

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE FILING OF JONATHAN CREEK)
WATER DISTRICT TO ADJUST ITS)
RATES AND CHARGES FOR) CASE NO. 95-586
SEASONAL DISCONNECTIONS)

O R D E R

On December 22, 1995, Jonathan Creek Water District ("Jonathan Creek") submitted a tariff to the Commission by which it sought to establish a seasonal disconnect charge of \$50 and a seasonal reconnect charge of \$50. Jonathan Creek proposed to apply the charge to any residential or commercial customer disconnected or reconnected for any reason, unless the required disconnection or reconnection arose out of a legal change in the ownership of property served by Jonathan Creek. The tariff proposed by Jonathan Creek would also require a customer whose service had been disconnected to pay the minimum charge that would have been assessed for service during the months that the customer's service was disconnected. Jonathan Creek stated that the proposed changes were required to prevent seasonal users from placing an unreasonable rate burden on the district.

On January 16, 1996, the Commission, by letter, informed Jonathan Creek that additional information was necessary in order for the filing to meet the minimum filing requirements. As no additional information had been received, a reminder letter was sent to Jonathan Creek on February 22, 1996. On March 4, 1996,

Jonathan Creek requested that it be relieved of the obligation of furnishing additional information because the filing was submitted pursuant to a directive from the Commission in Case No. 94-073.¹ On March 12, 1996, the Commission determined that the filing met the minimum filing requirements.

A billing analysis and cost-of-service study was prepared in Case No. 94-073 by Commission Staff. It was noted in these studies that since Jonathan Creek is located in a resort area, a large number of its customers are seasonal users. This results in Jonathan Creek being required to meet peak summer demands while maintaining excess capacities during the off-season. In the Staff Report in Case No. 94-073, it was recommended that Jonathan Creek develop a reconnection policy that might alleviate some of its seasonal problems.

The purpose of a seasonal reconnection policy is to ensure that the utility receives revenue to cover certain fixed costs, such as debt service and depreciation during the off-season periods. When large numbers of customers are disconnected during the winter months, the burden for all costs falls to the year-round users. Typically, gas utilities have been allowed to charge a seasonal reconnection fee due to the number of customers who are connected to the utility only during the heating season.

¹ Case No. 94-073, Application of Jonathan Creek Water District for Certificate of Public Convenience and Necessity, Long-Term Financing by KIA: A General Rate Adjustment and Request for a Variance on Financial Data Submitted.

After reviewing Jonathan Creek's proposed tariff filing the Commission finds that:

1. Jonathan Creek's proposed tariff filing should be denied. However, due to the large number of seasonal customers served by Jonathan Creek, it should be allowed to recover the customer or minimum charge from seasonal customers. Seasonal customers should be considered those who are disconnected from the system and, subsequently, reconnected to the system during an 8-month period. Jonathan Creek should also be permitted to charge its approved reconnection fee in order to cover its cost of making the disconnection. Furthermore, if Jonathan Creek actually removes the meter for these customers, it should file cost justification to establish a charge for this service.

2. Jonathan Creek should be required to give notice to its customers that effective on and after the date of this Order such charges will be implemented.

3. Jonathan Creek should be required to file at the end of 12 months a report setting out the impact that this charge has had on its revenue.

4. Within 30 days of the date of this Order, Jonathan Creek should be required to file a tariff setting out the language contained in Appendix A to this Order.

IT IS THEREFORE ORDERED that:

1. Jonathan Creek's proposed tariff filing is hereby denied.

2. Jonathan Creek shall assess a customer charge or minimum charge on seasonal customers. Seasonal customers are those who

request to be disconnected from the system and, subsequently, request that service be reconnected at the same premises within an 8-month period. Jonathan Creek shall also charge its approved reconnection fee to cover its cost of making such disconnections. If Jonathan Creek actually removes the meter for these customers, it should file cost justification to establish a charge for this service.

3. Within 30 days from the date of this Order, Jonathan Creek shall give notice to its customer that such a charge is to be implemented.


4. Jonathan Creek shall file at the end of 12 months a report setting out the impact that this charge has had on its revenue.

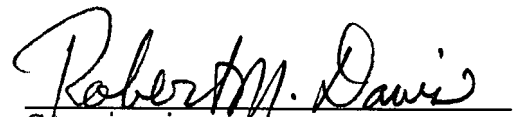
5. Within 30 days of the date of this Order, Jonathan Creek shall file a tariff setting out the language contained in Appendix A to this Order.

Done at Frankfort, Kentucky, this 29th day of April, 1996.

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. 95-586 DATED APRIL 29, 1996.

The following rates and charges are prescribed for the customers in the area served by Jonathan Creek Water District. 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.

MONTHLY CUSTOMER CHARGE

Meter Size:	<u>Rate</u>
5/8 Inch Meter	\$ 6.12
3/4 Inch Meter	8.02
1 Inch Meter	11.83
1.5 Inch Meter	21.36
2 Inch Meter	32.78
3 Inch Meter	59.45
6 Inch Meter	192.77

Water Charge:	<u>Rate</u>
All Usage	\$ 4.85 per 1,000 gallons

RECONNECTION OF SERVICE

If service is disconnected at the request of any Customer and that Customer requests service to be reconnected at the same premises within an 8-month period, the district may refuse service to the Customer until such time as it receives from that Customer payment of the customer charge multiplied by the number of months service was disconnected. Such a Customer shall also be assessed the district's approved service reconnection charge.