



Ernie Fletcher  
Governor

Mark David Goss  
Chairman

LaJuana S. Wilcher, Secretary  
Environmental and Public  
Protection Cabinet

Commonwealth of Kentucky  
Public Service Commission  
211 Sower Blvd  
P O Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax:  
psc ky gov

Teresa J. Hill  
Vice Chairman

Christopher L. Lilly  
Commissioner  
Department of Public Protection

August 29, 2006

Earl Rogers III, Esq.  
Campbell, Rogers & Blair, PLLC  
154 Flemingsburg Road  
Morehead, Kentucky 40351

Re: Cave Run Water Commission

Dear Mr.

Commission Staff acknowledges receipt of your letter of August 8, 2006 regarding the Public Service Commission's jurisdiction over the Cave Run Water Commission.

Your letter presents the following facts: Cave Run Water Commission is a water commission formed pursuant to KRS 74.420 to 74.520. It currently provides water on a wholesale basis to the City of Frenchburg, the City of Campton, the City of Jeffersonville, and Morgan County Water District. It does not provide retail water service. Cave Run Water Commission intends to adjust its rates in November 2006.

You present the following question: Must Cave Run Water Commission obtain authorization for its proposed rate adjustment from the Public Service Commission?

Cave Run Water Commission is not a utility and is not subject to the Public Service Commission's jurisdiction and regulation.

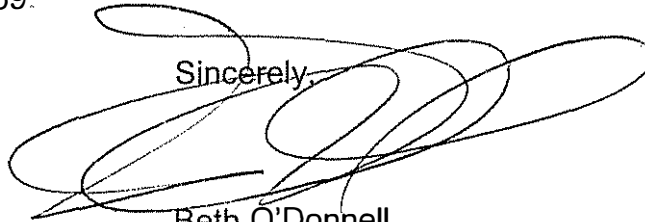
Since the activities of a commission created pursuant to KRS 74.420 to 74.520 are limited to the supply of water under contract to cities, federal agencies, or to water distribution systems which are regulated by the Public Service Commission, including water districts and water associations, as provided in KRS 74.420 to 74.520, and such a commission has no authority to supply water to individual private consumers, **such a commission shall not be deemed to constitute a "utility" or "person" within the meaning and application of KRS Chapter 278 and a commission shall not be subject to the jurisdiction of the Public Service Commission.**

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Accordingly, Cave Run Water Commission does not require Public Service Commission authorization for its proposed rate adjustment.

This letter represents Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to Gerald Wuetcher, Deputy General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell", written over the word "Sincerely,".

Beth O'Donnell  
Executive Director