

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF LEXINGTON-FAYETTE)	
URBAN COUNTY GOVERNMENT TO INCREASE)	
SANITARY SEWER TAP-ON OR CONNECTION)	CASE NO.
FEEES APPLIED TO JESSAMINE-SOUTH)	2014-00204
ELKHORN WATER DISTRICT)	

ORDER

On May 30, 2014, Lexington-Fayette Urban County Government (“LFUCG”) submitted a tariff filing to increase certain non-recurring charges regarding the provision of wholesale sewer service to Jessamine-South Elkhorn Water District (“JSEWD”). The Commission issued an Order on June 20, 2014, to investigate the reasonableness of the proposed charges. The June 20, 2014 Order suspended the proposed increase for five months from the proposed July 1, 2014 effective date, up to and including November 30, 2014. By this order, the Commission approves the proposed rate increase.

LFUCG is an urban-county government organized under KRS Chapter 67A. LFUCG owns and operates a wastewater collection and transmission system in Fayette County, Kentucky.¹ LFUCG also treats sewage. Pursuant to an agreement entered into by LFUCG and JSEWD on January 3, 2003 (“Agreement”), LFUCG treats wastewater generated by JSEWD’s customers. JSEWD collects the wastewater and

¹ *U.S. and Commonwealth of Ky. v. Lexington-Fayette Urban County Government*, Civil Action No. 5:06-cv-386, Consent Decree (E.D. Ky., Jan. 3, 2011) at 1.

transmits it to LFUCG's treatment facilities. JSEWD agreed to pay LFUCG the fees and charges pursuant to LFUCG's Code of Ordinances.²

LFUCG's sanitary sewer tap-on or connection fees are set forth in Section 16-60(a) of the Code of Ordinances, which states that the fees "...shall be solely for the privilege of connecting to the system and which shall be in addition to the requirement, as prescribed in Section 16-38, that connections to the system be made at the sole expense of the connecting property owner." Although LFUCG identifies this fee as a tap-on or connection fee, the fee is an "Assessment" charged in addition to the actual costs incurred in connecting to the sewer system.

In *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky, 1994), the Kentucky Supreme Court held that the Public Service Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Public Service Commission.

Having considered the evidence and being otherwise sufficiently advised, the Commission finds that:

1. LFUCG applies the fee for its sanitary sewer Assessment to its retail and wholesale customers. The fee for the sanitary sewer Assessment has been part of LFUCG's Code of Ordinances since 1960.

2. The LFUCG fee for the sanitary sewer Assessment and the authority to amend the Assessment was agreed to by LFUCG and JSEWD in the Agreement.³

² Agreement, Paragraph 7 and 14.

³ Agreement, Paragraph 14.

3. The fee for the sanitary sewer Assessment is subject to approval by the Commission. LFUCG should follow KRS Chapter 278 and 807 KAR Chapter 5 when increasing the Assessment and other fees charged to JSEWD.

IT IS THEREFORE ORDERED that:

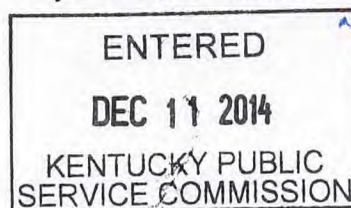
1. LFUCG's proposed increase is approved.

2. LFUCG shall follow KRS Chapter 278 and 807 KAR Chapter 5 when revising rates and services to JSEWD.

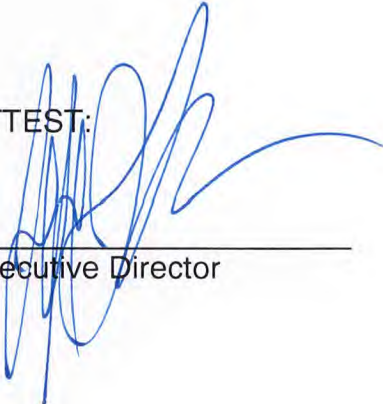
3. The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after the date of this order.

4. Within 20 days of the date of this Order, LFUCG shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein. The tariff sheet shall include the prefatory language in Section 16-60(a) of LFUCG's Code of Ordinances.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2014-00204 DATED **DEC 11 2014**

The following rates and charges are prescribed for the customers in the area served by Lexington-Fayette Urban County Government. 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.

Sec. 16-60. Tap-on or connection fees.

(a) Prior to every future tap-on or connection to any sewer pipe, main lateral, trunk line, interceptor or other installation or facility of the sanitary sewer system, there shall be paid to the director, division of revenue, a fee or charge, hereby established, which shall be solely for the privilege of connecting to the system and which shall be in addition to the requirement, as prescribed in section 16-38, that connections to the system be made at the sole expense of the connecting property owner. Such tap-on, connection or privilege fee is established and fixed as follows:

(1) Single-family residences, town homes and duplexes (per unit) occupying lots:

Of 1/4 acre or less	\$ 903.48
From 1/4 to 1/2 acre	1,677.72
From 1/2 to 3/4 acre	2,454.12

From 3/4 to 1 acre 3,357.59

Larger than 1 acre 4,261.06

(2) Apartments, condominiums, hospitals, and nursing homes:

Each efficiency unit 361.81

Each 1-bedroom unit 670.87

Each 2-bedroom unit 877.62

3- or 4-bedroom unit 1,085.45

Minimum for each building 1,806.93

(3) Motels:

Each living unit 670.87

(4) Trailer parks:

Each trailer or space 903.48

(5) Service stations:

Each station 5,164.53

(6) Restaurants, business, professional, commercial and industrial buildings, including such facilities in hospitals or nursing homes:

A fee to be per square foot of floor space	1.034
Minimum fee for each urban county government sewer connection	903.48

(7) Storage areas, warehouses, and distribution centers:

A fee to be per square foot of floor space	0.215
Minimum fee for each urban county government sewer connection	903.48

(8) Swimming pools:

For the erection of each swimming pool, a fee per 100 cubic feet	1.551
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(9) Non-profit school establishments:

The fee for each urban county government sewer connection, per square foot of floor space	516
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Honorable David J. Barberie
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