

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESAL E)
WATER SERVICE RATES OF THE FRANKFORT) CASE NO. 2006-00444
ELECTRIC AND WATER PLANT BOARD)

O R D E R

On October 10, 2006, the city of Frankfort, Kentucky, through the Frankfort Electric and Water Plant Board ("FEWPB"), submitted revised tariff sheets in which it proposed to adjust its existing rate for wholesale water service to all water districts and water associations effective for service on and after November 1, 2006. Following our receipt of objections and requests for an investigation from US 60 Water District for Shelby, Spencer, and Franklin counties, Kentucky ("US 60 District") and North Shelby Water Company, the Commission initiated this proceeding to investigate the reasonableness of the proposed rates.

After receipt of FEWPB's response to the Commission's discovery request, the Commission directed that an informal conference be held in this matter to discuss the methodology employed by FEWPB to develop its proposed rate.

Following this conference, which was held on January 31, 2007, FEWPB advised Commission Staff that it intended to revise its responses and cost-of-service study to reflect the results of its audited records for Fiscal Year 2006. As of this date, almost four months later, the Commission has not received any revised responses or a revised cost-of-service study.

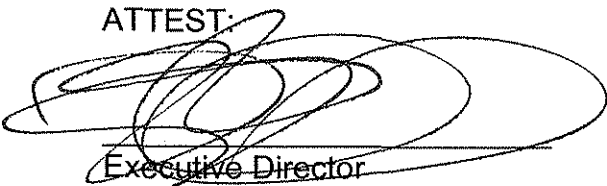
Less than 100 days remain for discovery, the presentation of evidence and argument, and the issuance of a final decision. Given the statutory requirement that the Commission must complete its review within 10 months of FEWPB's filing of revised rate schedules, and given the size and complexity of FEWPB's operations, this time period is inadequate.

Accordingly, the Commission, on its own motion, HEREBY ORDERS the FEWPB to show cause in writing within 10 days of the date of this Order why its proposed rate adjustment should not be denied for failure to prosecute its application and for lack of adequate time for the Commission to conduct a proper review of its proposed rate.

Done at Frankfort, Kentucky, this 18th day of May, 2007.

By the Commission

ATTEST:



Executive Director