

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE DEVIATION OF NORTH SHELBY WATER)	
COMPANY FROM THE COMPANY'S REGULAR)	CASE NO.
EXTENSION POLICY – RATTLETRAP ROAD)	2001-081
EXTENSION PROJECT)	

O R D E R

North Shelby Water Company (“North Shelby”) has submitted for Commission review and approval a contract with Tom Monarch (“Applicant”) for the extension of distribution lines to serve the Applicant’s property on Rattletrap Road in Shelby County. The proposed contract differs from the provisions of Administrative Regulation 807 KAR 5:066, Section 11. Finding that the proposed contract is reasonable and that good cause exists to permit a deviation from Administrative Regulation 807 KAR 5:066, Section 11, we approve the contract.

North Shelby, a non-profit corporation, provides water service to approximately 3,810 members in Franklin, Oldham and Shelby counties, Kentucky. It has entered an agreement with the Applicant for a water main extension to serve the Rattletrap Road property owned by the Applicant. The extension is approximately 850 feet of six (6) inch line. The total project cost is estimated at \$16,425.25. The Applicant and the Shelby County Fiscal Court will each contribute \$8,000 toward the project. North Shelby agreed to pay any cost in excess of \$16,000. Should the cost of the project be less than \$16,000.00, North Shelby agreed to refund to the Applicant any overpayment, including 6 percent interest. The Applicant further agreed to secure all

easements for the proposed water main extension and to waive any right to contributions pursuant to the 50-foot rule required by 807 KAR 5:066, Section 11(3). The Applicant retains the right to a rebate from any customer that connects to the extension during the following ten-year period.¹

The proposed agreement's provisions relating to refund of the Applicant's contribution is inconsistent with Administrative Regulation 807 KAR 5:066, Section 11(3), which provides:

An applicant desiring an extension to a proposed real estate subdivision may be required to pay the entire cost of the extension. Each year, for a refund period of not less than ten (10) years, the utility shall refund to the applicant who paid for the extension a sum equal to the cost of fifty (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.

Under this regulation, North Shelby is required to refund to the Applicants the cost of 50 feet of the proposed water main extension for each applicant that connects to that main extension within the subdivision. This contract is similar to a contract that North Shelby Water Company has relied upon for water main extensions to subdivisions.² The Commission granted a deviation in the case established to consider that contract.³

The Commission, having examined the proposed extension agreement and the circumstances surrounding the agreement, finds that good cause exists to grant a

¹ Proposed Contract, paras. 2, 4 and 12.

² See Case No. 2000-344, The Deviation of North Shelby Water Company From The Company's Regular Extension Policy (Ky. P.S.C. March 2, 2001).

³ Id.

deviation in this case. The Shelby County Fiscal Court is contributing approximately 50 percent of the construction costs and North Shelby will pay any costs in excess of \$16,000. Also, the Applicant is entitled to a refund for his initial costs when any customer directly connects to the extension. Further, North Shelby will refund the Applicant's costs, with interest, should the project cost less than \$16,000. Based upon the foregoing, good cause for both the proposed agreement and the proposed deviation from Administrative Regulation 807 KAR 5:066, Section 11, exists.⁴ See Case No. 2000-344, The Deviation of North Shelby Water Company From The Company's Regular Extension Policy (Ky. P.S.C. March 2, 2001).

The Commission notes that an investigation of water main extension practices is currently pending.⁵ The results of this investigation may significantly affect our review of

⁴ The Commission is authorized to permit a water utility to make water main extensions under arrangements that differ from those established in Administrative Regulation 807 KAR 5:066, Section 11. Administrative Regulation 807 KAR 5:066, Section 11(4) provides:

Nothing contained herein shall be construed to prohibit the utility from making extensions under different arrangements if such arrangements have received the prior approval of the commission.

Administrative Regulation 807 KAR 5:066, Section 18, provides:

Deviations from Administrative Regulation. In special cases, for good cause shown, the commission may permit deviations from this administrative regulation.

⁵ Administrative Case No. 386, An Examination of Existing Water Distribution Main Extension Policies.

further requests for deviations from Administrative Regulation 807 KAR 5:066, Section 11. We therefore caution North Shelby not to rely unduly on this decision when considering differing arrangements for other water main extensions.

IT IS THEREFORE ORDERED that:

1. North Shelby is authorized to deviate from Administrative Regulation 807 KAR 5:066, Section 11(3), and to use a different arrangement to extend water service to Tom Monarch for the extension of service to Rattletrap Road.

2. The proposed contract between North Shelby and the Applicant is approved as of the date of this Order.

Done at Frankfort, Kentucky, this 11th day of April, 2001.

By the Commission

ATTEST:


Executive Director