

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE KENTUCKY PUBLIC SERVICE)
COMMISSION)
VS.) CASE NO. 9710
ELK LAKE SHORES WATER COMPANY)

O R D E R

On October 20, 1986, Elk Lake Shores Water Company ("Elk Lake") was ordered to appear and show cause why it should not be penalized under KRS 278.990 for failure to comply with the Commission's regulations, with deficiencies noted for the years 1985 and 1986.

A hearing was held on November 20, 1986. Chester Norwicke appeared as an owner of Elk Lake and to offer testimony.

The evidence showed that Elk Lake had received copies of staff inspection reports in 1985 and 1986, which detailed alleged multiple violations of Commission regulations. The violations were specified in the Show Cause Order of October 20, 1986, and included customer charge without Commission approval, inadequate maintenance and safety practices, and inadequate record-keeping. In addition, the evidence showed that Elk Lake had failed to comply with a previous Order of this Commission entered November 1, 1985, in Case No. 9338.

Elk Lake admitted violation of the items listed in the Report of Reinspection dated October 9, 1986, attached as Appendix A of the October 20, 1986, Order. Mr. Norwicke testified that Elk Lake lacked the necessary funds to correct the deficiencies listed and to comply with Commission rules and regulations, but that he was not aware of the Commission's Order in Case No. 9338. Elk Lake's admitted failure to observe Commission regulations over a period of more than two years represents a pattern of conduct which the Commission cannot accept.

FINDINGS AND CONCLUSIONS

1. The violations of Commission regulations have persisted for an extended time, even though Commission reports of inspections have put Elk Lake on notice of those violations, and even though Elk Lake has made representations that prompt corrective action would be forthcoming.

2. The following allegations of violation have been admitted or un rebutted:

a. Elk Lake has no master meter to measure the quantity of water produced as required by Section 7 (1) of 807 KAR 5:066.

b. The 100,000-gallon storage facility is in need of inspection and cleaning as required by Section 23 (5)(a) of 807 KAR 5:006 and Section 4 (4)(a) of 807 KAR 5:066.

c. Pressure surveys are not being performed as required by Section 6 (3) of 807 KAR 5:066.

d. Elk Lake does not flush dead-end lines as required by Section 9 (2) of 807 KAR 5:066.

e. Elk Lake has no meter-test program or meter history cards as required by Section 13 and Section 15 of 807 KAR 5:006.

f. Elk Lake has no standby pumping equipment for failure of the primary pumping facilities, as required by Section 5 (3) of 807 KAR 5:066.

3. The violations set forth in the preceding paragraph have been of an extended duration.

4. Elk Lake is charging a \$250 connection fee for new customers, in violation of Section 19 (3)(a) of 807 KAR 5:066.

5. The Commission is aware of the severe impact fines and penalties may have on small water utilities and their ratepayers. However, in this case a fine should be assessed.

IT IS THEREFORE ORDERED that:


1. Elk Lake shall immediately correct all violations enumerated in numbered paragraphs 1, 2a through 2f, and 4, of the above findings.

2. A fine of \$500 is levied against Elk Lake, one-half of which is due and payable within 30 days after receipt of this Order; and the remaining one-half due and payable 90 days from the date of this Order, unless Elk Lake demonstrates to the satisfaction of the Commission that it has remedied all violations heretofore communicated to Elk Lake. All payments shall be by certified check or money order, made payable to the Kentucky State

Treasurer, and mailed within the time directed herein to Leigh
Hutchens, Accountant Supervisor, Public Service Commission, P. O.
Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 21st day of May, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director