

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATES OF THE CITY OF ) CASE NO. 2004-00104  
HODGENVILLE )

ORDER

The city of Hodgenville, Kentucky (“Hodgenville”) proposed to adjust its existing rate for wholesale water service to LaRue County Water District No. 1 (“LaRue District”) effective April 1, 2004. On March 31, 2004, after receiving notice of LaRue District’s objection to the proposed adjustment and request for an investigation of the proposed adjustment, the Commission suspended the proposed adjustment and initiated this proceeding. We further granted LaRue District’s motion for leave to intervene in this proceeding.

On July 26, 2004, LaRue moved to withdraw as an intervenor in this proceeding. In support of its motion, LaRue District stated that it had examined documents that Hodgenville furnished to it regarding the municipal utility’s operations and that it “is now satisfied that . . . [Hodgenville’s] proposed wholesale rate is fair, just and reasonable.” Motion to Withdraw at 2. LaRue District further requested that the Commission move expeditiously to approve the proposed rate adjustment.

Having considered the motion and being otherwise sufficiently advised, the Commission finds that LaRue District’s motion should be granted and that the proposed rate adjustment be approved. The purpose of the Commission’s jurisdiction over a municipal utility’s wholesale transactions with a public utility is to ensure that any public

utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service."

Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The affected public utility made clear its objections to the proposed rate adjustment. Addressing the concerns of this public utility, Hodgenville convinced it of the reasonableness of the proposed rate adjustment. LaRue District has withdrawn its objections to the proposed adjustment.

As the proposed rates on their face appear neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. LaRue District's Motion to Withdraw is granted.
2. Hodgenville's proposed wholesale water service rate of \$1.98 per 1,000 gallons is approved for wholesale water service rendered to LaRue District on and after the date of this Order.
3. Within 20 days of the date of this Order, Hodgenville shall file with this Commission its revised tariffs setting out the rates approved herein.

Done at Frankfort, Kentucky, this 12<sup>th</sup> day of August, 2004.

By the Commission

ATTEST:



Executive Director