



Andy Beshear  
Governor

Rebecca W. Goodman  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

Kent A. Chandler  
Chairman

Amy D. Cabbage  
Vice Chairman

August 16, 2021

Mayor Ronnie Clark  
City of Carlisle  
107 East Chestnut Street  
Carlisle, Kentucky 40311

Dear Mayor Clark:

Sharpsburg Water District has advised Commission Staff that the City of Carlisle (Carlisle) has increased its rate for wholesale water service.

In *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), the Kentucky Supreme Court held that the Public Service Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Public Service Commission. Pursuant to the *Simpson County Water District* decision, the Public Service Commission in Administrative Case No. 351 directed that “[a]ny municipal utility wishing to change or revise a contract or rate for wholesale utility service to a public utility shall, no later than 30 days prior to the effective date of the revision, file with the Commission the revised contract and rate schedule.” A copy of the *Simpson County Water District* decision and the Public Service Commission’s Order are enclosed.

Consistent with KRS 278.160 and the Public Service Commission’s Order in Administrative Case No. 351, contracts and rate schedules filed with the Public Service Commission shall control the rates and conditions of service of the parties. Changes to those contracts and rate schedules currently on file with the Public Service Commission shall be made in accordance with KRS 278.180 and Administrative Regulation 807 KAR 5:011. Until such changes are approved by the Commission, the prior contracts and rate schedules remain in effect.

The Carlisle rate schedule currently on file with the Commission has an effective date of July 1, 2003 and indicates that Carlisle sells water to Sharpsburg Water District (Sharpsburg District) and Nicholas County Water District (Nicholas District). Therefore, Carlisle may bill Sharpsburg District and Nicholas District only at the rates contained in

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City of Carlisle  
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the most recent rate schedule that Carlisle has filed with the Commission and not at the rates allegedly increased. Until Carlisle files its proposed revisions with and obtains approval of the Public Service Commission, it may not charge Sharpsburg District or Nicholas District a rate that differs from that rate schedule. Furthermore, if Carlisle is currently charging a rate that differs from those on file with the Public Service Commission, it must either refund the additional charges collected or credit that amount to its wholesale customers' account.

Any questions regarding this letter should be directed to Daniel Hinton of Commission Staff at (502) 782-2626.

Sincerely,



Linda C. Bridwell  
Executive Director

Enclosure

CC: Sharpsburg Water District  
Nicholas County Water District