

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

EAST LOGAN WATER DISTRICT and)	
NORTH LOGAN WATER DISTRICT NO. 1)	
)	
COMPLAINANTS)	
v.)	CASE NO. 2001-212
)	
CITY OF RUSSELLVILLE)	
)	
DEFENDANT)	

O R D E R

East Logan Water District and North Logan Water District No. 1 (“Complainants”) have filed a formal complaint with the Commission against the city of Russellville (“Russellville”). In their complaint, Complainants allege that a rate increase approved by the Commission on April 21, 2001 is, or should be, void because of the alleged failures of Russellville to comply with Commission regulations pertaining to the procedures for applying for a rate increase. Specifically, Complainants allege that Russellville failed to provide adequate notice, that it failed to comply with 807 KAR 5:011, Section 6(3), and KRS 278.190, and that the cost study which Russellville provided in support of its rate increase did not meet the standards of 807 KAR 5:001(10). As a result, Complainants have not been paying the disputed amount of the rate increase. Complainants request that the Commission void the improperly approved rate increase, or, in the alternative, suspend the rate and investigate the issue.

On August 2, 2001, Russellville filed a motion requesting the Commission to direct Complainants to place in an escrow account all amounts owed for water that have been billed but not paid, and requesting that Complainants continue to make such escrow deposits during the pendency of the of this action.

On August 16, 2001, Russellville filed its answer claiming that its rate increase is valid and asserting, among other things, that the regulations Complainants claim Russellville did not follow do not apply to municipalities.

Upon review of the record, it appears that Russellville's April 21, 2001 rate increase is the filed rate pursuant to KRS 278.160. Moreover, even if the technical notice requirements upon which Complainants rely apply to a city, failure to comply with them would not render a rate unfair, unjust, and unreasonable. Nevertheless, because Complainants object to the rate itself, as well as to the form of the notice they received, the disputed amounts should not at this time be paid directly to Russellville, particularly as it has suggested the creation of an escrow account. Accordingly, Russellville's motion should be granted.

The Commission being sufficiently advised, HEREBY ORDERS that:

1. Russellville's motion to establish an escrow account is granted.
2. Complainants and Russellville shall appear for an informal conference on October 22, 2001 at 10:00 a.m., Eastern Daylight Time, in Conference Room 2 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky. All parties should be prepared to discuss the issues described in the complaint. All parties should bring documents to support their positions and should be represented by counsel or an officer authorized to enter into a settlement agreement. Moreover, Complainants shall be

prepared to provide evidence to support their position that the rate is not fair, just, and reasonable.

Done at Frankfort, Kentucky, this 5th day of October, 2001.

By the Commission

ATTEST:


Executive Director