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John W. Clay  
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Caroline Pitt Clark  
Commissioner

February 6, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00012  
Montgomery County Water District #1

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 February 6, 2008.

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

Executive Director

BOD/tw  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT                    )  
OF MONTGOMERY COUNTY WATER                ) CASE NO. 2008-00012  
DISTRICT NO. 1                                    )

On January 7, 2008, Montgomery County Water District No. 1 (“Montgomery County”) 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. Montgomery County purchases water from Mt. Sterling Water and Sewer (“Mt. Sterling Water”).
2. Mt. Sterling Water notified Montgomery County that, effective with its February 1, 2008 billing, Mt. Sterling Water’s wholesale rate to Montgomery County would increase from \$1.88 per 1,000 gallons to \$2.07 per 1,000 gallons.
3. Montgomery County proposed a purchased water adjustment factor of \$0.22 per 1,000 gallons.
4. During the 12 months ended November 30, 2007, Montgomery County purchased 41,060,487 gallons from Mt. Sterling Water, and sold 35,192,790 gallons. The increase in the cost of purchased water is \$7,801.49, resulting in a purchased water adjustment factor of \$0.22 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.22 per 1,000 gallons is fair, just, and reasonable and should be approved.

6. Montgomery County incorrectly applied the adjustment factor to its current rates.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Montgomery County are denied.

2. The purchased water adjustment factor of \$0.22 per 1,000 gallons as calculated in Appendix A is approved.

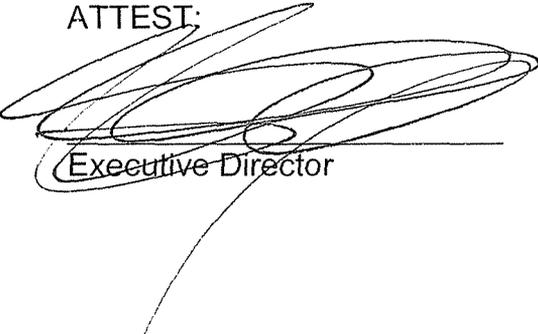
3. The rates in Appendix B attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after February 1, 2008.

4. Within 20 days of the date of this Order, Montgomery County shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 6th day of February, 2008.

By the Commission

ATTEST:



Executive Director

Case No. 2008-00012

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00012 DATED FEBRUARY 6, 2008

	New Rate	Base Rate	
Montgomery County Water			
Purchases in gallons	41,060,487	41,060,487	
Volumetric rate	<u>\$ 2.07/1,000</u>	<u>\$ 1.88/1,000</u>	
	\$84,995,208	\$77,193,715	
		Increased water cost	\$7801.49
Increased water cost		\$ 7,801.49	
Divided by gallons sold		<u>35,192,790</u>	
Purchased water adjustment factor		\$0.22 per 1,000 gallons	

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00012 DATED FEBRUARY 6, 2008

The following rates and charges are prescribed for the customers in the area served by Montgomery County Water District No. 1. 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.

#### RATES

##### Monthly Water Rates

5/8" x 3/4" Meter			
First	2,000 gallons	\$15.74	Minimum Bill
Next	3,000 gallons	4.75	per 1,000 gallons
Next	5,000 gallons	4.21	per 1,000 gallons
Over	10,000 gallons	3.67	per 1,000 gallons
Wholesale Customer		\$2.13	per 1,000 gallons