

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF GRAVES COUNTY WATER)	CASE NO.
DISTRICT REQUESTING A DEVIATION FROM)	2010-00225
807 KAR 5:006, SECTION 14)	

O R D E R

Graves County Water District (“Graves District”) filed a petition with the Commission seeking a deviation from 807 KAR 5:006, Section 14(1). Graves District requested a deviation to allow it to disconnect water service to certain customers for their failure to pay third-party sewer service charges.

Graves District and Purchase Public Service Corporation (“PPSC”) entered into a “Billing Services Agreement” (“Agreement”) whereby Graves District contracted to provide billing service for PPSC’s sewer service in the Thomas Country Estates, Highland Club Estates, and Holifield Heights subdivisions of Graves County, Kentucky. The Agreement affects only those customers that are served by both Graves District and PPSC in those subdivisions.

The Agreement provides that, for a stated fee, Graves District will provide a billing and collection service for PPSC’s sewer customers pursuant to a list provided and updated by PPSC. As part of the Agreement, Graves District will collect any delinquent accounts for PPSC and terminate water service for delinquent accounts.

In order to implement the Agreement, Graves District seeks a deviation from 807 KAR 5:006, Section 14(1), which controls refusal or termination of utility service at the

utility's point of service. The regulation also contains certain notice requirements which specific utilities must follow in order to insure that their customers have sufficient notice of possible termination of utility service. The provisions of 807 KAR 5:006, Section 14, provide for the refusal or termination of a specific utility service but do not authorize termination for another utility's unpaid service. Nevertheless, 807 KAR 5:006, Section 27, enables the Commission to permit deviations from 807 KAR 5:006 in special cases for good cause shown.

In Administrative Case No. 347,¹ this issue was addressed by the Commission. In that case, the Commission recognized that sewer service presents a problem when it comes to disconnection for nonpayment of the sewer bill.

Sewer service, however, cannot be easily disconnected. There is no switch to pull or valve to turn to disconnect service. The delinquent customer's sewer line must be plugged or his water service must be disconnected. Plugging a sewer line is costly and not usually environmentally sound. It imposes a disproportionate hardship on the customer. Once the sewer line is dug up and plugged, his residence is rendered unfit for habitation.²

The Commission found that, due to the "tepid" response of utilities at that time, the issue did not require the Commission to attempt to mandate, by regulation, the discontinuance of water service at a sewer utility's request. The Commission determined, however, that those sewer and water utilities which enter into an agreement for discontinuance of water service for delinquent sewer service bills may petition the Commission for a deviation from 807 KAR 5:006, Section 14.

¹ Administrative Case No. 347, An Investigation Into the Collection and Billing Practices of Privately Owned Sewer Utilities (Ky. PSC Jan. 9, 1995).

² Id. at 1-2.

Graves District has submitted a tariff sheet with its filing that provides for the refusal or discontinuance of water service with proper notice for nonpayment of sewer bills. PPSC's tariff does not define when a customer's account becomes delinquent. Absent such language in the utility's tariff, 807 KAR 5:006, Section 14(1)(f)(2), will control.

After considering the evidence of record herein, the Commission finds that:

1. The Commission may grant a deviation from this regulation pursuant to 807 KAR 5:006, Section 27.

2. Graves District and PPSC have entered into an Agreement for the discontinuance of water service for delinquent sewer service bills, which is good cause to grant a deviation to Graves District from 807 KAR 5:006, Section 14(1).

3. The granting of a deviation to Graves District does not constitute approval of the contents of the Agreement or the fee charge therein.

4. Graves District has contracted to bill for and collect for the PPSC sewer service in the Thomas Country Estates, Highland Club Estates, and Holifield Heights subdivisions of Graves County, Kentucky.

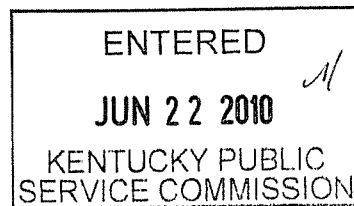
5. Graves District has agreed to collect any delinquent accounts of PPSC. PPSC will provide notice to Graves District of which customers are subject to disconnection.

6. Graves District must comply with the provisions of 807 KAR 5:006, Section 13(5), as to giving notice of termination.

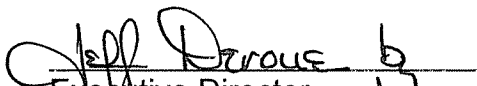

The Commission being otherwise sufficiently advised, IT IS HEREBY ORDERED that:

1. Graves District is granted a deviation from 807 KAR 5:006, Section 14(1).
2. Graves District is authorized to refuse or disconnect water service to an applicant or customer of PPSC's sewer service in the Thomas Country Estates, Highland Club Estates, and Holifield Heights subdivisions of Graves County, Kentucky.
3. Graves District shall, if it contracts to discontinue water service for delinquent sewer service bills for any other sewer service, seek a deviation from 807 KAR 5:006, Section 14, by separate petition for each.

By the Commission



ATTEST:


Executive Director


Johnny Dowdy
Chair
Graves County Water District (Water Division)
P. O. Box 329
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