## COMMONWEALTH OF KENTUCKY

BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE CHARGING OF ) UNAUTHORIZED RATES ) BY AUXIER WATER ) COMPANY )

CASE NO. 8024

## SHOW CAUSE ORDER

On May 27, 1980, Auxier Water Company ("Auxier") filed an application with the Utility Regulatory Commission seeking a rate increase. In its application in Case No. 7869, Auxier requested an emergency rate increase to become effective July 1, 1980, or upon a hearing. Auxier also proposed permanent rates to be charged.

The matter was set for hearing August 27, 1980, at 1:00 P.M. Prior to the hearing, the Secretary of the Commission advised counsel for Auxier Water Company by letter of August 8, 1980, that "KRS 278.190 provides that emergency rates can only be authorized <u>after</u> a hearing" and requested counsel to notify him should he have any questions. Counsel for Auxier did not correspond further on this subject and the hearing was held as scheduled.

The Commission next received a letter on September 16, 1980, from Auxier's President, Phil Ward, advising the Commission Auxier would place their proposed rates into effect on October 1, 1980. The Secretary of the Commission immediately responded to Mr. Ward, advising him and counsel for Auxier that the Commission had not been given twenty (20) days notice of Auxier's intent to place the rates into effect as required by KRS 278.180 and therefore, Auxier could not place the proposed rates into effect. Auxier communicated nothing

further to the Commission regarding this issue and did not attempt to give the proper notice. Instead, Auxier began billing at the higher, unauthorized rates on October 1, 1980.

On October 10, 1980, the Commission received a letter from Mrs. D. S. Walker asking the Commission whether Auxier had been authorized to charge increased rates and supplying a copy of her August billing and her October billing. A copy of this complaint is attached hereto as Appendix A.

The Secretary of the Commission telephoned Auxier's President concerning Auxier's collection of unauthorized rates. On October 16, 1980, the Commission received Mr. Ward's reply in which he stated that the increased rates were instituted because the company had additional expenses and insufficient revenues causing a "cash bind".

The Office of the Attorney General, Consumer Intervention Divison transmitted correspondence it had received from Auxier Water Company customers related to the increased rates on October 16, 1980. The Attorney General's Office stated that it appeared that Auxier was even charging a rate higher than the proposed emergency or permanent rates and requested the Commission to investigate the matter and order refunds, if appropriate. A copy of the complaint of those customers is attached hereto as Appendix B.

Pursuant to KRS 278.260 and upon its own motion, the Commission HEREBY ORDERS that Auxier Water Company shall appear and give testimony, if any they can, why they should not be fined the maximum penalty provided in KRS 278.990 for charging unauthorized rates.

It is FURTHER ORDERED that Auxier Water Company shall appear and give testimony, if any they can, as to why they should not be required to notify all their customers that they have charged unauthorized rates and take any other remedial action found reasonable by the Commission.



It is FURTHER ORDERED that Auxier Water Company shall immediately cease and desist from charging and collecting any rate other than one which is authorized by order of this Commission dated October 31, 1980.

It is FURTHER ORDERED that the record in Case No. 7869 be, and it hereby is, made a part of the record in this proceeding.

It is FURTHER ORDERED that this matter be, and it hereby is, set for hearing on the 9th day of December 1980, at 1:00 P.M., Eastern Standard Time, in the Commission's office at Frankfort, Kentucky.

Done at Frankfort, Kentucky, this the 5th day of November, 1980.

UTILITY REGULATORY, COMMISSION Commissio

ATTEST:

Secretary

## October 8, 1980

## RECEIVED

OCT 1 0 1980

UTILITY REGULATORY COMMISSION

Utility Commission of Ky. Frankfort, Ky.

Dear Sirs:

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Enclosed are copies of my August & September water bills from Auxier Water Co. of Auxier, Ky.

Was the Auxier Water Co. approved for higher rates on their utilities; If so, it is a disgrace that a state government paid official would approve such outrageous rates. Thank you.

> Mrs. D.S. Walker Auxier Road Prestonsburg, Ky. 41653

Appendix. A

AUXIER WATER COMPANY, Auxier, Kentu OFFICE HOURS: Rates per 1,000 gal. Office Pho Mon. + PH. 10:00 + 2:00 Next 3,000 200 165 Maintenance 1 The First 10 Days of Next 3,000 1.65 Maintenance 1 Each Month - Dver 10,000 1.65 886:2458 WATER BILL FOR MONTH OF	ne   Phone	
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Auxier Community Development Club

Box 326 Auxier, Kentucky 41602

James (Dee) Caudill

Uctober 9, 1980

Harry Hager Vice-President

Nancy Goble Secretery-Treesurer

> Ms. Katherine Randall Assistant Attorney General Division of Consumer Intervention 209 St. Clair St. Frankfort, Kentucky 40601

Dear Ms. Randall:

This letter is in reference to our telephone conversation of October 7, 1980, concerning the new water rates applied to the September water bills of the Auxier Water Co. customers without apparent authorization. I am enclosing photostatic copies of several customers' water bills for the months of August and September to show the difference between the old rates and the new rates. I am also enclosing a copy of Auxier Water Company's old rates and the proposed new rates.

After checking several water bills, we find that Auxier Water Company has charged customers from one to three dollars above any proposed rates that they have put forth.

The Auxier Community Development Club would like to lodge a complaint with the Utilities Regulatory Commission over the rate increase that has been instituted by the Auxier Water Company without proper authorization.

We would appreciate your help and cooperation in bringing this complaint before the Utilities Regulatory Commission for us.

Very truly yours,

and B. Wells

Paul B. Wells Member Board of Directors Auxier Community Development Club

Appendix B

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Auxier requests that its emergency change in rates become effective July 1, 1980 or upon a temporary hearing date, whichever first occurs.

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Auxier requests that its non-emergency change in rates become effective when Public Service Commission so orders.

vI.

Rates currently charged by Auxier are as follows:

1st 2,000 gal.	\$7.00
Next 3,000 gal.	2.00 per 1,000
Next 5,000 gal.	1.65 per 1,000
Over 10,000	1.45 per 1,000

Temporary (Emergency) rates proposed to be charged by Auxier immediately in order to absorb the June 1, 1980 increase in supply costs are as follows:

1st 2,000 gal.\$9.10Next 3,000 gal.2.60 per 1,000Next 5,000 gal.2.15 per 1,000Over 10,000 gal.1.90 per 1,000

Regular rates proposed to be charged by Auxier are as follows:

lst 1,000 gal.	\$6.30
Next 1,000 gal.	4.20
Next 6,000 gal.	3.70 per 1,000
Next 6,000 gal.	3.10 per 1,000
Over 14,000 gal.	2.85 per 1,000

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Cathy Goble Box 127 Lucies, Ky. 416. 2

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