

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE RATES OF
OHIO COUNTY WATER DISTRICT

) CASE NO. 97-423
)

O R D E R

The Green River Regional Poultry Association ("Association") has petitioned the Commission for an investigation of the reasonableness of the rates of Ohio County Water District ("Ohio District"). In its petition, the Association alleges that significant changes have occurred in Ohio District's operations since the Commission established that water district's rates for water service. These changes include an increase in poultry operations within Ohio District from 3 to 70, the pending construction of an additional 20 poultry operations, and the offer of Perdue Farms, Inc. ("Perdue Farms") to provide Ohio District with one million gallons of water daily at no cost.

The Association further alleges that Ohio District's present rate structure, if unchanged, will cause adverse economic consequences. The existing rate structure is discouraging economic development in the water district's service territory. Several poultry producers, the Association alleges, have chosen not to locate within Ohio County because of the water district's rates and thus deprived local governments of needed tax revenues and the water district of additional operating revenues.

The Commission has reviewed the record of the proceeding involving Ohio District's most recent application for a rate adjustment.¹ Our review indicates that the water district's rates were based upon its operations during the 1995 calendar year. Nothing in the records refers to poultry operations within Ohio District's service territory. Given the lack of consideration of such operations and the significant growth in the poultry industry in Ohio County since 1995, the Commission finds an investigation, pursuant to KRS 278.260(1), should be initiated to determine if Ohio District's present rates are reasonable.

The Commission notes that after our receipt of the Association's petition and at Ohio District's request, Commission Staff met with Ohio District officials to discuss the procedures for a proposed application for a Certificate of Public Convenience and Necessity to construct new facilities, for authority to issue new debt instruments, and to adjust its present rates.

IT IS THEREFORE ORDERED that:

1. An investigation is initiated to determine the reasonableness of Ohio District's rates.
2. The record of Case No. 95-459 is incorporated by reference into the record of this proceeding.

¹ Case No. 95-459, The Application of Ohio County Water District for (1) Authority to Assume Ownership, Operation And Maintenance of Rough River Water System, Inc. (2) Authority to Make General Adjustments in the Current Rates and (3) Authority to Increase the Current Connection Fees (Jan. 27, 1997).

3. Ohio District's Annual Reports to the Commission for calendar years 1995 and 1996 are incorporated by reference into the record of this proceeding.


4. Ohio District shall file with the Commission no later than 20 days from the date of this Order the original and 8 copies of the information listed in the Appendix with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

5. The Association is made a party to this proceeding.

Done at Frankfort, Kentucky, this 21st day of October, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 97-423 DATED 10/21/97

1. Provide, for each month of calendar year 1997, a statement of Ohio District's income and expenses.
2. Provide all correspondence between Ohio District and
 - a. Perdue Farms.
 - b. Green River Regional Poultry Producers Association.
3.
 - a. Has Perdue Farms offered to provide water to Ohio District?
 - b. If yes, for each offer
 - (1) Describe its terms.
 - (2) State when it was made.
 - (3) Describe Ohio District's response.
4. Describe Perdue Farms' water production and treatment facilities.
5.
 - a. Is Ohio District's water distribution system connected to Perdue Farms' facilities?
 - b. If yes, describe the connection and Ohio District's capacity to take water from Perdue Farms' facilities.
 - c. If no, list and describe the facilities needed to connect Ohio District's system to Perdue Farms. Provide the estimated cost of constructing these facilities.
6. Provide a copy of the minutes of each Ohio District Board of Commissioners meeting held since December 1995.

7. a. How many poultry operations have connected to Ohio District's distribution system since January 1, 1996?

b. List for each month beginning with January 1996 the number of poultry operations connecting to Ohio District's water distribution system.

c. What is the average monthly water usage of a typical poultry operation?

d. How many applications for water service has Ohio District received from poultry operations for which it has yet to provide service?

e. Provide the name of each poultry operation which Ohio District currently serves.

8. Provide all studies which Ohio District has prepared or commissioned which consider the current and potential demand for water service in its service territory.

9. a. Has the Natural Resources and Environment Protection Cabinet imposed any restrictions upon Ohio District's ability to provide water service to its customers?

b. If yes, describe these restrictions and provide all documents which relate to these restrictions.

10. What is Ohio District's maximum daily production capacity?

11. Provide for each month of 1997

a. The total amount of water which Ohio District pumped or purchased.

b. The total amount of water which Ohio District sold to its wholesale and retail customers.