

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BOONESBORO WATER)
ASSOCIATION, INC. FOR AN ADJUSTMENT) CASE NO. 10249
OF RATES)

O R D E R

On April 10, 1989, after receiving allegations that Boonesboro Water Association ("BWA") was charging rates for its sewer service which were higher than those contained in its filed rate schedule, the Commission ordered BWA to show cause why it should not be penalized for violating KRS 278.160(2). Commission Staff and BWA have stipulated to the facts of this case. BWA has waived its right to a hearing and has requested that this case be submitted for a decision based on the stipulated fact and existing evidence of record.

After reviewing the record and being sufficiently advised, the Commission is of the opinion and finds:

1. On May 10, 1988, BWA applied to the Commission for approval of an adjustment of its water and sewer service rates.
2. On November 22, 1988, Commission Staff, after conducting a field review of BWA's records, issued a report on BWA's application recommending that BWA's monthly rates for sewer service be increased to \$18.15 per residential equivalent. Commission Staff further recommended that BWA's monthly rates for water service be reduced.

3. On December 2, 1988, BWA, taking exception to several portions of the Commission Staff Report, submitted a written response to that report.

4. After receipt of BWA's written response, Commission Staff conducted a second field review to address the issues raised therein. On February 13, 1989, the Commission Staff amended its report recommending that BWA's monthly rate for sewer service be \$20.75 per residential equivalent and that its current monthly rates for water service be decreased, though less than previously recommended.

5. For sewer service provided from December 19, 1988 to January 18, 1989, BWA increased its monthly rate to \$18.75. For sewer service provided from January 18, 1989 to February 15, 1989, BWA increased its monthly rate to \$20.75 per residential equivalent. Both actions were taken without the approval of or any notice to the Commission. BWA did not change its rates for water service.

6. The Commission did not authorize or approve any change in BWA's rates for sewer or water service until March 27, 1989.

7. BWA increased its rates for sewer service in the belief that the Commission Staff Report authorized such action. It did not implement the recommended decreases in its rates for water service because it disagreed with those recommendations and was contesting them.

8. In March 1989, BWA was advised by Commission Staff that its actions were improper. It immediately refunded all unauthorized charges. For sewer and water service rendered on

February 16, 1989 and thereafter, BWA has charged only the authorized rates contained in its filed rate schedule.

9. KRS 278.160(2) prohibits any utility from charging, demanding, collecting, or receiving from any person a greater or lesser compensation for any service rendered or to be rendered than that prescribed in its filed rate schedules.

10. BWA, in charging rates for sewer service which were higher than those listed in its filed rate schedule, violated the provisions of KRS 278.160(2).

11. Because BWA did not knowingly violate KRS 278.160(2) and has moved quickly to refund all monies improperly collected, it should not be assessed a penalty in this instance. Any future violation of a Commission regulation or provision of KRS Chapter 278 by BWA, whether knowingly or inadvertently, will not be dealt with so leniently. As a regulated utility, BWA is expected to be fully aware of the laws directly pertaining to its operation.

IT IS THEREFORE ORDERED:


1. BWA shall cease and desist from violating the provisions of KRS 278.160(2).


2. No penalty shall be assessed against BWA for its violation of KRS 278.160(2).

3. This proceeding is closed.

Done at Frankfort, Kentucky, this 15th day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director