COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

* * * * *

In the Matter of:

THE KENTUCKY PUBLIC SERVICE COMMISSION VS. WATER COMPANY (LAKELAND, INC.)	)	CASE NO. 8809

O R D E R

On August 16, 1982, this Commission mailed to Lakeland, Inc., ("Lakeland") a written request for information on the operations of domestic water service facilities in Calloway County, Kentucky. On the basis of no response to this initial request or to a follow-up request for information, the matter was set for hearing on May 5, 1983. This matter was rescheduled for hearing on May 11, 1983.

The Commission, having been advised that Lakeland would be unable to appear at the hearing scheduled May 11, 1983, ordered the hearing to be cancelled. The case was continued generally subject to further investigation by this Commission.

COMMENTARY

Following the cancellation of the May 11, 1983, hearing, a response to the August 16, 1982, request was discovered. No addressee was included on the handwritten response of about 37 words and it was routed to the statistical section. Later, it was identified as Lakeland's response to the Commission's request for information. It is quoted as follows:

We serve 29 families
Cost per family $7.50 per month (no water limit)
We serve part of the Baywood
Vista subdivision (on Ky Lake -
North of Murray)
Water by deep well with about
1 1/2 miles of pipe line.

Nick Matz (owner)
P. O. Box 128
Dukedom, Tennessee
38226
(502) 468-5637
468-5838

In other correspondence received by the Commission, Mr. Matz expressed a desire to either abandon the system or transfer its ownership to the customers of the system. This correspondence is included herein as Appendix A.

FINDINGS

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. Lakeland, which is owned by Mr. Nick Matz, provides domestic water service to about 29 homes in the Baywood Vista Subdivision in Calloway County, Kentucky.

2. Lakeland's customers pay a flat rate of $7.50 per month for water service. The Commission finds this to be compensation for Lakeland for utility service provided by Lakeland as defined by KRS 278.010. Further, under KRS 278.010 Lakeland should be classified as a public utility subject to the jurisdiction of this Commission.

3. Lakeland as a jurisdictional utility is subject to the statutes and regulations enforceable by this Commission.

4. Lakeland as a jurisdictional utility should have obtained Commission approval prior to construction of its water system. Lakeland has neither sought nor received approval in the past.

5. Lakeland as a jurisdictional utility should have obtained Commission approval prior to charging rates for water service. Lakeland has neither sought nor received approval in the past.

6. Any transfer of ownership or abandonment of utility operations by Lakeland should have prior approval of the Public Service Commission.

IT IS THEREFORE ORDERED that Lakeland shall obtain the approval of this Commission prior to performing any future construction which is governed by KRS 278.020.

IT IS FURTHER ORDERED that, within 30 days of the date of this Order, Lakeland shall file tariff sheets setting out its rates for approval by this Commission.

IT IS FURTHER ORDERED that Lakeland shall obtain the approval of the Public Service Commission for any transfer of ownership or for the abandonment of utility operations.

IS FURTHER ORDERED that Lakeland be and it hereby is advised that the Commission will consider levying penalties against Lakeland in accordance with KRS 278.990 for non-compliance with this Order.

Done at Frankfort, Kentucky, this 13th day of October, 1983.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC [redacted]ICE COMMISSION IN CASE NO. 8809 DATED OCTOBER 13, 1983

April 4, '80

Customers of Water Inc.

Dear Customer,

I'm sure all of you know of the many problems we have had in operating the water system serving your homes. Foremost is the distance involved in having to travel between Dukedom and the lake to check and service the water supply. Another problem is there just is not a good supply of well water in the lake area and the available supply has approx. 2% iron which demands constant trips to the area to filter and treat..

I purchased the lot and well(the well had to go with the lot) to erect a cabin for future use. I thought the well would operate with aminimum amount of effort and would not interfere with my every day demands. I was wrong,very wrong and in the first thirty days I realized I had a tiger by the tail.

Chuck Brundige is now the care taker of the well. He has informed me that he is unable to continue because of the many hours involved and the inflow of cash does not begin to compensate him for his time. He is the third operater to do so. I do not have the time to take care of it and there is no way I can hire any one to do so without a much bigger cash flow. The electric bill for last month was $85.00(This amount took care of the cash flow from eleven water customers leaving about sixteen others to carry the rest of the load.) The elec. bill usually is between $25.00 and $35.00 which means somebody is using far in excess of their fair share of the water supply or else there is a bad leak in the system and no one is interested enough to inform Chuck.

I have explained my problems to you and now the ball is in your hands. I have three proposals to make. The first and I think the best for all parties is

You the water customers take the responsibility of operating the well. I propose to transfer the entire operation and all responsibilities to you. You all operate as you see fit with the cost of operation divided among your selves. I do not want nor expect any compensation except

#1 I will still own the land that the well is on -- There will be no charge for your usage of the well and if I decide to sell the lot I will exclude the small area that the well is on and your rights to the well shall continue so long as you wish.

#2 You will put up a thousand dollar bond in your name and mine to guarantee if any equipment is to be replaced we will have the means to do so. This is a small amount from each water user(about $35.00)

#3 If I put a cabin on my lot I would expect to connect with out any disagreement

The second proposal is simple. I operate the well for sixty more days to give you all enough time to get in another source of water supply then I pull the switch

The third proposal is a large raise in water rates to $[illegible].50 per month. This last one does not appeal to me and I know it doesn't make you jump for joy so I would suggest one of the other two..

If there are any questions I can be reached at 468-56[illegible] between the hours of 7A M. and 6 P.M. or 468-5828 after 6 P.M. If you as a group invite me to explain this to you and answere any questions I will be glad to do so

Thank You
Nick Matz
P.O. Box [illegible]28
Dukedom, Tenn
38226

PUBLIC SERVICE COMMISSION
RATES AND TARIFFS

APR 22 1983

RECEIVED