

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF THE EDMONSON)
COUNTY WATER DISTRICT, EDMONSON)
COUNTY, KENTUCKY, FOR AN INCREASE)
IN ITS WHOLESALE RATE CHARGED TO) CASE NO. 8263
THE CITY OF BROWNSVILLE, EDMONSON)
COUNTY, KENTUCKY, AND SEEKING)
APPROVAL OF THE SAME)

O R D E R

On June 19, 1981, Edmonson County Water District ("Edmonson County") filed an application with this Commission requesting authority to increase its wholesale rate to the City of Brownsville ("Brownsville") from \$0.80 to \$0.829 per 1000 gallons or approximately \$600 annually.

On June 25, 1981, the Consumer Protection Division of the Attorney General's Office filed a motion to intervene in this proceeding, which was sustained. However, on August 3, 1981, it notified the Commission that it would not participate in the cross-examination at the hearing. On October 7, 1981, Brownsville filed a motion to intervene in this proceeding, which was sustained.

A hearing was held at the Commission's offices in Frankfort, Kentucky, on October 13, 1981. The matter is now submitted for final determination by the Commission.

GRW Engineers, Inc., conducted a rate study for Edmonson County to determine the rate that should be charged its wholesale

customer. The cost of the study greatly exceeded the amount to be generated by the recommended wholesale rate. The Commission is concerned about Edmonson County's decision to file this application in which the rate case expenses substantially exceed the minimal revenue request. The Commission notes that Edmonson County had approximately 1940 residential and commercial customers and 1 wholesale customer and suffered a net loss for the year ending December 31, 1980, of \$72,412. The Commission is of the opinion that Edmonson County should carefully consider the effects of decisions which not only adversely affect its financial stability but also place an undue burden on its ratepayers.

The Commission is also concerned that Edmonson County placed unauthorized rates into effect without giving proper notice as required under KRS 278.180 and without the approval of the Commission. Edmonson County is hereby advised that this Commission will not permit any future disregard of the law and may seek to impose the maximum statutory penalties if additional offenses of this nature occur.

Summary

The Commission, after consideration of the evidence of record, finds that:

- (1) The rate proposed by Edmonson County is fair, just and reasonable and has been properly cost-supported.
- (2) The proposed rate in Appendix A should be approved.

(3) Edmonson County began billing its proposed rate on the April 1981 bill without authorization from this Commission. Thus Edmonson County should refund with interest all amounts collected in excess of those authorized by this Commission in its Order dated March 26, 1979, in Case No. 7093.

(4) The Commission is of the opinion and finds that for the purpose of refunding the amount overcollected, the fair, just and reasonable annual interest rate should be the average of the "3-Month Commercial Paper Rate" for the immediately preceding 12-month period less 1/2 of 1 percent to cover the costs of refunding. These monthly rates are reported in both the Federal Reserve Bulletin and the Federal Reserve Statistical Release.

IT IS THEREFORE ORDERED that the rate sought by Edmonson County in Appendix A, attached hereto and made a part hereof, is approved for service rendered on and after January 20 , 1982.

IT IS FURTHER ORDERED that Edmonson County shall file with the Commission within 30 days from the date of this Order its revised tariff sheets setting out the rate approved herein.

IT IS FURTHER ORDERED that Edmonson County shall refund on its next billing to its wholesale customer, Brownsville, the amount collected in excess of that authorized by the Commission, including interest, in Case No. 7093.

IT IS FURTHER ORDERED that Edmonson County shall file the amount of unauthorized revenue collected and refunded to Brownsville with the Commission within 30 days from the date of this Order.

Done at Frankfort, Kentucky, this 20th day of January, 1982.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs
Chairman

Katharine Landell
Vice Chairman

Jim Carigan
Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 8263 DATED JANUARY 20, 1982

The following rates are prescribed for the wholesale customer served by Edmonson County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect prior to the date of this Order.

RATES: Monthly

City of Brownsville

\$0.829 per thousand gallons