

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED TARIFF REVISIONS OF NEBO) CASE NO. 2012-00347
WATER DISTRICT)

ORDER

Nebo Water District ("Nebo District") has proposed revisions to its tariff to require from all customers a cash deposit to secure payment of their bills. As originally proposed, this revision would distinguish between property owners and renters. Nebo District proposed that renters who apply for water service be required to make a cash deposit of \$75, but would require a cash deposit of only \$25 for property owners who make such application.

On July 23, 2012, after receipt of Nebo District's proposed revision, the Commission suspended the operation of the proposed revision, initiated this proceeding, and directed Nebo District to provide additional information regarding the need for the proposed revision. Having previously found that different conditions of service should not be imposed upon property renters solely because they are renters,¹

¹ See, e.g., Case No. 9322, *The Application of North McLean Water District, of McLean County, Kentucky for (1) A Certificate of Public Convenience and Necessity Authorizing and Permitting Said Water District to Construct a Waterworks Construction Project, Consisting of Additions and Improvements to the Existing Waterworks System of the District; (2) Approval of the Proposed Plan of Financing of Said Project; and (3) Approval of the Increased Water Rates Proposed to Be Charged by the District to Customers of the District* (Ky. PSC Oct. 21, 1985) at 12-13 ("the utility may develop standard criteria for determining whether or not a deposit should be required of a particular customer, and rental or ownership of property may be included in such criteria as one factor to be considered; however, the utility may not discriminate against a particular group of customers within a class, such as renters, or trailer inhabitants, by making one of these the only consideration in the deposit determination.").

we requested that Nebo District provide evidentiary support for its disparate treatment of the two groups of customers.

On August 6, 2012, in response to our Order, Nebo District requested leave to substitute a revised tariff sheet to replace its original filing. This substitute requires all customers to make a cash deposit of \$75 to secure payment of their bills regardless of their ownership status. We find good cause exists to grant the request and to vacate the portion of our Order of July 23, 2012 that required Nebo District to submit certain information to the Commission.

Having reviewed the proposed tariff revision, we find that the proposed cash deposit of \$75 is appropriate and consistent with 807 KAR 5:006, Section 7. Based upon Nebo District's present rates and assuming an average customer monthly usage of 5,000 gallons of water, an average monthly customer bill is \$40.69.² As 807 KAR 5:006, Section 7(1)(b) allows a utility to assess an equal deposit from all customers not to "exceed two-twelfths (2/12) of the average bill of customers in the class where bills are rendered monthly," the proposed deposit is within the limits of that regulation.

IT IS THEREFORE ORDERED that:

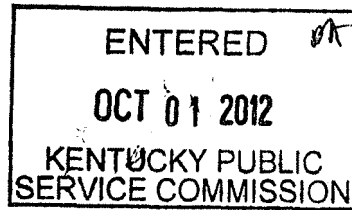
1. Nebo District's request to substitute its proposed tariff sheet of August 6, 2012 for that submitted on April 30, 2012 is granted.
2. Those portions of the Commission's Order of July 23, 2012 that required Nebo District to submit certain information to the Commission are vacated.

² \$18.61 (Rate for first 2,000 gallons of water) + (2 x \$7.51 (Rate for second 2,000 gallons of water)) + \$7.06 (Rate for next 6,000 gallons of water) = \$40.69.

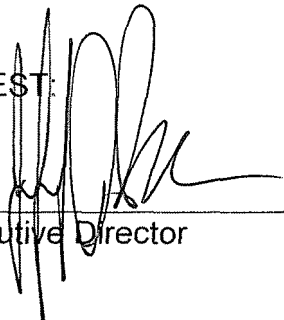
3. Effective October 1, 2012, Nebo is authorized to require a cash deposit of \$75 to secure payment of customer bills from any person applying for service after the date of this Order and any customer who fails to maintain a satisfactory payment record.

4. Within 20 days of the date of this Order, Nebo District shall file a revised tariff sheet setting forth the cash deposit approved in this Order.

By the Commission



ATTEST:



Executive Director

Lonnie Neal
Office Manager
Nebo Water District
45 N. Bernard Street
Nebo, KY 42441