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Mark David Goss
Chairman

Gregory Coker
Commissioner

August 3, 2005

RE: Case No. 2005-00264

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

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

Beth O'Donnell
Executive Director

BOD/jc
Enclosure

Vernon Azevedo
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William Ballard
General Manager
East Clark County Water District
118 Hopkins Lane
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Winchester, KY 40391

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST CLARK COUNTY WATER DISTRICT'S)
PROPOSED REVISIONS TO ITS WHOLESALE) CASE NO. 2005-00264
WATER SERVICE RATE)

ORDER

East Clark County Water District ("East Clark") has proposed to revise its published rate schedules to remove its rate for wholesale water service to Winchester Municipal Utilities ("WMU") retroactive to January 1, 2005. East Clark states that the Commission approved the elimination of this rate in Case No. 2004-00455¹ and that the proposed revision merely effectuates the Commission's decision and "corrects" East Clark's filed rate schedules.

WMU has advised the Commission in writing of its objections to the proposed revision. It asserts that the proposed revision represents an attempt to unilaterally modify the "Water Purchase Contract" that East Clark entered into with WMU on July 15, 1999. It further states that WMU did not consent to nor receive notice of the proposed revision.

Having reviewed our Orders in Case No. 2004-0455, we find no discussion or express approval of the elimination of East Clark's wholesale water service rate. Accordingly, the Commission finds the proposed rate should not be permitted to

¹ Case No. 2004-00455, Purchased Water Adjustment of East Clark County Water District (Ky.PSC Dec. 22, 2004).

become effective retroactive to January 1, 2005 as a clerical correction. We further find that as East Clark has not provided the notice that KRS 278.180(1) requires or submitted tariff sheets stating a valid effective date as Administrative Regulation 807 KAR 5:011, Section 6, requires, no action is necessary to suspend or postpone the operation of the proposed rate revision. The proposed rate revision will not become effective until the Commission expressly grants its approval or 10 months elapses from the proposed revision's filing. KRS 278.190(2) and (3).

Having considered the proposed rate revision and being otherwise sufficiently advised, the Commission finds that, pursuant to KRS 278.190, further proceedings are necessary to determine the reasonableness of the proposed rate revision. The Commission further finds that the intervention of WMU is likely to present issues or to develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting this proceeding

IT IS THEREFORE ORDERED that:

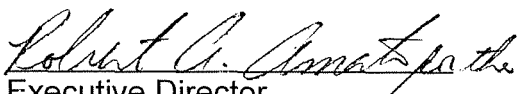
1. This proceeding is established to investigate the reasonableness of East Clark's proposed elimination of its wholesale water service rate.
2. WMU is granted full intervention status in this proceeding.
3. All documents that the Commission requires to be filed with the Commission shall be served upon all other parties.
4. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.
5. Within 20 days of the date of this Order, each party shall file with the Commission a written memorandum in which it identifies the factual and legal issues

presented by East Clark's proposed revision and states whether discovery or a hearing in this proceeding is necessary and, if discovery is necessary, the amount of discovery that it would require.

Done at Frankfort, Kentucky, this 3rd day of August, 2005.

By the Commission

ATTEST:


Executive Director