

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LAKE VILLAGE WATER)	
ASSOCIATION, INC. FOR A TARIFF)	
AMENDMENT IMPOSING A CONSTRUCTION)	CASE NO. 91-326
SURCHARGE FOR REPLACEMENT OF)	
DEFECTIVE WATER LINES)	

O R D E R

On September 6, 1991, Lake Village Water Association, Inc. ("Lake Village") filed an application with the Commission requesting approval of a tariff amendment for the purpose of imposing a surcharge in the amount of \$1.80 per month, per customer, for a period of 60 months pursuant to KRS 74.395. The purpose of the proposed surcharge is to fund a construction project to replace an existing defective water line in Herrington Woods Subdivision.

Lake Village filed cost schedules with its application outlining construction costs of \$111,800; engineering services of \$19,500; legal and administrative, land and/or easement, and contingency expenses of \$23,700, resulting in total project costs of \$155,000. Lake Village proposed to begin construction of the project after sufficient funds from the surcharge have accumulated to allow for timely payments for the completion of the project. The proposed surcharge will generate approximately \$2,610 monthly or \$31,320 annually.

By Order dated October 10, 1991, the Commission scheduled a public hearing to examine Lake Village's request for approval of the surcharge, to be held in Frankfort on November 6, 1991, and directed Lake Village to publish notice of the public hearing. As no notice of intent to attend the hearing was 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 sufficiently advised, finds that the surcharge proposed by Lake Village is fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. Pursuant to KRS 74.395, Lake Village shall assess a surcharge of \$1.80 per month, per customer for a period not to exceed 5 years for the purpose of funding its Herrington Woods Subdivision construction project as proposed in its application of September 6, 1991. The proceeds of this surcharge should be invested in a separate interest bearing account and used solely for funding the proposed construction project. If the sum total surcharge proceeds and any accumulated interest earned thereon reaches \$155,000 before the 5 year period ends, Lake Village shall cease assessing the surcharges.

2. Within 30 days of the date of this Order, Lake Village shall file notice with the Commission of the estimated commencement date of the project.

3. Lake Village shall include in its quarterly reports currently being filed with the Commission, data showing the amount collected under the surcharge each month during the quarter,

amounts expended for the project, and descriptions of said expenses. Failure to file the quarterly reports shall warrant cessation of the surcharge and refunding of the monies previously collected. If construction has not begun within 5 years after implementation of the surcharge, all funds shall be returned to Lake Village's customers, together with interest and earnings.

4. If the expenses incurred from the construction project are less than those projected in its application, Lake Village shall terminate collection of the surcharge after collecting an amount sufficient to cover its actual expenses.

5. Lake Village shall refund any amount collected which exceeds the actual cost of the project.


6. Lake Village 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.

7. 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.

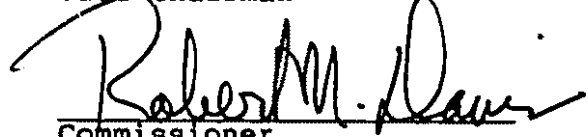
8. Within 30 days of the date of this Order, Lake Village shall file tariff sheets with the Commission reflecting the surcharge contained in Appendix A, attached hereto and incorporated herein.

Done at Frankfort, Kentucky, this 23rd day of December, 1991.

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. 91-326 DATED December 23, 1991

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

A temporary construction surcharge of \$1.80 shall be added to each monthly bill for a period not to exceed five (5) years from the effective date hereof as set out in PSC Order No. 91-326. If the sum total surcharge proceeds and any accumulated interest earned thereon reaches \$155,000 before the 5 year period ends, assessment of the surcharge shall cease.