

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

KINGSTON-TERRILL WATER DISTRICT)

COMPLAINANT)

v.)

THE CITY OF RICHMOND, KENTUCKY, A)
MUNICIPAL CORPORATION, AND THE)
RICHMOND WATER, GAS, AND SEWAGE WORKS)

DEFENDANTS)

CASE NO. 95-460

ORDER TO SATISFY OR ANSWER

The City of Richmond ("City") and the Richmond Water, Gas, and Sewage Works ("Richmond Water") are hereby notified that they have been named as defendants in a formal complaint filed on October 16, 1995, a copy of which is attached hereto.

Pursuant to 807 KAR 5:001, Section 12, the City and Richmond Water are HEREBY ORDERED to satisfy the matters complained of or file a written answer to the complaint within 10 days from the date of service of this Order.

Should documents of any kind be filed with the Commission in the course of this proceeding, the documents shall also be served on all parties of record.

Done at Frankfort, Kentucky, this 30th day of October, 1995.

ATTEST:

Da Hills
Executive Director

PUBLIC SERVICE COMMISSION

[Signature]
Chairman

Robert M. Davis
Vice Chairman

Linda K. Breathitt
Commissioner

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. CS 460

RECEIVED

OCT 16 1995

PUBLIC SERVICE
COMMISSION

KINGSTON-TERRILL WATER DISTRICT,

COMPLAINANT,

v.

COMPLAINT

THE CITY OF RICHMOND, KENTUCKY,
a municipal corporation; and
THE RICHMOND WATER, GAS, AND SEWAGE
WORKS.

DEFENDANTS.

** ** * * * * *

COMES NOW the Complainant, Kingston-Terrill Water District, and, for its formal Complaint against the Defendants, the City of Richmond, Kentucky and the Richmond Water, Gas and Sewage Works, states and alleges as follows:

1. The Complainant, Kingston-Terrill Water District, is a water district organized pursuant to Kentucky Revised Statutes Chapter 74, serving customers in Madison County, Kentucky, and has a post office address of P.O. Box 5204, 120 Big Hill Avenue, Richmond, Kentucky 40476-5205.

2. The City of Richmond, Kentucky is a municipal corporation located in Madison County, Kentucky, and has a post office address of P.O. Box 250, Richmond, Kentucky 40476-0250.

3. The Richmond Water, Gas and Sewage Works is a municipal utility company, owned and controlled by the City of Richmond, and has a post office address of P.O. Box 700, Richmond, Kentucky 40476-0700.

4. Pursuant to KRS §278.040, §278.200, et seq., and for

reasons set forth below, the Public Service Commission has jurisdiction over this matter.

5. At all times relevant herein and commencing with the creation of the Kingston-Terrill Water District, the City of Richmond, by and through Richmond Water, Gas and Sewage Works, has been the sole supplier of wholesale water for Kingston Terrill Water District.

6. With the knowledge and approval of the City of Richmond, Kingston-Terrill Water District has become wholly reliant upon Richmond Water, Gas and Sewage Works as the sole source of its wholesale water supply.

7. The rate charged by Richmond Water, Gas, and Sewage Works to Kingston-Terrill Water District has increased, pursuant to ordinances adopted by the City of Richmond, Kentucky, from \$0.80 per 1000 gallons of wholesale water in 1985 to the present rate of \$2.06 per 1000 of wholesale water in 1995, an increase in the cost of its purchased water to Complainant of 157.5% over the past ten years. The City of Richmond, moreover, has enacted an ordinance pursuant to which the Richmond Water, Gas, and Sewage Works has been directed to assess to Complainant additional charges for Complainant's purchased water should the quantity of same be in excess of Complainant's rationed wholesale limit imposed by the City of Richmond, Kentucky. The wholesale purchase rate charged by Defendants to the Complainant have a direct bearing on the rates which Complainant must charge to its users.

8. The rate charged by the Richmond Water, Gas, and Sewage Works to bulk users within the boundaries of the City of Richmond,

Kentucky is presently the sum of \$1.61 per 1000 gallons, or 78.15% of the wholesale rate, exclusive of penalties, charged by Defendants to Complainant.

9. The average cost for wholesale water in the 17 county Bluegrass Area Development District is \$1.51 per 1000 gallons, or 73.30% of the wholesale rate, exclusive of penalties, charged by Defendants to Complainant.

10. There is no bona fide, reasonable, economic reason for the tremendous disparity in rates, and rate increases, for wholesale water charged to Kingston-Terrill Water District as compared to users inside the City of Richmond.

11. Due to the disproportionately high rates charged by Richmond Utilities to Kingston-Terrill Water District for wholesale water, the ability of the Complainant to provide safe, potable, economic water to its customers in rural Madison County is seriously inhibited.

12. It is the intent and practice of City of Richmond, acting by and through Richmond Water, Gas, and Sewage Works, to unfairly subsidize the water rates charged to users inside the City of Richmond by shifting the economic burden of water production to the customers of Kingston-Terrill Water District and the other rural water districts of Madison County.

14. The wholesale water rates charged to Kingston-Terrill Water District by Richmond Water, Gas, and Sewage Works are unreasonably high and wholly inequitable when measured by any method of fair comparison.

WHEREFORE, Complainant asks as follows:

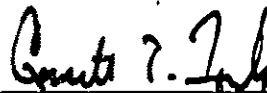
1. That the Public Service Commission promulgate rates for the purchase of wholesale water by Kingston-Terrill Water District from the City of Richmond and the Richmond Water, Gas, and Sewage Works that are fair and uniform.

2. That the Public Service Commission direct the City of Richmond and the Richmond Water, Gas, and Sewage Works to supply Kingston-Terrill Water District with sufficient water volume, and to do so without the imposition of penalties or additional costs, to service both its present needs, as well as its future anticipated growth.

3. That Defendants be directed to refund to Kingston-Terrill Water District, for the benefit of, and ultimate refund to, its users, an amount equal to the disproportionate, excessive rates charged by Defendants to Complainant for the wholesale purchase of water from Defendants over the past ten years without approval of the Public Service Commission.

4. That it be granted all other relief to which it may appear entitled.

Dated at Richmond, Kentucky, on this the 10th day of October, 1995.



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