

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BOONE COUNTY WATER) CASE NO.
DISTRICT FOR APPROVAL OF AN INCREASE) 2010-00019
IN CERTAIN NONRECURRING CHARGES)

O R D E R

On January 20, 2010, Boone County Water District ("Boone District") applied for authority to increase its meter connection fees for 3/4-inch meters to \$950.00 and for 1-inch meters to \$1,450.00. On February 19, 2010, the Home Builders Association of Northern Kentucky ("HBA") filed a motion for full intervention, which we granted on March 5, 2010.

Commission Staff issued information requests to both parties. Boone District responded to the information request on July 23, 2010. HBA filed a response to the information request on August 12, 2010 and a supplemental response on August 25, 2010. On October 11, 2010, Boone District filed its affidavit of publication. On October 12, 2010, HBA requested a hearing in this matter, which was scheduled for November 8, 2010. On November 1, 2010,¹ Boone District moved the Commission to

¹ Boone District submitted its motion by facsimile to the Commission on November 1, 2010 and filed a paper copy of that motion with the Commission on November 2, 2010.

amend its application to reduce its proposed meter connection fee for 3/4-inch meters to \$820.00 and for 1-inch meters to \$1,280.00. On the same date,² HBA gave notice of the dismissal of its objections to Boone District's application and withdrawal of its request for a hearing, if the Commission granted Boone District's motion to amend.

KRS 278.030 enables utilities to charge fair, just, and reasonable rates for service. A water utility is entitled to charge a tap fee³ for installing service to its customers.⁴ This tap fee may include costs for a service tap, meter, meter vault, and installation thereof. Commission regulations also define the limits of a tap fee. "A utility may make special nonrecurring charges to recover customer-specific costs incurred which would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken."⁵ These nonrecurring charges "shall yield only enough revenue to pay the expenses incurred in rendering the service."⁶ Boone District's current tap fee for a 3/4-inch meter set is \$625.00 and its current tap fee for a 1-inch meter set is \$825.00. Both of these fees have been effective since May 23, 1996.

The Commission has recognized that the costs associated with tap fees can vary, depending on the specific circumstances and expenses of each water utility. On

² HBA submitted its notice to the Commission by facsimile on November 1, 2010 and filed a paper copy of that notice with the Commission on November 2, 2010.

³ Tap fees are also commonly known as connection fees, tapping fees, or hook-on fees.

⁴ KRS 278.0152(1)(2).

⁵ 807 KAR 5:006, Section 8(1).

⁶ Id. at Section 8(2).

November 1, 2010, Boone District moved to reduce the amount it had previously requested in certain nonrecurring charges and requested an increase of a tap fee for a 3/4-inch meter set to \$820.00 (presently \$625.00) and a tap fee for a 1-inch meter set to \$1,280.00 (presently \$825.00).

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

1. Boone District's motion to amend its application to reduce its requested increase in its meter connection fee for a 3/4-inch meter from \$950.00 to \$820.00 and to reduce its requested increase in the meter connection fee for a 1-inch meter from \$1,450.00 to \$1,280.00 should be granted.

2. HBA's notice of dismissal of objections and withdrawal of its request for a hearing should be considered as a motion to withdraw its objections and request for a hearing and should be granted.

3. Boone District's proposed charges for meter connection fees of \$820.00 for 3/4-inch meters and \$1,280.00 for 1-inch meters are equal to the expenses incurred to provide the associated services.

4. The charges set forth in the Appendix to this Order are fair, just, and reasonable and should be approved.

5. The evidentiary hearing scheduled for November 8, 2010 should be cancelled.

IT IS THEREFORE ORDERED that:

1. Boone District's motion to amend its application is granted.

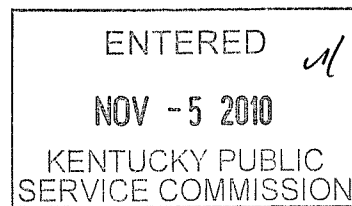
2. HBA's motion to withdraw its objections and request for a hearing in this matter is granted.

3. The hearing scheduled to be held on November 8, 2010 in this matter is hereby cancelled.

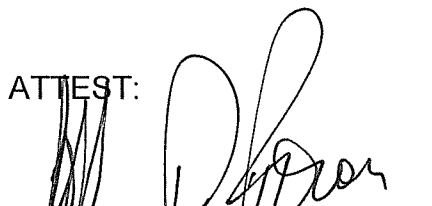
4. The charges set forth in the Appendix to this Order are approved as fair, just, and reasonable for services that Boone District renders on and after the date of this Order.

5. Within 20 days of the date of this Order, Boone District shall file a revised tariff sheet reflecting the charges approved herein.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2010-00019 DATED NOV - 5 2010

The following charges are prescribed for customers in the area that Boone County Water District serves. All other rates and charges not specifically set forth below remain the same as those in effect under authority of the Commission prior to the date of this Order.

METER CONNECTION FEES

3/4-inch meter	\$820.00
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1-inch meter	\$1,280.00
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All services over 1 inch at actual cost.

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