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Mark David Goss  
Chairman

John W. Clay  
Commissioner

December 22, 2006

CERTIFICATE OF SERVICE

RE: Case No. 2006-00530  
Cannonsburg Water District

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 22, 2006.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/jc  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CANNONSBURG WATER DISTRICT                    )  
PURCHASED WATER ADJUSTMENT                ) CASE NO. 2006-00530

O R D E R

On December 1, 2006, Cannonsburg Water District ("Cannonsburg") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.015 and 807 KAR 5:068.

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

1. Cannonsburg purchases water from the city of Ashland ("Ashland") and Big Sandy Water District.
2. Ashland notified Cannonsburg that, effective with its January 1, 2007 billing, Ashland's wholesale water rate to Cannonsburg would increase from \$1.32 per 1,000 gallons to \$1.43 per 1,000 gallons. Cannonsburg proposes to increase the water rates to its customers effective January 1, 2007.
3. During the 12 months ending September 30, 2006, Cannonsburg purchased a total of 397,378,300 gallons of water and sold 266,703,900 gallons. The increase in the cost of purchased water is \$43,504, resulting in a purchased water adjustment of \$0.16 per 1,000 gallons and not Cannonsburg's proposed increase.
4. The rates proposed by Cannonsburg should be denied.

5. The purchased water adjustment of \$0.16 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The proposed rates by Cannonsburg are denied.
2. The purchased water adjustment of \$0.16 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, 2007.
3. Within 20 days of the date of this Order, Cannonsburg shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 22nd day of December, 2006.

By the Commission

ATTEST

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2006-00530 DATED December 22, 2006.

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

5/8" X 3/4" Meter:

|          |         |         |          |                   |
|----------|---------|---------|----------|-------------------|
| First    | 2,000   | gallons | \$ 15.08 | Minimum bill      |
| Next     | 3,000   | gallons | 5.44     | per 1,000 gallons |
| Next     | 15,000  | gallons | 5.06     | per 1,000 gallons |
| Next     | 30,000  | gallons | 4.68     | per 1,000 gallons |
| Next     | 50,000  | gallons | 4.31     | per 1,000 gallons |
| All Over | 100,000 | gallons | 3.91     | per 1,000 gallons |

1 1/2" Meter:

|          |         |         |          |                   |
|----------|---------|---------|----------|-------------------|
| First    | 5,000   | gallons | \$ 31.40 | Minimum bill      |
| Next     | 15,000  | gallons | 5.06     | per 1,000 gallons |
| Next     | 30,000  | gallons | 4.68     | per 1,000 gallons |
| Next     | 50,000  | gallons | 4.31     | per 1,000 gallons |
| All Over | 100,000 | gallons | 3.91     | per 1,000 gallons |

2" and 3" Meters:

|          |         |         |           |                   |
|----------|---------|---------|-----------|-------------------|
| First    | 20,000  | gallons | \$ 107.30 | Minimum bill      |
| Next     | 30,000  | gallons | 4.68      | per 1,000 gallons |
| Next     | 50,000  | gallons | 4.31      | per 1,000 gallons |
| All Over | 100,000 | gallons | 3.91      | per 1,000 gallons |

6" Meter:

|          |         |         |           |                   |
|----------|---------|---------|-----------|-------------------|
| First    | 50,000  | gallons | \$ 247.70 | Minimum bill      |
| Next     | 50,000  | gallons | 4.31      | per 1,000 gallons |
| All Over | 100,000 | gallons | 3.91      | per 1,000 gallons |

12" Meter:

|          |         |         |           |                   |
|----------|---------|---------|-----------|-------------------|
| First    | 100,000 | gallons | \$ 463.20 | Minimum bill      |
| All Over | 100,000 | gallons | 3.91      | per 1,000 gallons |