

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

A WATER PURCHASE AGREEMENT BETWEEN)	
KENTUCKY-AMERICAN WATER COMPANY)	CASE NO.
AND WINCHESTER MUNICIPAL UTILITIES)	2001-230
COMMISSION)	

O R D E R

On July 9, 2001, Kentucky-American Water Company ("KAWC") filed with the Commission a water purchase agreement with Winchester Municipal Utilities ("WMU"). On August 3, 2001, the Commission established this case to investigate the reasonableness of the provisions of the agreement regarding meter testing. On August 10, 2001, the Commission granted intervention to the Attorney General.

On September 6, 2001, WMU filed a motion requesting Commission approval to increase its wholesale rate to KAWC as provided in the agreement. As grounds, WMU states that the new rate is based upon a cost of service study, that WMU provided notice as required by KRS 278.180, and that it will suffer a financial hardship if these rates are held in abeyance pending Commission decision in this case. The Commission has not received a response from the Attorney General to this request.

Given that the Commission's investigation of this agreement is limited to the meter testing provisions, and that the rates are reasonably cost-based, the Commission finds that good cause exists to allow WMU to commence charging to KAWC the rates agreed upon in the contract.

Based upon the foregoing, and being otherwise sufficiently advised, IT IS
HEREBY ORDERED that:

1. WMU's motion to implement rates is granted.
2. WMU may charge and collect the rates as set forth in the contract and

Exhibit A to its motion as of the date of this Order.

Done at Frankfort, Kentucky, this 19th day of September, 2001.

By the Commission

ATTEST:


Executive Director