COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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INVESTIGATION INTO EAST CASEY) CASE NO. COUNTY WATER DISTRICT) 90-008

ORDER TO CEASE AND DESIST AND TO SHOW CAUSE

On May 31, 1989, Commission Staff issued a report to the Commission of its audit of the financial statements of East Casey County Water District ("East Casey") for the year ended December 31. 1987. In the course of its audit, Staff reviewed records indicated that East Casey implemented unauthorized tap-on which in 1987. The audit also disclosed that East Casey fees implemented the rate increase approved by the Commission in Case No. 9899¹ prior to the effective date of the Order approving the rates. In addition, East Casey has failed as of this date to file an updated tariff reflecting the rate increase granted by the Commission in Case No. 9899, in violation of Ordering Paragraph 5 of that Order.

Case No. 9899, The Application of the East Casey County Water District, a Water District Organized Pursuant to Chapter 74 of the Kentucky Revised Statutes in Casey County, Kentucky, for (1) A Certificate of Public Convenience and Necessity, Authorizing and Permitting Said Water District to Construct Water Distribution System Improvements, Consisting of Treatment Plant Improvements, an Elevated Storage Tank, and Water Transmission Lines; (2) Approval of the Proposed Plan of Financing of Said Project; and (3) Approval of Increased Water Rates Proposed to be Charged by the District to its Customers.

The Commission finds from the affidavit of Beverly B. Davis, which is attached hereto and marked Exhibit A, that a prima facie showing has been made that East Casey has engaged in the above-described activities.

IT IS THEREFORE ORDERED that:

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1. East Casey shall immediately cease and desist from charging any fees which have not been approved by the Commission.

2. Within ten days of the date of this Order, East Casey shall either file with the Commission a revised tariff setting out the rates approved in Case No. 9899 or shall cease and desist from charging said rates.

3. East Casey shall appear at a hearing scheduled for March 14, 1990 at 10:00 a.m., Eastern Standard Time, in Hearing Room 1, 730 Schenkel Lane, Frankfort, Kentucky, and be prepared to show cause:

(a) Why it should not be required to refund any tap-on fees collected without Commission authorization, or be otherwise penalized pursuant to KRS 278.990 for violating provisions of KRS Chapter 278, including KRS 278.160.

(b) Why it should not be required to refund any unauthorized rates for water service which were charged prior to receiving Commission approval in its Order in Case No. 9899, or be otherwise penalized pursuant to KRS 278.990 for violating provisions of KRS Chapter 278, including KRS 278.160.

(c) Why it should not be penalized pursuant to KRS 278.990 for failing to file an updated tariff reflecting the rate

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increase granted in Case No. 9899 as directed by the Commission in its Order approving those rates.

IT IS FURTHER ORDERED that East Casey shall file the original and 12 copies of the following information with the Commission no later than February 5, 1990. If the information cannot be provided by that date, East Casey should submit a motion for an extension of time stating the reason the delay is necessary and including a date by which the information will be furnished. Such motion will be considered by the Commission. East Casey 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. Provide documentation of all tap-on fees for 5/8 inch x 3/4 inch meters collected since May 3, 1985. Said documentation should include the amount collected for each tap-on fee, the date the tap-on fee was collected, and the name and address of the person from whom the tap-on fee was collected.

2. Provide documentation, e.g. a billing register, of the amounts charged for water service during November and December 1987.

In an effort to narrow the issues in this case and to discuss settlement, an informal conference will be held in the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, on February 9, 1990 at 10:00 a.m., Eastern Standard Time.

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Done at Frankfort, Kentucky, this 23rd day of January, 1990.

PUBLIC SERVICE COMMISSION Chai man Vice Chairman

Commissioner

ATTEST:

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A.C.

Executive Director