

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TERRY A. HARRISON)	
)	
COMPLAINANT)	
)	
v.)	CASE NO. 94-514
)	
ALLEN COUNTY WATER DISTRICT)	
)	
DEFENDANT)	

O R D E R

On December 15, 1994, Terry A. Harrison filed a complaint against Allen County Water District ("District") alleging that he has the right to purchase a second service connection for his property at 2978 Cemetery Road for a \$250.00 tapping fee and that he should not have to pay a line fee. By Order of December 28, 1994, the Commission directed the District to either satisfy the matters complained of or file a written answer within 10 days of the date of the Order. On January 9, 1995, the District filed an answer stating that, due to its interpretation of 807 KAR 5:066, Section 11, Mr. Harrison would be required to pay \$500.00 for an additional service connection and a line cost of \$1,173.32. Mr. Harrison responded to the District's answer on January 26. On February 13 and March 22, respectively, the Commission received the District's responses to its February 7 and February 13 information requests.

FINDINGS OF FACT

The District is a water district that owns, controls, and operates facilities used in the distribution of water to the public

for compensation. Its office is located in Scottsville, Kentucky. Mr. Harrison resides at 2978 Cemetery Road, Scottsville, Kentucky, and is a customer of the District.

Mr. Harrison asserts that because the previous owner of his property, John Mitchell, received service or went "on line" at the beginning of the District's area expansion project and since he bought his property from Mr. Mitchell "with utilities on it," he has the right to purchase a second meter for \$250.00 rather than \$500.00. Furthermore, Mr. Harrison is of the opinion that he should not have to pay a line fee of \$1,723.00 which he alleges was quoted by the District for a second service line to his property.

According to the District, Mr. Harrison lives on a water main extension which was part of the "Meador/Settle/Gainesville/101 Project" begun in 1988. Pursuant to an April 5, 1988, agreement between the District and the residents of that area, each resident "contributor/applicant" paid \$1,260.00 for line cost and \$400.00 for a service connection. Each resident who paid a share of the line cost was given a \$200.00 credit per service connection.

When the project was organized, Mr. Mitchell owned Mr. Harrison's property as well as another piece of property along the proposed extension. He paid \$1,260.00 line cost and purchased two service connections, one for each piece of his property. According to the District, Mr. Harrison's property was served by one meter when he bought it. He subsequently connected a second trailer to the existing meter, and was told by the District that he would be required to purchase a second meter to serve the second trailer.

The District asserts that if Mr. Harrison desires a second service connection, he will be "obligated" to pay a \$1,173.32 line cost under the project agreement, plus \$500.00 for the service connection under its current tariff.

The project agreement states that "any extensions or tap-ons to the main water lines after completion of the project" are subject to Paragraph 10 of the incorporated Memorandum of Understanding. Paragraph 10 of the Memorandum of Understanding complies with the District's Rules and Regulations and 807 KAR 5:066, Section 11(2)(b)(2). It provides that for a period of five years after the original construction of the extension, each additional customer whose service line is directly connected to the extension must contribute to the cost of the extension based on a recomputation of both the District's portion of the total cost and the amount contributed by each customer. The District then refunds to the customers who previously contributed to the cost of the extension an amount necessary to reduce their contributions to the recalculated amount for each customer connected to the extension. All customers directly connected to the extension during the five year period after it is placed in service thereby contribute equally to the cost of its construction.

In addition, each new customer must pay the approved tapping fee in effect at the time he applies for a meter connection. The tapping fee is not part of the refundable cost of the extension and may be changed during the refund period. After the five year refund period expires, any additional customer is to be connected

to the extension for the amount of the approved tapping fee only. For an additional five years after the five year refund period expires, the District is required to make rebates to the original customers equal to the cost of fifty feet of the extension for each new customer connected to it.

CONCLUSIONS OF LAW

As there are no relevant facts at issue in this case, the Commission bases its decision solely on its interpretation of 807 KAR 5:066, Section 11(2)(b)(2).

According to 807 KAR 5:066, Section 11(2)(b)(2), Mr. Harrison should be required to pay \$500.00 for a second service connection on his property. Under the District's present tariff, the connection fee for a 5/8 x 3/4 inch meter is \$500.00. The cost of a service connection at the time a piece of property goes "on line" is irrelevant.

Regarding the \$1,173.32 line cost, 807 KAR 5:066, Section 11(2)(b)(2), states that for five years "after construction" of the extension, or for five years after that extension is placed "in service," a new customer must pay a share of the line cost, plus the current tapping fee. After the extension has been "in service" for five years, a new customer only has to pay the current tapping fee.

Whether Mr. Harrison must pay a line fee under 807 KAR 5:066, Section 11(2)(b)(2), depends on the date construction of the extension was completed and the line was placed in service. The last service connection on the Meador/Settle/Gainesville/101

Project was installed June 2, 1992. This can be considered the extension's completion date. It has therefore not been five years since construction was completed and the line placed in service. Based on this fact and in accord with the project agreement, the District's tariff, and Commission regulations, if Mr. Harrison desires a second service connection on his property, he should be required to pay a line cost and a \$500.00 tapping fee.

IT IS THEREFORE ORDERED that:

1. The Complaint of Terry A. Harrison against Allen County Water District be and hereby is dismissed.

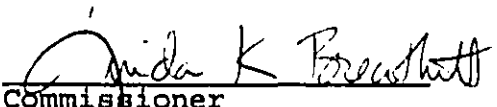
2. The five year refund period has not expired since construction was completed and the Meador/Settle/Gainesville/101 Project was placed in service on June 2, 1992. The District may charge Mr. Harrison a line fee as well as a \$500.00 tapping fee for the placement of a 5/8 x 3/4 inch meter.

Done at Frankfort, Kentucky, this 3rd day of May, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director