Water Testing expenditure of \$1,489, the tank maintenance and repair expenditures totaling \$9,900, and for three significant 2006 nonrecurring plant maintenance and repair expenditures totaling \$4,887.86.

CUMMINGS W. M. DIST
DEPARTMENTAL SEBOLUR

	Initials	Date
Prepared By		
Approved By		

© WILSON JONES

G7513 ColumnWrite ®

Date	Description	Cost	Lives	Accum		
				Down	2002	
				12-31-01	Down	12-31-02
1-01-77	Plant	178817.50	50 yrs	113907.64	357635	11748399
		8274	20 yrs	8274	-	8274
		178900.24				
	Land	100000				
	Motors 1977-81	292779	20 yrs	292779	-	292779
	82	7611	20	7439	172	7611
	83	105895	20	97957	5295	103252
	85	44045	20	36233	2022	38355
	86	29214	20	22645	1421	24106
	87	25030	20	18154	1252	19406
	88	89436	20	81341	6085	87426
	1989-92	333190	✓	333190	-	333190
	99	237293	✓	118647	47459	166106
	2001	24884	✓	2489	4977	7466
		118937				
	Motion Installments	900086	20	900086	-	900086
		55044	20	53664	1380	55044
		53710	20	49651	2686	52377
		28200	20	23266	1410	24675
		81300	20	63018	4065	67083
	1988	52600	20	35305	2630	38135
	97	1170940	20	6125	1750	7875
	95 1500' 4" Line	502256	20	150678	25113	175791
	97 New Lion Kitchner 507	66175	20	14891	3309	18200
	98 Cassin Land Motor	118650	20	20661	5903	24564
	04 INSTAL 4 New Motor	1842421	20			
		198500				
		2040921				
2001	6TH Plant Misc Equip	316038	20	7901	15802	23703
7-88	Prty Recorder	79747	20	30079	3988	34067
89	8	60000	5	60000	-	60000
95	Spec. Htn	50534	7	46930	3604	50534
	Office Equip	93710	-	93710	-	93710
97	Prussian Recorder	35900	7	23081	5129	28210
2001	Copier	29999	7	2143	4286	6429
		665928				

218,862.50

139,914.40

5,074.13 144,988.53

6		7		8		9		10		11		12		13	
2003	Accum	2004	Accum	2005	Accum										
Down	Down	Down	Down	Down	Down										
	12-31-03		12-31-04		12-31-04										
357635	12106034	357635	12463669	357635	12821304										
-	8274		8274	-	8274										
-	292779	-	292779	-	292779										
-	7611	-	7611	-	7611										
2643	105895	-	105895	-	105895										
2022	40377	2022	42399	1646	44045										
1461	25567	1461	27028	1461	28487										
1252	20658	1252	21910	1252	23162										
2010	89436	-	89436	-	89436										
-	333190	-	333190	-	333190										
47459	213565	23728	237293	-	237293										
4977	12443	4977	17420	4977	22397										
-	900086	-	900086	-	900086										
-	55044	-	55044	-	55044										
1333	53710	-	53710	-	53710										
1410	26085	1410	27495	705	28200										
4065	71148	4065	75213	4065	79278										
2630	40765	2630	43395	2630	46025										
1750	9625	1750	11375	1750	13125										
25113	200904	25113	226017	25113	251130										
3309	21509	3309	24818	3309	28127										
5903	32467	5903	38370	5903	44273										
		9925	9925	9925	19850										
15802	39505	15802	55307	15802	71109										
3988	38055	3988	42043	3988	46031										
-	60000	-	60000	-	60000										
-	50534	-	50534	-	50534										
-	93710	-	93710	-	93710										
5129	33339	2561	35900	-	35900										
4286	10715	4286	15001	4286	19287										

4,941.77 149,930.30 4,718.17 154,648.47 4,444.47 159,092.94

CUNNINGHAM WATER DISTRICT

COST OF SERVICE STUDY

September 27, 2006

ALLOCATION OF PLANT VALUE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Wells & Springs	\$20,101.00		\$20,101.00	
Distribution Reservoirs & Standpipes	31,938.00		31,938.00	
Transmission & Distribution Mains	119,811.00		119,811.00	
Services	5,019.00			\$5,019.00
Meters & Meter Installations	37,994.00			37,994.00
SUBTOTAL	\$214,863.00	\$0.00	\$171,850.00	\$43,013.00
PERCENT	100.00%	0	79.98%	20.02%
General Plant (1)				
Organization	1,000.00		799.81	200.19
Other Plant & Misc. Equipment	1,762.00		1,409.27	352.73
Office Furniture & Equipment	1,237.00		989.37	247.63
TOTAL VALUE	\$218,862.00	\$0.00	\$174,248.64	\$43,613.36
(1) General Plant allocated based on overall weighted allocation of all other plant.				
Note: Figures used were derived from 2005 annual report				

ALLOCATION OF DEPRECIATION EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Distribution Reservoirs & Standpipes	\$22,998.00		\$22,998.00	
Wells & Springs	14,250.00		14,250.00	
Meters & Meter Installations	30,455.00			\$30,455.00
Services	3,722.00			3,722.00
Transmission & Distribution Mains	84,401.00		84,401.00	
SUBTOTAL	\$155,826.00	\$0.00	\$121,649.00	\$34,177.00
PERCENT	100.00%	0.00%	78.07%	21.93%
Other Plant & Misc. Equipment	2,135.00		1,666.73	468.27
Office Furniture & Equipment	1,131.00		882.94	248.06
TOTAL DEPRECIATION	\$159,092.00	\$0.00	\$124,198.67	\$34,893.33
Note: Figures used were derived from 2005 annual report				

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Purchased Power	\$2,013.00	\$2,013.00		
Chemicals	219.00	219.00		
Materials & Supplies	1,354.00		\$1,354.00	
Water Testing	1,962.00			\$1,962.00
Contractual Services - Other	8,339.00		8,339.00	
Contractual Services - Meter Reading	3,000.00			3,000.00
SUBTOTAL	\$16,887.00	\$2,232.00	\$9,693.00	\$4,962.00
LESS COMMODITY	-\$2,232.00			
SUBTOTAL	\$14,655.00		\$9,693.00	\$4,962.00
PERCENT	100.00%		66.14%	33.86%
Insurance	1,775.00		1,174.01	600.99
Miscellaneous Expense	3,375.00		2,232.27	1,142.73
Amortization Expense	5,425.00		3,588.16	1,836.84
Taxes	50.00		33.07	16.93
TOTAL	\$27,512.00	\$2,232.00	\$16,720.51	\$8,559.49

SUMMARY OF ALLOCATIONS

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		79.98%	20.02%
Available For Debt Service	\$4,340.00		\$3,471.18	\$868.82
Depreciation Percentages	100.00%		78.07%	21.93%
Total Depreciation	4,315.00		3,368.60	946.40
Total Operation & Maintenance	27,512.00	\$2,232.00	16,720.51	8,559.49
REVENUE REQUIREMENT	\$36,167.00			
<i>Less: Interest Income</i>	<i>3,737.00</i>			<i>-3,737.00</i>
REVENUE REQUIRED FROM RATES	\$32,430.00	\$2,232.00	\$23,560.29	\$6,637.71

CALCULATION OF WATER RATES

	TOTAL	FIRST 2,000	NEXT 3,000	OVER 5,000
From Billing Analysis:				
Commodity Percents	100.00%	34.26%	31.44%	34.30%
ACTUAL COMMODITY SALES	9,078,879	3,110,136	2,854,716	3,114,027
Peak Demand Weighted Factor		2	1.5	1
Peak Demand Weighted Sales	13,616,373	6,220,272	4,282,074	3,114,027
DEMAND PERCENTS	100.00%	45.68%	31.45%	22.87%
Commodity Costs	\$2,232.00	\$764.61	\$701.82	\$765.57
Demand Costs	\$23,560.29	\$10,762.88	\$7,409.24	\$5,388.17
Customer Costs	\$6,637.71	\$6,637.71		
TOTAL COSTS	\$32,430.00	\$18,165.20	\$8,111.05	\$6,153.74
Divide by Bills/Gallons		1,820	2,854,716	3,114,027
CALCULATED RATES		\$9.98	\$2.84	\$1.98
		FIRST 2,000	NEXT 3,000	OVER 5,000

VERIFICATION OF RATES

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000 GALLONS	1,820	3,110,136	\$9.98	\$18,163.60
NEXT	3,000 GALLONS		2,854,716	2.84	8,107.39
OVER	5,000 GALLONS		3,114,027	1.98	6,165.77
ACTUAL COMMODITY SALES			9,078,879		
REVENUE REQUIREMENT					\$32,436.77

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CUNNINGHAM WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Monthly Water Rates

First	2,000 gallons	\$9.98 minimum bill
Next	3,000 gallons	2.84 per 1,000 gallons
All over	5,000 gallons	1.98 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____

_____ SHEET NO. _____

CUNNINGHAM WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Monthly Water Rates

First 2,000 gallons — \$7.32 minimum bill
Next 3,000 gallons — 2.66 per 1,000 gallons
All over 5,000 gallons — 1.85 per 1,000 gallons

Monthly Water Rates

First 2,000 gallons \$9.98 minimum bill
Next 3,000 gallons 2.84 per 1,000 gallons
All over 5,000 gallons 1.98 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

NOTICE

Cunningham Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is Jan 1, 2007, 2006.

Monthly Rate:

<u>Current</u>			<u>Proposed</u>		<u>Rate</u>
First	2,000 Gallons	\$7.32	First	2,000	\$9.98 Minimum Bill
Next	3,000 Gallons	2.66	Next	3,000	2.84 per 1,000 gallons
Over	5,000 Gallons	1.85	Over	5,000	1.98 per 1,000 gallons

	MONTHLY		MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
MONTHLY	CURRENT		PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>RATE</u>	<u>CURRENT</u>
2,000	\$7.32		\$9.98	36.3%
5,000	15.30		18.50	20.9%
10,000	24.55		28.40	15.7%
20,000	43.05		48.20	12.0%
30,000	61.55		68.00	10.5%
50,000	98.55		107.60	9.2%
75,000	144.80		157.10	8.5%
100,000	191.05		206.60	8.1%
150,000	283.55		305.60	7.8%

The rates contained in this notice are the rates proposed by the Cunningham Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 10 State Route 1820 in Cunningham, KY 42035. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Cunningham Water District