

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILINGS OF MOUNTAIN WATER DISTRICT	)	
TO REVISE ITS WATER AND SEWER	)	CASE NO.
CONNECTION FEE INSTALLMENT PAYMENT	)	2018-00227
PLANS	)	

ORDER

On June 8, 2018, Mountain Water District (Mountain District) submitted proposed tariff revisions to its water and sewer connection fee installment payment plans. On July 3, 2018, the Commission found that further proceedings were necessary in order to determine the reasonableness of the proposed revisions, and those proceedings could not be completed prior to the proposed effective date. The Commission suspended the proposed tariffs for five months from July 9, 2018, up to and including December 8, 2018. Mountain District responded to two sets of requests for information. This matter stands submitted for a decision.

DISCUSSION

Mountain District is seeking to revise its water and sewer connection fee installment payment plans. Currently, both plans allow customers to pay their connection fee on an installment plan at zero percent interest over a period of up to 24 months. Connections are not made until the connection fee is paid in full. Mountain District proposed to revise the payment plans to allow prospective customers to pay 50 percent of the connection fee up front with the remainder payable in up to six monthly installments at zero percent interest. Under the proposed plans, connections would be made once

the customer pays 50 percent of the connection fee up front along with any required deposit.

As a basis for the revised sewer connection installment plan, Mountain District stated that residents in its service area with failing septic systems might not have the adequate funds necessary to pay the full connection fees in order to obtain adequate sewer service. The proposed tariff would assist such residents to obtain adequate sewer service immediately by paying 50 percent of the tariffed fee up front, instead of waiting up to two years to pay the entire connection fee.

According to Mountain District, failing septic systems are becoming an issue in its service territory. Pike County Health Department has 72 active cases of failing or malfunctioning septic systems but believes that number is much higher because it only investigates reported complaints and does not engage in independent investigations.<sup>1</sup>

As a basis for the revised water connection installment plan, Mountain District explained that failing septic systems often contaminate the resident's water source, and therefore residents with failing septic systems also require a water connection. Mountain District would like to offer this payment plan to assist such potential water customers.

Under the current connection fee installment payment plan, if a customer does not pay the connection fee in full after 24 months, the amount paid is refunded to the customer and the customer would have to reapply for service if they still wish to connect.<sup>2</sup> Additionally, if ownership of a property under a current connection fee installment

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<sup>1</sup> Mountain District's response to Commission Staff's Second Request for Information, Item 1 and Exhibit B.

<sup>2</sup> Mountain District's response to Commission Staff's First Request for Information, Item 5.

payment plan changes hands before the connection fee is paid in full, the amount paid is refunded to the original customer and the new customer has to apply for service and either pay the connection fee in full or enter into an installment payment plan.<sup>3</sup>

Under the proposed tariffs, if a customer defaults on the proposed connection fee installment payment plan, service would be disconnected until the customer becomes current.<sup>4</sup> If ownership of a property under the proposed connection fee installment payment plan changes hands before the payment plan is paid in full, the customer that signed up for the plan would remain liable for the remaining balance.<sup>5</sup>

Upon review of the revised tariff and being otherwise sufficiently advised, the Commission finds that the proposed water and sewer connection installment plan tariffs are necessary and appropriate for and consistent with the proper performance of Mountain District's service to the public, will not impair its ability to perform that service, are reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Mountain District's request to revise its water and sewer connection fee installment plans is approved and are effective as the date of entry of this order.
2. Within 20 days of the date of entry of this Order, Mountain District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff

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<sup>3</sup> *Id.* at Item 6.

<sup>4</sup> *Id.* at Item 7.

<sup>5</sup> *Id.* at Item 8.

sheets showing the revised water and sewer connection fee installment plans approved herein.

3. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED  
SEP 25 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

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