

**74.395 Financing of an expansion of water district system -- Plan for expansion project -- Applicability.**

- (1) A water district organized under this chapter may elect to finance all or part of an expansion of its system by adding a temporary surcharge to the rates charged for service. All funds so collected shall be set apart in a reserve trust account, 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, solely for the expansions or extensions specified in the plan described under subsection (2) of this section. If construction has not begun five (5) years after the surcharge is implemented, all funds so collected shall be returned to the water district customers, together with interest and earnings. This section shall constitute an additional or alternate method of financing expanded facilities, and shall not repeal or reduce any existing rights or duties of a water district.
- (2) A water district which elects to establish a reserve trust account under this section shall develop a plan for the expansion project or projects to be financed from the reserve, which shall include the design and estimated cost of each element of the expansion, a time schedule for each step in the project, the proposed financing, and the amount of surcharge to water district rates needed to collect the amounts to be financed out of district reserves. After approval by the board of commissioners, the plan and proposed rates shall be submitted to the Public Service Commission. The commission, after a public hearing, shall issue an order approving, modifying or rejecting the plan. If a plan is approved, the commission shall establish a reasonable surcharge to implement the plan to be collected for a period no longer than five (5) years. The commission shall require the district to maintain its records in such a manner as will enable it, or the commission or its customers, to determine the amounts to be refunded and to whom they are due in the event that surcharge amounts shall be refunded.
- (3) The water district may, with the approval of the commission, amend its plan to reflect subsequent developments or new information, but the changes shall not violate the intent of the initial plan.
- (4) The provisions of this section also shall apply to water associations organized under KRS Chapter 273.

**Effective:** July 15, 1988

**History:** Created 1988 Ky. Acts ch. 323, sec. 1, effective July 15, 1988.