

# Skeeters, Bennett, Wilson, and Pike

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Case No:  
2007-00461

October 15, 2007

RECEIVED

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PUBLIC SERVICE  
COMMISSION

Public Service Commission  
Attn: Mr. Brent Kirtley  
P.O. Box 615  
Frankfort, Ky 40601

Re: Hardin County Water District No. 1; Tariff Modification

Dear Mr. Kirtley:

In accordance with our telephone conversation of October 15, 2007, please find enclosed a proposed tariff modification along with testimony offered by the General Manager of Hardin County Water District No. 1, Mr. Jim Bruce.

Please note that the proposed effective date is December 15, 2007.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

SKEETERS, BENNETT, WILSON & PIKE



David T. Wilson II

DTW:dnf  
Enclosure

(Creating new policies which have not previously been approved. Related tariff sections; Sheet 5A, Non Payment and Service Termination, Sheet No. 8, Customer Classifications and Qualifications for Same, Sheet No. 7, Meter Connection Fees)

## Hardin County Water District No. 1

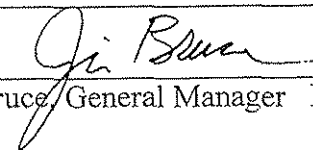
### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

(N)

1. **Applicability:** *These rules and policies apply to any property which has a master meter installed for the property, but also has sub-meters installed on private property, which are used to bill individual tenants. The properties within the District to which this definition applies are manufactured housing communities (MHC) and residents living within the same.*
  
2. **Purpose of Policy:**
  - a. *To provide a method and process to continue to allow billing of individual tenants, which are located on private property and served directly by private water mains within the private property, as long as certain conditions are met, while also recognizing the other policy purposes set forth.*
  - b. *To charge the property owner for all water, including that water which is being lost within their private water service lines or mains, and for all water used for domestic or potable use within their property boundary.*
  - c. *To ensure that lost water due to a property owner or customers private plumbing leaks does not increase the District's unaccounted for water excessively, or cause an added cost to the District's other customers.*
  - d. *To permit owners of MHC's to benefit from sub-metering and billing services provided by the District, as long as those owners continue to meet certain conditions set forth in a separate agreement between the District and the property owner.*
  - e. *To permit owners provide additional notice before interrupting service to a MHC, which notice shall be different than that provided for on Sheet No. 5A, Non-Payment and Service Interruption, or other advance service interruption notice regulations of the Kentucky Public Service Commission.*
  
3. **Basic Account Policies:** *The following rules and policies apply to only those customers which this classification is applicable:*
  - a. *Each owner of an MHC to which this tariff applies shall be required to sign a Private Property Master Billing Agreement. Said agreement has been approved as to form and is attached hereto.*
  - b. *Each owner of an MHC shall be required to pay for all water (and City of Radcliff sanitary sewer services if applicable) that passes through a master meter, less any water which is measured and billed for at an individual meter on private property by a tenant of a MHC. Water required to be paid for through the master meter shall include but not be limited to: 1) leaked water from the private plumbing and water mains downstream or after the master meter, 2) water being taken illegally by a tenant living on the private property of the owner, 3) water used at any other non-*

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ISSUED BY

  
Jim Bruce / General Manager Radcliff, Kentucky

(Creating new policies which have not previously been approved. Related tariff sections; Sheet 5A, Non Payment and Service Termination, Sheet No. 8, Customer Classifications and Qualifications for Same, Sheet No. 7, Meter Connection Fees

## Hardin County Water District No. 1

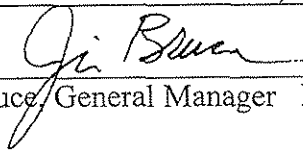
### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

metered structure or other non-metered use within the private property downstream of the master meter, and 4) any other water loss occurring at the MHC.

- c. Each owner of a MHC shall be advised of the events which shall result in all water used within the private property being billed only by the master meter, to which extent the District is aware or can be expected to become aware, and which all charges for said delivered water through the master meter shall be paid for by the property owner.
4. **Policy Regarding Deposits:** The following deposit policy shall apply to each property owner who is required to open a new account for the master meter.
- a. No deposit shall be required to be paid when opening the initial master meter account. This exclusion shall only apply to the first time this location opens the master meter account, and shall not apply to future, or subsequent owners. Deposits for subsequent owners shall be as required in the following paragraph.
- b. If an existing master meter account is turned off for any reason provided for in this section, or any time a new customer is established for an existing master meter location, the District may require a new deposit to be paid prior to service being turned back on. If required, the amount of the deposit shall be equal to the water volume charge, for that location, for the most recent complete month.
5. **Notice of Service Interruption:** Each owner of an MHC to which this tariff applies, will be afforded additional prior notice to a service interruption for non-payment. This notice provision shall be different than that provided for on Sheet No. 5A, Non-Payment and Service Interruption. The policy for this extended notice shall apply as follows;
- a. If a qualifying event or action occurs which the District believes should result in service interruption, the District shall notify a qualifying customer in writing no less than sixty (60) from the billing date. After the notice is presented, the customer shall have ten (10) week days (excluding District observed holidays or weekends) to respond in writing to the notice providing any reasons why the interruption should not occur. The response from the customer shall be presented to the District's General Manager who shall make a final decision on whether to proceed with the interruption, or take other action. Should the decision be to proceed with service interruption, no further notice will be provided to the owner, and the shut-off will occur as notified. Should the decision be to delay the shut-off, the owner will be notified that the shut-off has been postponed, and what actions or requirements, if any, the owner must make to avoid a future shut-off. The District may, along with the notice of delay, include an alternate date at which time a shut-off will occur, if certain conditions are not met, and which notice shall be the only notice to the owner of the revised and re-scheduled shut-off date.
- b. Service may be discontinued for any of the reasons specified under Section 6 herein. This includes the failure or refusal of a property owner to execute a Private Property Master Billing Agreement, and

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## Hardin County Water District No. 1

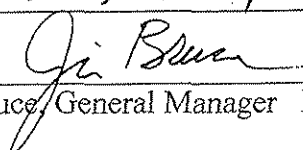
### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

open a new account for the master meter. Should this event occur, the property shall be subject to service interruption as set forth in this section.

- c. Property owners which are afforded the termination notice described herein shall not qualify for any other modification or extension of payment provisions.
  - d. Should a service interruption occur, the District, at its discretion, may place a public notice in the local newspaper, or post notice on the property where the water is being delivered. This additional notice is to provide tenants notice that their water service may be interrupted. Regardless of whether additional notice is given by the District, the final notice to the master meter customer of record shall be all that the District is obligated to provide.
6. **Transition to Master Meter Only Billing:** The following five (5) conditions or events shall require master meter only billing, after which time the individual sub-meters located on private property shall no longer be used for billing individual residents or tenants of a MHC. The District will provide notice of the disconnect at least 20 days prior to disconnect. These conditions are as follows;
- a. Transfer of a MHC to a new owner. Transfer would include transfer by transfer of deed, contract for deed, lease/purchase agreement or other similar transaction.
  - b. Major renovation of the MHC. For the purposes of this tariff, major renovation shall mean that more than half of the structures within the property have been removed or are vacant at any one time, or more than half of the individual metered accounts (using the original number of lots within the MHC as the base amount) within the property have been inactive for more than thirty (30) days.
  - c. Failure to pay for water charges billed through the master meter for the period provided for under Section 3.
  - d. Failure of the owner to open an account for the master meter within forty-five (45) days, after the effective date of this tariff. Failure to open an account shall include the non-response to a mailed notice, by certified mail, to the address of the owner of record.
  - e. Construction of any new MHC will be billed only by a master meter, in accordance with Sheet 7.A of this tariff.
7. **Selective Termination of Individual Meter Billing (sub-metering) or Water Service Within Private Property:** Under the following conditions, the District will not be required to read and bill individual meters and accounts located within private property, regardless of whether the property is billed by the master meter only. The District will provide notice, in accordance with 807 KAR 5:006 that water service will be interrupted, or that sub-metering at this location will be discontinued. These conditions and responses include;

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## Hardin County Water District No. 1

### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

- a. Lack of access to the water meter: This shall include when a private fence has been placed around the meter location, and the District must open and enter within the fenced area in order to access the meter. In this circumstance, individual reading and billing of water used at that lot or structure will no longer occur and all water used at that structure will be billed through the master meter. Once access to the meter has been restored, if sub-metering services still apply to this property, a new account and billing services may be re-activated and occur.
  - b. Contamination of a water meter pit: If ground water within a meter pit has found to be contaminated with bacteria or other water borne pathogens, as confirmed by a water sample by an independent laboratory, then the District will notify the resident of the structure that water will be turned off, with advance notice as provided by 807 KAR Section 13 and 14. Water service to that location will be re-activated only after certification by a licensed plumber stating that the source or cause of the contamination has been located and repaired, and after a negative test of water in or near that meter pit has confirmed that the water is no longer contaminated. Cost of the plumber's certification letter, and second or subsequent laboratory test costs (after the first), shall also be paid directly or reimbursed by the property owner to the District before water service is re-established.
  - c. Relocation of mobile home or deck which results in the water meter being underneath a structure: If the District employees are not be able to access the meter from directly above the meter lid, individual reading and billing of water used at that lot will no longer occur to that tenant, and all water used at that structure will be billed through the master meter. Once access to the meter has been restored, if sub-metering services still apply to this property, a new account and billing services may be re-activated and occur.
  - d. Other restrictive access locations: These may include location of a meter which is normally covered by a parked vehicle; a meter lid or pit which has been damaged to the point the meter cannot be properly protected or secured, or other circumstances which make the meter inaccessible. In these circumstances, individual reading and billing of water used at that lot or structure will no longer occur to that tenant, and all water used at that structure will be billed through the master meter. Once access to the meter has been restored, if sub-metering services still apply to this property, a new account and billing services may be re-activated and occur.
  - e. Should a meter location need to be moved from a location that was installed and selected by the private property owner and not according to the District's regulations, then the cost of that relocation, including all materials and labor, shall be at the expense of the property owner. Any new materials and installation shall be in accordance with the District's construction standards.
8. Process of Transition to Master Meter Only Billing: The transition to master meter only billing shall be as follows:

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General Manager Radcliff, Kentucky

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## Hardin County Water District No. 1

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### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

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- a. The customer of the District whose meter is located on private property and in the past was billed as an individual, sub-metered account, will be provided notice of a transition beginning date. After the effective transfer date, all future water billings will become the responsibility of the property owner, and the District's current customer of record will no longer be responsible to the District for water passing through the meter located on private property or for their individual lot.
  - b. For those accounts which will be changed to master meter billing, that customer will receive a final bill. Any deposit held by the District will be applied to the final bill. Should that customer wish to open a water account in their name, any outstanding balance must be paid in full before a new account may be established, in accordance with the District's tariff and other applicable Public Service Commission regulations.
  - c. For any sub-metered accounts which have been transferred to master meter billing, the property owner shall be offered ownership of the affected meter. Should the owner of the property request that meter, the District will agree to transfer ownership of that water meter, which is located on private property. The transfer of ownership shall be made in writing and sent certified mail. The notification will provide details of the meter(s) including meter diameter, brand of meter, serial number and last test date. Transfer of these meters shall be at no cost to the property owner. Once transfer notification is made, the District shall no longer own, maintain test or repair these meters, nor shall any of these meters be used in the future by the District for billing purposes. The owner receiving the meter(s) will then become responsible for future reading, billing and testing or maintenance of the meter(s).
9. **Re-sale of Water Services:** If a MHC is converted to master meter only billing, the District will no longer bill MHC tenants individually. MHC owners may elect to allocate metered water service to their tenants based on actual water use (sub-metering). Should a property owner choose to allocate their water charges to individual tenants, the following re-sale limitations apply:
- a. In order to continue to receive water service, the property owner or customer of the District (master meter customer) may not charge more than the District's current volume rate for water (Sheet No. 10, Volume Charge) PLUS, the amount of a Customer Meter Charge (Sheet No. 9, 2.a, Customer Meter Charge) for each meter located on private property. Failure to comply with these re-sale requirements may result in service termination or interruption to the owner's property, and subsequent water users within the property.
  - b. The additional Customer Meter Charge amount (example; \$4.70 per month for a 5/8 inch meter) may only be added to a tenant's sub-metered utility bill if the property actually uses a sub-meter to calculate that tenants portion of the master meter bill, for that specific dwelling unit or lot.
  - c. If the property owner divides the master meter bill equally among the number of tenants receiving water through the master meter, and choose not to use their meters for water bill allocation, they

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ISSUED BY

Jim Bruce  
Jim Bruce, General Manager Radcliff, Kentucky

FOR Entire Area Served

P.S.C. Ky. No. 1

First Revision Sheet No. 7B-6

(Creating new policies which have not previously been approved. Related tariff sections; Sheet 5A, Non Payment and Service Termination, Sheet No. 8, Customer Classifications and Qualifications for Same, Sheet No. 7, Meter Connection Fees

## Hardin County Water District No. 1

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CLASSIFICATION OF SERVICE:  
PRIVATE PROPERTY MASTER METER BILLING

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may not add any additional charges equal to the Customer Meter Charge, but may only recover the actual total amount of the water bill on the latest bill for the master meter(s).

- d. This restriction only applies to water service provided by the District. Any restrictions on re-selling sewer services received by the City of Radcliff would only be imposed by the City of Radcliff, and enforced by contract by the District, if requested by the City and agreed to by the District.
- e. Should the Owner choose to disregard the requirements of this section, and re-sell water for a profit to their tenants, the Owner may then be required to comply with other state or federal regulations which apply to public water system providers, and distributors of potable water. The District shall not be responsible to notify the Owner if or when these regulations may apply, nor would have any jurisdiction or authority to enforce said regulations.

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General Manager Radcliff, Kentucky

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Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:  
PRIVATE PROPERTY MASTER METER BILLING

(N)

**Private Property Metering Agreement**  
(Form as approved by Kentucky Public Service Commission)

1. **Parties:** This agreement shall be between the Hardin County Water District No. 1 ("District") and the Owner of the property where a master meter is located and sub-meters are located within that property. The owner(s) names for purposes of this agreement are, who shall be referred to herein as "Owners" are;

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. **Property Location:** The following describes the property, or properties, to which this agreement shall apply;

- a. (ENTER THE NAME OF THE PROPERTY OR PARK)
- b. (ENTER PHYSICAL STREET ADDRESS)
- c. (ENTER LEGAL DESCRIPTION OF PROPERTY - DEED BOOK AND PAGE AS LISTED AT LOCAL CLERK OFFICE)
- d. (ENTER THE MAILING ADDRESS FOR THE OWNER(S))

3. **Purpose of Agreement:** This agreement is to establish the terms and conditions with which the Owner will comply, and to identify what services the District agrees to provide. Both parties agree as follows;

- a. All sub-meters or water meters located on the Owner's private property have been installed by the Owner (or Owner's predecessor) at the Owner's expense..
- b. Water mains and lines within the boundary of the Owner's parcel were initially installed by the Owner (or Owner's predecessor), and are privately owned facilities which were not installed to the District's specifications or standards, nor have they been maintained by the District.
- c. The placement of meters within private property does not comply with current Kentucky Public Service Commission (PSC) regulations, or with the District's tariff as of October 1, 2000. The continued use of these meters to directly tenants of the Owner is subject to continued compliance with this agreement and District tariff.

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Jim Bruce, General Manager Radcliff, Kentucky



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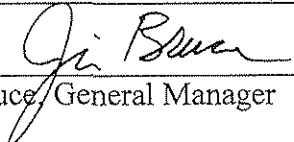
## Hardin County Water District No. 1

### CLASSIFICATION OF SERVICE: PRIVATE PROPERTY MASTER METER BILLING

- d. The Owner agrees to pay for all water measured through the a master meter, less any water billed directly to tenants of the owners, in accordance with Sheet 7B-1 - 7B-6. Water billed to the Owner shall include water leaked or lost through the Owner's private plumbing, theft of water by tenants living at the Owner's property, or other un-metered water used within the Owner's property.
4. **Acknowledgment and Referenced Policies:** By signing below, the Owner(s) acknowledge that they have been provided a copy of the latest District tariff section applying to PRIVATE PROPERTY MASTER METER BILLING, and have reviewed and understand its provisions.
5. **Metering and Service Connections:** Owner agrees that any meter settings, which must be re-located or repaired on their property, shall be paid for by the Owner and shall be in accordance with the District's standard construction materials and specifications.
6. **Service Interruption Notice:** The District agrees to provide additional service termination notice, as set forth in the District's tariff. After notice has been given, the District shall have the right to terminate water service to the Owner's property. Owner agrees that there are obligations which they must satisfy in order to avoid water service interruption to their property. The Owner also agrees to waive any other payment extension or delay options that may exist in the District's latest tariff, or other PSC regulations.
7. **Rates and Charges:** The District shall charge the Owner all rates and charges as approved by the PSC and included in the District's tariff. All changes to rates shall be based on a cost of service analysis and shall be approved by the PSC prior to implementation.
8. **Resale of Water Services:** The Owner agrees to comply with the requirements of the District's tariff regarding re-sale of water services to their tenants. The Owner also acknowledges that they are aware that re-sale of utility services, for a profit, may require the Owner to comply with other state or federal regulations which apply to public water system providers, and distributors of potable water.
9. **Release of Liability:** The Owner agrees to release and discharge the District from all claims or liability related to the District accessing their private property for the purpose of reading water meters, servicing water meters, or turning off individual meters. The Owner further agrees that authorization is hereby granted to the District for access to their property, and recognizes that this agreement may be the only document or authorization which exists for granting this access.
10. **Successors and Assigns:** This agreement shall be binding upon, and to the benefit of the parties hereto, including their successors or assigns. The Owner agrees to allow the District to record this agreement with the County Clerk having jurisdiction of said property, and that this agreement will apply

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Hardin County Water District No. 1

CLASSIFICATION OF SERVICE:  
PRIVATE PROPERTY MASTER METER BILLING

to any future owners, successors or assigns, and that the agreement will become a special covenant or condition running with the property.

- 11. **Execution and Signatures:** The following Owner(s) or authorized representatives have been authorized to sign and execute this agreement and have read and agreed to its terms and conditions, including all referenced and applicable tariffs;

Property Owner(s);

\_\_\_\_\_  
Signature of Owner or Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name of Above Person

\_\_\_\_\_  
Date

Hardin County Water District No. 1;

David T. Wilson II  
Signature of Authorized Representative

10-15-2007  
Date

DAVID T. WILSON II  
Printed Name and Title of Authorized Representative

District Attorney

COMMONWEALTH OF KENTUCKY:  
COUNTY OF HARDIN:

The foregoing instrument was executed, acknowledged, subscribed and sworn before me this 15 day of October, 2007, by, David J. Wilson II, as the attorney of HCWD #2, on behalf of said company or corporation.

My Commission Expires: 11-12-10

(OTHER NOTARY STATEMENTS AS REQUIRED)

Kleinise N. Freeland  
Notary Public

DATE OF ISSUE: 10-15-2007

DATE EFFECTIVE: 12-15-2007

ISSUED BY

Jim Bruce  
Jim Bruce, General Manager Radcliff, Kentucky

Advance Prepared Testimony  
Submitted by: Mr. Jim Bruce  
General Manager, Hardin County Water District No. 1

Q1: *Why and when did the District change from billing mobile parks using a master meter, to individual lot meters?*

A1: Our past research, confirmed by our meeting with Commission staff, found that the change made from master meters to individual lot meters was done in the mid, 1980's, without any change to the District's tariff or billing policies, nor PSC approval of same. This affected several thousand park residents, who were forced to open an account, and pay a deposit, without any choice or chance to comment on what should have been a major customer billing change, requiring public notice and PSC approval.

Q2: *Where are the meters now located?*

A2: For the September 2007 billing period, there were 855 meters are installed within the private property of 26 mobile home parks. Many meters are behind the back of the trailer, under trailers, under decks and often under parked cars. The District has no record of easements for these meter locations within the private property.

Q3: *Who installed these meters?*

A3: All of these meters were installed by the park owners after the District's management approved the change to allow individual meters. This was confirmed by some of the park owners at recent public meetings the District held with park owners. When I first became the District's General Manager in 1994, I found that park owners were allowed to pay for only materials to install or repair their own meters within the parks, contrary to any tariff of the District. This practice has continued to this day, and even within the last year park owners have made repairs to meter settings, using materials supplied by the District. All other meters owned by the District have been installed and maintained by the District.

Q4: *Does the proposed tariff comply with other existing District tariff sections and PSC regulations?*

A4: Since 2000, the District's tariff has included a requirement that meters be located in accordance with 807 KAR 5:066, Section 12.1.b which states; "...the customers point of service shall be located at that point on or near the street right of way or property line most accessible to the utility from its distribution system". The District's Board had considered a change to immediately remote all individual meters, and go back to using the master meter for billing. After meeting with some of the park owners, the Board approved the submitted tariff which allows lot meters to continue being used, as long as other conditions are met, or certain "triggers" do not occur. While the current location of the meter at the lot is not consistent with the current tariff (Sheet 7.A.3, October 1, 2000), the new tariff is intended to address the current meter location, as well as conditions which would require master meter only billing.

Q5: *How much water is being lost within the private park plumbing and how do you know?*

A5: For the September 2007 billing, a total of 5,610,700 gallons were delivered to the 26 parks. We know this because we use all the park master meters (some parks have more than 1 master meter), and read this monthly, and then subtract that amount used from the total amount of water used by the individual meters within that park. We have repaired or replaced, and tested all of the master meters to make sure they are accurate. For September, a total of 3,114,500 gallons were sold through the lot meters, leaving 2,556,200 gallons un-billed or unaccounted for. This is equivalent to a 80% water loss rate.

Q6: *Are there other reasons besides water loss which is prompting the District to change its tariff?*

A6: Yes, another concern has to do with contamination of meter pits and leaking sewage. We have documented on many occasions where fecal or e.coli bacteria was present in water that had filled meter pits, as a result of raw sewage and drain leaks under trailers. Our employees have had to remove meters (for service or non-payment), or pump out water to access a meter, where they encounter

contaminated water. As long as we have meter setters which sometimes have to have open pipes in the meter pit, or employees having to come in contact with this water, I believe the District risks a potential liability both from a park resident, and employees.

Q7: *Is it common for trailer parks to be metered using a master meter, or more common to have individual lot meters?*

A7: We believe that using master meters for a mobile home park, with private property and private roads, is very common. We found that Hardin County Water District No. 2 uses master meters for 45% of their parks, however most with individual meters are where the lot fronts a public road, so the meter is not on private property. Louisville Water uses master metering for all trailer parks. The City of Elizabethtown also master meters all their large trailer parks. Only a few with less than 10 lots have individual meters. Our staff visited nine trailer parks between Radcliff and Elizabethtown, on Wilson and 31W, and to Muldraugh, found 7 of 9 trailer parks (78%) had master water meters installed for billing. There is a national, income property support group, known as the National Submetering & Utility Allocation Association (NSUAA) which has been created solely to help property owners to read and allocate their utility costs and sub-meters to renters or tenants. There are also numerous meter reading companies, who will read and bill sub-metered accounts for property owners.

Q8: *Is this change similar to the proposed tariff filed by Northern Kentucky Water District (Case No. 2005-00148):*

A8: While the District has not reviewed all of this case, we believe there are significant differences. The NKWD deals with meters always installed and maintained by the NKWD (or a City system now owned by NKWD), which were the only meters ever used for billing. The District originally installed master meters for all parks, and used them for many years. District management later decided to allow park owners to install lot meters, but at their expense. To our knowledge, the renters within the parks had no choice to become a customer of the District, and no tariff change was ever filed or approved by the PSC. The park owners have continued to maintain their private water mains within the park, even though the billing meters are now on private property. The District also has many meters, like NKWD, that are located inside buildings or behind buildings on private property, but is not proposing to add master meters for those locations. The District proposes to re-activate the existing master meters, and require park owners to pay for all water being leaked within their park, and they will continue to maintain and repair their water lines between the master meter and individual lot meters, unless one of the conditions set forth in the new tariff require master meter only billing.