

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF REIDLAND WATER AND)
SEWER DISTRICT OF MCCRACKEN COUNTY,)
KENTUCKY, FOR A CERTIFICATE OF PUBLIC) CASE NO. 95-532
CONVENIENCE AND NECESSITY TO CONSTRUCT,)
FINANCE, AND INCREASE RATES)

O R D E R

On November 29, 1995, Reidland Water and Sewer District ("Reidland") submitted an application for a Certificate of Public Convenience and Necessity to construct a wastewater treatment plant, approval of financing, and approval of increased rates. While the application was originally submitted under KRS 278.023, this was in error as no federal funding was involved. The application was thus severely deficient, and Reidland was given the opportunity to amend it so as to meet the minimum filing requirements. Reidland submitted an amended application on January 29, 1996. As the application was still very deficient, Reidland was given a second opportunity to amend. While a second amended application was received March 25, 1996, the minimum filing requirements were still not met. Additional information submitted April 26, 1996, was sufficient to meet the minimum filing requirements, and the case was deemed filed.

On May 15, 1996, Reidland filed with the Commission a copy of a notice mailed to its customers on May 3, 1996, which contained new proposed rates. These rates were significantly higher than the rates previously proposed in this proceeding. No cost

justification has been filed for these new proposed rates, nor has any reason been given for the change in rate design proposed in this proceeding. The letter from the General Manager of Reidland that was sent to Reidland's customers along with the proposed rates was dated April 29, 1996, the Monday following the date the Commission accepted Reidland's application as filed. According to the letter, new bids based on the redesign of the treatment plant had been received April 2, 1996, which saved \$100,000 to \$150,000 over the original bids. Yet the proposed rates increased.

Furthermore, while the proposed sewer plant has apparently been redesigned, Reidland has filed nothing regarding this redesign to the Commission. Due to the redesign, the final engineering report filed in this proceeding is meaningless. Also, since the case was first submitted, Reidland has changed the test year on which its financial information is based, and even the amount to be financed. While the total project cost was to be \$3,274,135, it is now to be \$3,870,451. Where Kentucky Infrastructure Authority ("KIA") had agreed to provide a loan of \$3,262,297, Reidland most recently stated that it will be receiving a KIA loan of \$3,648,200. There is nothing in the file from KIA confirming this fact. Where the financing was to originally include only \$11,838 in local funds, it is now to include \$222,251 in local funds.

The Commission finds that this case has been materially changed to such an extent that most of the information that was submitted to meet the minimum filing requirements is now extraneous and of no use to Commission Staff in processing Reidland's

application. It is in actuality a different case than that originally submitted. Therefore, rather than have Reidland attempt to update the present case which is full of irrelevant and outdated information, the present case should be dismissed without prejudice and Reidland should be allowed to submit an application based on the project as it now stands.


IT IS THEREFORE ORDERED that:


1. This case is dismissed without prejudice. None of the information filed in this proceeding shall be considered in any future proceeding.

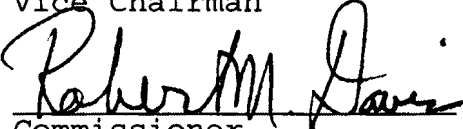
2. Reidland may, when it is prepared to proceed, submit an application for a Certificate of Public Convenience and Necessity to construct a wastewater treatment plant based on the proposed plant's current design; for approval of financing based on the actual amount to be financed; and for approval of increased rates based on the actual rates Reidland seeks to charge.

Done at Frankfort, Kentucky, this 23rd day of May, 1996.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director