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Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road
Radcliff, KY. 40160

November 22, 2005

Ms. Beth O'Donnell
Executive Director - Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40620-0615

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**SUBJECT: Response Requested - Case No. 2005-00008
Garrard Water Tariff**

PUBLIC SERVICE
COMMISSION

Dear Director O'Donnell,

Please consider this the response you requested in a letter we received dated 18-November-2005. On 21-November our Operations Manager, Brett Pyles spoke with Mr. James Goff, Staff Attorney, with your staff. During their conversation, it was Mr. Pyles' understanding that our tariff was chosen after your review of part of our current tariff which states; "New water taps will be installed only for properties which adjoin an existing District water main" (HCWD1 Tariff Sheet No. 7, (4), approved by PSC 1-October-2000).

During our discussion with Mr. Goff, and review of your order to Garrard, we believe that our tariff does not conflict with PSC regulations, is not similar to the reason a complaint was filed against Garrard, nor does our tariff unreasonably restrict or deny service to a future prospective customer. Our reasons for this position are;

1. Our tariff language requires that any meter be installed on or near a street right of way or property line most accessible to the District's water main (Sheet 7, (3)). We believe this is consistent with PSC regulation 807 KAR 5:066, 12(1)(b).
2. Our tariff does not require that meters or taps only be installed for a "bona fide prospective customer" and we do not use that term nor define that term in our tariff.
3. Our tariff does not allow a new meter to be set where the customers service will travel across or in front of another private property to reach the water main. This is because we have had legal challenges in past years where we allowed a meter to be set at the main along a public road, but then the customer installed their service line across someone else's private property without an easement. When the trespassed property changed hands, the new owner tried to deny our customer receiving water from keeping and maintaining their service line on their property without an easement. We believe the District has some responsibility to make sure our new customer will not be trespassing across someone else's property without a legal right to install their service line on that property.
4. Given the circumstance when a prospective customer's land DOES NOT adjoin our water main, we do however allow a provision that the customer's service line or the meter can be installed in a utility easement. We have had situations where before we will set a meter at a location where we know that the service line must be installed on will travel across a third parties property, that the prospective customer to provide evidence of an easement showing that they have a legal right to cross someone else's property and install their service line on that property.
5. We do not allow a meter to be installed on private property however (since2000). For many years in the past, this District did allow this and now has become one of our most critical operational problems. Having a meter located on private property causes many problems for the utility including; Not being able to access meter for reading or testing because of vehicles parked over meter; Fences built around meter location with dogs inside fence threatening our meter readers trying to access the meter; Other sheds, decks or other structures being built over the meter making

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access for our employees very difficult; Increased theft of service in trailer parks where meters are located on private property behind or next to trailers where tenants or park managers can easily turn on water without properly opening an account with the District, and the legal problem of a utility having assets or property installed on private property without an easement, public right of way or legal instrument allowing them to do so.

6. Our Board policy for water main extensions requires a six inch main with fire protection be installed along public roads (HCWD1 Standard Construction Specifications). We do have a reimbursement policy consistent with 807 5:066 KAR, Section 11,(3) which requires that the utility pay the first equivalent fifty feet, plus fifty feet for each new tap, on an extended water main. If a public water main is not extended down a new public road, for example, a customer living on that road may choose to only install his own service line in the public right of way to his/her house. Subsequent property owners along that road, and further away from the main, may then expect that they can again install another service line in the same location of the first. Eventually, this "leap frogging" of service lines can end up with no fire protection, or lack of an adequately sized public water main for that road.

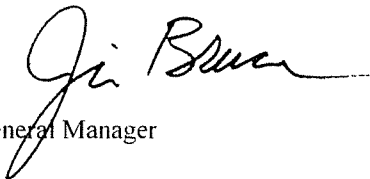
Mr. Pyles of our staff has had first hand experience with this problem while employed at a city utility in Kentucky. As the utility did not require extension of a properly sized public water main, the result was numerous meters "clustered" at the closest water main, but numerous service lines traveling down a perpendicular road to numerous houses within a public road right of way. Several times the service line of one customer would leak, and when they attempted to dig up their service line, they would cut other service lines in that right of way. There was then a dispute of who should pay for the repairs, and in fact, who owned these service lines. We believe that our tariff should not allow for this clustering of water meters with long service lines, as a way to avoid installing a properly sized public water main on a public road. Again, we do participate with developers or property owners in paying for that water main extensions, and do not believe we deny service.

We hope this provides an explanation of the intent of our tariff. It is our understanding that the PSC saw Garrard's tariff as not allowing a meter to be installed where a service line had to be laid in a driveway (paragraph 3, PSC letter to HCWD1). However, we believe that our tariff WOULD ALLOW a service line in a driveway if; 1) The driveway is part of the prospective customers parcel of land which then adjoins our water main, or 2) If the driveway belongs to a third party (not that of the customer), but the third party has provided a utility easement for which the customer may install their service line from our meter (located at the water main) to their building or premise. In affect, the provision of a third party utility easement then "adjoins" the customer's property to our water main.

We do not believe any change or action is needed to our tariff, and as written, and does not deny service to any prospective customer, but provides for the reasonable expansion of our system, and the proper location of the District's water meters for its use and access. Provisions in our tariff do allow someone to locate a meter at our water main, and install their service line within a utility easement, which easement may actually be on a third parties property.

We hope this clarifies our intent with regard to this particular section of our tariff. We look forward to hearing from you on this subject. Please feel free to call if you have any questions or comments.

Sincerely,



Jim Bruce, General Manager

Cf; Mr Brett Pyles, HCWD1 Operations Manager
Mr. David Wilson II, HCWD1 Attorney