

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF SHELBYVILLE) CASE NO. 2007-00258
MUNICIPAL WATER AND SEWER COMMISSION)

ORDER

On May 24, 2007, Shelbyville Municipal Water and Sewer Commission ("Shelbyville") notified the Commission of a proposed revision to its wholesale water service rate for North Shelby Water Company ("North Shelby") and West Shelby Water District ("West Shelby"). Shelbyville proposes to place the revised rates into effect on July 19, 2007.¹ On June 22, 2007, West Shelby requested an investigation into the proposed rate adjustment.² As a result of this request, the Commission established this proceeding. Thirteen days later West Shelby withdrew its request for intervention and an investigation and advised the Commission that it now agreed with the proposed rate adjustment.³

Having considered the proposed adjustment and being otherwise sufficiently advised, the Commission finds that Shelbyville's proposed rate adjustment should be

¹ In its revised tariff sheet, Shelbyville proposes an effective date of September 1, 2007 for its proposed wholesale water service rate. This date refers to bills issued on that date for service rendered on and after July 19, 2007. Accordingly, the actual effective date of the proposed rate adjustment is July 19, 2007.

² West Shelby submitted its request for investigation on June 22, 2007 by facsimile transmission and electronic mail. The Commission received a paper copy of this request on June 26, 2007.

³ Letter from Wanda H. Land, Manager, West Shelby Water District, to Beth O'Donnell, Executive Director, Public Service Commission (July 5, 2007).

permitted to become effective without further action. 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."⁴

In the case at bar, this purpose has been served. The affected public utility made clear its objections to the proposed rate adjustment.⁵ The municipal utility and public utility have discussed these objections and have reached an accommodation. As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. Shelbyville's proposed revisions to its wholesale water service rate to North Shelby and West Shelby shall become effective for service rendered on and after July 19, 2007.
2. Shelbyville's revised tariff sheets, tendered on May 24, 2007, are accepted as filed.
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 filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

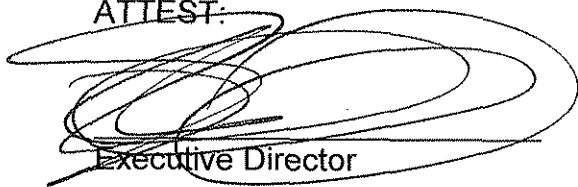
⁴ Simpson County Water District v. City of Franklin, 872 S.W.2d 460, 465 (Ky. 1994).

⁵ Shelbyville has advised North Shelby of the proposed rate adjustment. North Shelby has not filed any objections to the proposed rate adjustment with the Commission or requested an investigation.

Done at Frankfort, Kentucky, this 1st day of August, 2007.

By the Commission

ATTEST:

A large, complex handwritten signature in black ink, consisting of multiple overlapping loops and lines, covering the text "Executive Director".

Executive Director

Case No. 2007-00258