

COMMONWEALTH OF KENTUCKY  
BEFORE THE UTILITY REGULATORY COMMISSION

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In the Matter of

THE PROVISION OF WATER            )  
SERVICE TO THE SOUTHERN         )  
PORTION OF WHITLEY COUNTY,        )  
KENTUCKY                            )        CASE NO. 7953

ORDER

On August 4, 1980, the Commission received a letter dated April 3, 1980, from Mr. Jerry F. Taylor, Whitley County Judge Executive wherein he notified the Commission that the Whitley County Court was in the process of completing the construction of a water line in the extreme southern portion of Whitley County adjacent to the City of Jellico, Tennessee. Judge Taylor further requested "that the City of Jellico, in and through its Board of Public Utility, be permitted to serve this area of Whitley County under the continuing regulation of the State of Tennessee rather than the Kentucky Public Service Commission," (predecessor to the Utility Regulatory Commission).

The Commission found that a hearing would be necessary in order to determine the feasibility of providing water service to the area in question and set the matter for hearing on the 10th day of September, 1980, at 1:30 P.M., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

On September 10, 1980, this hearing was held in the Commission's offices and was attended by Mr. Everett Witt, Chairman of the Whitley County Water District and Mr. John W. Leach, Manager of the Jellico Electric and Water System, representing the City of Jellico, Tennessee.

Mr. Witt testified that the water district's existing line was six miles from the line built by the Whitley County Fiscal Court. The water district plans to extend its lines two (2) miles towards the Kentucky Hills area in the near future, but four (4) more miles of line would still be needed in order for the water district to provide service to that area. The water district's chairman also stated that the district could provide service without this correction if the City of Jellico would sell its water wholesale to the water district at the state line.

Mr. Leach read a resolution passed on June 21, 1979, by Jellico's City Council in which the City of Jellico resolved to serve the fifty (50) customers located along the line built by the Whitley County Fiscal Court at the identical rate as that charged to customers outside the City of Jellico in Tennessee. These Kentucky customers would also be charged an additional fee to assess them for the costs on being regulated by the Kentucky Commission.

By order of October 6, 1980, the Commission set the matter for an additional hearing for the purpose of receiving further testimony relative to the feasibility of the provision of water service to the area in question by the Whitley County Water District or the Jellico Water System, the feasibility of the Jellico Water System selling water wholesale to the Whitley County Water District to enable the District to serve the area, and the effect of possible solutions on those from whom the District borrowed funds at its inception.

The hearing was set and held on October 16, 1980, at 10:00 A.M., Eastern Daylight Time, in the Commission's offices at Frankfort, Kentucky.

Witnesses appearing at the hearing were Mr. Everett Witt, Chairman of the Whitley County Water District, Mr. John W. Leach

representing the City of Jellico and Mr. Jerry F. Taylor, Whitley County Judge Executive. Following the hearing the case was submitted for final determination by the Commission.

The Commission, after consideration of all the foregoing and all other evidence of record and being advised FINDS:

1. That the Whitley County Water District was established by the Whitley County Court on September 12, 1960, and construction of the District was completed in the early 1960's. The District has been in operation since that time.

2. That the territory of the Whitley County Water District prescribed by the Whitley County Court includes the area of Kentucky Hills, Fairview and Boston located in Whitley County, Kentucky.

3. That the Whitley County Water District has not petitioned the Whitley County Court to reduce the territorial limits of the District as required by KRS 74.110.

4. That the water system in question was built with funds secured by a federal grant from the Department of Housing and Urban Development and were administrated by the Cumberland Valley Housing Corporation. At no time did any person or government entity file for or request a certificate of convenience and necessity from this Commission to construct the water system as required by KRS 278.020.

5. That prior to the Whitley County Judge Executive notifying the Commission of the completion of the subject water line, the Cumberland Valley Housing Corporation arranged for the new water system to be supplied and operated by the Jellico Water Company which is owned by the City of Jellico, Tennessee. Connections have been made and a master meter has been set in preparation for supplying the new system.

6. That at the present time it is not feasible nor in the best interest of the public for the system to be operated

by the Whitley County Water District. Accordingly, the system should be operated, supplied and maintained by the Jellico Water Company until such time as this Commission deems otherwise.

7. That if Cumberland Valley Housing Corporation ever decides to transfer the ownership of the line constructed to serve Kentucky Hills and Fairview, they should do so upon proper application seeking this Commission's approval.

8. That the Jellico Electric and Water System is owned by the City of Jellico and accordingly, the rates and service of this municipal utility are not regulated by the Tennessee Public Service Commission.

9. That the water system in question is under the jurisdiction of this Commission and subject to the rules and regulations that have been prescribed by the Commission for the operation of such and should remain subject to the jurisdiction of this Commission.

10. That Jellico Water Company should file with this Commission rules and regulations applicable to customers in Southern Whitley County.

11. That Jellico Water Company should file with this Commission the rates and charges that they propose to place in effect along with a statement that would justify said charges.

12. That the territory in which this water system can operate should be limited to the areas known as Kentucky Hills and Fairview, and that the water system should not be expanded outside these areas without authorization from this Commission.

IT IS THEREFORE ORDERED that the water system built from funds from a grant from the Department of Housing and Urban Development in the area known as Kentucky Hills and Fairview in Whitley County, Kentucky shall be operated, supplied and maintained by the Jellico Water Company of Jellico, Tennessee.

IT IS FURTHER ORDERED that the Jellico Water Company file with this Commission within thirty (30) days the rules and regulations that shall govern this water system.

IT IS FURTHER ORDERED that Jellico Water Company shall

file with this Commission within thirty (30) days the rates and charges that are to be placed into effect along with justification of said charges.

IT IS FURTHER ORDERED that the territory in which this water system can operate shall be limited to the areas known as Kentucky Hills and Fairview, Whitley County, Kentucky and shall not be expanded outside these areas without authorization from this Commission.

IT IS FURTHER ORDERED that the Whitley County Water District shall investigate the possibility of acquiring the City of Williamsburg's old water plant and report their findings to the Commission within thirty (30) days.

Done at Frankfort, Kentucky, this 18th day of December, 1980.

UTILITY REGULATORY COMMISSION

Did not participate

Chairman

Handwritten signature of John H. ...

Vice Chairman

Handwritten signature of Mary Kay Baker

Commissioner

ATTEST:

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Secretary