

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF RIVER ROAD DISPOSAL) CASE NO. 2013-00012
SYSTEMS TO REVISE ITS DISCONNECT POLICY)

ORDER

On October 31, 2012, River Road Disposal Systems ("River Road Disposal") submitted proposed revisions to its rates, rules, and regulations that would require a customer to continue to pay a monthly fee for sewer service when water service to his or her residence has been discontinued and the dwelling is unoccupied. The proposed revisions would further require a residence to be physically disconnected from the sewer system in order to discontinue sewer service and avoid the monthly charges; add non-recurring charges of \$500.00 for physical disconnection and \$500.00 for physical reconnection; and allow physical disconnection for non-payment of services.

Having reviewed the proposed revisions and being otherwise advised, the Commission finds that:

1. River Road Disposal is a privately owned sewage collection and treatment system that provides sewer service to ten single family residential dwellings in the Powell Addition Subdivision of Johnson County, Kentucky.¹ It currently assesses a monthly fee of \$57.38.

2. The ten customers receive water service from Paintsville Utility Commission.

¹ Annual Report of River Road Disposal System to the Public Service Commission for the Calendar Year Ended December 31, 2012 ("Annual Report") at 1, 12.

3. Two of the ten dwellings that River Road Disposal serves are currently unoccupied and their water service has been discontinued.² The utility continues to assess and collect monthly charges for these two dwellings.

4. KRS 278.030(1) provides that “[e]very utility may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.”

5. In 1988, the Commission rejected an assessment of water service charges for unoccupied units in a multiunit building, holding that “assessing a [water] charge for an unoccupied unit where no means to discontinue service to it exists . . . is unfair.”³

6. Relying upon the holding of the 1988 case, the Commission two years later rejected a proposed rule permitting the assessment of a minimum bill for unoccupied units connected to a sewer system.⁴ The Commission reasoned that the means to disconnect and reconnect sewer service was economically prohibitive. The proposed minimum assessment for unoccupied units connected to the sewer system was rejected as unjust and unreasonable.⁵

7. River Road Disposal has provided no convincing reason for the Commission to make a decision different from the 1988 and 1990 decisions. A property owner is not receiving services from a sewer utility when the dwelling is unoccupied and

² Application, Cover Letter at 2, 3.

³ Case No. 10132, *Charles Combs & K. J. Woodruff v. Jessamine County Water District No. 1* (Ky. PSC Aug. 22, 1988).

⁴ Case No. 90-293, *The Proposal of B & H Incorporated to Assess a Minimum Charge for Sewer Service to Unoccupied Premises* (Ky. PSC Dec. 13, 1990).

⁵ *Id.* at 2.

the water service has been discontinued. Requiring payment of a monthly sewer charge under these circumstances would be unfair, unjust, and unreasonable and contrary to KRS 278.030(1).

8. River Road Disposal's proposed revision requiring assessment of a monthly charge when a dwelling is unoccupied and water service to the dwelling has been discontinued should be denied.

9. The Commission recognizes that the decision to deny River Road Disposal's proposal to continue assessment of a monthly charge when the dwelling is unoccupied and water service discontinued results in a financial loss to the utility. River Road Disposal may file for a rate increase using the Alternative Rate Adjustment procedure for small utilities pursuant to 807 KAR 5:076.

10. The Commission has previously allowed a provision in sewer utility tariffs for physically disconnecting the sewer for non-payment of services.⁶ River Road Disposal's proposed rule to physically disconnect a sewer for non-payment of services should be approved; however, the physical disconnection of the sewer should be avoided and used only as a last resort.

11. River Road Disposal provided estimates from three contractors for the cost to disconnect and the cost to reconnect the sewer. Two contractors submitted estimates indicating a cost of \$500.00 to reconnect and \$500.00 to disconnect the

⁶ Case No. 2010-00060, *Application of Fox Run Utilities, LLC for Tariff Revisions and to Increase Certain Nonrecurring Charges* (Ky. PSC July 27, 2010). Case No. 2010-00063, *Application of Brocklyn Utilities, LLC for Tariff Revisions and to Increase Certain Nonrecurring Charges* (Ky. PSC Oct. 5, 2010). Case No. 2010-00064, *Application of Airview Utilities, LLC for Tariff Revisions and to Increase Certain Nonrecurring Charges* (Ky. PSC Oct. 5, 2010). Case No. 2010-00066, *Application of Coolbrook Utilities, LLC for Tariff Revisions and to Increase Certain Nonrecurring Charges* (Ky. PSC Oct. 5, 2010).

sewer. The third contractor submitted an estimate of \$440.00 to disconnect and \$400.00 to reconnect the sewer.

12. River Road Disposal's proposed disconnection and reconnection charges are in excess of the individual expenses that it will incur to provide those services and should be denied.

13. The charges set forth in the Appendix to this Order are equal to the expenses incurred to provide the associated services.⁷

14. Except for the provision in paragraph B.1. regarding the physical disconnection for nonpayment of services, the revised tariff sheets that River Road Disposal filed on October 31, 2012 should be denied.

15. The charges and policies set forth in the Appendix to this Order are fair, just, and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. River Road Disposal's proposal to require payment of monthly sewer charges for unoccupied homes that have discontinued water service is denied.

2. River Road Disposal's proposal to require a physical disconnection from the sewer in order to discontinue sewer service is denied.

3. Discontinuance of sewer service will not occur until the customer provides notice to the utility that the property is unoccupied and proof that the water service has been discontinued.

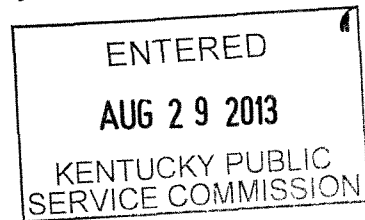
⁷ Application, Estimates from Tri County Concrete.

4. River Road Disposal may physically disconnect a sewer for non-payment of services.

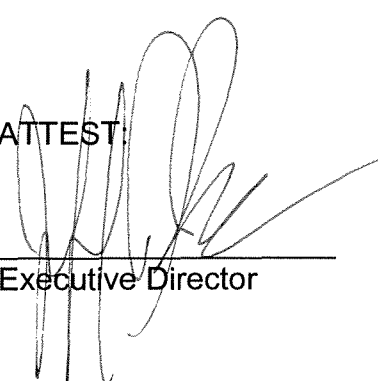
5. The charges and policies in the Appendix are approved for services rendered on and after the date of this Order.

6. Within 20 days of entry of this Order, River Road Disposal shall file with the Commission, using the Commission's Electronic Tariff Filing System, revised tariff sheets in accordance with this Order.

By the Commission



ATTEST:



Executive Director

APPENDIX

APPENDIX FOR AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO 2013-00012 DATED **AUG 29 2013**

The following rates, charges, and policies are prescribed for the customers in the area served by River Road Disposal Systems. All other rates, charges, and policies not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Discontinuance of Service at Customer's Request

Discontinuance of sewer service will not occur until the customer provides notice to the utility that the property is unoccupied and proof that the water service has been discontinued.

Nonrecurring Charges

Disconnection Charge for Non-payment of Services — \$440.00

Reconnection Charge — \$400.00

Disconnection for Non-Payment of Services

A disconnect fee will be assessed when the utility disconnects service for non-payment of service. The utility shall mail or otherwise deliver to that customer five days' written notice of intent to terminate. Under no circumstances shall service be terminated before 20 days after the due date of the original unpaid bill.

Once the sewer has been disconnected, the local health department will be notified to declare the residence uninhabitable.

Marsha Cantrell
Secretary/Treasurer
River Road Disposal Systems
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Van Lear, KY 41265