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**OCT. 21 2004**

**PUBLIC SERVICE  
COMMISSION**

Commonwealth of Kentucky  
Before the Public Service Commission

In the Matter of:

EAST CLARK COUNTY WATER DISTRICT                    )  
NON-RECURRING CHARGES                                    )     Case No. 2004-00378

ATTORNEY GENERAL'S OBJECTION  
And  
ALTERNATIVE MOTION FOR FURTHER PROCEEDINGS

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and objects to the portion of the East Clark County Water District's application to establish a Connection/Turn-on Charge. In the alternative (in the event that the Commission elects to consider the charge in this application rather than deferring the issue to the utility's next general rate case), the Attorney General moves for further proceedings relating to this particular charge.

807 KAR 5:011 Section 10 permits a utility to seek a rate revision for a non recurring charge (defined to include "reconnection charges, late payment fees, service order changes and hook-on or tap fees") outside of a general rate proceeding. The regulation contains several requirements. Under 5:011 Section 10 (1) (c), the utility must include "a detailed statement explaining why the proposed charges could not have been included in the most previous general rate case, and why current conditions prevent deferring the proposed changes until the next general rate request." For the connection charge (a fee to establish service for a new customer), the application is insufficient on this point.

The imposition of a connection fee, such as the one proposed by East Clark County, represents a change that differs in character from other nonrecurring charges contemplated by this regulation. In sum, it is the type of expense that water utilities have, traditionally, established and recovered by general rates. Additionally, it is the type of expense that is more appropriate for review in a rate proceeding pertaining to general rates rather than through this regulation. The application does not contain a sufficient basis for considering this change now rather than deferring this particular charge to the next general rate request. Accordingly, the Attorney General objects.

In the event that the Commission elects to consider the request for the establishment of a connection charge in this case rather than in the utility's next general rate case, the Attorney General requests that the Commission defer ruling on the request for approval of the connection charge until after further proceedings such as discovery and submission of briefs. The utility's request for a connection charge relates to a significant policy matter, and it merits additional scrutiny.

WHEREFORE, the Attorney General notes his objection to the request for approval of a connection charge, and in the alternative moves for further proceedings.

Respectfully submitted,

GREGORY D. STUMBO  
ATTORNEY GENERAL

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*Certificate of Service and Filing*

Counsel certifies that an original and ten photocopies of the Attorney General's Objection and, in the alternative, Motion for Further Proceedings were served and filed by hand delivery to Beth O'Donnell, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct of the same, first class postage prepaid, to William Ballard, East Clark County Water District, P. O. Box 112, Winchester, Kentucky 40391, all on this 21<sup>st</sup> day of October 2004.

*[Signature]*  
Assistant Attorney General