

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF CORINTH WATER DISTRICT)
TO REVISE CERTAIN NONRECURRING)
CHARGES) CASE NO. 2009-00025

ORDER

On January 21, 2009, Corinth Water District (“Corinth District”) tendered its application to revise certain nonrecurring charges. Finding that the application failed to comply with 807 KAR 5:011, the Commission initially rejected the application for filing. We accepted the application on March 13, 2009 after Corinth District supplemented its initial submission.

Corinth District proposes a \$2.00 transaction charge for customers who make payment by credit card. It provided no documentary evidence to support its proposed charge. In light of recent decisions in which the Commission has permitted water utilities to assess a fee for credit card transactions¹ and taking administrative notice of the general nature of the credit card industry,² we have denied the proposed charge but

¹ See, e.g., Case No. 2008-00397, *The Application of Cannonsburg Water District to Revise Certain Nonrecurring Charges* (Ky. PSC Mar. 11, 2009).

² See, e.g., Adam Levitan, *Priceless? The Economic Costs of Credit Card Merchant Restraints*, 55 U.C.L.A. L. Rev. 1321 (2008).

authorized the water district to assess a charge based upon the actual cost of processing the credit card transaction.³

For several of the proposed adjustments, the Commission has accepted the proposed adjustment but has rounded the proposed fee to the nearest dollar⁴ in recognition of administrative convenience and efficiency. When engaging in such action, we have also attempted to comply with the requirement of 807 KAR 5:011, Section 10, that the charge not exceed the cost of the activity.

As to the proposed adjustments in Corinth District's meter connection charges, we have found errors in the water district's calculation of the proposed adjustment. In its application, Corinth District listed its installation labor expense component of its proposed meter connection fees as \$325 – the average of the cost of a short-side and long-side installation. The invoices that Corinth District provided in support of this component show this expense as only \$322.13. Similarly, Corinth District listed its installation equipment expense component as \$90. The supporting invoices did not reflect such a component.⁵ They also demonstrated an installation miscellaneous expense of \$96, not \$202 as set forth in Corinth District's application.

Having reviewed the evidence of record and being otherwise sufficiently advised, the Commission finds that:

³ As part of this authorization, we have required Corinth District to provide its agreements with its credit card service providers.

⁴ For example, Corinth District proposed a Disconnection/Reconnection Fee of \$44.04. We have approved a fee of \$44.00.

⁵ The invoices stated a total cost of equipment that included both installation labor expense and installation equipment expense.

1. Corinth District's proposed credit card fee is not supported by credible evidence.

2. The credit/debit card fee and accompanying rules set forth in the Appendix to this Order are reasonable and should be assessed in lieu of the proposed fee.

3. Corinth District's proposed fees for deposits and service call investigations during business hours are reasonable and do not exceed the cost of the specific activity.

4. The remaining charges and fees that Corinth District proposes exceed the cost of the specific activity for which they are charged or are otherwise unreasonable.

5. The charges and fees set forth in the Appendix are reasonable and do not exceed the cost of the specific activity.

IT IS THEREFORE ORDERED that:

1. Corinth District's proposed rates for deposits and service call investigations during business hours are approved.

2. Corinth District's other proposed fees are denied.

3. The rates and rules set forth in the Appendix to this Order are approved for services rendered on and after the date of this Order.

4. Within 20 days of the date of this Order, Corinth District shall file with the Commission:

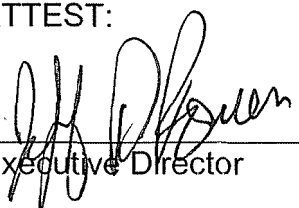
a. Revised tariff sheets that state the rates and rules approved in this Order.

b. A copy of its current contract for credit/debit card processing services with the providers of such services.

By the Commission

ENTERED
JUN 11 2009 *M*
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2009-00025

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2009-00025 DATED JUN 11 2009

The following rates and charges are prescribed for the customers in the area served by Corinth Water District. All other rates and charges 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

Deposit - Residential	\$80.00
Deposit - Commercial	\$120.00
Disconnection/Reconnection	\$44.00
Disconnection/Reconnection (after hours)	\$63.00
Service Call/Investigation	\$40.00
Service Call/Investigation (after hours)	\$57.00
Meter Test Request	\$50.00
Returned Check Charge	\$34.00
Credit Card/Debit Card Policy	Actual Cost

All customers may pay their bills by credit or debit card. This method of payment may be made in person at the utility office or by telephone. If, on the bill due date, an attempt to pay by credit card or debit card is made and the card is declined for any reason, payment is still due in full on that date and will be considered late after that date. All late charges and penalties will be applied. If a customer is paying on our disconnect day and the card is declined, the same rules as above apply, in addition to service being disconnected.

When a customer makes a payment by credit card, the utility will assess a fee equal to that charged to the utility by the credit or debit card processing company to process the transaction. This fee is generally calculated using a formula applied to

the balance of the amount charged to the credit or debit account but may be a flat fee per transaction. Prior to processing the transaction, the customer will be informed of the fee amount and, upon request by the customer, the formula employed to arrive at this fee amount.

METER CONNECTION CHARGES

5/8-Inch x 3/4-Inch	\$800.00
1-Inch Meter Connection	\$1,000.00

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