

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WEST DAVIESS COUNTY)	
WATER DISTRICT FOR APPROVAL OF A RATE)	CASE NO. 98-616
SURCHARGE)	

ORDER

On November 23, 1998, West Daviess County Water District (West Daviess) filed its application for Commission approval of a proposed surcharge which would result in additional revenues of \$535,800 over a period of not more than 5 years. The purpose of this surcharge is to provide financing for the expansion of existing system facilities. The proposed improvements will consist of a pump station and 11,400 feet of 12 line. The need for these system upgrades was outlined in West Daviess s 1993 Preliminary Engineering Review, a 20-year Plan. The estimated total cost of the proposed construction is \$538,280. In addition to the projected surcharge funds, the proposed improvements will be financed through \$2,193 of estimated accrued interest on the surcharge escrow account and \$287 of West Daviess s funds.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The surcharge set out in Appendix A is reasonable and adequate to implement the proposed construction.
2. The proposed improvements set out in West Daviess s application are appropriate for the use of surcharge revenues. A Certificate of Public Convenience and

Necessity will be necessary prior to beginning construction on any of the proposed projects.

IT IS THEREFORE ORDERED that:

1. The surcharge set out in Appendix A is approved for the collection of additional revenues of \$535,800 by West Daviess on and after the date of this Order, for a period not to exceed 5 years.

2. West Daviess shall obtain approval from the Commission prior to performing any additional construction, including those projects specified in this Order to be financed through surcharge revenues.

3. No deviation from the approved use of surcharge revenues may be undertaken without the prior approval of the Commission.

4. All funds generated by the surcharge shall be set aside in a reserve trust account. Such funds shall be invested in securities issued or guaranteed by the United States government until they are needed, and shall be expended, together with any interest or other earnings thereon, solely for the construction of the facilities described in West Daviess s application.

5. West Daviess shall file semi-annual statements beginning June 30, 1999, detailing surcharge revenues collected, including any interest earned thereon, and all expenditures made. Failure to file the semi-annual reports shall warrant cessation of the surcharge and refunding of the monies previously collected. If construction has not begun within 5 years after implementation of the surcharge, all funds shall be returned to West Daviess s customers, together with interest and earnings.

6. West Daviess shall maintain its records in such a manner as will enable it, the Commission, or its customers to determine the amounts to be refunded and to whom they are due in the event that surcharge amounts are ordered refunded.

7. The surcharge revenues constitute contributions and shall be accounted for in the manner prescribed in the Uniform System of Accounts for Class A and B Water Districts and Associations. The monthly billing shall be debited to customer accounts receivable and credited to the contributions account. When the amount is collected, special funds shall be debited and customer accounts receivable credited.

8. Within 30 days of the date of this Order, West Daviess shall file with the Commission its revised tariff setting out the rates and surcharge approved herein.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 29th day of January, 1999.

By the Commission

ATTEST:

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 98-616 DATED JANUARY 29, 1999

The following rates and charges are prescribed for the customers in the area served by West Daviess County 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.

Monthly Surcharge

A monthly surcharge of \$0.38 per 1,000 gallons used will be charged to West Daviess County Water District's customers for a period not to exceed five years from the date of this Order, or until \$535,800 in surcharge revenues are collected.