

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT) CASE NO.
OF BEECH GROVE WATER SYSTEM) 2003-00471

O R D E R

On December 11, 2003, Beech Grove Water System (“Beech Grove”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure. KRS 278.012 and 807 KAR 5:068. The application was found to be deficient. As the deficiencies were cured on January 20, 2004, the application is considered filed as of this date.

Henderson Water Utility (“Henderson”), a municipal water system, filed with the Commission its request for approval of its wholesale rate on January 29, 2004. West Daviess County Water District (“West Daviess”) applied to the Commission to raise its wholesale rate in Case No. 2003-00113.¹ The rate increase was approved by Order dated May 13, 2003.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Beech Grove purchases water from Henderson and West Daviess.
2. Henderson notified Beech Grove that, effective with its March 2004 consumption, its wholesale water rate would increase from \$2.32 per thousand gallons

¹ Case No. 2003-00113, Purchased Water Adjustment of West Daviess County Water District.

to \$2.67 per thousand gallons. West Daviess notified Beech Grove that, effective with its July 2003 consumption, its wholesale water rate would increase from \$1.91 per thousand gallons to \$1.94 per thousand gallons. Beech Grove proposes to increase the water rates to its customers effective with the date of this Order.

3. During the 12 months ending December 31, 2003, Beech Grove purchased 47,171,649 gallons of water from Henderson and 14,681,000 gallons of water from West Daviess. During the same period, it sold 48,789,154 gallons. The increase in the cost of purchased water is \$16,951, resulting in a purchased water adjustment of \$0.35 per 1000 gallons. Based on an average monthly usage of 5,000 gallons, the average bill of Beech Grove's customers would rise \$1.75 from \$28.44 to \$30.19 or 6.2 percent.

4. The purchased water adjustment of \$0.35 per 1,000 gallons is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.35 per 1,000 gallons is fair, just, and reasonable.

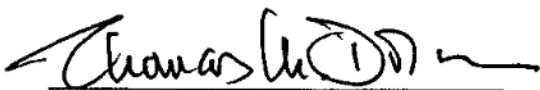
2. Upon Commission approval of Henderson's wholesale rate, the retail rates for Beech Grove in Appendix A, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services rendered on and after March 1, 2004.

3. Within 20 days of the date of this Order, Beech Grove shall file with the Commission revised tariff sheets showing the rates approved herein.

Done at Frankfort, Kentucky, this 17th day of February, 2004.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Charles H. [unclear]", written over a horizontal line.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00471 DATED February 17, 2004

The following rates and charges are prescribed for the customers in the area served by Beech Grove Water System. 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.

Monthly Water Rates

First	2,000 gallons	\$ 15.70	Minimum bill
Next	98,000 gallons	4.83	per 1,000 gallons
All Over	100,000 gallons	4.10	per 1,000 gallons