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FEB 22 2005

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AUXIER WATER COMPANY, INC.)
P.O. BOX 99)
AUXIER, KENTUCKY 41602)

CASE NO. 2005-00083

FILED

FEB 22 2005

PUBLIC SERVICE COMMISSION

APPLICATION FOR PURCHASED WATER ADJUSTMENT

Comes the Applicant, Auxier Water Company, Inc., P. O. Box 99, Auxier, Kentucky 41602, by and through counsel, and submits this Application for Purchased Water Adjustment pursuant to 807 KAR 5:067.

1. This Application is filed for purposes of an increase in rates.
2. The total increase in rates is in the amount of \$4,054.44. The purchased water adjustment amounts to .0622¢ per thousand gallons.
3. The wholesale supplier is Prestonsburg City's Utilities Commission ("Prestonsburg"). Prestonsburg is increasing its rates by two percent (2.2%) effective February 11, 2005. A copy of Prestonsburg's notice to Auxier of its purchased water adjustment increase and the effective date of the changed rate is attached hereto as Exhibit 1.
4. A copy of Auxier's notice to its customers of this proposed rate increase pursuant to 807 KAR 5:067, Section 2(4), is attached hereto as Exhibit 2.
5. A revised tariff sheet showing the rates proposed to be charged by Auxier to its customers is attached hereto as Exhibit 3.
6. The twelve (12) month period used to calculate the purchased water adjustment ends December 31, 2004.

7. A schedule reflecting water purchases from Prestonsburg at each meter is attached hereto as Exhibit 4.

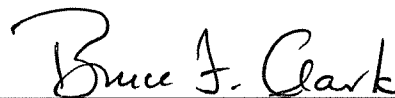
8. The total gallons sold during the twelve (12) month test period was 65,133 gallons.

9. The maximum allowable gallons is 76,627.

10. The allowable change in purchased water costs is .0622¢ per thousand gallons.

The full amount of the change is allowable because Auxier's actual water loss was 13.6% (10,219 gallons) for the test period.

Respectfully submitted,



Bruce F. Clark
STITES & HARBISON, PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602
Telephone: (502) 223-3477
COUNSEL FOR APPLICANT,
AUXIER WATER COMPANY, INC.

Prestonsburg City's Utilities Commission

Water, Waste Water and Natural Gas System

(Municipally Owned)

2560 South Lake Drive

Prestonsburg, Kentucky 41653-1048

Phone (606) 886-6871 • Fax (606) 886-8779

TDD: Ky Relay #711

January 18, 2005

Mr. Phil Ward, President
Auxier Water Company, Inc.
P.O. Box 99
Auxier, KY 41602

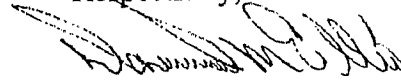
Re: Wholesale Water Rate Increase

Dear Mr. Ward,

Pursuant to the Water Purchase Contract dated February 11, 1998 between PCUC and Auxier Water Company, Inc., this letter serves as notice to you that a rate increase of two percent (2%) for water purchased by Auxier from PCUC will become effective on the 2005 anniversary of the Contract.

If you have any questions or comments regarding this matter please do not hesitate to call me at (606) 886-6871.

Respectfully,



David M. Ellis
Superintendent

Copy: File
Mary Goble

2005 Auxier Water Rates

Minimum \$7.83	0-2,000	\$7.83
	3,000-100,000	3.39
2,000 Minimum Usage	101,000 up	2.27
Minimum \$7.93	0-2,000	\$7.93
	3,000-100,000	3.49
2,000 Minimum Usage	101,000 up	2.37
Minimum \$272.25	0-80,000	\$272.25
	81,000-100,000	3.39
80,000 Minimum Usage	101,000 up	2.27
Minimum \$35.85	0-10,000	\$35.85
	11,000-100,000	3.49
10,000 Minimum Usage	101,000 up	2.37
Minimum \$34.95	0-10,000	\$34.95
	11,000-100,000	3.39
10,000 Minimum Usage	101,000 up	2.27
Minimum \$280.15	0-80,000	\$280.15
	81,000-100,000	3.49
80,000 Minimum Usage	101,000 up	2.37
Minimum \$136.65	0-40,000	\$136.65
	41,000-100,000	3.39
40,000 Minimum Usage	101,000 up	2.27
Minimum \$210.35	1-60,000	\$210.35
	61,000-100,000	3.49
60,000 Minimum Usage	101,000 up	2.37

2004 Auxier Water Rates

Minimum \$7.67	0-2,000	\$7.67
	3,000-100,000	3.32
2,000 Minimum Usage	101,000 up	2.22
Minimum \$7.78	0-2,000	\$7.78
	3,000-100,000	3.43
2,000 Minimum Usage	101,000 up	2.33
Minimum \$266.63	0-80,000	\$266.63
	81,000-100,000	3.32
80,000 Minimum Usage	101,000 up	2.22
Minimum \$35.52	0-10,000	\$35.52
	11,000-100,000	3.43
10,000 Minimum Usage	101,000 up	2.33
Minimum \$34.23	0-10,000	\$34.23
	11,000-100,000	3.32
10,000 Minimum Usage	101,000 up	2.22
Minimum \$275.32	0-80,000	\$275.32
	81,000-100,000	3.43
80,000 Minimum Usage	101,000 up	2.33
Minimum \$133.83	0-40,000	\$133.83
	41,000-100,000	3.32
40,000 Minimum Usage	101,000 up	2.22
Minimum \$206.73	1-60,000	\$206.73
	61,000-100,000	3.43
60,000 Minimum Usage	101,000 up	2.33

NOTICE OF APPLICATION FOR PURCHASED WATER ADJUSTMENT

Notice is hereby given that Auxier Water Company, Inc. has filed an Application for Purchased Water Adjustment with the Public Service Commission of Kentucky. By this application, Auxier Water Company, Inc. seeks Public Service Commission approval for a purchased water adjustment to recover the actual costs of water purchased, effective February 11, 2005, so as to raise an additional \$4,054.44 annually. The proposed rates are as follows:

First 1,000 Gallons "Minimum"	\$ 12.15 per 1,000 gallons
Next 1,000 Gallons	\$ 7.30 per 1,000 gallons
Next 6,000 Gallons	\$ 6.45 per 1,000 gallons
Next 6,000 Gallons	\$ 5.45 per 1,000 gallons
Over 14,000 Gallons	\$ 4.55 per 1,000 gallons

REGENCY PARK APARTMENTS

Meter No.'s 1 and 2

First 14,000 Gallons	\$ 12.15 per 1,000 gallons
Over 14,000 Gallons	\$ 4.55 per 1,000 gallons

Meter No. 3

First 13,000 Gallons	\$ 12.15 per 1,000 gallons
Over 13,000 Gallons	\$ 4.55 per 1,000 gallons

The rates contained in this notice are the rates proposed by Auxier Water Company, Inc. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates in this notice.

FOR ENTIRE AREA SERVED _____

P.S.C. KY. NO. 5

3rd Revised SHEET NO. 13

CANCELING P.S.C. KY NO. 4

2nd Revised SHEET NO. 13

Auxier Water Company, Inc.
Name of Issuing Corporation

RULES AND REGULATIONS

PURCHASED WATER ADJUSTMENT CLAUSE

*Tabulation Form to be used for purchased water adjustments in accordance with 807 KAR 5:067, Purchased Water Adjustment Clause, adopted by the Public Service Commission.

Volume of water purchased for 12-month
Period ended 12/31/04
(which is within 3 months of effective
date of supplier's rate change) 1

75,352 M Gal.

Cost at new rates

\$ 188,309.82

Cost at Base Rate

\$ 184,255.38

Total change in cost (Item 2 minus Item 3)

\$ 4,054.44

Volume sold for same period as in Item 1

65,133 M Gal.

PWA per M gallon sold (Item 4 divided by Item 5)

.0622 ¢

Note 1: Item 1 cannot, for this computation table, exceed Item 5 divided by .85.

In the event a refund is received from the supplier for amounts previously paid, the following tabulations will be made:

1. Total refund received \$ _____

2. Total amount of water estimated to be sold during 2 month period beginning with the first day of the month following receipt of the refund _____ M Gal.

DATE OF ISSUE _____ DATE EFFECTIVE FEBRUARY 11 2005
ISSUED BY Philip J. Ward President P.O. Box 99, Auxier, KY 41602
NAME OF OFFICER TITLE ADDRESS

FOR ENTIRE AREA SERVED

P.S.C. KY. NO. 5

3rd Revised SHEET NO. 1

CANCELING P.S.C. KY NO. 4

2nd Revised SHEET NO. 1

Auxier Water Company, Inc.

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Rate Per Unit

First 1,000 Gallons "Minimum"	\$12.15 per 1,000 gallons
Next 1,000 Gallons	\$ 7.30 per 1,000 gallons
Next 6,000 Gallons	\$ 6.45 per 1,000 gallons
Next 6,000 Gallons	\$ 5.45 per 1,000 gallons
Over 14,000 Gallons	\$ 4.55 per 1,000 gallons

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Meter No. 3

First 13,000 Gallons	\$12.15 per 1,000 gallons
Over 13,000 Gallons	\$ 4.55 per 1,000 gallons

DATE OF ISSUE 2005 DATE EFFECTIVE FEBRUARY 11 2005

MONTH DAY YEAR MONTH DAY YEAR

ISSUED BY Philip J. Willey President P.O. Box 99, Auxier, KY 41602

NAME OF OFFICER TITLE ADDRESS

AUXIER WATER CO., INC.
YEARLY TOTALS BY METER
12 MONTHS ENDED 12/31/04

	GALLONS PURCHASED 000'S OMITTED	COST AT BASE RATES	COST AT NEW RATES	NET INCREASE IN COST	
PAGE 1	METER # 28-0320	2813	7,577.22	7,742.11	164.89
	METER # 28-0330	10983	25,714.62	26,288.01	573.39
	METER # 28-0350	0	0.00	0.00	0.00
	METER # 28-0550	30549	69,151.14	70,702.83	1,551.69
	METER # 28-0650	896	3,316.98	3,386.95	69.97
	METER # 28-0900	414	3,199.56	3,267.00	67.44
PAGE 2	METER # 28-0510	43	155.12	158.37	3.25
	METER # 28-0530	33	121.92	124.47	2.55
	METER # 28-0990	41	148.48	151.59	3.11
	METER # 28-0020	7877	18,819.30	19,237.39	418.09
	METER # 28-0030	16975	39,016.86	39,889.85	872.99
PAGE 3	METER # 28-0700	93	470.83	475.57	4.74
	METER # 28-0750	178	625.18	632.62	7.44
PAGE 4	METER # 28-0870	67	240.85	245.23	4.38
	METER # 28-0880	53	192.83	196.37	3.54
	METER # 28-0915	34	127.06	130.06	2.40
	METER # 28-0918	8	37.98	38.70	0.72
	METER # 28-0920	36	134.52	137.04	2.52
	METER # 28-0930	2	93.36	95.16	1.80
	METER # 28-0960	63	227.13	231.27	4.14
	METER # 28-0980	27	103.65	105.63	1.98
	METER # 28-1140	35	131.09	133.55	2.46
	METER # 28-1150	65	233.99	238.25	4.26
	METER # 28-1190	25	103.65	105.63	1.98
PAGE 5	METER # 28-1035	146	497.08	507.54	10.46
PAGE 6	METER # 28-28010	2819	7,590.54	7,755.73	165.19
PAGE 7	METER # 98-0840	143	2,686.53	2,732.53	47.00
PAGE 8	METER # 28-1170	934	3,538.31	3,600.37	62.06
	TOTALS	75,352.00	184,255.38	188,309.82	4,054.44

PERCENTAGE INCREASE

2.20%