

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| REQUEST OF MUHLENBERG COUNTY WATER |) | |
| DISTRICT NO. 3 TO PROVIDE FREE WATER |) | CASE NO. 2005-00435 |
| SERVICE TO THE CITY OF BREMEN, |) | |
| KENTUCKY, CITY BUILDING |) | |

ORDER

Muhlenberg County Water District No. 3 ("Muhlenberg District") has requested Commission approval to provide free water service to a building that the city of Bremen, Kentucky ("Bremen") owns. At issue is the nature of the beneficiary class and whether the provision of such service is reasonable and appropriate. Finding in the negative, we deny the request.

Muhlenberg District is a water district organized under the provisions of KRS Chapter 74. It owns and operates facilities that provide water service to 2,032 households in McLean and Mulhenberg counties, Kentucky.¹ It is a utility subject to the Commission's jurisdiction. KRS 278.010(3); KRS 278.012; KRS 278.040(1).

On October 24, 2005, Muhlenberg District applied to the Commission by letter² for authority to provide free water service to the building that Bremen owns. In support of its application, Muhlenberg District states that Bremen has no paid employees and

¹ Annual Report of Muhlenberg County Water District No. 3 to the Kentucky Public Service Commission for the year ending December 31, 2003 at 5 and 27. Muhlenberg District did not list its total number of customers in its 2004 Annual Report to the Commission.

² Letter from Raymond Ellison, Secretary-Treasurer, Muhlenberg District, to Public Service Commission (Oct. 20, 2005).

has limited financial resources, and that its expected water usage is less than 1,000 gallons monthly. It further states that the water district does not intend to provide free water service to county and city facilities generally, but believes that Bremen's situation is unique.

KRS 278.170(2) permits a utility to provide free or reduced rate service under limited conditions. It provides:

Any utility may grant free or reduced rate service to its officers, agents, or employees, and may exchange free or reduced rate service with other utilities for the benefit of the officers, agents, and employees of both utilities. Any utility may grant free or reduced rate service to the United States, to charitable and eleemosynary institutions, and to persons engaged in charitable and eleemosynary work, and may grant free or reduced rate service for the purpose of providing relief in case of flood, epidemic, pestilence, or other calamity. The terms "officers" and "employees," as used in this subsection, include furloughed, pensioned, and superannuated officers and employees, and persons who have become disabled or infirm in the service of the utility. Notice must be given to the commission and its agreement obtained for such reduced rate service except in case of an emergency, in which case the commission shall be notified at least five (5) days after the service is rendered.

Based upon our review of the record, we find that Muhlenberg District has not demonstrated that Bremen is eligible for free service. Bremen is a city of the sixth class.³ It is not a utility, an agency of the United States, or a charitable or eleemosynary institution. Nothing in Muhlenberg District's application suggests that the free service is intended to provide relief from flood, epidemic, pestilence, or other calamity. As

³ See KRS 81.010(6). See also Kentucky Secretary of State Land Office, <http://apps.sos.ky.gov/land/cities/citydetail.asp?id=40&city=Bremen&idctr=40> (last visited Feb. 17, 2006).

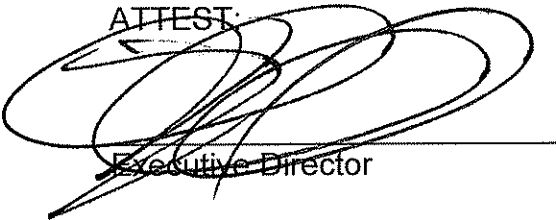
Bremen is not a member of any group eligible for free or reduced rate service, the Commission lacks the authority to authorize the requested service.

IT IS THEREFORE ORDERED that Muhlenberg District's request for authority to provide free water service to Bremen is denied.

Done at Frankfort, Kentucky, this 8th day of March, 2006.

By the Commission

ATTEST



Executive Director