

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF FRANCIS WATER COMPANY )		
_____ )	)	CASE NO. 91-070
ALLEGED VIOLATION OF KRS CHAPTER 278 )	)	

O R D E R

On March 12, 1991, Francis Water Company was directed to appear at a hearing to show cause why it should not be penalized pursuant to KRS 278.990 for its alleged failure to comply with KRS 278.160. Subsequent to entry of the Commission's March 12 Order, Commission Staff and Francis Water Company met at an informal conference to negotiate a proposed settlement resolving the issues in this case. The proposed Settlement Agreement attached hereto and incorporated herein as Appendix A was filed into the record on May 23, 1991. The settlement expresses Staff and Francis Water Company's agreement on a mutually satisfactory resolution of all the issues in this case.

In determining whether the results of the Settlement Agreement are in the public interest and are reasonable, the Commission has taken into consideration the admissions made by Francis Water Company in the Settlement Agreement and the steps taken by Francis Water Company to remediate and cure the outstanding violations. A review of the provisions of the Settlement Agreement reflects that all 16 customers who were

subject to the unauthorized connection fee shall receive refunds undertaken by giving a credit of \$25 beginning with the first scheduled billing after the Commission approves this settlement. Any former customer who is no longer receiving service from Francis Water Company will receive a cash refund from the utility. Francis Water Company has agreed to provide to the Commission written certification of compliance with the Settlement Agreement within 90 days of the date of the Commission's Order approving the agreement. The Commission has further taken into account the fact that Francis Water Company was making a charge for customer deposit which was substantially less than the 2/12ths of a customer's annual usage which is allowed by Commission regulation 807 KAR 5:006, Section 7, and Francis Water Company's willingness to seek approval of customer deposit language in its tariff.

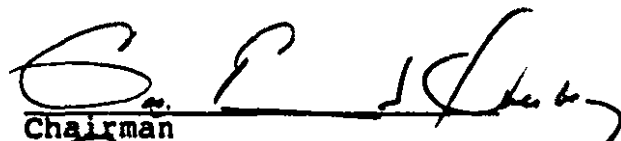
After consideration of the proposed Settlement Agreement and being otherwise sufficiently advised, the Commission finds that the proposed Settlement Agreement is in accordance with the law and does not violate any regulatory principle. This Settlement Agreement is the product of serious arms-length negotiations among capable, knowledgeable parties, is in the public interest and results in a reasonable resolution of this case.

IT IS THEREFORE ORDERED that the Settlement Agreement is hereby adopted and approved in its entirety as a reasonable resolution to the issues in this case. Francis Water Company shall adhere to and comply with all provisions of the Settlement Agreement.

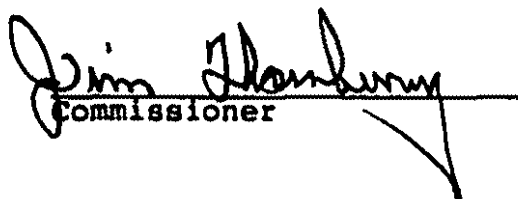
IT IS FURTHER ORDERED that Francis Water Company's tariff issued May 1, 1991 to be effective June 1, 1991 is hereby approved effective with service rendered on and after June 1, 1991. Francis Water Company shall file its revised tariff within 30 days of the date of this Order.

Done at Frankfort, Kentucky, this 13th day of June, 1991.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 91-070 DATED 6/13/91

RECEIVED  
MAY 13 1991  
GENERAL COUNSEL

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF FRANCIS WATER COMPANY )	
_____ )	CASE NO. 91-070
ALLEGED VIOLATION OF KRS CHAPTER 278 )	

SETTLEMENT AGREEMENT

WHEREAS, Francis Water Company, by Order of the Commission dated March 12, 1991, was directed to appear at a hearing scheduled April 11, 1991 in order to show cause why Francis Water Company should not be penalized pursuant to KRS 278.990 for its alleged failure to comply with KRS 278.160 for charging unauthorized rates; and

WHEREAS, Francis Water Company has taken certain actions in order to remediate and cure the alleged violations; and

WHEREAS, Francis Water Company and counsel for the Commission have met and agreed to the following in order to resolve all outstanding issues in this proceeding;

NOW, THEREFORE, be it resolved that:

1. Francis Water Company agrees to make no charges for connections or customer deposits until such time as those charges are specifically approved by the Commission.

2. The parties agree that in the past Francis Water Company has not made a charge for service investigations nor has it assessed any customers for returned checks. Such fact being confirmed by the affidavit of Sterling Francis, part owner and

operator of Francis Water Company, attached hereto and incorporated herein as Exhibit A.

3. The parties agree that in the past Francis Water Company has charged \$25 per customer as a connection fee although that fee had not been approved by the Commission. Francis Water Company has agreed to provide a credit totalling \$25 to each customer charged the connection fee beginning with the first billing period after approval of this Settlement Agreement by the Commission. A listing of customers who have been overcharged is attached hereto and incorporated herein as Exhibit B. Any and all customers that have been overcharged who are no longer customers of Francis Water Company shall be paid a cash refund of \$25 mailed to the last known address of that customer. Francis Water Company agrees to provide to the Commission written certification of compliance with the provisions herein within 90 days of the date of the Commission's Order approving this Settlement Agreement.

4. It is agreed between the parties that Francis Water Company is legally entitled to charge a minimum deposit not to exceed 2/12th of a customer's annual usage pursuant to 807 KAR 5:006, Section 7. Francis Water Company agrees to and has incorporated in its tariff, attached hereto and incorporated herein as Exhibit C, a provision regarding customer deposits allowing for a deposit of \$25. Francis Water Company seeks approval from the Commission to implement this charge immediately upon approval of this Settlement Agreement. Commission Staff agrees to use its best efforts to recommend approval of the tariff

at the same time the Settlement Agreement is presented to the Commission.

5. It is agreed that the proposed Settlement Agreement is submitted for purposes of this case only and is not deemed binding upon the signatories hereto in any other proceeding, nor is it to be offered or relied upon in any other proceeding involving the Francis Water Company or any other utility.

6. It is agreed that if the Commission issues an order adopting this proposed Settlement Agreement in its entirety, Francis Water Company shall file neither an application for rehearing with the Commission, nor an appeal to the Franklin County Circuit Court from such order.

7. It is agreed that if this proposed Settlement Agreement is not adopted in its entirety, Francis Water Company reserves the right to withdraw from it and require that hearings go forward upon all or any matters involved herein, and that in such event this settlement shall not be deemed binding upon the signatories hereto, nor shall same be admitted into evidence or referred to or relied on in any manner by any signatory hereto.

8. All of the signatories hereto agree that the foregoing Settlement Agreement is reasonable and in the best interest of all concerned, and urge that the Commission adopt this settlement in its entirety.

AGREED TO BY:

*Sterling Francis*  
Sterling Francis  
Francis Water Company

5-15-91  
Date

*Rebecca Goodman*  
Hon. Rebecca Goodman on behalf  
of Commission Staff

5/23/91  
Date

A F F I D A V I T

The Affiant, Sterling Francis, after being first duly sworn, states as follows:

1. I am one of the owners and the operator of Francis Water Co. of Garrett, Kentucky.
2. Francis Water Co. has never charged a customer for a returned check or for any service investigation.

FURTHER THE AFFIANT SAITH NOT.

*Sterling Francis*  
Sterling Francis

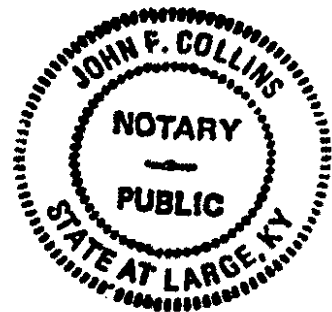
COMMONWEALTH OF KENTUCKY

COUNTY OF FRANKLIN

Subscribed and sworn to before me by Sterling Francis this 15 day of May, 1991.

*John F. Collins*  
NOTARY PUBLIC  
State-at-Large

My Commission expires: 12-21-91



<u>Customer Name</u>	<u>Address</u>	<u>Hook-up</u>	<u>Date</u>
Edwin Everage	Gnl. Del. Garrett	\$25.00	6-23-90
Hershel Slone	Box 513 Garrett	25.00	11-7-90
Rick Bentley	HC 85, Box 20 Garrett	25.00	6-15-89
Betty Dempsey	Gnl. Del. Garrett	25.00	12-5-90
Don Hall	Gnl. Del. Garrett	25.00	11-24-90
Willard Scott	HC 85, Box 225 Garrett	25.00	11-30-90
Edie Hall	Box 360 Garrett	25.00	6-10-89
Ron Noble	HC 85, Box 295 Garrett	25.00	10-26-90
Thomas D. Scott	HC 85, Box 360 Garrett	25.00	8-21-90
Amos Gibson	HC 85, Box 400 Garrett	25.00	11-24-90
Jerry W. Martin	HC 85, Box 395 Garrett	25.00	1-10-90
Lacy Scott	Box 331 Garrett	25.00	11-21-89
Brenda Wicker	Box 389 Garrett	25.00	6-26-90
Eddie Mullins	Box 536 Garrett	25.00	8-20-90
Don Johnson	Gnl. Del. Garrett	25.00	1-10-90
Charles Clark	Box 250 Garrett	25.00	9-5-90



FOR Entire Service Area

P.S.C. Ky. No. \_\_\_\_\_

\_\_\_\_\_ Sheet No. \_\_\_\_\_

Francis Water Company, Inc.

Cancelling P.S.C. Ky. No. \_\_\_\_\_

\_\_\_\_\_ Sheet No. \_\_\_\_\_

RULES AND REGULATIONS

1. A deposit of \$25.00 per customer will be charged to each applicant for service pursuant to 807 KAR 5:006, Section 7.

DATE OF ISSUE 5 15 91      DATE EFFECTIVE 6 15 91  
 Month      Day      Year      Month      Day      Year

ISSUED BY Stephen Francis Treasurer Garrett P.O. Box 220  
 Name of Officer      Title      Address