

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE)
FINANCIAL CONDITION OF) CASE NO. 98-027
GREEN HILLS WATER DISTRICT)

O R D E R

On December 6, 1996, the Commission entered an Order in Case No. 92-486¹ granting Green Hills Water District ("Green Hills") until December 31, 1997 to file a rate case in conformity with the Commission's prior Order in that case. On January 15, 1998 the Commission received a letter dated January 12, 1998 in which Green Hills requested another extension of time in which to file a rate case. The case Green Hills plans to file involves federal financing, and should therefore be filed pursuant to KRS 278.023, which will not allow the Commission sufficient ability to properly review those rates.

Green Hills has also been included in an ongoing investigation of the financial conditions of 27 water utilities.² Green Hills provided information in that case indicating that new rates were dependent upon the Pineville line extension project which is further discussed in Green Hills' letter of January 12.

Because Green Hills has already been included in the above-mentioned investigation, and because of limitations on the Commission's ability to review the rates contemplated in Green Hills upcoming filing, the Commission hereby initiates a separate

¹ Case No. 92-486, The Application Of Green Hills Water District For Rate Adjustment Pursuant To The Alternative Rate Filing Procedure For Small Utilities.

² Administrative Case No. 366, An Investigation Into The Financial Conditions Of Several Water Utilities.


investigation into Green Hills' rates and financial condition, and dismisses it from Administrative Case No. 366. This investigation will still allow Green Hills to proceed with an expedited rate increase pursuant to KRS 278.023, but will also allow the Commission to determine whether those revised rates will be sufficient to ensure the stability of Green Hills. Green Hills should respond to the information requested in Appendix A, attached hereto, within 60 days from the date of this Order.

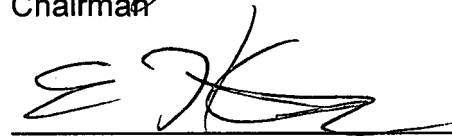
Green Hills may require Commission Staff assistance to develop its revenue requirements, rates, or billing analysis; if so, it should request such assistance in writing within 30 days from the date of this Order.

IT IS THEREFORE ORDERED that a separate investigation into Green Hills' rates and financial condition is begun, and that Green Hills shall respond to the information requested in Appendix A within 60 days from the date of this Order.

Done at Frankfort, Kentucky, this 3rd day of February, 1998.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 98-027 DATED 2/3/98

1. Provide 1997 financial statements including a balance sheet, income statement, and schedule of debt repayment.
2. Provide a detailed update on the status of Green Hills' line extension projects including the Pineville project.
3. Given that Green Hills has recently experienced high line loss, provide calculations showing the line loss for 1997; explain what Green Hills is doing to reduce its line loss; and discuss whether Green Hills is interested in pursuing a line loss surcharge, the proceeds of which would be restricted to improving the line loss situation.
4. Provide an analysis of current billings, including updates for changes in customers and any changes in rates since your last case.