

COMMONWEALTH OF KENTUCKY
BEFORE THE UTILITY REGULATORY COMMISSION

In the Matter of:

THE APPLICATION OF OLDHAM COUNTY)
WATER DISTRICT, A WATER DISTRICT)
ORGANIZED PURSUANT TO CHAPTER 74)
OF THE KENTUCKY REVISED STATUTES,)
OF OLDHAM COUNTY, KENTUCKY, FOR)
APPROVAL OF INCREASED RATES,)
TARIFF CHANGES, RECONNECTION,) CASE NO. 7390
CONNECTION AND METER SERVICE)
CHARGES PROPOSED TO BE MADE BY)
THE DISTRICT TO CUSTOMERS OF)
THE DISTRICT.)

ORDER DISMISSING CASE

On March 28, 1979, the Oldham County Water District ("Oldham County" or "District"), petitioned the Public Service Commission^{1/} for authority to increase its rates to its customers. The stated purpose of such increase was to help finance additions to its system and to remain current in paying its bonded indebtedness.

On June 29, 1979, the District filed the schedule of rates it desired this Commission to approve, those rates being the same as prescribed by the Farmers Home Administration as a pre-condition to its loan commitment to Oldham County of approximately \$3,500,000.

The present Oldham County Water District was created by merging the territory and customers originally served by the Ohio River-Oldham Water District and the Oldham County Water District No. 3. This merger was approved by order of the Oldham County Fiscal Court on May 16, 1979.

In order to properly evaluate the combined Oldham County Water District's request for rate increases, the Commission,

^{1/} Predecessor to the Utility Regulatory Commission.

by letter dated July 20, 1979, requested that the District furnish the following additional information:

(1) The closing journal entries of the two districts prior to their merger;

(2) The opening journal entries for the new Oldham County Water District;

(3) The income statement, balance sheet, comparative income statement, and billing analysis of the final six months of operation of the two old districts and from the new district from the time of its initial operations through the period ending June 30, 1979.

The Commission requested that this information be supplied to it by August 10, 1979.

On July 27, 1979, an attorney for Oldham County Water District responded that the District was of the "opinion" that its previously-filed accounting data was sufficient for the Commission to rule on its rate request. The Commission considered this response of the District, but nevertheless determined that it must have more current financial data in order to properly evaluate the proposed rates. Accordingly, by letter dated August 8, 1979, the Commission again informed the District that it would be necessary for it to file a combined income statement and balance sheet for the twelve months ending June 30, 1979, before the case could be properly heard.

Having received no response to the second request for this essential information, the Commission again, by letter dated August 30, 1979, requested the information from Oldham County. On September 18, 1979, the District indicated that the financial data was being prepared and would be filed in a matter of weeks. However, the District also notified the Commission that it intended to go ahead and put the rates into effect on October 1, 1979, without any hearing ever having been held.

On September 24, 1979, the Commission wrote to the District advising it that in view of the repeated failure of the District to supply requested information, the Commission would be compelled to dismiss the case without prejudice if the rates were placed

into effect without a hearing. By telephonic communication with the District on December 13, 1979, the Commission learned that the District had, indeed, placed the rates into effect on October 1, 1979.

On November 14, 1979, Oldham County filed a "supplement" to its original application requesting additional increases for such items as connection fees and customer deposits.

On December 3, 1979, the Office of the Attorney General, Division of Consumer Protection, an intervenor in this proceeding,^{2/} filed a motion to dismiss the entire proceeding on the ground that the required financial information had not been submitted by the applicant, and that the District had never properly notified the Commission of its intention to put the rates into effect pursuant to the terms of KRS 278.180.

On December 6, 1979, the Commission convened a hearing at its offices in Frankfort, Kentucky, for the purpose of hearing oral arguments on the Attorney General's motion to dismiss.

Based upon the above-recited facts of this proceeding, the Commission hereby makes the following FINDINGS:

1. The Oldham County Water District's original filing with the Commission on March 28, 1979, was an "application" for a rate increase, and not a "notice" that the utility would place the rates into effect on a given date (ordinarily 20 days after the date of filing). This is clear from the caption of the District's original filing, which specifically states that it is an "Application." While the District's application does contain (on page 3) a request for "emergency" rate relief, the Commission must view this as being no more than a plea for expedited treatment of the rate request. In any event, such language in the

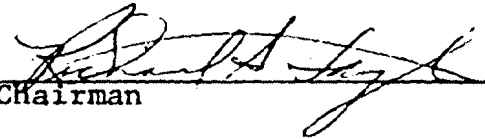
^{2/} The LaGrange Utilities Commission was also an intervenor in this proceeding.

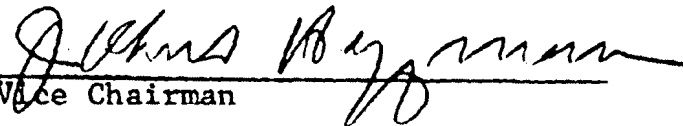
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Done at Frankfort, Kentucky, this 10th day of January, 1980.

UTILITY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary