

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE TARIFF FILING OF ADAIR COUNTY WATER)	CASE NO.
DISTRICT TO OFFER THREE OPTIONS)	97-515
CONCERNING NEW LINE EXTENSIONS)	

O R D E R

On November 7, 1997, Adair County Water District ("Adair Water") filed a proposed tariff which offered three options concerning new line extensions. Adair Water proposed that the tariff become effective on and after January 1, 1998. The Commission pursuant to KRS 278.190 entered an Order on December 31, 1997 suspending the proposed tariff until May 31, 1998. On May 5, 1998, Adair Water filed a revised proposed tariff and a narrative explanation of its intent.

A summary of the three options proposed by Adair Water in its revised filing are:

Option 1 - allows an extension in accordance with 807 KAR 5:066, Section 11.

Option 2 - allows a group of potential customers to furnish all materials necessary to construct the line with the water district being responsible for the installation of said line.

Option 3 - allows a developer of a subdivision to assume all responsibility for the construction of the extension with the water district monitoring the construction. Upon completion, the developer will relinquish any and all control over the water lines to Adair Water.

The Commission, after consideration of the evidence of record and being sufficiently advised, finds that:

1. Option 1 complies with 807 KAR 5:066, Section 11 - Extension of Service and should be approved.

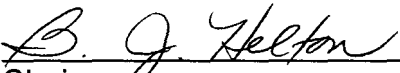
2. Option 2 should be denied because it does not comply with Commission regulation 807 KAR 5:066, Section 11(2)(a), which states that when an extension of the utility's main to serve an applicant or group of applicants amounts to more than 50 feet per applicant, the utility may if not inconsistent with its filed tariff require the total cost of the excessive footage over 50 feet per customer to be deposited with the utility by the applicant or the applicants, based on the average estimated cost per foot of the total extension.

3. Option 3 complies with Commission regulation 807 KAR 5:066, Section 11(3), which states that an applicant desiring an extension to a proposed real estate subdivision may be required to pay the entire cost of the extension and should be approved. Each year, for a refund period of not less than 10 years, the utility shall refund to the applicant who paid for the extension a sum equal to the cost of 50 feet of the extension installed for each new customer connected during the year whose service line is directly connected to the extension installed by the developer, and not to extensions or laterals therefrom. Total amount refunded shall not exceed the amount paid to the utility. No refund shall be made after the refund period ends.

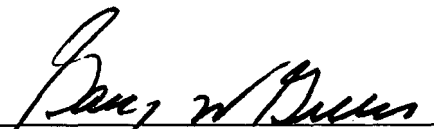
IT IS THEREFORE ORDERED that within 30 days of the date of this Order, Adair Water shall file with the Commission its revised tariff setting out the extension of service options that comply with the requirements contained in Findings 1 through 3 as if the same were individually so ordered herein.

Done at Frankfort, Kentucky, this 1st day of June, 1998.

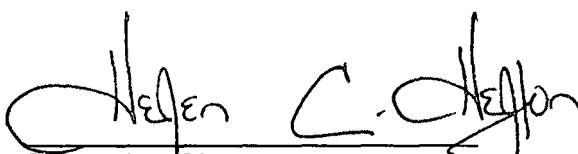
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director