

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)	
WHOLESALE WATER SERVICE RATES)	
OF THE MUNICIPAL WATER SYSTEM)	CASE NO. 96-277
OF THE CITY OF ASHLAND,)	
KENTUCKY)	

O R D E R

On May 6, 1996, the Municipal Water System of the City of Ashland, Kentucky ("Ashland") submitted proposed revisions to its existing rate for wholesale water service to the Cannonsburg Water District ("Cannonsburg"). Ashland proposed that its increased rate become effective on and after September 20, 1996. On May 21, 1996, Ashland was notified, by letter, that it was required to file a copy of its notice to Cannonsburg and to provide proof of its public notice. Ashland filed this information on June 10, 1996. In the meantime, on May 23, 1996, Cannonsburg filed a letter requesting that the Commission investigate Ashland's proposed rate. Cannonsburg was granted full intervention by Order of the Commission on June 19, 1996. By the same Order, the Commission suspended Ashland's proposed rates for five months so that additional proceedings could be conducted to determine the reasonableness of the proposed rates. Ashland was further ordered to submit additional information as required by 807 KAR 5:001, Section 10. After considerable delay, this information was received by the Commission on November 8, 1996.

On January 10, 1997, the Commission issued an Order which requested additional information from Ashland. The information was to have been filed within 14 days. While

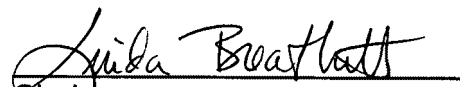
the Commission did receive a response on January 24, 1997, the response was incomplete. Ashland stated that it would file the remaining information by February 10, 1997. To date, this information has not been received. The Commission cannot make a determination in this proceeding regarding the reasonableness of Ashland's proposed rate adjustment without the additional information it requested from Ashland. The Commission also faces statutory time constraints which will not allow it to delay this case any longer. As a result, this case must be dismissed.

The Commission is aware that Ashland and Cannonsburg entered into settlement negotiations, and in fact were reported to have reached a settlement. However, to date no such agreement has been filed with the Commission. Regardless, the Commission would still lack the information, and the time to act within the statutory framework, necessary to make a determination as to the reasonableness of any proposed rate adjustment in this proceeding.

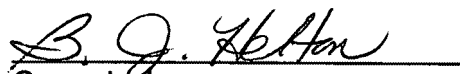
IT IS THEREFORE ORDERED that this case be dismissed, without prejudice. In doing so, the Commission makes no determination regarding the reasonableness of Ashland's proposed rate adjustment.

Done at Frankfort, Kentucky, this 16th day of April, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director