

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NICHOLAS COUNTY WATER WORKS

\_\_\_\_\_ )  
ALLEGED VIOLATION OF KRS 278.020 )  
AND KRS 278.160 )

)  
)  
) CASE NO.  
) 93-082  
)  
)

O R D E R

On September 28, 1992, Commission Staff investigated Nicholas County Water Works ("Nicholas Water"), located in the Moorefield Road area, Nicholas County, Kentucky, due to notification by a concerned citizen of Nicholas County that Nicholas Water was a water utility operating outside the city of Carlisle's corporate limits. The Commission had no knowledge of Nicholas Water prior to this investigation. A copy of the investigation report is attached hereto as Appendix A.

A. V. "Doc" Allison, superintendent of Nicholas Water, stated the water system was originally constructed by the Nicholas County Fiscal Court in 1950 to serve a hospital in the Moorefield Road area of Nicholas County. According to Mr. Allison, the residents along Moorefield Road, who live outside the city of Carlisle's city limits, asked the Nicholas County Fiscal Court if they could connect to this water line. The Fiscal Court agreed to allow these residents to connect to the water main if they would bear the cost of running the water line. Nicholas Water now has 94 customers, all of whom are metered.

Mr. Allison receives a salary in the amount of \$1.50 per meter per month. He gives all funds received for water service to Wanda Dotson, the Nicholas County Treasurer, and reports all of Nicholas Water's activities to Nicholas County Fiscal Court and County Judge Reese Smoot. Tommy Crawford receives a salary of \$50 per month for reading the meters.

Nicholas Water bills its customers \$6.80 for the first 1,000 gallons and 25 cents for each additional 100 gallons. Customers pay a 3 percent utilities tax on the water billed.

Accordingly, the Commission finds that a prima facie case has been established that Nicholas Water is a utility pursuant to KRS 278.010(3)(d) and that it failed to obtain a certificate from the Commission prior to collecting compensation for providing such utility service in violation of KRS 278.020 and KRS 278.160.

IT IS THEREFORE ORDERED that:

1. Nicholas Water shall appear at a public hearing scheduled for April 22, 1993, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 2 of the Commission's offices at 677 Comanche Trail, Frankfort, Kentucky, for the purposes of showing cause, if any it can, why it should not be penalized pursuant to KRS 278.990 for allegedly violating KRS 278.020 and KRS 278.160.

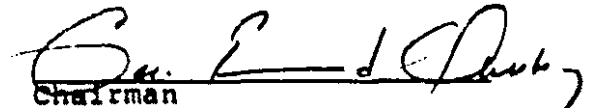
2. Any motion requesting an informal conference with Commission Staff for the purpose of clarifying issues or stipulating facts shall be filed by April 12, 1993.

3. Nicholas Water shall immediately stop charging for any and all utility services within the Commonwealth of Kentucky.

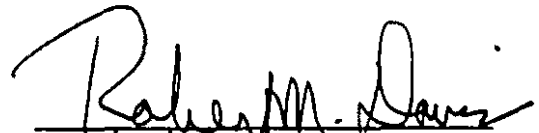
3. Nicholas Water shall immediately stop charging for any and all utility services within the Commonwealth of Kentucky.

Done at Frankfort, Kentucky, this 15th day of March, 1993.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

Commonwealth of Kentucky  
Public Service Commission

UNAUTHORIZED UTILITY INVESTIGATION REPORT

Nicholas County Water Works  
Carlisle, Kentucky

On September 28, 1992, an investigation was made of the Moorefield Road area, Nicholas County, Kentucky. This investigation was performed pursuant to notification by a concerned citizen of Nicholas County to the Public Service Commission ("Commission") that Nicholas County Water Works was a water utility operating outside the city of Carlisle's corporate limits. The Commission having no knowledge of this water system decided to investigate Nicholas County Water Works ("Nicholas Water") to evaluate the possibility of it becoming a utility under the authority of the Commission. This investigation was conducted by K. Michael Newton of the Commission staff with information provided by A. V. "Doc" Allison, superintendent of Nicholas Water.

Investigation

Commission staff talked to Doc Allison about this water system. Doc Allison states the water system was originally constructed by the Nicholas County Fiscal Court in 1950 to serve a hospital in the Moorefield Road area of Nicholas County. The residents along Moorefield Road, who lived outside the city of Carlisle's city limits, asked the Nicholas County Fiscal Court if they could connect to this water line. Nicholas County Fiscal Court agreed to allow these residents to connect to the water main

if they would bear the cost of running the water line. Nicholas Water now has 94 customers. All customers are metered.

Nicholas Water purchases its water via a 4-inch master meter located at the city of Carlisle's corporate limits on Moorefield Road (Highway 36). The water system consists of approximately 2,600 feet of 4-inch transit pipe, 1,500 feet of 4-inch PVC pipe, and various lengths of galvanized and copper pipe. Doc Allison did not know the average water pressure in the distribution system.

Doc Allison has been the superintendent of Nicholas Water since its construction. He receives a salary in the amount of \$1.50 per meter per month. Doc Allison sends out and collects all water bills for Nicholas Water. He turns these funds over to Nicholas County Treasurer, Wanda Dotson. Doc Allison reports all Nicholas Water's activities to Nicholas County Fiscal Court and County Judge, Reese Smoot. Doc Allison states all water meters are read on a monthly basis by Tommy Crawford. Tommy Crawford receives a salary of \$50 per month.

Doc Allison is not certified by Natural Resources Division of Water as a distribution operator. Tommy Crawford is certified as a distribution operator with a 2D certificate with the city of Carlisle. In addition, Natural Resources and Environmental Protection Cabinet's Division of Water has no record of Nicholas Water nor of it taking and testing representative water samples.


Nicholas Water bills its customers \$6.80 for the first 1,000 gallons and 25 cents for each additional 100 gallons afterwards.

These customers pay a 3% utilities tax on the water billed. A copy of a water bill is attached.

Conclusions

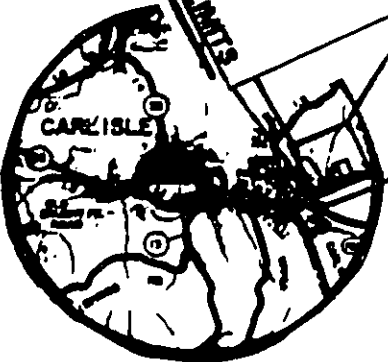
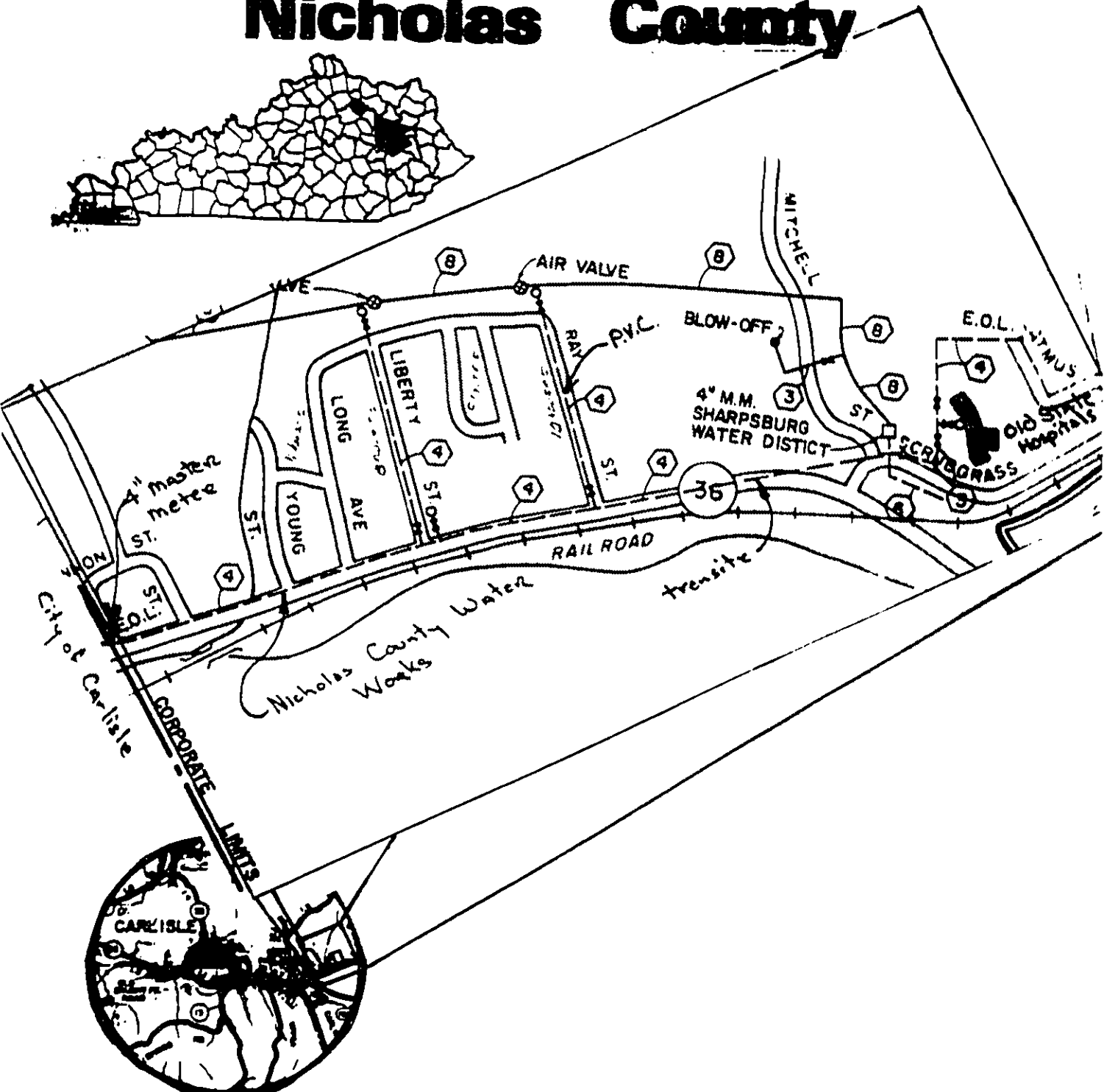
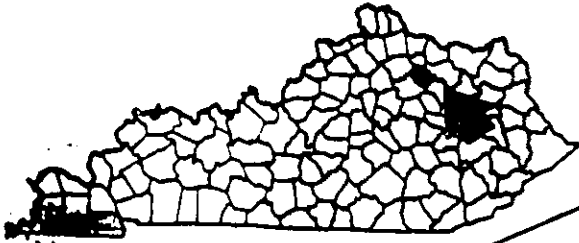
This investigation concludes that the Nicholas County Fiscal Court, owns, controls, and operates a water system in eastern Nicholas County used in distributing water to the public for compensation. Therefore, according to KRS 278.010(3)(d), Nicholas County Fiscal Court operates a water utility d/b/a Nicholas County Water Works and would be a utility subject to the jurisdiction of the Public Service Commission in the same manner and to the same extent as any other utility.

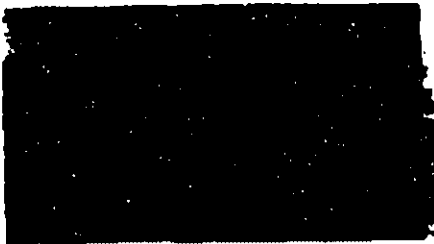
Submitted,  
October 7, 1992

  
\_\_\_\_\_  
K. Michael Newton  
Utility Investigator

CGR:KMN:aem

# Nicholas County





Water Hall  
Salem, Oregon  
Willamette University  
Seaside, Oregon  
442-1999

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Bring or Mail This Bill to A.V. Allison, Supt.  
No Duplicates • 3% Utilities Tax Included

\$ 7<sup>00</sup>

All bills are due and payable to the Superintendent for the water used during the preceding month, 10 days from receipt of bill.

First 1,000 gallons \$6.80  
Each additional 100 gallons 25¢

For water consumed during month JUNE

Present Meter Reading \_\_\_\_\_ 00 Gallons

Last Meter Reading \_\_\_\_\_ 00 Gallons

Gallons Used \_\_\_\_\_

**NICHOLAS COUNTY WATER WORKS**

WATER BILL