

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE DESIGN AND USE) ADMINISTRATIVE
OF SYSTEM DEVELOPMENT CHARGES) CASE NO. 375

ORDER

On December 18, 1998, the Commission initiated this proceeding to examine system development charges (SDCs) and their possible use by public water utilities in Kentucky. As the first step in our examination, we directed all public and municipal water utilities under our jurisdiction to respond to certain questions. The Commission received 158 responses, including those of three trade organizations.

Having conducted a general survey of jurisdictional water utilities on this issue, the Commission finds that an informal conference should be convened. This conference will serve a threefold purpose. First, it will allow the parties to review and discuss the responses to the Order of December 18, 1998 and to identify the competing interests and positions that SDCs entail. Second, it will permit the parties to offer suggestions on the direction of future proceedings in this docket. Finally, it will allow the parties to identify additional issues related to SDCs that should be considered within this docket. A listing of the proposed conference agenda is set forth in Appendix A of this Order.

IT IS THEREFORE ORDERED that:

1. An informal conference shall be held in this matter on November 15, 1999 at 10:00 a.m., Eastern Standard Time, in Hearing Room 2 of the Commission s offices

at 677 Comanche Trail, Frankfort, Kentucky to discuss the topics set forth in Appendix A.

2. Proposals for additional topics to discuss at the informal conference shall be filed with the Commission no later than October 29, 1999.

3. The parties listed in Appendix B of this Order are dismissed as parties to this proceeding.

4. The motions of the parties listed in Appendix C for leave to file their responses out of time are granted.

Done at Frankfort, Kentucky, this 13th day of September, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 375 DATED SEPTEMBER 13, 1999

PROPOSED INFORMAL CONFERENCE AGENDA

- I. Introduction Procedural Rules for the Informal Conference
- II. Review Of Responses
- III. Future Proceedings Within Docket
 - A. Need For Further Education/Discussion Within Water Utility Industry
 1. Does the Utility Community understand the concept of SDC or is further education and discussion required?
 2. How should that need be met?
 - a. Technical Conferences
 - b. Training Seminars
 - c. Public Hearings/Public Comment Sessions
 - B. Additional Avenues Of Investigation
 1. Additional Information Requests
 2. Written Briefs on Legal Issues
 3. Hearings before the Commission
 - a. What Issues will require a hearing?
 - b. What purposes will be served by a hearing?
 - c. Willingness of Parties to Sponsor Testimony
 - C. Final Outcome of Proceeding: Possible Alternatives
 1. General Declaration of Policy
 2. Proposed Regulations
 3. Proposed Statutory Changes

4. Submission of Negotiated Proposals
5. No Action

IV. Issues Before Commission and Possible Expansion of Scope of Proceedings

A. Current Issues

1. Commission's Authority to Authorize SDCs
2. The Need for SDCs for Public Water Utilities
3. Are SDCs Fair and Reasonable?
4. Design of SDCs
5. Monitoring SDC Assessment and Administration
6. Assessment of SDCs by Municipal Utilities

B. Potential Additional Issues

1. Water Line Extensions
 - a. Current Application of Administrative Regulation 807 KAR 5:066, Section 10.
 - b. Water Line Extensions to Subdivisions
 - c. Other extension problems
2. Public Policy Implications of the Assessment of SDCs
3. Water Utility Proposals

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN ADMINISTRATIVE CASE NO. 375 DATED SEPTEMBER 13, 1999

Adair County Water District	East Pendleton Water District
Adairville Public Works	Edmonson County Water District
Allen County Water District	Elkhorn Water District
Ashland Municipal Water System	Fancy Farm Water District
Bath County Water District	Farmdale Water District
Big Sandy Water District	Fleming County Water District
Bracken County Water District	Gallatin County Water District
Bullock Pen Water District	Green-Taylor Water District
Burnside Municipal Water Works	Hardin County Water District No. 2
Butler County Water System, Inc.	Henderson County Water District
Campbellsville Municipal Water and Sewer System	Henderson Municipal Water & Sewer District
Carroll County Water District No. 1	Hendron Water District
Carrollton Utilities	Henry County Water District No. 2
Cawood Water District	Hyden-Leslie County Water District
City of Crofton	Jackson County Water Association, Inc.
City of Cynthiana	Jonathan Creek Water District
City of Eddyville	Judy Water Association, Inc.
City of Flemingsburg Utilities	Kirksville Water Association, Inc.
City of Grand Rivers	Larue County Water District No. 1
City of Grayson Utilities	Lebanon Water Works
City of Kuttawa	Ledbetter Water District
City of Lawrenceburg	Leitchfield Water & Sewer Commission
City of Livermore	Marion County Water District
City of Manchester	McCreary County Water District
City of Newport	McKinney Water District
City of Owenton	Meade County Water District
City of Sadieville	Milburn Water District
City of Somerset Water Service	Monroe County Water District
City of Tompkinsville	Monticello Utility Commission
Columbia Utilities Commission	Morgan County Water District
Consumers Water District	Morgantown Utilities
Corinth Water District	Mount Sterling Water & Sewer District
Crittenden-Livingston County Water District	Mountain Water District
Dawson Springs Water and Sewer System	Mud Creek Water District
Dewitt Water District	Muhlenberg County Water District
Dexter-Almo Heights Water District	Muhlenberg County Water District No. 3
East Daviess County Water Association, Inc.	Murray No. 1 Water District
East Knox County Water District	Murray No. 2 Water District
East Laurel Water District	Murray No. 3 Water District
	Nebo Water District

Nicholas County Water District
North Manchester Water Association
Ohio County Water District
Parksville Water District
Peaks Mills Water District
Pendleton County Water District
Princeton Water & Wastewater
Rattlesnake Ridge Water District
Reidland Water and Sewer District
Rockcastle Water Association, Inc.
Rowan Water, Inc.
Russellville Water Works
Sandy Hook Water District
Sedalia Water District
Simpson County Water District
South 641 Water District
South Anderson Water District
South Logan Water Association, Inc.
South Woodford Water District
Southeast Daviess County Water District

Southeastern Water Association, Inc.
Southern Madison Water District
Southern Mason County Water District
Spears Water Company, Inc.
Trimble County Water District No. 1
Tri-Village Water District
Union County Water District
Utility Commission of the City of London
Vanceburg Electric Plant Board
Warren County Water District
Webster County Water District
West Carroll Water District
West Daviess County Water District
West Laurel Water Association, Inc.
West McCracken County Water District
West Shelby Water District
Western Lewis-Rectorville Water & Gas District
Western Pulaski County Water District
Winchester Municipal Utilities
Wood Creek Water District

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN ADMINISTRATIVE CASE NO. 375 DATED SEPTEMBER 13, 1999

Boone County Water District
Elkhorn Water District
Fancy Farm Water District
Fountain Run Water District No. 1
Lebanon Water Works
Morgan County Water District
North Hopkins Water District
Peaks Mill Water District