

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COVERED BRIDGE UTILITIES, INC.	)	
_____	)	CASE NO. 99-079
	)	
ALLEGED FAILURE TO COMPLY WITH THE	)	
COMMISSION'S OCTOBER 9, 1998 ORDER	)	
IN CASE NO. 97-455	)	

O R D E R

By Order dated March 10, 1999, the Commission initiated this case to allow Covered Bridge Utilities, Inc. ( Covered Bridge ) to show cause why it should not be subject to the penalties prescribed in KRS 278.990 for two probable violations of the Commission's October 9, 1998 Order in Case No. 97-455.<sup>1</sup> Case No. 97-455 was a rate case in which Covered Bridge sought to increase its charges for sewer treatment service to the Covered Bridge Farms subdivision. In approving a rate increase, the October 9, 1998 Order required Covered Bridge to: 1) file within 30 days a revised tariff setting forth the new rate; and 2) file within 60 days a rate application to establish an initial rate for service to a new customer, Hayfield Utilities, Inc. ( Hayfield ), and to adjust as appropriate the existing residential rate. The two probable violations arise from the failure by Covered Bridge to file its revised tariff within 30 days of October 9, 1998, and to file a rate application within 60 days.

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<sup>1</sup> Case No. 97-455, The Application of Covered Bridge Utilities, Inc. For a Rate Adjustment Pursuant to 807 KAR 5:076 For Small Utilities.

The Covered Bridge Farms Homeowners' Association ( Homeowners' Association ) had filed with the Commission on February 16, 1999 a motion requesting that Covered Bridge be held in contempt for failing to comply with the October 9, 1998 Order and requesting a refund of sewer charges. In initiating this show cause proceeding, the Commission determined that this motion by the Homeowners' Association should be addressed as a part of this show cause case.

A hearing was scheduled to be held on April 13, 1999, but it was canceled at the request of Covered Bridge and an informal conference was held on April 1, 1999. As a result of the discussions at that conference, Covered Bridge and the Commission Staff entered into a Stipulation of Facts and Agreement ( Stipulation ), which has been filed in the record and is attached hereto as Appendix A. The Stipulation is intended to operate as a complete resolution of all issues pending in this case.

As provided for in the Stipulation, Covered Bridge has filed the tariffs required by the October 9, 1998 Order in Case No. 97-455. A new rate application will be filed by July 1, 1999 to establish a rate for treating the sewage collected and transported by Hayfield Utilities, Inc. and to adjust as appropriate the existing residential rate of Covered Bridge. In addition, the Stipulation provides for the payment by Covered Bridge of a \$1,000 civil penalty.

The Homeowner s Association participated in the informal conference and have been served with a copy of the Stipulation. By motion filed on May 14, 1999, the Homeowners' Association stated that if the Stipulation is accepted by the Commission, the earlier motion by the Homeowners Association for contempt and a refund of sewer charges should be dismissed as moot.

In determining whether the results of the Stipulation are in the public interest and are reasonable, the Commission has taken into consideration its comprehensive nature and the willingness of Covered Bridge to cooperate to achieve a resolution of this case. Based on the evidence of record and being sufficiently advised, the Commission hereby finds that the Stipulation is in accordance with the law and does not violate any regulatory principal. The Stipulation is a product of arms-length negotiations among capable, knowledgeable parties, is in the public interest, and results in a reasonable resolution of all issues in this case.

IT IS THEREFORE ORDERED that:

1. The Stipulation is adopted and approved in its entirety as a complete resolution of all issues in this case.
2. Covered Bridge shall pay \$1,000 as a civil penalty within 30 days of the date of this Order by certified check or money order payable to the Kentucky State Treasurer and mailed or delivered to the Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky.
3. The motion for contempt and refund of sewer charges filed by the Homeowners Association is dismissed as moot.

Done at Frankfort, Kentucky, this 30<sup>th</sup> day of July, 1999.

By the Commission

ATTEST:

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Executive Director