

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE	)	
FINANCIAL CONDITION OF WHITLEY	)	CASE NO. 89-364
COUNTY WATER DISTRICT NO. 1	)	

O R D E R

IT IS ORDERED that Whitley County Water District ("Whitley County") shall file the original and 12 copies of the following information with the Commission within 20 days of the date of this Order. If the information cannot be provided within this time, Whitley County should submit a motion for an extension of time stating the reason a delay is necessary and include a date by which it will be furnished. Such motion will be considered by the Commission. Whitley County shall furnish with each response the name of the witness who will be available at the public hearing for responding to questions concerning each item of information requested.

1. What efforts, if any, have been made since January 1, 1987 by the receiver of Whitley County and its bondholders to reach a settlement?

2. List all payments of principal and interest made by Whitley County to its bondholders, the date of such payments, their amount, and the payees. If no payments have been made, explain why such payments have not been made?

3. In Case No. 8220,<sup>1</sup> the Commission directed Whitley County to place \$1,862 per month into a special interest-bearing account for the purpose of paying interest on long-term debt.

a. Is Whitley County continuing to make such payments? If not, when did it discontinue such payments?

b. If payments have been discontinued, who ordered their discontinuance and on what authority? Explain why the Commission was never advised of this discontinuance and its approval of such action never sought.

4. Provide a detailed analysis of all monies set aside to pay bondholders.

5. Explain why the bond account was moved to an out-of-state banking institution in 1989. Provide copies of all activity of both the old and new bond accounts.

6. Describe, in detail, the responsibilities of Mr. Fannin with regard to the management and operation of Whitley County.

7. Describe the responsibilities and duties of David Disney, Whitley County's General Manager.

8. What is the criteria for a customer to be billed under the contract rate schedule?

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<sup>1</sup> Case No. 8220, The Application and Petition of the Whitley County Water District No. 1 for an Order Authorizing the Water District to Revise Rates, to Initiate a Metering Program to Begin Metering all Customers, for a Purchase Water Adjustment Clause, and for a Waiver by This Commission Permitting the Filing of This Application and the Processing of This Case Based upon Financial Statements for the Period Ending December 31, 1980.

9. How was it determined that Holiday Inn, Pressure Wash, and Adkins Motor Inn should be billed under the contract rate schedule? Why are they the only customers billed under this schedule?

10. Identify the owner(s) of Holiday Inn, Pressure Wash and Adkins Motor Inn. Identify their relationship, if any, to Whitley County, its Receiver, and any of its employees.

11. Whitley County's current rate for unmetered customers is \$19.82. Explain why some unmetered customers are charged a rate different from the approved rate.

12. Explain why some customers using unmetered service are charged a rate of \$8.58 which is lower than the minimum monthly rate for metered customers.

13. Who determines the rate to be charged to unmetered customers?

14. Identify all efforts by Whitley County's Receiver and his agents to obtain funding from governmental and private sources to refinance the principal and interest owed on Whitley County's outstanding revenue bonds.

Done at Frankfort, Kentucky, this 19th day of June, 1990.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

  
Executive Director