

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF EAST LAUREL WATER)
DISTRICT FOR A DEVIATION FROM) CASE NO. 2002-00090
ADMINISTRATIVE REGULATION 807 KAR 5:066,)
SECTION 11(2))

O R D E R

On March 1, 2002, East Laurel Water District (East Laurel) applied for approval of a water line extension agreement that differs from the extension-of-service provisions of Administrative Regulation 807 KAR 5:066, Section 11.¹

Under the provisions of Administrative Regulation 807 KAR 5:066, Section 11, a water utility must extend its distribution main by as much as 50 feet without charge to serve a prospective customer. When an extension of a utility's main to serve a customer or group of customers exceeds 50 feet per prospective customer, the utility may require the total cost of the excessive footage to be deposited with it by the customers. The utility must, over a period of not less than 10 years, refund these customers the cost of 50 feet of the extension in place for each additional customer whose service line is directly connected to the extension installed. This duty to refund continues until the refund period ends or the deposited funds are depleted.

¹ Agreements for water main extensions that contain provisions differing from Administrative Regulation 807 KAR 5:066, Section 11(1), are permitted if the Commission approves the differing arrangement. 807 KAR 5:066, Section 11(4).

The proposed extension arrangement differs from Administrative Regulation 807 KAR 5:066, Section 11, in two respects. It requires East Laurel to assume the cost of 100 feet of the extension. It also requires the prospective customers to assume the cost of the remaining 2,740 feet. None of this cost would be refundable. In support of this arrangement, East Laurel contends that, given the nature of the area in which the extension has been made, no additional customers are expected to be served by the proposed extension within the next 10 years. It further provides evidence that the prospective customers are fully aware of their right to a refund under the established arrangement and have knowingly waived that right in favor of East Laurel's assuming a larger portion of the proposed extension's cost.

Insofar as the prospective applicants knowingly waived their rights under Administrative Regulation 807 KAR 5:006, Section 11, to potential refunds and as the likelihood of such refunds under existing conditions is remote, the Commission finds that good cause exists to approve the proposed extension arrangement.

IT IS THEREFORE ORDERED that:

1. The proposed extension arrangement is approved.
2. Approval of the proposed extension arrangement in this instance does not constitute Commission approval of the arrangement for general usage. Unless otherwise ordered by the Commission, East Laurel shall submit for Commission approval each extension arrangement whose terms differ from Administrative Regulation 807 KAR 5:066, Sections 11(1) and 11(2).

Done at Frankfort, Kentucky, this 22nd day of March, 2002.

By the Commission

ATTEST:

Deputy W. H. Bowen
Executive Director