

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MARSHALL)
WATER DISTRICT FOR THE INCREASE)
OF CERTAIN NON-RECURRING CHARGES) CASE NO. 9652
AND REVISED POLICIES)

O R D E R

On April 16, 1986, North Marshall Water District ("North Marshall") filed its application with the Public Service Commission ("Commission") requesting approval for increases in its meter connection charges ("tap fees") and its reconnection charge. Approval was also requested for revised rules and regulations governing the provision of the utility services.

On August 1, 1986, the Commission issued an Order requesting that additional information be filed. The required information was filed on September 29, 1986, with the exception of cost data pertaining to the reconnection charge.

A periodic inspection at North Marshall was conducted on September 24, 1986, by Commission utility inspector, George Allison. This inspection included a review of the tap fees currently being charged by North Marshall.

NON-RECURRING CHARGES

North Marshall proposed to increase its tap fees for 5/8-inch and 1-inch meters to \$400 and \$700, respectively, and provided cost justification therefor. After examination of the cost data provided, the Commission is of the opinion that these are fair,

just and reasonable charges in that they will enable the utility to recover the costs incurred by it in making new service connections.

North Marshall also proposed to increase its reconnection charge to \$20; however, this charge was not included in the notice to customers. Further, North Marshall failed to provide the cost justification for this charge required by 807 KAR 5:011, Section 10(1)(a). This charge should, therefore, be denied without prejudice.

UNAUTHORIZED CHARGES

North Marshall's notice to customers shows a proposed effective date of January 1, 1986. During the periodic inspection conducted by Mr. Allison, it was noted from North Marshall's records that the charges requested to be approved herein were placed into effect on January 1, 1986. At least 36 customers were charged the higher tap fees between January 16, 1986, and September 24, 1986. North Marshall should file information with the Commission showing the dates, customers' names and the amount of the tap fee charged each customer since January 1, 1986. North Marshall should also file information showing the same information for any reconnection charges made during this period of time, along with any evidence it may wish to present in connection with the charging of these rates in violation of KRS 278.030. If these charges are not justified, then the Commission may order refunds for overcharges.

REVISED POLICIES

North Marshall's notice did not set out in detail the policy revisions proposed herein; however, the notice did advise customers that there were proposed changes in its policies and that these changes were available at its office. The Commission is of the opinion that the notice of these revisions is in substantial compliance with the regulations.

North Marshall's revised policies ("rules and regulations") set forth its conditions of service. These rules and regulations are in compliance with the Commission's administrative regulations with the following exceptions:

Item 5 of the proposed rules and regulations provides that all commercial businesses and multiple housing units must be served by 1-inch or larger meters. A 1-inch meter is designed for high volume flow with a maximum capacity of 50 gallons per minute. Such a meter may not be justified on the basis of customer class alone, since demand may vary greatly within the same class of customer. A 5/8-inch X 3/4-inch meter should be the standard service meter for all new installations and should be installed at all points of service unless the customer provides sufficient justification for installation of a larger meter. This provision should, therefore, be deleted from the tariff or revised as indicated above. The Commission's Engineering staff recommends that North Marshall follow the procedures in the American Water Works Association's Manual No. M22 "Sizing Water Service Lines and Meters" for proper sizing of meters.

Item 7 provides that when a rental home is vacated, the meter will be transferred back to the property owner at the appropriate rate. It is the opinion of the Commission that the person who applies for and receives water service is responsible for payment for the services rendered regardless of whether the applicant/user rents or owns the premises served. Upon termination of service by a renter, no further charges may be made until such time as service is resumed at the premises. The responsibility for payment of rates may not be transferred to the property owner unless such owner applies for and receives water services at that premises. Item 7 should also be deleted from the tariff or revised in accordance with the above.

Item 10 provides that a 10 percent penalty will be added to a delinquent account "until paid." A penalty may be assessed only once to each delinquent monthly billing. Any payment received must first be applied to the bill for services rendered, and additional penalty charges in subsequent bills may not be assessed to unpaid penalty charges.

Items 11 and 12 provide that service will be discontinued immediately if a bill becomes delinquent or payment is made by a bad check. However, any discontinuance of service must comply with the notice requirements and other conditions specified by 807 KAR 5:006, Section 11. These provisions should be clarified as to the conditions under which service may be discontinued.

Item 20 provides for customer liability for damages to utility property. However, in any situation where liability is to be imposed, the negligence or wrongful act, the extent of damages,

and the responsibility therefor must be clearly established. This may not be done by tariff provision, but must be determined by a court of law having jurisdiction over the parties. This provision should be revised so as to clarify that if any loss or damage to the property of the utility is caused by or results from the negligence or wrongful action of the customer as determined by a court of law having jurisdiction, the cost of the necessary repairs or replacements shall be paid by the customer to the utility.

Items 23, 24, and 25 relating to extensions and installation of service lines and meters are not sufficiently clear as to North Marshall's extension policy. These provisions should be modified in accordance with 807 KAR 5:066, Section 12.

FINDINGS AND ORDERS

The Commission, having reviewed the evidence of record and being advised, is of the opinion and finds that:

1. The tap fees proposed by North Marshall for 5/8-inch and 1-inch meters are fair, just and reasonable, and should be approved. All other meters should be installed at cost.
2. The reconnection fee proposed by North Marshall should be denied without prejudice.
3. North Marshall should file information with the Commission showing the dates, amounts and names of all customers who have been charged the higher tap fees and reconnection charges between January 1, 1986, and the effective date of this Order. North Marshall should further provide any response or evidence it

may wish to present in connection with the charging of unauthorized rates in violation of KRS 278.030.

4. Items 5, 7, 10, 11, 12, 20 and 23-25 of North Marshall's proposed rules and regulations should be revised in accordance with the detailed discussion herein.

IT IS THEREFORE ORDERED that:

1. The tap fees proposed by North Marshall and shown in Appendix A be and they hereby are approved, effective for services rendered on and after the date of this Order.

2. The reconnection fee is denied without prejudice.

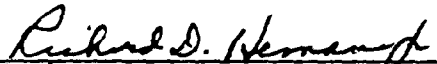
3. Within 20 days of the date of this Order, North Marshall shall file information concerning the charging of unauthorized rates in accordance with Finding No. 3 herein.

4. Items 5, 7, 10-12, 20 and 23-25 of the proposed rules and regulations are hereby denied.

5. Within 30 days of the date of this Order, North Marshall shall file its tariff sheets setting forth the charges approved herein and its revised rules and regulations in accordance with Finding No. 4 herein.

Done at Frankfort, Kentucky, this 14th day of November, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 9652 DATED 11/14/86

The following rates and charges are prescribed for the customers in the area served by North Marshall Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

TAP FEES

5/8 - Inch Meter	\$400.00
1 - Inch Meter	700.00
All Larger Meters	At Actual Cost