

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF NEBO WATER)	CASE NO.
DISTRICT OF AN AMENDED WATER PURCHASE)	2023-00418
CONTRACT WITH THE CITY OF MADISONVILLE)	

ORDER

On November 29, 2023, Nebo Water District (Nebo District) filed an amended water purchase contract (Amended Contract) between it and the city of Madisonville (Madisonville) to extend the term of the existing contract and to revise how the wholesale rate Nebo District pays Madisonville is calculated. Madisonville provides water to Nebo District under a contract dated November 7, 1977 (1977 Contract). The 1977 Contract contains a formula for how the rate to Nebo District is to be calculated and states that any modification to the formula for determining the rate is subject to the approval of Farmers Home Administration, which is now the Rural Development division of the United States Department of Agriculture (Rural Development).

By Order¹ dated December 22, 2023, the Commission opened an investigation into the reasonableness of the Amended Contract specifically to determine whether Rural Development had approved of the change to the way the rate is calculated and to determine whether Madisonville will continue to seek Commission approval of any future change to the wholesale rate charged to Nebo District by filing with the Commission a copy of the notice provided to Nebo District of any change to the wholesale rate,

¹ Order (Ky. PSC Dec. 22, 2023).

supporting documentation for the new rate, and a revised tariff page. Furthermore, the Commission made Madisonville a party to the proceeding and suspended the proposed Amended Contract for five months from December 29, 2023, up to and including May 28, 2024.

Both Nebo District² and Madisonville³ responded to Commission Staff's First Request for Information by providing evidence that Rural Development had approved the revision to how the rates are calculated. Additionally, Madisonville responded⁴ that it expects to notify the Commission and utility customers the next time it raises its rates.

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that the Amended Contract is reasonable and should be approved.

IT IS THEREFORE ORDERED that:

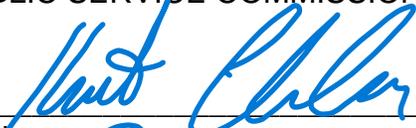
1. The Amended Contract is approved for service rendered on and after the date of this Order.
2. Within 20 days of the date of service of this Order, Madisonville shall file with the Commission, using the Commission's electronic Tariff Filing System, a revised tariff sheet reflecting the new rate to be charged to Nebo District.
3. This case is closed and removed from the Commission's docket.

² Nebo District's Response to Commission Staff's First Request for Information (filed Jan. 5, 2024).

³ Madisonville's Response to Commission Staff's First Request for Information (filed Feb. 7, 2024).

⁴ Madisonville's Response to Commission Staff's First Request for Information, Item 2.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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