

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO ALLEGED UNAUTHORIZED)	
CHARGES OF BULLITT HILLS, INC. D/B/A)	CASE NO. 91-167
HUNTERS HOLLOW SEWER SYSTEM)	

O R D E R

On March 8, 1991, the Commission received an inquiry from George R. Miller regarding the propriety of certain alleged charges made by Bullitt Utilities, Inc. d/b/a Hunters Hollow Sewer System ("Hunters Hollow"). Specifically, Mr. Miller stated that, at the expense of the developer, a new sewer main extension to service South Louisville Industrial Park and Terrace Gardens Condominiums was installed by Hunters Hollow. Mr. Miller alleged that, although Hunters Hollow expended no funds, it was charging connection fees to new customers tapping on to this extension, in his estimate amounting up to approximately \$25,000. Mr. Miller requested the Commission's opinion as to whether, based on Commission regulations, Hunters Hollow was authorized to charge a connection fee and, if so, whether any part of this fee should be refunded to the developers.

By letter dated April 2, 1991, Commission Staff forwarded Mr. Miller's inquiry to Carroll F. Cogan, the president of Hunters Hollow. Staff requested Mr. Cogan to explain the circumstances surrounding the extension described by Mr. Miller and the alleged connection charges; to provide a list of customers who were

charged a connection fee, including names, addresses, and the amount of each connection fee; to provide the cost basis upon which the amount of the connection fee was determined; and to identify that portion of its tariff upon which Hunters Hollow relied as authority to make such a charge.

Hunters Hollow responded to Staff's letter on April 12, 1991. In its response, Hunters Hollow stated that South Louisville Industrial Park and Terrace Gardens Condominiums are both developments outside the original Hunters Hollow subdivision development. Hunters Hollow stated that the sewers which were installed to serve these areas are presently owned by South Louisville Industrial Park, and will ultimately be deeded to Hunters Hollow. Hunters Hollow further stated that no tap fees or charges had been assessed by Hunters Hollow for connecting to these sewers; however, Hunters Hollow does have an arrangement with South Louisville Industrial Park to treat the domestic waste from the developments and has charged each of the new customers from the outside developments a "contribution in aid of construction" for providing waste treatment plant capacity. New customers from outside developments are charged the regular monthly sewer charge currently authorized by the Commission. Hunters Hollow did not respond to Staff's request that it provide the names and addresses of all customers who were charged a connection fee, the amount of the connection fee, and the basis upon which the amount was determined. Hunters Hollow also did not respond to Staff's request to identify that portion of its tariff which authorized it to charge these fees.

KRS 278.160 requires a utility to "file with the commission. . .schedules showing all rates and conditions for service established by it and collected or enforced." The statute further states:

No utility shall charge, demand, collect or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules, and no person shall receive any service from any utility for a compensation greater or less than that prescribed in such schedules.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that further information is needed to determine whether Hunters Hollow collected fees from customers which were not approved by the Commission nor on file in its currently effective tariff, in violation of KRS 278.160.

IT IS THEREFORE ORDERED that an investigation be and it hereby is opened to determine whether Hunters Hollow collected fees from customers which were not authorized by the Commission, in violation of KRS 278.160.

IT IS FURTHER ORDERED that Hunters Hollow shall file the original and five copies of the following information with the Commission no later than June 20, 1991, with a copy to all parties of record. Hunters Hollow shall furnish with each response the name of the witness who will be available for responding to questions concerning each item of information should a public hearing be required in this matter.

1. Provide a list of customers who have been charged a "contribution in aid of construction" in exchange for Hunters Hollow providing waste treatment plant capacity to the customer. For each customer, provide the address and the amount of each "contribution in aid of construction."

2. Describe the cost basis upon which the amount of the "contribution in aid of construction" is determined.

3. Identify that portion of Hunters Hollow's tariff upon which Hunters Hollow relies to authorize it to make a "contribution in aid of construction."

4. Identify specifically the use to which each "contribution in aid of construction" collected by Hunters Hollow has been put.

5. Provide a copy of Hunters Hollow's agreement with South Louisville Industrial Park pursuant to which the sewer extension was made.

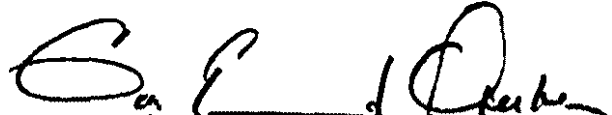
6. If the sewer extension paid for by South Louisville Industrial Park is currently owned by that entity, who is responsible for maintenance of the facility?

7. When will the sewer extension be deeded to Hunters Hollow?

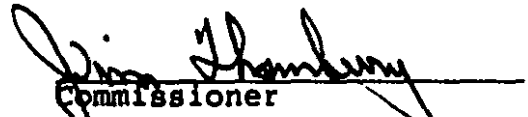
8. Provide a copy of Hunters Hollow's agreement with South Louisville Industrial Park to treat the domestic waste from the development.

Done at Frankfort, Kentucky, this 30th day of May, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director