

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF HENRY COUNTY WATER	)	
DISTRICT NO. 2 TO ADD TARIFF LANGUAGE	)	CASE NO. 2001-00393
FOR AN OFFSETTING IMPROVEMENT CHARGE	)	

ORDER

Pursuant to the Commission's Order of July 25, 2002, Henry County Water District No. 2 ( Henry District ) has filed notice of its acceptance of a modified Offsetting Improvement Charge. In its notice, Henry District has noted its exception to certain portions of the modified Offsetting Improvement Charge set forth in our Order of July 25, 2002 and proposed 3 modifications. The Commission will consider this notice as a motion to amend the Order of July 25, 2002 to reflect the proposed modifications.

Our review of the proposed modifications indicates that they are consistent with the intent and purpose of our Order of July 25, 2002. They do not significantly revise the modified Offsetting Improvement Charge that we have approved for use on an interim basis, but rather correct certain drafting errors. We find that the Order of July 25, 2002 should be amended to reflect Henry District's proposed modifications.

IT IS THEREFORE ORDERED that:

1. Henry District's motion to amend the Order of July 25, 2002 is granted.
2. The Commission's Order of July 25, 2002 is amended to the extent that the tariff sheets appended to this Order are substituted for those appended to the earlier Order.

3. Within 20 days of the date of this Order, Henry District shall file with the Commission an executed copy of the tariff sheets set forth in Appendix A to this Order.

4. All other provisions of the Order of July 25, 2002 not in conflict with this Order shall remain in full force and effect.

Done at Frankfort, Kentucky, this 3<sup>rd</sup> day of September, 2002.

By the Commission

ATTEST:

  
Executive Director

## APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2001-00393 DATED September 3, 2002

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Henry County Water District  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

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RULES AND REGULATIONS

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OFFSETTING IMPROVEMENT CHARGE

It is the policy of the District that development should pay to offset its hydraulic impact on the water distribution system, rather than such costs being paid by the District's customers. Development shall be defined as any previously unserved lot or lots, or other unserved tract of land, or any proposed commercial or industrial use of land. This rule shall not apply to lots in subdivisions for which the District has previously certified water availability. This rule shall apply equally to all areas of the District's service area, regardless of county.

Development shall be required to offset its hydraulic impact on the system's minimum daily water pressures by means of water line improvements to the distribution system. The cost of these offsetting improvements, per unit of peak flow in gallons per minute, shall be calculated biennially by the District's accountant and engineer as the average cost per unit of peak flow resulting from all hydraulic improvement projects evaluated during the preceding four years. These projects shall be evaluated in terms of their resultant improvement in minimum daily pressures and the increase in gallons per minute of peak flow which can be accommodated by virtue of these improvements. The total cost of these projects, divided by the total associated peak flow in gallons per minute, shall determine the charge per gallon per minute of peak flow to be paid by development. The results of this biennial calculation shall be submitted to the District's Board of Commissioners for their review and approval and to the Public Service Commission. The initial Offsetting Improvement Charge shall be in the sum of \$980.00 per gallon per minute peak flow.

Residential development shall be charged on the basis of one gallon per minute of peak flow per lot. Water service to industrial lots shall not be provided until the Offsetting Improvement Charge has been received. The District shall not certify water availability on final plats until the charge for the entire subdivision has been received. If the number of plats is revised at a later date the utility shall refund any overcollection. In addition, if the improvements paid by the

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

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Henry County Water District  
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RULES AND REGULATIONS

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developer have the effect of restoration above previously existing pressure levels the developer shall receive an offsetting credit for such excess.

Commercial and Industrial developments shall be evaluated by a specific engineering analysis of their peak flow, to which the gallon per minute charge shall be applied. Water service to Commercial and Industrial developments shall not be provided until the charge has been received.

All developments shall require a preliminary hydraulic analysis to identify offsetting improvement projects. These projects shall be added to the database of hydraulic improvements for biennial average calculation of the offsetting improvement charge per gallon per minute of peak flow.

Offsetting improvement charges shall be placed in an escrow account and shall be used only for water line projects which improve hydraulic conditions in the distribution system. At the end of each year the District shall submit to the Public Service Commission a list of all offsetting improvement charges collected and an accounting of all expenditures from said escrow account for hydraulic improvement projects. Such projects shall be prioritized by the District on the basis of hydraulic need and cost effectiveness.

The offsetting improvement charge shall apply in cases where the proposed development would not reduce pressures below the required 30 psi state minimum. In cases where pressures would be reduced below the minimum level, the developer shall make improvements to the distribution system to the extent necessary to specifically offset the developers impact. Such improvements shall be made by the developer in lieu of the offsetting improvement charge.

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RULES AND REGULATIONS

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Each year the district shall supply the Public Service Commission with a written long term plan for the use of proceeds from the offsetting improvement charge. The water main improvement plan shall identify needed improvements to maintain pressure and a ranking in order of priority given to the improvement.

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