

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF TODD COUNTY WATER)
DISTRICT TO INCREASE ITS FEE FOR A) CASE NO. 96-457
ONE INCH METER CONNECTION)

ORDER

On September 17, 1996, Todd County Water District ("Todd County") applied to the Commission for authority to increase its nonrecurring charge for a one-inch meter connection from \$500.00 to \$1,000.00. Todd County proposed an effective date of December 1, 1996.

After reviewing the proposed tariff filing of Todd County, the Commission found that further information was necessary in order to determine the reasonableness of the proposed nonrecurring charge.

On October 29, 1996, the Commission issued an Order requesting additional information from Todd County to be filed by November 18, 1996. This information was to be used to evaluate whether the proposed increase could be justified. As no information was received from Todd County by November 18, 1996, the Commission, on November 22, 1996, issued an Order suspending Todd County's proposed tariff from December 1, 1996 up to and including April 30, 1997.

On January 3, 1997, the Commission received the information it had requested from Todd County. After reviewing Todd County's response, and being otherwise sufficiently advised, the Commission finds that:

1. Todd County cannot provide adequate justification for the proposed increase in its nonrecurring charge for a one-inch meter connection due to the limited number of such meters that have been installed on its system.¹ Meter connection charges are generally based on the average cost of installing a particular size meter across a system as a whole. By its own admission, Todd County's experience with installing one-inch meters is limited and has not included any low-cost installations to reduce the average cost.² As a result, Todd County's proposed charges are not necessarily equal to the expenses incurred to provide the associated service.

2. Todd County's proposed tariff filing should therefore be denied.

3. Todd County should be authorized to base its charge for the installation of a one-inch meter on the actual cost of each individual installation. This would allow Todd County to recover its cost of installation and assure that those applying for a one-inch meter connection are charged an equitable amount.

¹ In its response of January 3, 1997, Todd County informed the Commission that it has 13 one-inch meter connections on its system. In comparison, Todd County's system has 2,249 5/8-inch meter connections.

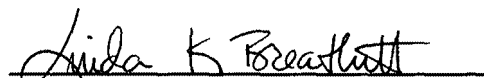
² "The Water District [Todd County] sets only 1 or 2 one-inch services each year. These services all cost about the same to install and there are no less costly services to average in with the higher cost ones to bring the average cost of a service down, as is true with 5/8 inch services." Todd County's response to the Commission's Order of October 29, 1996, at page one.


IT IS THEREFORE ORDERED that:

1. Todd County's proposed tariff filing regarding an increase in its cost of a one-inch meter connection is denied.
2. The charges in Appendix A are approved for a one-inch meter connection rendered on and after the date of this Order.
3. Within 20 days from the date of this Order, Todd County shall file verification that notice of this change in its one-inch meter connection charge has been given to its customers.
4. Within 20 days from the date of this Order, Todd County shall file its revised tariff reflecting this change in its one-inch meter connection charge.

Done at Frankfort, Kentucky, this 22nd day of January, 1997.


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. 96-457 DATED JANUARY 22, 1997

The following charge is prescribed for the customers of the area served by Todd County 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.

ONE-INCH METER CONNECTION

Actual Cost of Installation