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October 9, 2008

Raymond Ellison  
Muhlenberg County Water District #3  
P. O. Box 67  
4789 Main Street  
Bremen, KY 42325

CERTIFICATE OF SERVICE

RE: Case No. 2008-00393  
Muhlenberg County Water District #3

I, Stephanie Stumbo, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on October 9, 2008.

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Executive Director

SS/ke  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT )  
OF MUHLENBERG COUNTY WATER ) CASE NO. 2008-00393  
DISTRICT#3 )

O R D E R

On September 24, 2008, Muhlenberg County Water District #3 ("Muhlenberg District #3") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

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

1. Muhlenberg District #3 purchases water from the city of Central City ("Central City").
2. Central City notified Muhlenberg District #3 that, effective September 20, 2008, Central City's wholesale water rate to Muhlenberg District #3 would increase from \$1.25 per 1,000 gallons to \$1.57 per 1,000 gallons. Muhlenberg District #3 proposes to increase the water rates to its customers effective November 1, 2008.
3. Muhlenberg District #3's application contained a mathematical error in the computation of the purchased water factor and the proposed rates.

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<sup>1</sup> KRS 278.015 and 807 KAR 5:068.

4. During the 12 months ending August 31, 2008, Muhlenberg District #3 purchased a total of 269,877,130 gallons of water and sold 224,134,100 gallons. The increase in the cost of purchased water is \$86,360, resulting in a purchased water adjustment of \$0.39 per 1,000 gallons.

5. The purchased water adjustment of \$0.39 per 1,000 gallons is fair, just, and reasonable and should be approved.

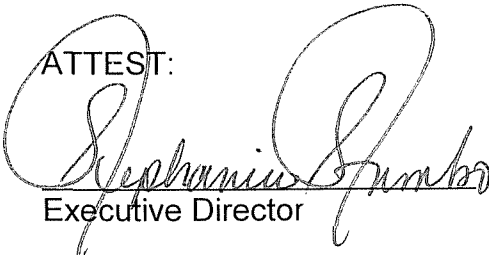
IT IS THEREFORE ORDERED that:

1. Muhlenberg District #3's proposed rates are denied.
2. The purchased water adjustment of \$0.39 per 1,000 gallons as calculated in Appendix A is approved and the rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after November 1, 2008.
3. Within 20 days of the date of this Order, Muhlenberg District #3 shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 9th day of October, 2008.

By the Commission

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00393 DATED OCTOBER 9, 2008

	Base Rate	New Rate
City of Central City		
Purchases in gallons	269,877,130	269,877,130
Wholesale Rate	<u>\$ 1.25/1,000</u>	<u>\$ 1.57/1,000</u>
	\$337,346	\$423,707
		Increased water cost \$86,361
Increased water cost		\$ 86,361
Divided by gallons sold		<u>224,134,100</u>
Purchased water adjustment factor		\$0.39 per 1,000 gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00393 DATED OCTOBER 9, 2008

The following rates and charges are prescribed for the customers in the area served by Muhlenberg County Water District #3. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

#### Monthly Water Rates

##### 5/8" X 3/4" Meter

First	2,000 gallons	\$ 12.21	Minimum bill
Next	8,000 gallons	4.35	per 1,000 gallons
Next	10,000 gallons	3.75	per 1,000 gallons
Next	30,000 gallons	3.05	per 1,000 gallons
All Over	40,000 gallons	2.50	per 1,000 gallons