

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CITY OF PIKEVILLE, KENTUCKY)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 95-296
)	
MOUNTAIN WATER DISTRICT)	
)	
DEFENDANT)	

O R D E R

During the course of the hearing, held in the above-styled case on March 18 and 19, 1996, an oral motion was made by the defendant, Mountain Water District ("Mountain"), requesting the Commission direct the city of Pikeville ("Pikeville") to maintain service to the district until a final decision could be rendered regarding the disputed wholesale rate. Pikeville, one of Mountain's wholesale water suppliers and the complainant in this proceeding, had notified Mountain by letter dated March 12, 1996 that supplies to the district would be terminated on March 19, 1996 for nonpayment of its purchased water costs since August 1995.

The parties notified the Commission on March 19, 1996 that they had reached agreement resolving the scheduled termination of service and providing for repayment of the arrearage at the undisputed rate of \$1.31 per 1,000 gallons. The Stipulations and Recommendations were reduced to writing and filed into the record at the hearing. After considering the proposal of the parties, the

Commission approved the proposal and ordered that the surcharge be implemented. This Order affirms the ruling of the Commission and sets forth the conditions announced from the bench.

IT IS THEREFORE ORDERED that:

1. The surcharge of \$0.90 per 1,000 gallons is approved and shall be shown as a line item on the bills rendered to customers of Mountain on and after April 1, 1996.

2. All surcharge funds collected by Mountain shall be disbursed to Pikeville pursuant to the parties' agreement and shall not be used for any other purpose.

3. Mountain shall file with the Commission beginning May 15, 1996, and continuing monthly thereafter, reports reconciling the surcharge billings based upon the volumes of water sold, surcharge revenues collected and surcharge revenues disbursed.

4. Mountain shall remain current on future payments to water suppliers and shall give priority in payment to those water suppliers keeping its accounts current at the undisputed rate of \$1.31 per 1,000 gallons until further orders of the Commission.

5. Mountain shall file with the Commission no later than April 8, 1996 its tariff setting out the surcharge approved herein.

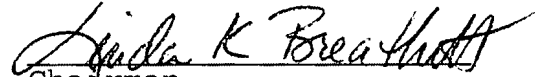
The tariff shall contain the following language:

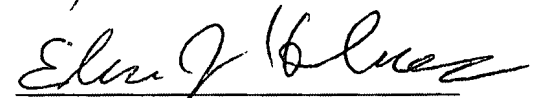
A surcharge of \$.90 per 1,000 gallons will be assessed until specific arrearages to Mountain's water suppliers have been paid in accordance with the Stipulations and Recommendations approved by the Commission in Case No. 95-296.

6. In the event Mountain does not remain current on its future payments to Pikeville as agreed and directed by this Order, or makes a disposition of surcharge revenues for a purpose other than that approved by this Order, or fails to remit the surcharge revenues to Pikeville as agreed, Pikeville shall notify the Commission of any disconnect notices directed to Mountain at the time such notice is given.

Done at Frankfort, Kentucky, this 22nd day of March, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director