

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF KENTUCKY TURNPIKE)
WATER DISTRICT TO REVISE ITS TARIFF) CASE NO. 96-247
TO ASSESS AN IMPACT FEE TO APPLICANTS)
LOCATED IN THE BEECH GROVE ROAD AREA)

ORDER

On May 3, 1996, Kentucky Turnpike Water District ("Kentucky Turnpike") filed a tariff with the Commission wherein it proposed to assess an impact fee to serve an additional 1,000 new residential customers located in the Beech Grove Road area. On June 7, 1996, the Commission entered an Order establishing a formal case in which to review Kentucky Turnpike's proposal.

On July 5, 1996, Kentucky Turnpike filed, by letter, a further explanation of its proposed tariff filing. Kentucky Turnpike stated that the tariff amendment would allow Kentucky Turnpike to upgrade and construct lines in order to serve an area which cannot be served with the existing facilities. It was clarified in the letter that the impact fee would not be assessed to the ratepayers but is a charge which would be collected from developers and builders of residences in the impact area.

On September 19, 1996, the Commission issued an information request to which Kentucky Turnpike responded on November 13, 1996. As additional clarification of Kentucky Turnpike's proposal was needed, on December 10, 1996, an informal conference was held at the Commission's office in Frankfort with representatives of

Kentucky Turnpike and Commission Staff in attendance. At the conference, it was determined that a special contract with the developers would be a more appropriate manner in which to place Kentucky Turnpike's proposed impact fee into effect than would a tariff filing. On December 13, 1996, Kentucky Turnpike submitted an unexecuted contract which contained language regarding the agreement between it and an individual developer pertaining to the assessment of an impact fee. A revised version of this unexecuted contract was filed on January 28, 1997.


After reviewing the proposed contract and being otherwise sufficiently advised, the Commission finds that the form of the contract and the language contained therein should be approved.

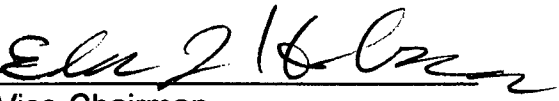
IT IS THEREFORE ORDERED that:

1. Kentucky Turnpike's proposed tariff filing regarding the assessment of an impact fee is denied.
2. The form of the unexecuted contract filed by Kentucky Turnpike and the language contained therein is approved for agreements entered into between Kentucky Turnpike and a developer regarding the assessment of an impact fee.
3. Prior to assessing any developer an impact fee, Kentucky Turnpike shall file an executed copy of the contract between it and the developer with the Commission for its approval.

Done at Frankfort, Kentucky, this 18th day of March, 1997.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director