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Roy Short
North Mercer Water District
P. O. Box 79
Salvisa, KY 40372

July 2, 2008

CERTIFICATE OF SERVICE

RE: Case No. 2008-00179
North Mercer Water District

I, Stephanie Stumbo, 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 July 2, 2008.

Executive Director

SS/tw
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT
OF NORTH MERCER WATER DISTRICT

) CASE NO.
) 2008-00179

ORDER

On June 11, 2008, North Mercer Water District ("North Mercer") 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. North Mercer purchases water from the city of Harrodsburg ("Harrodsburg").
2. Harrodsburg notified North Mercer that, effective with its July 1, 2008 billing, Harrodsburg's wholesale rate to North Mercer would increase from \$\$0.038 per 1,000 gallons to \$0.082 per 1,000 gallons. Harrodsburg is increasing its charge to recover the Kentucky River Authority withdrawal fee from \$0.038 per 1,000 gallons to \$0.0823 per 1,000 gallons of water effective July 1, 2008.
3. North Mercer proposes a purchased water adjustment factor of \$0.06 per 1,000 gallons.
4. During the 12-month period ending March 2008, North Mercer purchased 356,094,596 gallons from Harrodsburg, and it sold 272,085,900 gallons. The increase

in the cost of purchased water is \$15,668.16, resulting in a purchased water adjustment factor of \$0.06 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.06 per 1,000 gallons is fair, just, and reasonable and should be approved.

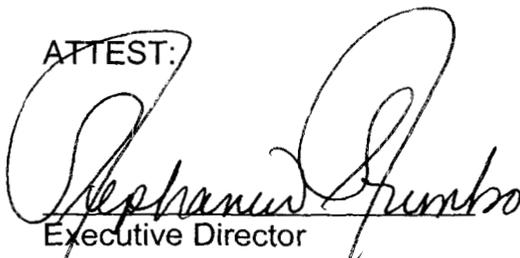
IT IS THEREFORE ORDERED that:

1. The rates proposed by North Mercer are approved.
2. The purchased water adjustment factor of \$0.06 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 service rendered on or after July 1, 2008.
4. Within 20 days of the date of this Order, North Mercer shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 2nd day of July, 2008.

By the Commission

ATTEST:


Stephanie Gumbro
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00179 DATED JULY 2, 2008

	New Rate	Base Rate
Harrodsburg		
Purchases in gallons	356,094,596	356,094,596
Volumetric rate	<u>\$ 0.082/1,000</u>	<u>\$ 0.038/1,000</u>
	\$29,199.75	\$13,531.59
Increased water cost	\$15,668.16	

Increased water cost	\$ 15,668.16
Divided by gallons sold	<u>272,085,900</u>
Purchased water adjustment factor	\$0.06 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2008-00179 DATED JULY 2, 2008

The following rates and charges are prescribed for the customers in the area served by North Mercer 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.

RATES

Monthly Water Rates

First	1,000 gallons	\$ 10.62	Minimum Bill
Next	2,000 gallons	4.48	per 1,000 gallons
Next	2,000 gallons	4.42	per 1,000 gallons
Next	5,000 gallons	4.01	per 1,000 gallons
Over	10,000 gallons	3.85	per 1,000 gallons