

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter Of:

MAY 18 2006

APPLICATION OF NORTHERN)
KENTUCKY WATER DISTRICT (A) FOR)
AN ADJUSTMENT OF RATES; (B) A)
CERTIFICATE OF CONVENIENCE AND) Case No. 2005-00148
NECESSITY FOR IMPROVEMENTS TO)
WATER FACILITIES IF NECESSARY)
AND (C) ISSUANCE OF BONDS)

PUBLIC SERVICE
COMMISSION

PETITION FOR REHEARING

Northern Kentucky Water District, by counsel, pursuant to KRS 278.400 files this petition for rehearing on one issue addressed in the Order of April 28, 2006. The issue that the District seeks to be reconsidered involves the discussion of liability for installation and maintenance of the customer's service line, which is found on page 22 of the order. The issue is whether the District is responsible for all facilities to the point of delivery at the meter. This issue could not have been addressed at the hearing, because the District was unaware of the Commission's interpretation of this regulation as it has been applied to the specific situation involved.

Northern has approximately 20,000 customers with meters placed inside the buildings of those customers and a few that are placed on the customer's property between the main and the building being served. These are older service connections primarily resulting from the acquisition of municipal systems by the District over a period of many years. It was a standard practice for municipalities to place the meter in the building. The District currently moves such meters to the customer's property line or curb when there is an opportunity to do so. However, the estimated cost of \$500.00 per

meter makes moving all meters to the curb at this time prohibitively expensive.

The problem that is created by the language in the order of April 28th is that these meters located within a building fall outside of the normal responsibility for service connections and do not fit within the terms of the regulation cited in the order, 807 KAR 5:066(12). The typical meter set installed by Northern consists of a tap at the main with a short copper pipe connection from the main to the property line, which is generally adjacent to the sidewalk or street. A meter is usually set on the right of way near the property line. This installation is made by and the cost incurred by Northern. The customer installs the service line at his expense from the meter to his building or service location. This situation is the one generally contemplated by the regulation. Service connection is defined in 807 KAR 5:066(1)(6) as the line from the main to the customer's point of service. Point of service is defined in section 1(5) as the outlet of the customer's meter. Service line is defined in section (1)(7) as the water line from the point of service to the place of consumption.

Based on these definitions and the typical installation, Northern has no responsibility to install, maintain or replace the customer's service line. However, based on the language of the order and the unusual circumstances of the 20,000 acquired municipal services, the District would be responsible to maintain and replace the service line from the tap at the main through the customer's property and into the building where the line connects with the meter. It is obvious that the regulation does not contemplate such a situation.

For example, 807 KAR 5:066(12)(2) defines the customer's responsibility as furnishing and installing the pipe to make the connection from the point of service to the

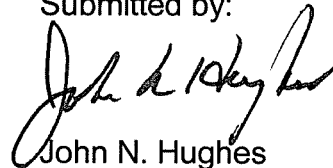
place of consumption. The point of service is the outlet of the meter, which in the case of a meter installed inside a building is also the point of consumption. 807 KAR 5:066(12)(1)(b) states that in areas having well defined streets and roads the customer's point of service shall be located near the right of way or property line. It is apparent that the intention of the regulation is to have the meter near the main with a service line extending from the meter to the building. The District is then responsible for the tap from the main to the meter and the customer is responsible for the service line from the meter to the building. The Commission's order could be interpreted to mean that the connection from the main to the meter inside the building is part of the service connection and the cost of that portion of piping would be included in the determination of the tap fee allowed by KRS 278.0152.

The District requests an interpretation of the regulation to determine whether it is responsible for the maintenance and replacement of the service line from the main through the customer's property and into the building, if the meter is installed inside the building being served. If the regulation does require such responsibility on the part of a utility, Northern requests a deviation pursuant to 807 KAR 5:066, section 18. The basis for the deviation is that Northern has no easement or other authorization to enter the customer's property or building to maintain or replace the service line. The District has no means to determine the type of materials used in the installation, the quality of workmanship, the safety of the location or relationship of the facilities to those of other utilities. It also has no means of determining if there is a leak inside the building on the inlet side of the meter, so it is possible a leak could go undetected for a period of time, causing damage to the interior of the structure. Based on the order of April 28th, the

District could be liable for such damage, but it has no means of preventing or mitigating that damage if the residence is unoccupied or if the owner fails to timely inform the District of the problem.

For these reasons, the District requests a rehearing on the interpretation of 807 KAR 5:066(12) and its applicability to service provided to those customers with meters located inside the building or place of service.

Submitted by:

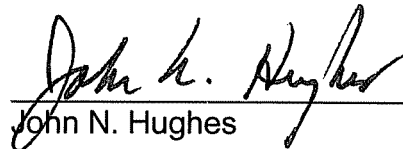


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Certificate of Service:

I certify that a copy of this response was served on the Attorney General by first class mail the 18th day of May, 2006.



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