

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN)	CASE NO.
WATER AND SEWER DISTRICT FOR AN)	2018-00230
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On July 3, 2018, Southern Water and Sewer District (Southern District) tendered an application (Application) for an adjustment of its rates for service pursuant to the procedures set forth in 807 KAR 5:076. The Application was deemed filed as of July 12, 2018, after the filing deficiencies were cured. On July 25, 2018, the Attorney General filed a motion to intervene. By Order dated August 2, 2018, the Attorney General's motion was granted. On October 24, 2018, Commission Staff issued a report summarizing its findings (Staff Report). On October 30, 2018, Southern District filed its responses accepting the contents of Staff's Report. In addition, Southern District requested the case be submitted on the record, without scheduling an informal conference or hearing. On November 7, 2018, the Attorney General filed his comments and objections to the Staff Report, but did not request an informal conference or hearing.

In its report, Staff noted the existence of unauthorized debt, including two outstanding loans from First Guaranty Bank dated September 22, 2014, and June 9, 2015, respectively in the amounts of \$25,018 and \$41,355, for which Southern District

did not obtain Commission approval as required by KRS 278.300.¹ KRS 278.300(1) states that no utility shall issue any form of indebtedness unless it has been authorized to do so by an Order of the Commission. The Staff Report also excluded expenses related to excessive water loss as required by 807 KAR 5:066 Section 6(3).

On its own motion, the Commission finds that a hearing should be held in this matter to investigate but is not limited to, issues related to excessive water loss and the unauthorized debt noted by Staff.

IT IS THEREFORE ORDERED that:

1. Southern District's general manager and commissioners: Paula Johnson, chairman; Larry Joe Osborne, treasurer; Barry Hall, secretary; Joe Jacobs, board member; and Hayes Hamilton, board member; individually and in their respective capacities as commissioners of Southern District, shall appear at a hearing scheduled for December 18, 2018, at 9 a.m. Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard in Frankfort, Kentucky, for the purpose of investigating issues related to water loss and unauthorized indebtedness, but is not limited to this purpose.

2. Southern District shall file with the Commission, no later than December 11, 2018, seven days prior to the hearing, a list of witnesses and exhibits to be presented at the December 18, 2018 hearing. Southern District shall provide six copies of any exhibit it intends to introduce into evidence at the hearing.

3. Southern District shall give notice of the hearing in compliance with 807 KAR 5:001, Section 9(2)(b). In addition, the notice of hearing shall include the

¹ Case No. 2018-00230, *Electronic Application of Southern Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Oct. 24, 2018) Staff Report at 4.

following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov." At the time the notice is mailed or publication is requested, Southern District shall forward a duplicate of the notice and request to the Commission.

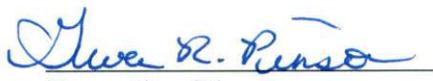
4. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission

ENTERED
NOV 15 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

*Southern Water & Sewer District
245 Kentucky Route 680
P. O. Box 610
McDowell, KY 41647

*Dean Hall
Operations Manager
Southern Water & Sewer District
P.O. Box 610, 245 Kentucky Route 680
McDowell, KENTUCKY 41647

*Holly Nicholas
Kentucky Eng Group PLLC
P.O. Box 1034
Versailles, KENTUCKY 40383

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204