

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 November 14, 1986, the Public Service Commission ("Commission") entered its Order approving an increase in the tap fees charged by North Marshall Water District ("North Marshall"), denying the reconnection charge without prejudice, and specifying certain revisions necessary to bring the proposed policies into compliance with the regulations. The increased tap fees were made effective for services rendered on and after November 14, 1986.

It was further found that North Marshall began charging the higher tap fees on January 1, 1986, without authorization to do so. North Marshall was ordered to file, within 20 days of the Order, a list of all customers who had been charged the higher tap fees and/or reconnection fee. The required information was filed on January 8, 1987.

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

1. North Marshall's proposed policies, as revised, are acceptable with the following exceptions:

(a) Item 7 provides for transfer of the meter back to the property owner when rental property is vacated. When a customer discontinues service and a meter is no longer in service, responsibility for that meter returns to the utility since the meter is utility property. That responsibility cannot be assigned to the property owner. While the utility may use the property owner's name as a means of identifying the location of a meter the owner has no responsibility for an "out-of-service" meter where service was applied for, received and discontinued by a tenant. This item should be deleted to avoid misinterpretation and confusion.

(b) Item 11 provides for immediate discontinuance of service for past due bills and includes the \$20 reconnection charge which has been denied. 807 KAR 5:006, Section 11(3)(a), Discontinuance of Service, sets out specific notice requirements which must be met before service can be discontinued by a water utility for non-payment of bills. Item 11 should be revised to make clear that these requirements will be met. Further, the \$20 reconnection charge was denied without prejudice due to North Marshall's failure to file the cost justification required by 807 KAR 5:011, Section 10(1)(a), Non-recurring Charges. This charge cannot, therefore, be implemented as a part of the tariff until such time as the required cost information is filed and the charge approved by the Commission.

2. North Marshall has not actually charged any of its customers the \$20 reconnection fee.

3. KRS 278.160(2) provides that "No utility shall charge, demand, collect or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules. . . ." North Marshall has collected \$8,700 in excess of the authorized tap fee from 42 customers served through 5/8-inch meters and one customer served through a 1-inch meter.<sup>1</sup> The unauthorized amount should be refunded.

4. The customers who were charged the unauthorized amounts were denied the use of monies to which they should have had access from the time of payment to North Marshall. The customers are, therefore, entitled to interest on amounts in excess of the authorized tap fee accruing from the date of payment to the date of refund. KRS 278.460 requires utilities to pay interest in the amount of 6 percent per annum on customer deposits held by a utility. Based on this standard, North Marshall should pay interest on the excess charges at the rate of 6 percent per annum, accruing from the date of payment.

<sup>1</sup>

Approved Charge:

42 customers	5/8" meter @ \$300	= \$12,600
1 customer	1" meter @ \$400	= 400
		<u>\$13,000</u>

Charges Made:

42 customers	5/8" meter @ \$500	= \$21,000
1 customer	1" meter @ \$700	= 700
		<u>\$21,700</u>

\$21,700 - \$13,000 = \$8,700 overcharged

5. North Marshall's 1985 Annual Report shows a net cash flow of \$99,795;<sup>2</sup> thus, the financial impact of the required refund and interest will not result in undue hardship to North Marshall which would be detrimental to its operations or its customers.

6. Refunds with interest should be made in lump sum payments to each of the appropriate customers within 60 days from the date of this Order. Within 20 days thereafter, North Marshall should file with the Commission a list showing the name of each customer to whom a refund is made, the amount of the refund, the amount of interest, and the date paid.

IT IS THEREFORE ORDERED that:

1. North Marshall shall revise its proposed policies in accordance with Finding No. 1 herein and shall file the revised policies with the Commission within 30 days of the date of this Order.

2. North Marshall shall refund to the appropriate customers a total of \$8,700 with interest at the rate of 6 percent per annum, accruing from the date of payment to the date of refund.

3. Refunds with interest shall be made in lump sum payments to the appropriate customers within 60 days of the date of this Order. Within 20 days thereafter, North Marshall shall file with

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2	1985 Net Income	\$57,513
	Depreciation	72,282
	Debt Payments	(30,000)
	Net 1985 Cash Flow	<u>\$99,795</u>

the Commission a list showing the name of each customer to whom a refund is made, the amount of the refund, the amount of interest, and the date paid.

Done at Frankfort, Kentucky, this 2nd day of February, 1987.

PUBLIC SERVICE COMMISSION

*Richard D. Wenzel, Jr.*  
Chairman

*[Signature]*  
Vice Chairman

*James N. Williams, Jr.*  
Commissioner

ATTEST:

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Executive Director