

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SOUTH LOGAN)
WATER ASSOCIATION TO INCREASE) CASE NO. 2008-00255
CERTAIN NONRECURRING CHARGES)

O R D E R

On July 21, 2008, South Logan Water Association (“South Logan”) applied for authority to increase certain nonrecurring charges.¹ South Logan has provided adequate evidence of the individual expenses incurred to provide the services associated with the proposed charges.

In its application, South Logan proposed adjustments to increase its returned check charge to \$45. Administrative Regulation 807 KAR 5:006, Section 8(3)(g),² permits a utility to assess a charge to recover costs associated with returned checks. The Commission has been guided by KRS 514.040(4)(b) on the reasonableness of a returned check charge.³ That statute generally limits a merchant’s assessment of a “bad check handling fee” to a reasonable amount that does not exceed \$50.⁴ South Logan has demonstrated that its actual costs associated with returned checks are \$45.

¹ In addition to the original request, South Logan amended its filing on October 14, 2008 to request an increased returned check charge.

² Returned check charge. A returned check charge may be assessed if a check accepted for payment of a utility bill is not honored by the customer’s financial institution.

³ See, e.g., Case No. 2007-00194, The Application of South 641 Water District to Revise Certain Non-recurring Charges (Ky. PSC June 28, 2007).

⁴ Prior to the enactment of House Bill 426 by the General Assembly in 2008, KRS 514.040 limited the amount to \$25.

In addition, South Logan seeks to increase customers' deposits. It currently collects a \$50 deposit from each customer. It seeks to require a higher deposit that is graduated based on the size of the customer's meter and the customer's ownership status. South Logan proposes an \$83 deposit from each property owner served through a 5/8" x 3/4" meter. The property owner would deposit the following amount if served by:

1" meter = \$150;
1.5" meter = \$200;
2" meter = \$250;
3" meter = \$300; and
4" meter = \$500.

Initially, South Logan proposed a deposit of \$100 from each property owner that is served through a 5/8" x 3/4" meter and a deposit of \$175 from each renter. Commission regulations specify that "[d]eposit amounts shall not exceed two-twelfths (2/12) of the customer's actual or estimated annual bill where bills are rendered monthly."⁵ In light of this regulation, South Logan amended its application to eliminate the proposed renter's deposit and to reduce the deposit required of a customer served through a 5/8" x 3/4" meter to \$83. Each of the other proposed deposits is less than 2/12 of the average annual bill⁶ and, therefore, is consistent with Commission regulations.

The Commission, having reviewed the record and being sufficiently advised, finds that:

⁵ 807 KAR 5:006, Section 7(1)(a). South Logan's tariff states that bills are rendered monthly.

⁶ See South Logan Cost Justification (filed October 20, 2008).

1. The proposed charges are equal to the expenses incurred to provide the associated services.

2. The charges and policies set forth in Appendix A to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The charges in Appendix A are approved for services rendered on and after the date of this Order.

2. Within 20 days of the date of this Order, South Logan shall file with the Commission revised tariff sheets setting out the charges approved in Appendix A.

Done at Frankfort, Kentucky, this 5th day of November, 2008.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2008-00255 DATED NOVEMBER 5, 2008

The following rates, charges, and policies are prescribed for the customers in the area served by South Logan Water Association. All other rates, charges, and policies not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Nonrecurring Charges

Meter Connection/Tap-on Fee	
5/8" X 3/4" Meter	\$700.00
1" Meter	\$950.00
1 1/2" Meter	\$1,200.00
2" Meter	\$1,800.00
3" Meter	Actual Cost
4" Meter	Actual Cost
Deposits	
5/8" X 3/4" Meter	\$83.00
1" Meter	\$150.00
1 1/2" Meter	\$200.00
2" Meter	\$250.00
3" Meter	\$300.00
4" Meter	\$500.00
Meter Re-read Charge	\$45.00
Meter Re-read Charge (After Hours)	\$75.00
Meter Test Charge	\$75.00
Disconnect/Reconnect Charge for Non-payment	\$50.00
Reconnect Charge for Non-payment (After Hours)	\$70.00
Connection/Turn-On Charge (After Hours)	\$75.00
Meter Relocation Charge	Actual Cost
Damage to Meter, Meter Setter or Lid (Field Visit plus equip.)	Actual Cost
Distribution Valve Box Damage	Actual Cost
Service Call/Investigation	\$55.00
Service Call/Investigation (After Hours)	\$85.00
Returned Check Charge	\$45.00