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March 25, 2003

Honorable D. M. Wotier  
Mayor, City of Owenton  
220 South Main Street  
Owenton, KY 40359

Dear Mayor Wotier:

Commission Staff acknowledges receipt of your letter concerning the jurisdictional status of the City of Owenton. You state that the City is in the process of receiving funds to install a natural gas system to serve the City of Owenton and parts of Owen County and request confirmation that a City owned gas system is not subject to Public Service Commission jurisdiction except for safety. You are correct.

KRS 278.040(2) provides that "[t]he jurisdiction of the commission shall extend to all utilities in this state." A utility is defined as

any person **except a city**, who owns, controls, or operates or manages any facility used or to be used for or in connection with . . . (b) The production, manufacture, storage, distribution, sale or furnishing of natural or manufactured gas, or a mixture of same, to or for the public for compensation for light, heat, power or other uses;

KRS 278.010(3)(b) (emphasis added). As the City of Owenton is going to own the gas system, it is not subject to any provisions of KRS Chapter 278 that apply to public utilities. However, it is subject to the jurisdiction of the Commission for gas pipeline safety. See KRS 278.495(2)(a); KRS 278.992.

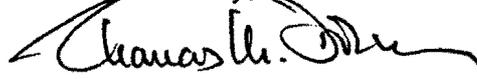
This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution.



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Questions concerning this opinion should be directed to Anita Mitchell, Staff Attorney, at (502) 564-3940.

Sincerely,



Thomas M. Dorman  
Executive Director

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