

North Shelby Water Company

RULES AND REGULATIONS

I. LINE ENLARGEMENT CHARGE.

It is the Company's policy that the infrastructure costs of residential developments should be paid by the developer rather than by the customers of the Company. Most of the Company's distribution lines were designed and constructed to serve farms with infrequently interspaced residential lots. For purposes of this rule a lot is considered more residential than agricultural in nature if the lot is less than 15 acres.

The developer of each residential development on an existing distribution line shall be required to pay to the Company a Line Enlargement Charge. The Line Enlargement Charge shall be equal to the number of feet of road frontage of the residential development on the existing distribution line multiplied by 1/2 of the average cost of installing the Company's then minimum size distribution water main (presently 6 inches). The Line Enlargement Charge will normally be charged only for the frontage of lots less than 15 acres. However, if a development contains lots both less than and greater than 15 acres, the Line Enlargement Charge will be charged for the frontage of the entire development if more than one-half of the frontage is occupied by lots of less than 15 acres. No charge will be made for the frontage of any tract served by an existing meter in front of that lot; however such tract will be considered under the preceding sentence for the purpose of determining whether to charge for the remaining frontage of the development.

No preliminary plat will be signed until the developer has agreed in writing to pay the required Line Enlargement Charge. No final plat will be signed until the developer has paid the required Line Enlargement Charge.

The funds from the Line Enlargement Charge shall be placed in an escrow account. These funds shall be used only for enlarging distribution lines and, under exceptional circumstances where the additional construction will be cheaper than enlarging the affected lines, for the installation of connections between water mains such as dead end lines.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

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ISSUED BY Duncan LeCompte TITLE: President JAN 01 1996
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PURSUANT TO 807 KAR 5:011,
SECTION 9(1)
BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

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Each year the Company will prepare a prioritized list of proposed enlarging projects together with the estimated cost of each project, which shall be available for inspection at the Company's office. Each project shall be constructed by the Company in the order of priority listed as funds in the account become available. The Company shall file with the Commission, on an annual basis, the priority list for the next year, the list of projects completed during the previous year and the cost of each such project, the amount of Line Enlargement Charge revenue collected from developers during the previous year, and the balance remaining in the escrow account.

Any development or portion thereof not served by an existing distribution line shall be subject to the Company's regular distribution line extension rules, and the portion served by the new main constructed at the developer's expense shall not be subject to the Line Enlargement Charge. Any development which cannot be served by the Company's existing distribution system will be required, at the Developer's expense, immediately to enlarge and improve the distribution system to the extent necessary to serve that development, under the Company's regular distribution line extension rules, and such development shall not be subject to the Line Enlargement Charge.

This tariff provision was approved by the Public Service Commission in Case No. 95-161 as a special demonstration project. The Public Service Commission reserved its authority to review this tariff and its appropriate application at any time. Unless extended by a formal action of the Public Service Commission, this tariff will expire on December 31, 2005.

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