

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CHRISTIAN COUNTY WATER DISTRICT'S)	
PROPOSED EXTENSION TO COLLINS)	
BRIDGE ROAD AND THE PROVISION OF)	CASE NO.
SERVICE TO CERTAIN CUSTOMERS WHO)	90-220
ARE CURRENTLY SERVED BY SOUTH)	
HOPKINS WATER DISTRICT)	

O R D E R

By Order issued on August 15, 1990, the Commission initiated this proceeding on its own motion in order to consider Christian County Water District's ("CCWD") proposed extension to customers currently served by South Hopkins Water District ("SHWD"). The Commission received a letter dated May 10, 1990 from CCWD requesting the Commission to determine CCWD's right to serve nine customers who reside in Christian County but who have been served by SHWD since 1973. CCWD's proposed extension would serve the nine customers currently being served by SHWD, as well as additional customers who are currently without water service. CCWD proposes to use contingent FmHA money left over from a previous project to construct the proposed extension, which would be in the ordinary course of business. CCWD proposes that, once the extension is made, it will provide service to the nine existing customers without requiring any customer contribution for the extension. In addition, CCWD proposes that if SHWD leaves the existing meters in place, the customers will not be charged a

connection fee. If SHWD is allowed to remove the meters from the boxes, then CCWD proposes to charge a \$20 reconnect fee prior to providing service.

On September 7, 1990, the customers of SHWD who reside in Christian County ("Intervenors") filed a motion for full intervention in this proceeding. The Commission granted the motion by Order of September 17, 1990, appointing Sandra Hamby as spokesperson for the group. On September 20, 1990, CCWD requested an extension of time to file its plans for the proposed water line extension as ordered in the Commission's August 15, 1990 Order. The motion was granted and CCWD's plans for the proposed extension, including a hydraulic calculation, were filed with the Commission on October 16, 1990. Additional information was filed into the record by the Intervenors, and on November 28, 1990, the Commission ordered that an informal conference be scheduled in this proceeding. The informal conference was held at the Commission's offices on December 18, 1990, and was attended by representatives of CCWD, SHWD, the Intervenors, and residents of Christian County who currently do not have water service. It was agreed at the informal conference that Staff would recommend to the Commission that it issue an Order permitting the parties to have 20 days to request a public hearing and/or to file additional written comments into the record. If no requests for a public hearing were received by the time prescribed, the case would be submitted to the Commission for a decision on the record. On December 21, 1990, the Commission issued an Order so stating. Additional comments were filed into the record by SHWD and the

Intervenors, and CCWD provided additional information requested at the informal conference. No requests for a hearing were received.

DISCUSSION

SHWD admits that it made a mistake in 1973 by permitting its lines to cross into Christian County without complying with the procedures prescribed by KRS 74.115. That statute provides that, in order for a water district to extend its lines into an adjacent county, the board of commissioners of the district must obtain the permission of the county judge/executive of the adjacent county. SHWD also admits that it erred in permitting the customers in Christian County who paid for the installation of the extension to install a 2-inch water line in violation of Commission regulation 807 KAR 5:066, Section 11(2)(a). SHWD originally stated in a letter to the Commission dated June 25, 1990 that it did not wish to petition to continue providing service to the Christian County customers, and that it was willing to deed all of its facilities located in CCWD's territory, except the meters, to CCWD if the Commission should decide that CCWD should construct the extension and serve these customers. However, in comments filed by SHWD on January 2, 1991, SHWD reversed its position and attached a letter it had written to CCWD requesting permission to continue to serve the existing customers (with no further extension of service into Christian County) and to re-establish boundaries accordingly. SHWD did stand by its original agreement to issue a quitclaim deed of conveyance for its facilities in Christian County should the Commission not grant it permission to continue to serve the

customers. In a letter filed with the Commission on January 22, 1991, representatives of CCWD requested the Commission to deny SHWD's proposal to continue to provide service to its existing customers in Christian County.

It is the position of the Intervenors that they should be permitted to continue to receive service from SHWD since they paid a substantial amount of money to extend SHWD's lines to them several years ago and, most significantly, since they will receive a rate increase of approximately 59 percent by becoming customers of CCWD. It is CCWD's position that it should be allowed to serve customers who are within its legal service area. It is also CCWD's stated objective to provide water service to the residents of Christian County who are not presently being served. CCWD will not build the extension if it is not granted the right to serve the existing SHWD customers. This is because the CCWD extension hinges on the expectation of enough customers to make the extension economically feasible.

Having examined the evidence of record and after serious consideration of this matter from all perspectives, the Commission finds that:

1. Although it is sympathetic to the position of the Intervenors, SHWD does not have the legal right to serve customers located in CCWD's service area, as it failed to comply with the provisions of KRS 74.115 and KRS 74.110 in extending service outside its boundaries.

2. CCWD has the legal right pursuant to KRS Chapter 74 to serve the Christian County customers currently being served by SHWD.

3. The Commission does not have the statutory authority to allow SHWD to continue to serve customers in CCWD's service area, absent the approval of the County Judge/Executive of Christian County.

4. By letter filed with the Commission on January 22, 1991, CCWD agreed to allow SHWD to continue to serve Kenneth McKnight, a resident of Christian County, due to the location of his service connection and the expense which would be involved in relocating his service to the CCWD side of the boundary line. However, pursuant to KRS 74.115, SHWD should be required to obtain an order from the County Judge/Executive of Christian County permitting extension of service to Kenneth McKnight.

IT IS THEREFORE ORDERED that:

1. CCWD shall construct the proposed extension to Collins Bridge Road in conformance with the plans previously submitted to the Commission.

2. SHWD shall continue to serve its existing Christian County customers until the CCWD extension to them is completed.

3. CCWD shall notify SHWD when it is ready and able to provide service to customers on the extension.

4. SHWD shall execute and deliver to CCWD a deed of conveyance and all other documents necessary to convey to CCWD all of SHWD's right, title, ownership, and easements in its facilities

in Christian County. Execution and delivery of the documents may be accomplished at any time, but in no event later than 30 days after notification by CCWD that it is ready to provide service to customers on the extension.

5. SHWD shall leave the existing meters in place upon completion of the extension.

6. CCWD shall not charge the existing customers any fee for construction of the extension or connection of service.

7. If CCWD plans to utilize any portion of the existing 2-inch line, it shall apply to the Commission within 30 days of the date of this Order for a deviation from the requirements of 807 KAR 5:066, Section 11(2)(a).

8. CCWD shall provide pressure reducers at no charge to customers served by the new extension, if pressure at the customers' point of service exceeds that prescribed in 807 KAR 5:066, Section 6(1).

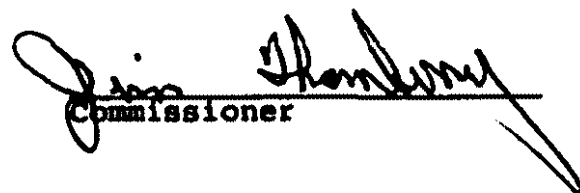
9. SHWD shall, within 30 days of this Order, petition the County Judge/Executive of Christian County for permission to continue to serve Kenneth McKnight through his existing service line.

Done at Frankfort, Kentucky, this 20th day of February, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director