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Department of Public Protection

August 29, 2006

Ms. Jeanette Walton  
Bath County Water District  
Post Office Box 369  
Salt Lick, Kentucky 40371

Dear Ms. Walton:

Commission Staff acknowledges receipt of your letter of August 9, 2006 in which you requested guidance regarding the use of standing orders and electronic fund transfers to make routine payments.

In your letter, you state that Bath County Water District is considering the use of electronic fund transfers to make usual and routine payments and to make direct deposit of employees' pay. You further inquired whether Bath County Water District's Board of Commissioners could adopt a "standing order" to authorize the payment of recurring monthly payroll and utility expenses without their prior approval.

As to use of electronic fund transfers, Commission Staff has found no statutory provision that expressly authorizes or prohibits a water district's use of such transfers. Commission Staff is of the opinion that a water district may engage in such transfers so long as the water district's treasurer authorizes the transfer of the payment after receiving a warrant that the water district's chairman and secretary have signed. \_\_\_\_ KRS 74.050. Such transfers without the issuance of a warrant from the water district's chairman and secretary are contrary to KRS 74.050.

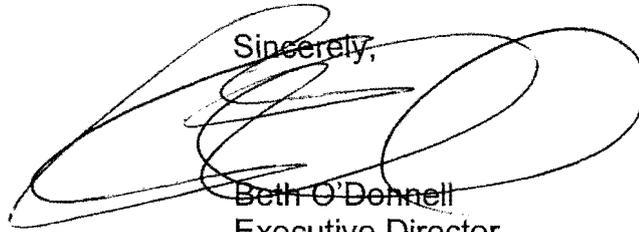
Commission Staff has not located any statutory authority for a water district's use of a "standing order." KRS 68.275(3) preapprove the payment of recurrent monthly payroll and utility expenses." No other governmental entities are currently expressly authorized to use these devices. The lack of expressed authorization for water districts when such authorization exists for fiscal courts strongly suggests a legislative intent that only fiscal courts use these devices. Moreover, the use of a standing order appears in direct conflict with KRS 74.050, which requires the use of warrants and impliedly requires that the amount of the expense be known.  
currently authorized to use standing orders.

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Commission Staff recognizes the potential utility of a standing order. It is reviewing the use of standing orders and identifying the revisions to KRS Chapter 74 that would be necessary to permit a water district to employ them in the event the General Assembly considers the issue at its next general session.

Any questions regarding this letter should be directed to Gerald Wuetcher, Deputy General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above the printed name.

Beth O'Donnell  
Executive Director