

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A CONTRACT FILING BY MOUNTAIN)
WATER DISTRICT TO SERVE SOUTH) CASE NO. 97-470
WILLIAMSON APPALACHIAN HOSPITAL)

O R D E R

On October 28, 1997, Mountain Water District ("Mountain") filed a proposed contract with the Commission to provide service to South Williamson Appalachian Hospital ("Hospital"). Mountain proposed to serve the Hospital at a rate of \$2.41 per 1,000 gallons. No cost justification was provided to support the proposed rate. On November 25, 1997, the Commission issued an Order suspending the proposed contract pursuant to Mountain providing appropriate cost justification for the proposed rate.

On December 12, 1997, Mountain responded to the Commission's request for cost justification. Mountain's response explained that in 1978 the Hospital paid for a connection to Mountain's system to ensure a water supply should the Hospital's primary source be disrupted. According to Mountain's response, no pumping or storage costs are involved, and no significant distribution maintenance costs are necessary in providing service to the Hospital. Mountain's response also indicates that Mountain has the capacity to properly serve the Hospital.

The Commission has reviewed the terms and conditions of the contract and finds Mountain's proposed contracted rate to serve the Hospital will cover its cost of providing the service.

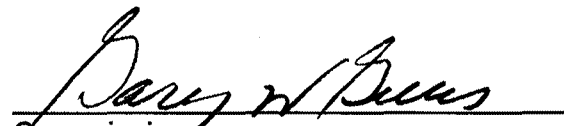
IT IS THEREFORE ORDERED that the contract between Mountain and the Hospital for the sale and purchase of water at a rate of \$2.41 per 1,000 gallons is hereby approved.

Done at Frankfort, Kentucky, this 22nd day of January, 1998.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director