

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF RUSSELLVILLE #1 WATER)
DISTRICT OF LOGAN COUNTY, KENTUCKY,)
AND THE APPLICATION OF SOUTH LOGAN)
WATER ASSOCIATION, INC., OF LOGAN)
COUNTY, KENTUCKY, FOR THE MERGER OF)
RUSSELLVILLE #1 WATER DISTRICT AND)
THE TRANSFER OF THE ASSETS AND)
LIABILITIES OF RUSSELLVILLE #1 WATER)
DISTRICT TO THE SOUTH LOGAN WATER)
ASSOCIATION, INC., WITH SAID SOUTH) CASE NO. 8657
LOGAN WATER ASSOCIATION, INC., TO)
ASSUME THE OUTSTANDING INDEBTEDNESS)
OWED BY AND RECEIVE ASSETS OF)
RUSSELLVILLE #1 WATER DISTRICT AND)
AUTHORIZING THE FORMER CUSTOMERS OF)
RUSSELLVILLE #1 WATER DISTRICT BE)
CHARGED THE RATES CHARGED BY SOUTH)
LOGAN WATER ASSOCIATION, INC.)

ORDER ON RECONSIDERATION

The Commission, on November 30, 1982, entered an Order in the above case approving the merger of Russellville #1 Water District ("Russellville") and South Logan Water Association ("South Logan") and denied the proposal to make South Logan's present rates the uniform rates for the merged association pursuant to 807 KAR 5:011(10). On December 9, 1982, Russellville and South Logan filed a motion to reconsider the Commission's Order of November 30, 1982, citing the difficulty in billing two groups of customers, keeping two sets of rates and the additional work on the part of the association. In its Order of December 20, 1982, the Commission stated that it was not convinced that the concerns cited were adequate to warrant

a modification of the rates which had previously been established as fair, just and reasonable. However, the Commission, to ensure a thorough review, scheduled and held a hearing on March 18, 1983, to hear additional testimony on the merits of the issue.

After reviewing the testimony and exhibits, the Commission remains unconvinced that any modification in rates imposed on the former Russellville customers is warranted.

The testimony indicates that there was no revenue deficiency. There was no evidence that the present rate structures were inadequate, unfair, unreasonable or discriminatory or that the combined rate structure was fair, just and reasonable.

The only issue addressed was the potential cost savings of combining the rates and the administrative difficulties of billing two rates. The Commission is well aware of these arguments, but is of the opinion that neither is sufficient to warrant a deviation from the long established policy set forth in 807 KAR 5:011 (10).

The Commission is of the opinion that no additional evidence has been presented to warrant a change in its previous position. Thus, the Commission's Order of November 30, 1982, should be affirmed. In its next general rate proceeding, the merged system may propose uniform rates.

It should be pointed out that the notice of the hearing published by Russellville and South Logan does not comply with 807 KAR 5:011 (8). It fails to state the proposed rates, the

estimated amount of increase per customer class and the possibility that the rates may be changed by the Commission.

IT IS THEREFORE ORDERED that the Commission's Order of November 30, 1982, in this case be and it hereby is affirmed.

IT IS FURTHER ORDERED that appropriate journal entries transferring the accounts of Russellville to South Logan shall be submitted to the Commission within 30 days of the date of this Order.

IT IS FURTHER ORDERED that South Logan shall within 10 days from the date of this Order file tariff sheets adopting the rates and charges of Russellville for the customers presently served by Russellville.

Done at Frankfort, Kentucky, this 2nd day of May, 1983.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary