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December 20, 2007

CERTIFICATE OF SERVICE

RE: Case No. 2007-00447
Knox County Utility Commission

I, Beth O'Donnell, Executive Director of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the addressee by U.S. Mail on December 20, 2007.

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over a horizontal line.

Executive Director

BOD/rs
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF KNOX COUNTY UTILITY)
COMMISSION TO WAIVE TAP FEE FOR) CASE NO. 2007-00447
TEMPORARY TAP FOR SANDY BRANCH AREA)
OF FLAT LICK)

ORDER

Knox County Utility Commission (“Knox District”) has applied for authorization to forego a connection fee to establish emergency water service to approximately 22 families that reside in Knox County, Kentucky. Finding that the action in question is consistent with KRS 278.170(2), we grant the application.

Knox District, a water district organized pursuant to KRS Chapter 74, produces and distributes water to approximately 2,553 customers in Bell, Knox, and Whitley counties, Kentucky.¹ It is a utility that is subject to Commission jurisdiction.²

On October 11, 2007, Knox District notified the Commission of its waiver of a connection fee to install a water main connection to serve the Sandy Branch area of Flat Lick. It took this action at the request of Knox County Fiscal Court to provide a water source for 6 families whose private wells had ceased to produce water after a prolonged drought. Knox County Fiscal Court has contracted with the water district for water service to provide these families with a source of potable water. On October 2, 2007,

¹ Annual Report of Knox County Utility Commission to the Kentucky Public Service Commission for the Year Ended December 31, 2006 at 5 and 27.

² KRS 278.010(3)(d); KRS 74.015.

the Knox County Judge/Executive had declared a state of emergency due to the lack of rain in the area and its effect on private wells.

Knox District's published rate schedules provide that an applicant for service must pay a fee of \$400 to connect its water service line to the water district's water main.³ KRS 278.160(2) prohibits a utility from charging or collecting "from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed rate schedules." KRS 278.170(2), however, permits a utility to "grant free or reduced rate service for the purpose of providing relief in the case of flood, epidemic, pestilence or other calamity." While a utility must generally notify the Commission and obtain its agreement prior to providing free or reduced rate service, it may do so without Commission approval in the case of an emergency. Where service is provided in response to an emergency without prior Commission approval, the utility must notify the Commission within 5 days after rendering the service.

In the present case, the Commission finds that Knox District has complied with KRS 278.170(2) and is authorized to waive its connection fee. Knox District acted to provide relief to prolonged drought conditions and after elected officials had declared a state of emergency. The lack of water to several families proposed potential health risks and significant public hardship. Knox District acted in response to an emergency and provided timely notice to this Commission of the reduced rate.

³ See Case No. 2006-00207, The Application of Knox County Utility Commission to Make Various Tariff Revisions and Revise Certain Non-Recurring Charges (Ky. PSC July 18, 2006).

IT IS THEREFORE ORDERED that:

1. Knox District is authorized to waive the meter connection fee of \$400 to provide water service to Knox County Fiscal Court to provide emergency water service to the Sandy Branch area of Flat Lick.
2. The reduced rate is limited to the meter connection that Knox County Fiscal Court has obtained to serve the Sandy Branch area of Flat Lick.
3. Except as expressly authorized, Knox District shall not charge or receive a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed rate schedules.

Done at Frankfort, Kentucky, this 20th day of December, 2007.

By the Commission

ATTEST:


Executive Director