

RECEIVED

MAR 02 2006

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. 2006-00095

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 \$4,146.91. The purchased water adjustment amounts to .0600¢ per thousand gallons.
3. The wholesale supplier is Prestonsburg City's Utilities Commission ("Prestonsburg"). Prestonsburg is increasing its rates by two percent (2.17%) effective February 11, 2006. Prestonsburg's notice to Auxier of its purchased water adjustment increase and the effective date of the changed rate, and the rate schedules reflecting the base supplier rates and the changed supplier rates are attached collectively 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, 2005.

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

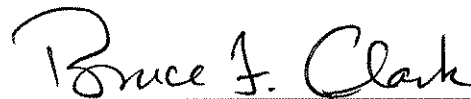
8. The total gallons sold during the twelve (12) month test period was 69,030 gallons.

9. The maximum allowable gallons is 81,212.

10. The allowable change in purchased water costs is .0600¢ per thousand gallons.

The full amount of the change is allowable because Auxier's actual water loss was 9.9% (7,616 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

February 02, 2006

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

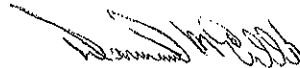
Re: Wholesale Water Rate Increase

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 2006 anniversary of the Contract.

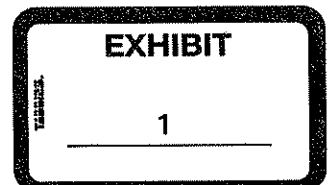
If you have any questions or comments regarding this matter please do not hesitate to call me at (606) 886-6871.

Respectfully,



David M. Ellis
Superintendent

Copy: File
Mary Goble



Auxier Water Company, Inc.

Wholesale Supplier: Prestonsburg City's Utilities Commission

		Base Rates	Changed Rates
Minimum \$7.83	0-2,000	\$7.83	\$7.99
	3,000-100,000	3.39	3.46
2,000 Minimum Usage	101,000 up	2.27	2.32
Minimum \$7.93	0-2,000	\$7.93	\$8.09
	3,000-100,000	3.49	3.56
2,000 Minimum Usage	101,000 up	2.37	2.42
Minimum \$272.25	0-80,000	\$272.25	\$277.87
	81,000-100,000	3.39	3.46
80,000 Minimum Usage	101,000 up	2.27	2.32
Minimum \$35.85	0-10,000	\$35.85	\$36.57
	11,000-100,000	3.49	3.56
10,000 Minimum Usage	101,000 up	2.37	2.42
Minimum \$34.95	0-10,000	\$34.95	\$35.67
	11,000-100,000	3.39	3.46
10,000 Minimum Usage	101,000 up	2.27	2.36
Minimum \$280.15	0-80,000	\$280.15	\$285.77
	81,000-100,000	3.49	3.56
80,000 Minimum Usage	101,000 up	2.37	2.42
Minimum \$136.65	0-40,000	\$136.65	\$139.47
	41,000-100,000	3.39	3.46
40,000 Minimum Usage	101,000 up	2.27	2.32
Minimum \$210.35	0-60,000	\$210.35	\$214.57
	61,000-100,000	3.49	3.56
60,000 Minimum Usage	101,000 up	2.37	2.42

RUN DATE: 02/02/06 12:38

PRESTONSBURG CITY UTILITIES COMMISSION

PAGE: 12

REF: B

RATE TABLES MASTER LIST

SERVICE: WATER

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE
WI	NONE	OUT CITY (AUXIER)	7.99	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00 Y

***** VOLUME TABLE *****

***** TAX TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	2.0	3.9950	6.	0.0	0.0000
2.	98.0	3.4600	7.	0.0	0.0000
3.	99999.9	2.3200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

TAX	DESCRIPTION	TYPE	AMOUNT
1.	STATE SALES	TP	6.00 %
2.			
3.			
4.			
5.			

USAGE CONVERSION FACTOR: 1.00000

7.99
3.46
2.32

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE
WJ	NONE	OUT CITY (AUXIER)	8.09	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00 Y

***** VOLUME TABLE *****

***** TAX TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	2.0	4.0450	6.	0.0	0.0000
2.	98.0	3.5600	7.	0.0	0.0000
3.	99999.9	2.4200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

TAX	DESCRIPTION	TYPE	AMOUNT
1.	STATE SALES	TP	6.00 %
2.			
3.			
4.			
5.			

USAGE CONVERSION FACTOR: 1.00000

8.09
3.56
2.2

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE
WK	NONE	4* OUT CITY (AUXIER)	277.87	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00 Y

***** VOLUME TABLE *****

***** TAX TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	80.0	3.4734	6.	0.0	0.0000
2.	20.0	3.4600	7.	0.0	0.0000
3.	99999.9	2.3200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

TAX	DESCRIPTION	TYPE	AMOUNT
1.	STATE SALES	TP	6.00 %
2.			
3.			
4.			
5.			

USAGE CONVERSION FACTOR: 1.00000

7.99
3.46
2.32

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE
WI	NONE	1* OUT 1ST R (AUXIER)	36.57	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00 Y

***** VOLUME TABLE *****

***** TAX TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	10.0	3.6570	6.	0.0	0.0000
2.	90.0	3.5600	7.	0.0	0.0000
3.	99999.9	2.4200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

TAX	DESCRIPTION	TYPE	AMOUNT
1.	STATE SALES	TP	6.00 %
2.			
3.			
4.			
5.			

8.09
3.56
2.42

RUN DATE: 02/02/06 12:38
TEST RUN: B

PRESTONSBURG CITY UTILITIES COMMISSION
RATE TABLES MASTER LIST

PAGE: 13

SERVICE: WATER

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE	
Wm	NONE	1" OUT CITY (AUXIER)	35.67	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00	Y

7.99
3.46
2.36

***** VOLUME TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	10.0	3.5670	6.	0.0	0.0000
2.	90.0	3.4600	7.	0.0	0.0000
3.	99999.9	2.3200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

***** TAX TABLE *****

TAX DESCRIPTION	TYPE	AMOUNT
1. STATE SALES	TP	6.00
2.		
3.		
4.		
5.		

USAGE CONVERSION FACTOR: 1.00000

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE	
Wn	NONE	4" OUT CITY 1ST (AUX)	285.77	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00	Y

8.09
3.56
2.42

***** VOLUME TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	80.0	3.5722	6.	0.0	0.0000
2.	20.0	3.5600	7.	0.0	0.0000
3.	99999.9	2.4200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

***** TAX TABLE *****

TAX DESCRIPTION	TYPE	AMOUNT
1. STATE SALES	TP	6.00
2.		
3.		
4.		
5.		

USAGE CONVERSION FACTOR: 1.00000

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE	
Wc	NONE	2" OUT CITY (AUXIER)	139.47	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00	Y

7.99
3.46
2.32

***** VOLUME TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	40.0	3.4668	6.	0.0	0.0000
2.	60.0	3.4600	7.	0.0	0.0000
3.	99999.9	2.3200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

***** TAX TABLE *****

TAX DESCRIPTION	TYPE	AMOUNT
1. STATE SALES	TP	6.00
2.		
3.		
4.		
5.		

USAGE CONVERSION FACTOR: 1.00000

RATE TABLE	ALTERNATE TABLE	DESCRIPTION	MINIMUM AMOUNT	FACILITY CHARGE	EST-FEE	PENALTY RATE 1	PENALTY RATE 2	RATE 1 CUT OFF	PENALTY ADD ON	TAXABLE	
Wp	NONE	3" OUT 1ST B (AUXIER)	214.57	0.00	0.000000	0.00	0.00%	25.00%	0.00	0.00	Y

6.99
3.56
2.42

***** VOLUME TABLE *****

STEP	UNITS	RATE	STEP	UNITS	RATE
1.	60.0	3.5762	6.	0.0	0.0000
2.	40.0	3.5600	7.	0.0	0.0000
3.	99999.9	2.4200	8.	0.0	0.0000
4.	0.0	0.0000	9.	0.0	0.0000
5.	0.0	0.0000	10.	0.0	0.0000

***** TAX TABLE *****

TAX DESCRIPTION	TYPE	AMOUNT
1. STATE SALES	TP	6.00
2.		
3.		
4.		
5.		

2005 Auxier Water Rates

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

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, 2006, so as to raise an additional \$4,146.91 (2.17%) annually. The proposed rates are as follows:

First 1,000 Gallons "Minimum"	\$ 12.41 per 1,000 gallons
Next 1,000 Gallons	\$ 7.46 per 1,000 gallons
Next 6,000 Gallons	\$ 6.59 per 1,000 gallons
Next 6,000 Gallons	\$ 5.57 per 1,000 gallons
Over 14,000 Gallons	\$ 4.65 per 1,000 gallons

REGENCY PARK APARTMENTS

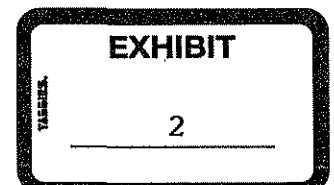
Meter No.'s 1 and 2

First 14,000 Gallons	\$ 12.41 per 1,000 gallons
Over 14,000 Gallons	\$ 4.65 per 1,000 gallons

Meter No. 3

First 13,000 Gallons	\$ 12.41 per 1,000 gallons
Over 13,000 Gallons	\$ 4.65 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. 3

1st Revised SHEET NO. 13

Auxier Water Company, Inc.

Name of Issuing Corporation

CANCELING P.S.C. KY NO. 2 _____

1st Revised SHEET NO. 13

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.

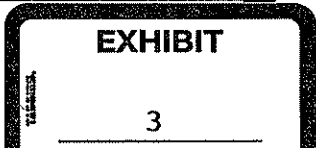
Volume of water purchased for 12-month Period ended <u>12/31/05</u> (which is within 3 months of effective date of supplier's rate change) <u>1</u>	<u>76,646</u> M Gal.
Cost at new rates	\$ <u>195,250.86</u>
Cost at Base Rate	\$ <u>191,103.95</u>
Total change in cost (Item 2 minus Item 3)	\$ <u>4,146.91</u>
Volume sold for same period as in Item 1	<u>69,030</u> M Gal.
PWA per M gallon sold (Item 4 divided by Item 5)	<u>.0600</u> ¢

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 <u>FEBRUARY 11 2006</u>
MONTH DAY YEAR	MONTH DAY YEAR
ISSUED BY _____	P.O. Box 99, Auxier, KY 41602
NAME OF OFFICER	ADDRESS
President	TITLE



FOR ENTIRE AREA SERVED

P.S.C. KY. NO. 5

4th Revised SHEET NO. 1

CANCELING P.S.C. KY NO. 5

3rd Revised SHEET NO. 1

Auxier Water Company, Inc.

Name of Issuing Corporation

CLASSIFICATION OF SERVICE

Rate Per Unit

First 1,000 Gallons "Minimum"	\$12.41 per 1,000 gallons
Next 1,000 Gallons	\$ 7.46 per 1,000 gallons
Next 6,000 Gallons	\$ 6.59 per 1,000 gallons
Next 6,000 Gallons	\$ 5.57 per 1,000 gallons
Over 14,000 Gallons	\$ 4.65 per 1,000 gallons

REGENCY PARK APARTMENTS

Meter No.'s 1 and 2

First 14,000 Gallons	\$12.41 per 1,000 gallons
Over 14,000 Gallons	\$ 4.65 per 1,000 gallons

Meter No. 3

First 13,000 Gallons	\$12.41 per 1,000 gallons
Over 13,000 Gallons	\$ 4.65 per 1,000 gallons

DATE OF ISSUE 2006 DATE EFFECTIVE FEBRUARY 11 2006

MONTH DAY YEAR MONTH DAY YEAR

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

NAME OF OFFICER TITLE ADDRESS

AUXIER WATER CO., INC.
YEARLY TOTALS BY METER
12 MONTHS ENDED 12/31/05

	GALLONS PURCHASED 000'S OMITTED	COST AT BASE RATES	COST AT NEW RATES	NET INCREASE IN COST	
PAGE 1	METER # 28-0320	2937	8,023.59	8,194.68	171.09
	METER # 28-0330	8823	21,384.81	21,850.20	465.39
	METER # 28-0350	0	0.00	0.00	0.00
	METER # 28-0550	29537	68,405.59	69,906.68	1,501.09
	METER # 28-0650	890	3,283.95	3,351.74	67.79
	METER # 28-0900	422	3,267.00	3,334.44	67.44
PAGE 2	METER # 28-0510	34	144.81	147.78	2.97
	METER # 28-0530	30	114.30	116.64	2.34
	METER # 28-0990	55	199.05	203.14	4.09
	METER # 28-0020	10241	24,603.67	25,139.96	536.29
	METER # 28-0030	18794	44,018.98	44,982.92	963.94
PAGE 3	METER # 28-0700	201	712.89	727.20	14.31
	METER # 28-0750	190	684.97	698.72	13.75
PAGE 4	METER # 28-0870	66	241.74	246.60	4.86
	METER # 28-0880	40	151.00	154.04	3.04
	METER # 28-0915	50	185.90	189.64	3.74
	METER # 28-0918	33	38.70	39.48	0.78
	METER # 28-0920	28	109.12	111.32	2.20
	METER # 28-0930	2	95.16	97.08	1.92
	METER # 28-0960	69	252.21	257.28	5.07
	METER # 28-0980	27	105.63	107.76	2.13
	METER # 28-1140	33	126.57	129.12	2.55
	METER # 28-1150	34	130.06	132.68	2.62
	METER # 28-1190	23	98.65	100.64	1.99
PAGE 5	METER # 28-1035	138	483.81	493.78	9.97
PAGE 6	METER # 28-28010	2861	7,851.07	8,018.36	167.29
PAGE 7	METER # 98-0840	29	2,524.20	2,574.84	50.64
PAGE 8	METER # 28-1170	1059	3,866.52	3,944.14	77.62
	TOTALS	76,646.00	191,103.95	195,250.86	4,146.91

PERCENTAGE INCREASE

2.17%

EXHIBIT

4