

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT) CASE NO.
OF JUDY WATER ASSOCIATION) 2005-00480

O R D E R

On November 29, 2005, Judy Water Association ("Judy Water") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068.

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

1. Judy Water purchases water from the city of Mt. Sterling ("Mt. Sterling") and the city of North Middletown ("North Middletown").
2. Mt. Sterling notified Judy Water that effective October 1, 2005 Mt. Sterling's wholesale water rate to Judy Water would increase from \$1.72 per 1,000 gallons to \$1.88 per 1,000 gallons.
3. North Middletown did not provide written notice to Judy Water of the increase or notice of its proposed rate adjustment or file a request to increase rates with the Commission.
4. North Middletown's wholesale rate to a jurisdictional utility is subject to Commission approval. See Simpson County Water District v. City of Franklin, 872 S.W.2d 460 (Ky. 1994).
5. KRS 278.180(1) provides that no utility may change its rates except upon 30 days' notice to the Commission.

6. As North Middletown has not provided the Commission with notice of any rate change that KRS 278.780 requires, its rate adjustment is not effective or lawful, may not be assessed, and may not serve as the basis for a purchased water adjustment.

7. During the 12 months ending October 31, 2005, Judy Water purchased 98,015,900 gallons of water from Mt. Sterling and sold 119,099,800 gallons. The increase in the cost of purchased water is \$15,683, resulting in a purchased water adjustment of \$0.13 per 1,000 gallons.

8. The purchased water adjustment of \$0.13 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.20 per 1,000 gallons, proposed by Judy Water, is denied.

2. The rates proposed by Judy Water are denied.

3. The purchased water adjustment of \$0.13 per 1,000 gallons and the rates in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after January 1, 2006.

4. Within 20 days of the date of this Order, Judy Water shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 21st day of December, 2005.

By the Commission

ATTEST:



Executive Director

Case No. 2005-00480

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-00480 DATED December 21, 2005.

The following rates and charges are prescribed for the customers in the area served by Judy Water Association. 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

First 1,000 gallons	\$11.35 Minimum Bill
Next 4,000 gallons	6.98 per 1,000 gallons
Next 5,000 gallons	6.08 per 1,000 gallons
Over 10,000 gallons	5.18 per 1,000 gallons