

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF WHOLESALE)	
WATER SERVICE RATE OF SALYERSVILLE)	CASE NO. 2006-00499
WATER WORKS)	

ORDER

On November 22, 2006, the city of Salyersville, Kentucky (“Salyersville”), through the Salyersville Water Commission, notified the Commission in writing of proposed revisions to its wholesale water service rate for Magoffin County Water District (“Magoffin District”). That same day Magoffin District advised the Commission in writing that it had been informed of the proposed rate adjustment and did not object to its implementation.¹

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.”² In the case at bar, this purpose has been served. The public utility affected by the proposed rate adjustment has had the opportunity to voice its concerns and to request an investigation. It has voiced no objection to the proposed revision. As the proposed rates appear neither

¹ Letter from William J. Cantrell, Manager, Magoffin County Water District, to Dennis Brent Kirtley, Manager, Tariffs Branch, Public Service Commission of Kentucky (Nov. 22, 2006). In this letter, Magoffin District further requests the assistance of Commission staff to obtain a purchased water adjustment to reflect the increased cost of water.

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

unreasonable nor unconscionable on their face, we find that further proceedings are not required and that the rates should be permitted to become effective subject to the conditions noted below.

Salyersville proposes that its revised rates become effective for water service rendered and billed to Magoffin District in November and December 2006.³ This proposed effective date is contrary to KRS 278.180(1) that provides that a utility must provide the Commission with 30 days prior notice of any proposed rate adjustment. As Salyersville provided the Commission with notice of its proposed rate adjustment on November 22, 2006, it may not lawfully assess the proposed rates for service provided before December 22, 2006.

IT IS THEREFORE ORDERED that the rates set forth in the Appendix to this Order are approved for wholesale water service rendered by Salyersville to Magoffin County on and after December 22, 2006.

Done at Frankfort, Kentucky, this 19th day of December, 2006.

By the Commission

ATTEST:



Executive Director

³ The bills issued for this service must be paid on or before January 10, 2007. See letter from Judy Jackson, Chairman, Salyersville Water Commission, to Paul H. Salyers, Chairman, Magoffin County Water District (Nov. 20, 2006).

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00499 DATED December 19, 2006

The following rates and charges are prescribed for water service that Salyersville Water Commission provides to Magoffin County Water District on and after December 22, 2006. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

First 8 Million Gallons	\$2.30 Per 1,000 Gallons
All usage over 8 Million Gallons	\$2.45 Per 1,000 Gallons