



Ernie Fletcher
Governor

Teresa J. Hill, Secretary
Environmental and Public
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Timothy J. LeDonne
Commissioner
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Commonwealth of Kentucky
Public Service Commission
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Mark David Goss
Chairman

John W. Clay
Commissioner

Hubert Halbert
Southern Water & Sewer District Water Division
P. O. Box 610
245 Kentucky Route 680
McDowell, KY 41647

March 23, 2007

RE: Case No. 2007-00095

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh
Enclosure



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March 23, 2007

Bill H. Howard
Prestonsburg City Utilities
Municipal Building
1048 South Lake Drive
Prestonsburg, KY 41653

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Honorable John N. Hughes
Attorney at Law
124 West Todd Street
Frankfort, KY 40601

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Pat Layne
Office Manager
Sandy Valley Water District
P. O. Box 127
524 George Road
Betsy Layne, KY 41605

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Philip Ward
Auxier Water Company, Inc.
P. O. Box 99
Auxier, KY 41602



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATE OF PRESTONSBURG) CASE NO. 2007-00095
CITY UTILITIES)

ORDER

On February 22, 2007; Prestonsburg City Utilities ("Prestonsburg") notified the Commission of a proposed revision to its wholesale water service rate for Sandy Valley Water District ("Sandy Valley District") and Auxier Water Company, Inc. Prestonsburg proposed to place the revised rates into effect on February 1, 2007. Prestonsburg's notice fails to comply with KRS 278.180(1), which requires a utility to provide the Commission with 30 days' prior notice of any rate revision.

Southern Water and Sewer District ("Southern District"), which has an agreement to acquire the assets of Sandy Valley District,¹ has objected to the proposed adjustment and requested full intervention in any proceeding to investigate the reasonableness of the proposed adjustment.

Having reviewed the proposed revision and Southern District's request, the Commission finds that:

1. Pursuant to KRS 278.190, additional proceedings are necessary to determine the reasonableness and lawfulness of the proposed revision.

¹ Case No. 2006-00327, The Joint Application of Sandy Valley Water District, Southern Water and Sewer District and the City of Pikeville For Approval of the Transfer of Facilities and For the Assumption of Debt by Southern Water and Sewer District (Ky.P.S.C. Jan. 22, 2007).

2. The intervention of Southern District is likely to present issues or to develop facts that assist the Commission in fully considering the matter without unduly complicating or disrupting this proceeding.

IT IS HEREBY ORDERED that:

1. This proceeding is established to investigate the reasonableness and lawfulness of Prestonsburg's proposed rate revision.

2. Prestonsburg shall not implement the proposed revision until providing the appropriate notice to the Commission that KRS 278.180(1) requires.

3. Southern District is granted leave to intervene in this proceeding as a full intervenor.

4. All documents that the Commission requires to be filed with the Commission shall be served upon all other parties.

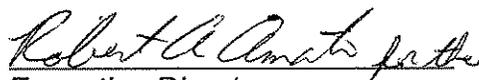
5. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

6. An informal conference shall be held on April 12, 2007, beginning at 1:00 p.m., Eastern Time, in Conference Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of establishing a procedural schedule in this matter, considering the possibility of settlement, the simplification of issues, and any other matters that may aid in the handling or disposition of this proceeding.

Done at Frankfort, Kentucky, this 23rd day of March, 2007.

By the Commission

ATTEST:


Executive Director

Case No. 2007-00095