

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE SOUTHEAST DAVIESS COUNTY WATER	)	
DISTRICT FOR THE APPROVAL FOR A	)	CASE NO.
SURCHARGE IN ORDER TO FUND A WATER	)	90-005
STORAGE STANDPIPE	)	

O R D E R

On January 11, 1990, Southeast Daviess County Water District ("Southeast Daviess") filed an application with the Commission for approval of a rate surcharge pursuant to KRS 74.395. The purpose of the proposed surcharge is to finance the construction of a water storage tank and appurtenances. The project will consist of site acquisition, a 1,020,000 gallon water storage tank, a valve vault, approximately 2,500 linear feet of water main connector, and associated legal/professional services. Need for the water storage tank was directed by the Commission in an inspection report issued on September 8, 1986. A deviation from the Commission's water storage requirements was requested and granted by the Commission on June 26, 1987<sup>1</sup> in order to allow Southeast Daviess time to collect and escrow necessary funds. Since that deviation expires on July 1, 1990, the Commission will consider

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<sup>1</sup> Case No. 9887, The Application of Southeast Daviess County Water District for Deviation from 807 KAR 5:066, Section 5(4).

Southeast Daviess' application herein as a request for a continuance of the deviation.

The estimated project construction cost is \$612,000, with additional interest and closing costs of \$63,040, for a total of \$675,040. Southeast Daviess has requested a surcharge amount of 35 cents per 1,000 gallons for a period of five years. The surcharge is estimated to generate a total of \$575,040. The balance of the construction costs will be paid by Southeast Daviess out of district funds.

The proposed construction and surcharge was approved by the board of commissioners of Southeast Daviess on December 28, 1989. Commission Staff conducted a review of the application and issued a Staff Report on April 16, 1990 recommending approval of the surcharge. By letter dated April 27, 1990, Southeast Daviess informed the Commission that it accepted the findings of the Staff Report.

By Order dated May 21, 1990, the Commission directed Southeast Daviess to publish notice of a public hearing to be held in Frankfort on June 15, 1990 to examine Southeast Daviess' request for approval of the surcharge. Notice of the public hearing was published in the Owensboro Messenger-Enquirer on May 28, 1990. As no notices of intent to attend the hearing were received by the Commission by the date prescribed in the notice, the public hearing was cancelled.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds:

1. The recommendations and findings with respect to the surcharge which are contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by this reference as if fully set out herein.

2. The surcharge set out in Appendix A, attached hereto and incorporated herein, is reasonable and adequate to implement the proposed construction.

3. A continuance of the deviation authorized by the Commission in Case No. 9887 should be granted.

IT IS THEREFORE ORDERED that:

1. Southeast Daviess is hereby granted a continuance of the water storage deviation authorized by the Commission in Case No. 9887, until July 1, 1995.

2. The surcharge set out in Appendix A is approved for service rendered by Southeast Daviess on and after the date of this Order, for a period not to exceed five years.

3. All funds generated by the surcharge shall be set aside in a reserve trust account. Such funds shall be invested in securities issued or guaranteed by the United States government until they are needed, and shall be expended, together with any interest or other earnings thereon, solely for the construction of the facilities described in Southeast Daviess' application. Use of surcharge funds for purposes other than construction of the facilities described in the application shall warrant cessation of the surcharge and refunding of the monies previously collected.

4. Southeast Daviess shall file semi-annual statements detailing surcharge revenues collected, including any interest earned thereon, and all expenditures made. Failure to file the semi-annual reports shall warrant cessation of the surcharge and refunding of the monies previously collected. If construction has not begun within five years after implementation of the surcharge, all funds shall be returned to Southeast Daviess' customers, together with interest and earnings.

5. Southeast Daviess shall maintain its records in such a manner as will enable it, the Commission, or its customers to determine the amount to be refunded and to whom refunds are due in the event such surcharge amounts are ordered refunded.

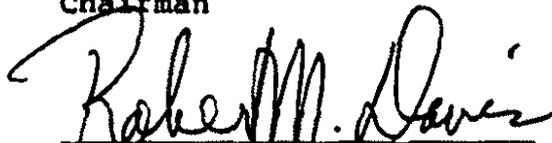
6. The surcharge constitutes contributions and shall be accounted for in the manner prescribed in the Uniform System of Accounts for Class A and B Water Districts and Associations. The monthly billing shall be debited to customer accounts receivable and credited to the contributions account. When the amount is collected, special funds shall be debited and customer accounts receivable credited.

7. Within 30 days of the date of this Order, Southeast Daviess shall file with the Commission its revised tariff setting out the surcharge approved herein.

Done at Frankfort, Kentucky, this 11th day of July, 1990.

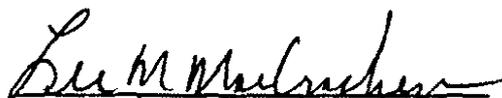
PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 90-005 DATED 7/11/90

The following surcharge is prescribed for customers of Southeast Daviess County Water District. All other rates and charges not specifically set forth herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Surcharge: A monthly surcharge of \$0.35 per 1,000 gallons shall be collected for a period of 60 months or until \$575,040 is collected.