

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH SHORE WATER)
WORKS CO. FOR AN INCREASE IN) CASE NO. 2009-00475
NONRECURRING CHARGES)

O R D E R

On December 4, 2009, South Shore Water Works Co. ("South Shore") applied for authority to revise certain nonrecurring charges. The application was found to be deficient and these deficiencies were cured on January 4, 2010. In the filing of January 4, 2010, South Shore proposed an effective date of February 15, 2010. The Commission, by order dated January 14, 2010, suspended the effective date for a period of five months, up to and including July 14, 2010. Commission Staff also issued a request for information on January 14, 2010 and South Shore responded on January 28, 2010. Commission Staff issued a follow-up request for information on March 5, 2010, to which South Shore responded on March 15, 2010. The Commission, having reviewed the record and being sufficiently advised, finds that:

1. South Shore has requested the following new nonrecurring charges: Duplicate Bill Charge, Service Charge request between 4:15 p.m. and 4:30 p.m., Service Reconnect Charge request between 4:15 p.m. and 4:30 p.m., Meter Tampering Broken Valve (During Business Hours), Meter Tampering Broken Valve (After Business Hours), and a Stolen Water Meter Charge.

2. South Shore has requested an increase in the following nonrecurring charges: New Account Charge, Return Check Charge, Service Call During Business Hours, Service Charge After Business Hours, Reconnect Charge During Business Hours, Reconnect Charge After Business Hours, Meter Recheck Charge, Requested Meter Test, Tap Fee for 5/8 Inch Meter, and Tap Fee for 1 Inch Meter.

3. South Shore has requested to cancel its Transfer Charge.

4. All rates, including nonrecurring charges, must be fair, just, and reasonable, as per KRS 278.030.

5. Nonrecurring charges enable a utility "to recover customer-specific costs incurred which would otherwise result in monetary loss to the utility or increased rates to other customers," and they must be equal to the expenses incurred to provide the associated services, according to 807 KAR 5:006, Section 8.

6. South Shore proposes to charge a Duplicate Bill Charge to customers who fail to provide the return portion of their bill with their payment. South Shore identifies that the charge is to cover its employees' time to look up the customer's account and make a duplicate bill. In January 2010, 172 customers failed to provide the billing stub, and that number increased to 226 customers in February 2010.

7. The proposed Duplicate Bill Charge is unreasonable. Not every minute cost incurred by a utility may be passed on to individual customers as a nonrecurring charge. South Shore has not demonstrated that these costs will otherwise result in monetary loss to the utility or increased rates to other customers.¹

¹ The Commission sympathizes with South Shore, but a more practical response for South Shore would be to educate the customers on the proper way to include this return portion with their payment.

8. South Shore proposes to charge a Service Charge and Service Reconnect Charge for customers requesting services between 4:15 p.m. and 4:30 p.m. This hybrid charge is intended to recover fees incurred for providing service on which both normal and overtime hourly wages are paid.

9. The proposed charges for a Service Charge and Service Reconnect Charge for customers requesting service between 4:15 p.m. and 4:30 p.m. are unreasonable. Acceptance of this hybrid charge would open the door to an endless litany of differing classifications of charges.²

10. Excluding the Duplicate Bill Charge, the Service Charge request between 4:15 p.m. and 4:30 p.m., and the Service Reconnect Charge request between 4:15 p.m. and 4:30 p.m, the proposed charges are equal to the expenses incurred to provide the associated services.

11. The charges set forth in the Appendix to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

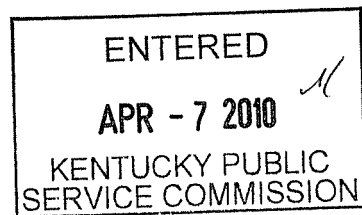
1. The charges in the Appendix are approved for services rendered on and after the date of this Order.

2. The Duplicate Bill Charge, the Service Charge request between 4:15 p.m. and 4:30 p.m., and the Service Reconnect Charge request between 4:15 p.m. and 4:30 p.m. are denied.

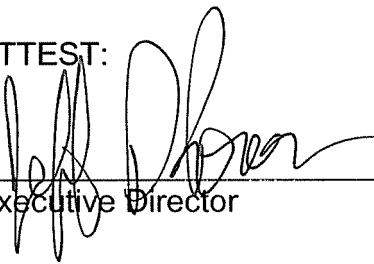
² For instance, if the underlying rationale for this scheme were approved, utilities could propose incremental increases for every five minutes, or even one minute, for services approaching the end of the business day.

3. Within 20 days of the date of this Order, South Shore shall file with the Commission a revised tariff showing the charges approved herein.

By the Commission



ATTEST:



Executive Director

Case No. 2009-00475

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2009-00475 DATED APR - 7 2010

The following rates and charges are prescribed for the customers in the area served by South Shore Water Works Co. 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.

Nonrecurring Charges

New Account Charge	\$ 10.50
Return Check Charge	\$ 21.50
Service Charge	\$ 21.50
Service Charge After Hours	\$ 72.00
Reconnect Charge	\$ 41.50
Reconnect Charge After Hours	\$ 72.00
Meter Tampering Broken Valve	\$ 203.00
Meter Tampering Broken Valve After Hours	\$ 237.50
Meter Recheck Charge	\$ 22.00
Requested Meter Test Charge	\$ 79.00
Stolen Water Meter Charge	\$ 370.00
5/8 Inch Meter Tap Fee	\$ 945.00
1 Inch Meter Tap Fee	\$ 1,195.00
Transfer Charge	Cancelled

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