

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT OF BATH) CASE NO. 2007-00299
COUNTY WATER DISTRICT)

ORDER

On July 6, 2007, Bath County Water District ("Bath District") applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.

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

1. Bath District purchases water from Morehead Utility Plant Board and the city of Mount Sterling.
2. Morehead Utility Plant Board notified Bath District that, effective January 1, 2007, its rate for wholesale water service to Bath District would increase from \$0.778 per 1,000 gallons to \$0.908 per 1,000 gallons. It further advised Bath District that its monthly charge of \$18,678.58 would be reduced to \$18,628.44.
3. Morehead Utility Plant Board has not provided written notice of its proposed wholesale rate adjustment in accordance with KRS 278.180 or Administrative Regulation 807 KAR 5:011 or filed an application to adjust its wholesale rates with the Commission.

4. Morehead Utility Plant Board's rate for wholesale water service to a jurisdictional utility is subject to Commission approval.¹

5. KRS 278.180(1) provides that no utility may change its rates except upon 30 days' notice to the Commission.

6. As Morehead Utility Plant Board has not provided the Commission with the notice of any rate change that KRS 278.180 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.²

7. Bath District's proposed purchased water adjustment should be denied.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment is denied.

2. Bath District's proposed rates are denied.

3. Subject to the filing of timely petition for rehearing pursuant to KRS 278.400, these proceedings are closed. The Executive Director shall place any future filings in the appropriate utility's general correspondence file or shall docket the filing as a new proceeding.

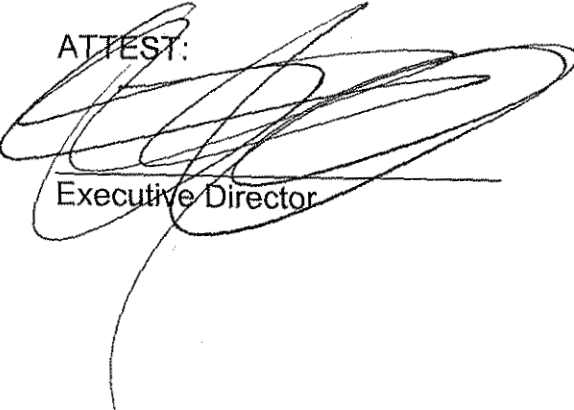
¹ See Simpson County Water District v. City of Franklin, 872 S.W.2d 460 (Ky. 1994).

² The Commission's Executive Director has advised Morehead Utility Plant Board that it must comply with KRS 278.180 and Administrative Regulation 807 KAR 5:011 to increase its wholesale rate for water service to Bath District and that any increase that is implemented without complying with these authorities must be refunded. Letter of Beth O'Donnell, Executive Director, Public Service Commission, to Robert M. Nickell, General Manager, Morehead Utility Plant Board (Aug. 3, 2007).

Done at Frankfort, Kentucky, this 6th day of August, 2007.

By the Commission

ATTEST:



Executive Director

Case No. 2007-00299