

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)	
WHOLESALE WATER SERVICE RATES OF THE)	CASE NO. 2009-00056
CITY OF LAWRENCEBURG, KENTUCKY)	

ORDER

On January 20, 2009, the city of Lawrenceburg, Kentucky (“Lawrenceburg”) filed with the Commission notice of a proposed adjustment of its existing rate for wholesale water service to South Anderson Water District (“South Anderson”). Lawrenceburg filed a proposed rate schedule that provided for a wholesale water rate of \$2.49 per 1,000 gallons of purchased water for the first 8,000,000 gallons as a minimum bill and \$2.41 per 1,000 gallons of purchased water over 8,000,000 gallons.

On February 16, 2009, we suspended the proposed adjustment and initiated this proceeding to review the reasonableness of the proposed adjustment. 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.”¹ Further, our Order set an informal conference for March 3, 2009, to discuss the increase and to establish a procedural schedule for this case. During this conference, Lawrenceburg and South Anderson discussed the possibility of settling this case. Both parties asked for additional time to evaluate some

¹ Simpson County Water Dist. v. City of Franklin, 872 S.W.2d 460, 465 (Ky. 1994).

information that had come to light since the filing by Lawrenceburg and informed Commission Staff that, after this review, they would contact Staff and inform them of any action needed to be taken with regard to their settling this case.²

On May 26, 2009, an Order was issued requiring the parties to update the Commission on the settlement negotiations, as a considerable amount of time had lapsed since the date of the informal conference. On June 10, 2009, South Anderson filed a response to our Order stating that the parties were nearing an agreement and would update the Commission before the end of June 2009.

On June 15, 2009, the parties filed a "Second Amendment to Water Purchase Contract" and a Cost-of-Service Study upon which the new rates are based. The parties agreed to the rate that Lawrenceburg would charge South Anderson for wholesale water service.

Based upon our review of the record, the Commission finds that the parties have reached a settlement agreement as to Lawrenceburg's wholesale rates. As this agreement appears on its face to be neither unreasonable nor unconscionable, the Commission finds that the agreement and rates should be approved.

IT IS THEREFORE ORDERED that:

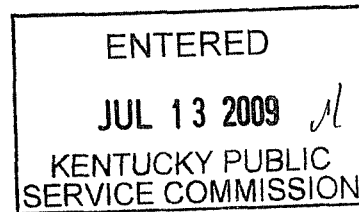
1. The Second Amendment to Water Purchase Contract is approved.

² See Memorandum from Todd Osterloh, Staff Attorney, Kentucky Public Service Commission, to Case File (Mar. 5, 2009).

2. A wholesale rate of \$2.49 per 1,000 gallons of purchased water for the first 8,000,000 gallons as a minimum bill and \$2.34 per 1,000 gallons of purchased water over 8,000,000 gallons is approved for services rendered on and after the date of this Order.

3. Within 20 days of the date of this Order, Lawrenceburg shall file with the Commission a revised tariff sheet setting forth the rates that are approved in this Order.

By the Commission



ATTEST:



Executive Director

Lawrenceburg Water and Sewer
P.O. box 290
Lawrenceburg, KY 40342

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Chairman
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