

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

O R D E R

On January 23, 1990, the Commission issued a Show Cause Order against East Casey County Water District ("East Casey"). The Order alleges that East Casey charged unauthorized tap-on fees and implemented the rate increase approved by the Commission in Case No. 9899¹ prior to the effective date of the Order approving the rates. The Order also alleges that East Casey failed to file an updated tariff reflecting the rate increase granted by the Commission in Case No. 9899.

Commission Staff and representatives of East Casey held an informal conference on February 9, 1990 to discuss settlement of the allegations raised in the Show Cause Order. As a result of that conference, Staff and East Casey entered into the proposed

¹ 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.

Settlement Agreement, which is attached hereto as Exhibit A. Pursuant to the terms of the Settlement Agreement, East Casey agrees to refund to its customers all unauthorized rates and tap-on fees collected. East Casey further agrees to pay penalties in an amount totaling \$100 to the Commission.

Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that East Casey collected unauthorized tap-on fees and unauthorized rates in violation of KRS 278.160. The Commission further finds that the Settlement Agreement agreed to by the parties is reasonable and lawful and is supported by substantial evidence of record.

IT IS THEREFORE ORDERED that:

1. The terms and conditions set forth in the Settlement Agreement are hereby approved and adopted.

2. The Settlement Agreement, attached hereto as Exhibit A, is incorporated herein by reference as if fully set forth herein.

3. Within 60 days of entry of this Order, East Casey shall pay each of the customers listed in Appendix A to the Settlement Agreement the sum of \$50.

4. Within 60 days of entry of this Order, East Casey shall refund to all of its customers the amount collected over and above its authorized rates between November of 1987 and December 23, 1987.

5. The refunds above may be accomplished either through crediting the customers' monthly bill or by separate payment. Proof that all reimbursements have been made shall be forwarded by

East Casey to the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, within 90 days of entry of this Order. Proof of payment may be demonstrated by copies of cancelled checks or by any other means deemed sufficient by the Commission.

6. Within 30 days of entry of this Order, East Casey shall tender to the Commission a certified check in the amount of \$100 in settlement of the Commission's allegation that East Casey violated KRS 278.160. Said check shall be payable to the Kentucky State Treasurer and mailed to the Commission at 730 Schenkel Lane, Frankfort, Kentucky 40601.

7. The Settlement Agreement adopted herein constitutes a final adjudication of the allegations raised in the Commission's Show Cause Order of January 23, 1990.

Done at Frankfort, Kentucky, this 6th day of April, 1990.

PUBLIC SERVICE COMMISSION


Chairman
Vice Chairman
Commissioner

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

SETTLEMENT AGREEMENT

On January 23, 1990, the Commission issued a show cause Order against East Casey County Water District ("East Casey"). The Order alleges that East Casey charged unauthorized tap-on fees and that East Casey implemented the rate increase approved by the Commission in Case No. 9899¹ prior to the effective date of the Order approving the rates. The Order also alleges that East Casey failed to file an updated tariff reflecting the rate increase granted by the Commission in Case No. 9899.

Commission Staff and representatives of East Casey held an informal conference on February 9, 1990 to discuss settlement of the allegations raised in the show cause Order. As a result of that conference, Staff and East Casey have entered into this

¹ 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.

proposed Settlement Agreement with the understanding that its effectiveness is conditioned upon acceptance by the Commission.

East Casey stipulates that it collected \$300 for tap-on fees from 41 customers from March of 1986 through September of 1989, although its approved tariff then on file with the Commission authorized only a \$250 tap-on fee. However, East Casey submits that it was unaware that the increase in tap-on fees required Commission approval and that it did not knowingly violate Commission statutes.

East Casey further stipulates that the rate increase approved by the Commission in Case No. 9899 was implemented in November of 1987, prior to the effective date (December 23, 1987) of the Order approving the rates. East Casey stipulates that unauthorized rates totalling \$1,661.15 were collected from customers during this time period. Again, East Casey submits that its actions in this regard were due to a misunderstanding of Commission statutes, regulations, and procedures and that it did not knowingly violate the law.

Commission Staff and East Casey stipulate that East Casey filed its revised tariff reflecting the rate increase granted in Case No. 9899 on December 5, 1989.

In a joint effort to resolve this matter and to avoid additional time and expense on the part of both the Commission and East Casey, the signatories hereto agree to the compromise of the case set out herein.

NOW, THEREFORE, the signatories agree that:

1. East Casey shall pay each of the customers listed in Appendix A the sum of \$50. Said sum represents reimbursement (without interest) of the amount paid by said customers to East Casey in excess of East Casey's authorized tap-on fee of \$250.

2. East Casey shall reimburse (without interest) all of its customers the amount collected over and above its authorized rates between November of 1987 and December 23, 1987.

3. The reimbursements above may be accomplished either through crediting the customers' monthly bill or by separate payment. In any event, each customer shall be credited the total amount of reimbursement due within 60 days of entry of an Order of the Commission approving and adopting this Settlement Agreement.

4. Proof that all reimbursements have been made shall be forwarded by East Casey to the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, within 90 days of entry of an Order of the Commission approving and adopting this Settlement Agreement. Proof of payment may be demonstrated by copies of cancelled checks or by any other means deemed sufficient by the Commission.

5. East Casey shall pay to the Commission a penalty of \$75 in settlement of the allegation that it charged unauthorized tap fees, and \$25 in settlement of the allegation that it charged unauthorized rates, for a total penalty of \$100. Said penalty shall be forwarded to the Commission within 30 days of entry of an Order of the Commission approving and adopting this Settlement Agreement.

6. This Settlement Agreement constitutes a final adjudication of the allegations raised in the Commission's show cause Order of January 23, 1989.

AGREED TO:

Kathleen B. Dorman
KATHLEEN B. DORMAN
Counsel for Commission Staff

3/13/90
(Date)

C. Steve Fox
STEVE FOX, Chairman
East Casey County Water District

3-2-90
(Date)

Robert Austin
ROBERT AUSTIN, Commissioner
East Casey County Water District

3-8-90
(Date)

Bill Coffey
BILL COFFEY, Commissioner
East Casey County Water District

3-8-90
(Date)

APPENDIX A

PUBLIC SERVICE COMMISSION CASE NO. 90-008
EAST CASEY COUNTY WATER DISTRICT

1. Willard Pruitt
2. Wall T.V.
3. Clinton Singleton
4. McFarland Tenant - Jerry Wayne Dawson
5. Jerry Brown
6. Thelma Kays
7. Cecil Chumbley
8. Sue Pendleton
9. Jerry Hoskins
10. Ronald Cook
11. B. C. Norris
12. B. C. Norris
13. Harold Spears
14. Harold Spears
15. C. J. Bell
16. Dee Jones
17. Larry Dalton
18. Douglas
19. King Brothers Auto Salvage
20. Ruth Short
21. Bill Thompson
22. Robert Singleton
23. Clay Ellison
24. Ralph Anderson, Jr.
25. Steve Stathem
26. Elizabeth McKnightly
27. Lonnie Denson
28. William Statom
29. Louise Elliott
30. Patsy Elmore
31. Donald Tarter
32. Neil Meece
33. Glenn Vancy
34. Phillips Applegate
35. Rhebor Nazarene Church
36. Jeff Dial
37. Harold Spears
38. Jackie Rodgers
39. Manus Withers
40. Edith Wethington
41. Middleburg Methodist Church