

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATES OF THE CITY OF ) CASE NO. 2005-00440  
MANCHESTER )

ORDER

On April 24, 2006, the Commission directed Commission Staff to review the financial records of the Water Department of the city of Manchester, Kentucky ("Manchester") and to prepare no later than August 22, 2006, a written report containing its findings and recommendations on the appropriate rate for wholesale water service to North Manchester Water Association ("North Manchester"). Commission Staff has advised the Commission that, due to circumstances beyond its control, it is unable to complete its report within the established time.

Recognizing that Manchester employs an accounting system that differs from regulated public utilities and that its utility operations involve several distinct activities that require greater attention to the allocation of common costs, we find that Commission Staff should be afforded an additional 120 days in which to complete its review and prepare its written report. We further recognize that, despite the best efforts of Manchester and Commission Staff, additional delays in the preparation of the report may occur. Accordingly, we find that Commission Staff should apprise the Commission's Executive Director of such delays and the reasons for their occurrence.

IT IS THEREFORE ORDERED that:

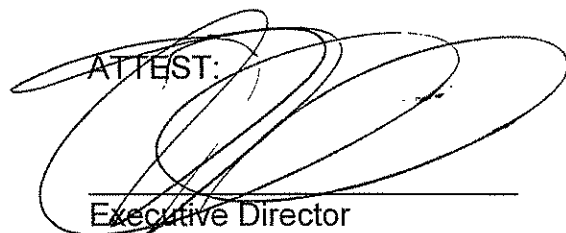
1. No later than December 20, 2006, those members of Commission Staff assigned to conduct a review of the financial records of Manchester's Water

Department shall have conducted that review and submit a written report containing their findings and recommendations on the appropriate wholesale water service rate for North Manchester to the Executive Director. If these members are unable to complete their review and report within that time, they shall so advise the Executive Director and the parties in writing before December 20, 2006, explain why the report cannot be completed within that time period, and state their estimated date for completing their review and report.

2. All provisions of the Commission's Order of April 24, 2006 not in conflict with this Order shall continue in effect.

Done at Frankfort, Kentucky, this 21st day of August, 2006.

By the Commission

ATTEST:  
  
Executive Director