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March 14, 2006

Mr. James Owen  
General Manager  
Christian County Water District  
1960 Dawson Springs Road  
P.O. Box 7  
Hopkinsville, Kentucky 42241-0007

Re: Case No. 2006-00013 & Case No. 2006-00032

Dear: Mr. Owen

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Jessamyn Thompson, at (502) 564-3940, Extension 278.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell  
Executive Director

Enclosure

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2006-00013  
Case File No. 2006-00032

**FROM:** Jess Thompson  
Rate Analyst

Eddie Beavers  
Rate Analyst

**DATE:** March 14, 2006

**RE:** Conference of February 15, 2006

On February 15, 2006, Commission Staff conducted a telephone conference call in Cases No. 2006-00013 and No. 2006-00032. Participating in this conference call were:

James Owen	-	Christian County Water District
Linda Maddox	-	Commission Staff
Mark Frost	-	Commission Staff
Eddie Beavers	-	Commission Staff
Jess Thompson	-	Commission Staff
Gerald Wuetcher	-	Commission Staff
James Rice	-	Commission Staff

Beginning the conference, Mr. Wuetcher stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of these minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

The participants first discussed Case No. 2006-00013. Mr. Owen noted that Christian County Water District ("Christian District") does not currently have its proposed policy regarding water main extensions to subdivision developments in effect. He stated that Christian District had been advised that other water utilities were implementing similar policies, but could not identify any of these water utilities. Commission Staff noted that the proposed policy conflicts with Administrative Regulation 807 KAR 5:066, Section 12. Mr. Wuetcher stated that a deviation from that regulation was necessary for Christian District to implement the policy and that Christian District must demonstrate good cause for such deviation. Mr. Owen stated that Christian District has few subdivision developments at this time and that compliance with the existing current regulations will not impose a hardship to Christian District. He stated that he would recommend to Christian District's Board of Commissioners that the proposed policy be revised to conform to the existing Administrative Regulation.

Mr. Wuetcher inquired about the customer's responsibility regarding easements. Mr. Owen stated that a customer is only responsible for providing an easement running through his or her property. The utility is responsible for acquiring all other easements. Commission Staff stated that the proposed language is unclear on this point and offered to provide proposed language to clarify the proposed policy's requirements on easements.

Mr. Wuetcher then inquired whether a real estate developer is permitted to install water mains within the subdivision development subject to the District's inspection. Mr. Owen stated that a real estate developer may install the water mains, but subject to Christian District's approval of the developer's contractor and inspection of the actual installation.

Mr. Wuetcher suggested that Christian District consider reviewing the provisions of North Mercer Water District's filed rate schedule that relate to water main extensions to real estate developments. He noted that the schedule addresses several aspects of the utility – developer relationship and may serve as a starting point for developing a more detailed set of regulations to address water main extensions to real estate developments.

The discussion then moved to Case No. 2006-00032. Mr. Beavers inquired why, if only one residence was allowed per meter, does the District charge an additional \$15 for each additional residence hooked to a meter. Mr. Owen stated that Christian District has some instances in which two or more residences are served through one water meter. Commission Staff, he stated, had previously advised Christian District, that in these instances the account should be assessed a minimum bill for each residence served through the water meter. Commission Staff agreed to draft language to clarify Christian District's policy on multiple customers served through a single meter.

Mr. Beavers then asked how the District derived the percentages in the leak adjustment policy. Mr. Owen stated that the percentages have been in place for more than 20 years. He believes that the 60 percent is intended to reflect the cost of debt service, wholesale water, and pumping. Commission Staff agreed to calculate the current cost and provide Christian District with a specific amount for insertion in Christian District's tariff.

Commission Staff noted that Christian District's safety manual and policy handbook should not be placed in the District's tariff. It stated that the safety manual will be kept on file with the Division of Engineering and the policy handbook will be placed in the Commission's company correspondence file.

The conference then adjourned.