

**CASE**

**NUMBER:**

99-192

INDEX FOR CASE: 99-192 ✓  
KENTUCKY TURNPIKE WATER DISTRICT DIVISION II  
Deviation  
807 KAR 5:066, SECTION 11-CUSTOMER ACCOUNT DURING BILLING DISPUTE

IN THE MATTER OF THE DEVIATION OF KENTUCKY TURNPIKE WATER  
DISTRICT FROM 807 KAR 5:066, SECTION 11 OF THE NICHOLS WATER  
LINE EXTENSION AGREEMENT

| SEQ  | ENTRY    |  |
|------|----------|--|
| NBR  | DATE     | REMARKS  |
| 0001 | 06/11/99 | Final Order approving arrangement for extending service to Nichols area. |



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940


CERTIFICATE OF SERVICE

RE: Case No. 99-192  
KENTUCKY TURNPIKE WATER DISTRICT DIVISION II

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on June 11, 1999.

Parties of Record:

F. Raymond Abell  
District Manager  
Kentucky Turnpike Water District  
Division II  
3396 Burkland Boulevard  
Shepherdsville , KY. 40165

  
Secretary of the Commission

SB/hv  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE DEVIATION OF KENTUCKY TURNPIKE WATER )  
DISTRICT FROM 807 KAR 5:066, SECTION 11 OF )  
THE NICHOLS WATER LINE EXTENSION ) CASE NO. 99-192  
AGREEMENT )  
)

ORDER

Kentucky Turnpike Water District ("Kentucky Turnpike") has applied, pursuant to Administrative Regulation 807 KAR 5:066, Section 11(4), for Commission approval of its proposed arrangement for extending four miles of 12-inch water service main to serve the Nichols area of Bullitt County, Kentucky. By this Order, the Commission approves the proposed extension arrangement.

Kentucky Turnpike proposes to construct four miles of 12-inch water main within its Division I area. This main connects to a 16-inch water main that the Louisville Water Company owns. Estimated cost of the proposed main extension is \$1,000,000. Kentucky Turnpike proposes to finance this main extension through a grant of \$500,000 from the Kentucky State Treasury,<sup>1</sup> \$100,000 contribution from the Bullitt County Board

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<sup>1</sup> As part of the Executive Branch Appropriations Act (House Bill 321), the General Assembly designated proposed extension project as a contingent capital construction project and provided for its funding under the General Fund Surplus Expenditure Plan. 1998 Ky. Rev. Stat. & R. Serv. 2240. On July 31, 1998, the Secretary of the Finance and Administration Cabinet certified that the General Fund Undesignated Fund Balance had closed at levels sufficient to fund the proposed project. See Letter of John P. McCarty to Hon. Larry Saunders and Hon. Jody Richards of July 31, 1998. Under the appropriation, \$500,000 from the General Fund will be expended for the project.

of Education and \$400,000 from customer contributions. Kentucky Turnpike will not issue any debt instruments to finance the proposed extension; nor is any adjustment of Kentucky Turnpike's rates proposed.

Kentucky Turnpike proposes to require each customer directly connecting to the extension for 10 years after the extension's completion to contribute \$4,000. Once \$400,000 is recovered from customer contributions and additional customers connect, each customer's contribution will be recalculated to ensure that he or she contributes equally to the cost of construction. Refunds will be made to those customers who have previously contributed to the cost of the extension to reduce their contribution to the currently calculated amount for each new customer connection. Kentucky Turnpike will not assess any contribution from the Bullitt County Board of Education when the Nichols Elementary School is connected to the proposed water main extension.

The proposed extension arrangement differs from the arrangement set forth in Administrative Regulation 807 KAR 5:066, Section 11(1) and (2). This regulation requires a water utility to assume the cost of 50 feet of a water main extension for each applicant applying for service and the applicants to contribute the remaining cost. Applicants are then refunded the cost of 50 feet of the extension for each additional customer who connects to the main extension within 10 years of its construction. Administrative Regulation 807 KAR 5:066, Section 11(4), permits water utilities to make extensions under different arrangements provided such arrangements have received prior Commission approval.

The Commission finds that the proposed extension arrangement is reasonable, will not adversely affect the interests of potential customers, and will not result in unreasonable discrimination. Based upon the expected number of applicants for

service, proposed applicants will be required to pay less of the extension's cost under the proposed arrangement than the normal extension arrangement. The water district, moreover, will assume a larger share of the extension costs than required by Commission regulations. We further find that, given the size of the Nichols Elementary School's demand, the provisions of the proposed arrangement that require the Bullitt County Board of Education to make a large contribution and to forego any refunds are reasonable.

IT IS THEREFORE ORDERED that the proposed arrangement for extending water service to the Nichols area of Bullitt County, Kentucky is approved.

Done at Frankfort, Kentucky, this 11th day of June, 1999.

By the Commission

ATTEST:

  
Executive Director



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

May 11, 1999

F. Raymond Abell  
District Manager  
Kentucky Turnpike Water District  
Division II  
3396 Burkland Boulevard  
Shepherdsville , KY. 40165

RE: Case No. 99-192  
KENTUCKY TURNPIKE WATER DISTRICT DIVISION II  
(Deviation) 807 KAR 5:066, SECTION 11-CUSTOMER ACCOUNT DURING BILLING

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received April 20, 1999 and has been assigned Case No. 99-192. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell  
Secretary of the Commission

SB/sh

Kentucky Turnpike Water District  
3396 Burkland Blvd.  
Shepherdsville, Kentucky 40165  
Ph. 955-9281 Fax 957-6724

RECEIVED

APR 20 1999

April 19, 1999

GENERAL COUNSEL

Public Service Commission  
730 Schenkel Lane  
P.O. Box 615  
Frankfort, Kentucky 40602  
Attn. Mr. Gerald Wuetcher

RECEIVED

MAY 10 1999

PUBLIC SERVICE  
COMMISSION

Dear Mr. Wuetcher,

*Case No. 99-192*

I am enclosing for your prompt review and subsequent approval the Nichols Water Line Extension Agreement.

You will recall that during our informal meeting held on the March 15<sup>th</sup>, the commission made some recommendations to the District concerning the agreement. The District's legal counsel John Wooldridge, then took the recommendations and has provided the enclosed agreement.

As you know we are under some time restraints with regard to the State Grant monies and would really appreciate a speedy review of the agreement.

If I can be of any additional help please call me.

Sincerely,



Raymond Abell  
District Manager



## NICHOLS WATER LINE EXTENSION AGREEMENT

THIS AGREEMENT, made and entered into on the date executed below, by THE KENTUCKY TURNPIKE WATER DISTRICT, by and through its duly authorized chairman, of 3396 Burkland Boulevard, Shepherdsville, Kentucky 40165, hereinafter referred to as "District"; and the undersigned, hereinafter referred to as "Customer".

WHEREAS the District has obtained funds in the approximate amount of \$600,000.00, \$500,000.00 from the Commonwealth of Kentucky, and \$100,000.00 from the Bullitt County Board of Education, which will be used for the extension of water lines in the Nichols area, at an estimated cost of \$1,000,000.00, and whereas the Customer is desirous of having said lines extended so as to receive water from the District, and whereas the cost of the extension will exceed the monies obtained by the District, and in order to extend the lines to serve the Customer it is necessary that each Customer, with the exception of Nichols Elementary School which has funds contributed on its behalf in the extent of \$100,000.00, who obtains water from the Nichols water line extension, and whose service line is directly connected to the Nichols Extension, will pay the sum of \$4,000.00, plus any applicable meter fees at the time said meter is set, and whereas the District is in the process of drawing plans and is willing to let bids for the construction of said line providing sufficient customer response is received which will allow the District to pay for the project with the funds it receives and with the funds it receives from the

Customers, it is hereby agreed that the Customer will, upon the execution of this Agreement, deposit with the District the sum of \$1,000.00, thereafter there will be a second payment of \$1,000.00 due 30 days after the project has been bid and let and after notification to Customer, and with the final balance of the \$2,000.00 to be due and payable at the time that water is available to the Customer. Money paid to the District will be held in a separate account and will only be used by the District upon extension of the water lines to serve the Customer. Should insufficient Customers execute an agreement to extend these water lines all funds held by the District will be refunded to the Customers who placed said money in the hands of the District and executed this Agreement. The District reserves the right to advance additional funds above the \$600,000.00 should there be insufficient customers sign this Agreement to extend the water lines in this project area. Should the District extend additional funds the District shall first recoup these funds that it advanced in order to have the lines extended as new customers are added and before any rebates are given to the initial customers. Additional Customers who thereafter received water from the original lines as extended under this agreement will be charged the sum of \$4,000.00. For a 10 year period from the date that the extension is first placed in service, all Customers who originally signed this document and paid \$4,000.00, and additional Customers who thereafter receive water by a service line directly connected to the water mains as extended shall receive a rebate as provided for and set out in Public Service Commission Regulations and the recorded tariff of this District, and this refund and recapture shall be after the District has recaptured funds which it may have contributed in order to extend the lines to serve the initial area.

The undersigned Customer further acknowledges by the execution of this agreement that the Customer is a property holder which will be served by water from the District, and that the Customer will grant all necessary easements to the District in order to lay and extend said water mains across the Customer's property at no cost to the District. The District agrees that the water lines will be placed parallel with any roadways, and that after construction of said line Customer's property will be restored to a condition that existed prior to the construction of the water mains.

The Customer acknowledges and agrees that until such time as the entire funds due under this Agreement have been paid, including the necessary meter fee which is collected by the Louisville Water Company, Customer will not be entitled to receive water from these mains.

The District acknowledges to the Customer that by its execution of this Agreement it will be bound by the terms and conditions herein, and further acknowledges to the Customer that any additional Customers that receive water service from the mains installed with the funds contributed by the Customer will pay an equal sum which will be rebated to the original Customers who paid for the water main extension for a period up to 10 years from the date of completion of the water mains.

The Customer acknowledges that should Customer default in the payment of any funds due under this Agreement, the District shall have the right to immediately declare all sums remaining to be due and payable and may be entitled to collect sums by legal process, and the Customer shall be responsible for any court costs and attorneys fees incurred in the District collecting these funds. The Customer understands that the District

may file suit in Court and may obtain liens which will be placed on the property of the Customer, and which may be enforced by judicial remedies, including the sale of property if necessary. The Customer understands and acknowledges that upon the default in payment of funds any funds then due shall bear interest at the legal rate until paid.

For purposes of this agreement, the Customer who executes this agreement acknowledges that the project costs set out herein in the amount of \$1,000,000.00 is an estimate and the actual construction costs may differ, either higher or lower than this estimate. It is further understood, acknowledged and agreed that the cost of construction under this agreement shall be defined as the final cost of the actual construction less the contributions of the Bullitt County Board of Education and the Kentucky Turnpike Water District in the amount of \$600,000.00.

For further clarification the Customer acknowledges that the District is contributing a minimal amount of \$500,000.00 toward the proposed water main extension. Customers entering this agreement waive any right to require additional contributions from the Water District regardless of the number of connections that are eventually made to the Extension, and regardless of the number of Customers who sign this initial document. This waiver includes any rights that Customers may accrue under Administrative Regulation #807KAR6.066, Section 11. The District retains the right to make contributions above and beyond the \$500,000.00 set out herein, and should the District do this it will be entitled to reimbursement of these excess contributions prior to any refunds or rebates given to Customers or any reduction in the required applicant

contribution which is not to exceed in no event the sum of \$4,000.00, and which all Customers will equally pay.

As additional Customers connect directly to the proposed water main extension within 10 years of the completion of its construction, the District shall recompute each Customer's contribution to the cost of the main extension. Each year following the date of completion the District shall refund to those Customers that have previously contributed to the cost of the extension that amount necessary to reduce their contribution to the currently calculated amount for each Customer connected to the extension.

The Customer acknowledges that the total sum due the District is due at the time that water is available to the Customer which is defined as the time that water is in the main as extended which has been approved for distribution and consumption by Customers, and after which time the Customer has received notice from the District that water is available and that the Customer's meter may be set and service obtained.

The parties acknowledge that the initial deposits made under this agreement will be kept in a non-interest bearing account segregated from District's fund, and will be disbursed only upon the water extension project being constructed. For purposes of the Customer being obligated under this agreement, the District acknowledges that sufficient Customer response in order to effect the extension will be 100 Customers. Should less than 100 Customers sign this agreement, the District reserves the right as stated herein to extend the mains, and that any Customer who signed this agreement will

still be obligated to perform regardless of the ultimate number who obtain service from the water mains as extended, provided the mains serve the Customer who executed this agreement.

WITNESSETH the hands of the parties the day and year first herein written.

KENTUCKY TURNPIKE WATER DISTRICT

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

\_\_\_\_\_  
(Customer)

\_\_\_\_\_  
(Customer)