

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE REASONABLENESS)
OF CERTAIN RATES CHARGED BY OLDHAM COUNTY) CASE NO. 92-123
WATER DISTRICT NO. 1)

O R D E R

On October 19, 1964, the Commission authorized Oldham County Water District No. 1 ("Oldham District") to assess a monthly surcharge to meet the debt service requirements of its revenue bonds which were issued to finance the construction of its water distribution system.¹ Oldham District's most recent annual report indicates that Oldham District has sufficient cash reserves to retire all outstanding revenue bonds without impairing its existing operations.² In light of Oldham District's present financial condition, the Commission finds that an investigation should be initiated to determine whether the monthly surcharge should be terminated.

¹ Case No. 4407, Application of Oldham County Water District No. 1 For: (1) A Certificate of Public Convenience and Necessity; (2) Order Authorizing Issuance of Bonds; and (3) Order Authorizing Rate Tariff, Order Dated October 19, 1964.

² Annual Report of Oldham County Water District No. 1 For the Year Ended December 31, 1991. This report indicates that, as of December 31, 1991, Oldham District had cash reserves of \$1,106,492. Aside from current liabilities of \$2,185, Oldham District's only other liability was \$345,000 in outstanding revenue bonds.

The Commission also finds that an investigation should be commenced into the reasonableness of Oldham District's present tap charges. In recent proceedings before the Commission,³ Oldham District officials stated that the tap fee produced revenue in excess of the costs of such service. Commission Regulation 807 KAR 5:006, Section 8(2), requires that special charges, such as tap fees, "yield only enough revenue to pay the expenses incurred in rendering the service."

The Commission, on its own motion and pursuant to KRS 278.260, HEREBY ORDERS that:

1. Oldham District shall appear on April 27, 1992 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 2 of the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky, for the purpose of presenting evidence on its monthly surcharge and tap fee and showing cause, if any it can, why its surcharge should not be terminated and its tap fee should not be reduced to comply with Commission Regulation 807 KAR 5:006, Section 8(2).


2. Oldham District shall file within 15 days of the date of this Order a copy of the ordinance authorizing the issuance of its bonded indebtedness.

3. The records of Case Nos. 4407 and 90-228 are incorporated by reference into the record of this proceeding.

³ Case No. 90-228, Application of Oldham County Water District No. 1 to Deviate From Certain Public Service Commission Rules and Regulations, Oldham District's Response to the Commission's Order of October 5, 1990, Items 3 through 6.

Done at Frankfort, Kentucky, this 2nd day of April, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director