

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CUMBERLAND FALLS HIGHWAY WATER)
DISTRICT FOR AUTHORIZATION TO)
ALLOW COMMISSIONERS TO RECEIVE)
WATER) CASE NO. 94-054

O R D E R

On February 8, 1994, the Public Service Commission ("Commission") received an application from Cumberland Falls Highway Water District ("Cumberland") requesting that the Commission grant and allow Cumberland to provide water service to the residences of the commissioners of the District without charge in accordance with the provisions of KRS 278.170.

Cumberland states that on September 5, 1978 it established, by appropriate motion and resolution, that water would be provided to the commissioners and that such procedure has been followed and carried out to the present time.

Upon a recent inspection by the Commission, a request was made for information relative to approval for free service being granted by the Commission for such usage. No approval was found.

In support of Cumberland's actions, it states that the commissioners serve without compensation in any form or fashion, that they respond to complaints, inquiries, and have been involved in rate proceedings. It has requested that the Commission grant authorization, nunc pro tunc, from the time of the above-mentioned motion and resolution.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Employee concession service should not be allowed for public corporations such as water districts and water associations. Such publicly owned utilities have no shareholders to whom the foregone revenues can be charged, which can only occur with investor-owned utilities.

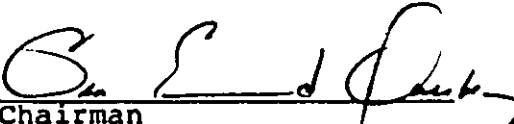
2. Cumberland's allowance of free water to its commissioners is in conflict with Commission policy and, therefore, should be denied.

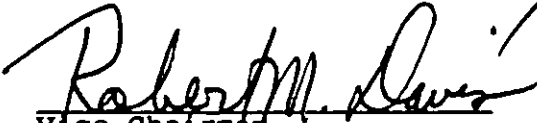
3. KRS Chapter 74, Water Districts, under which Cumberland was formed, provides that each commissioner of a district may receive an annual salary. Cumberland should investigate the possibilities of allowing a suitable salary for its commissioners under that provision.

IT IS THEREFORE ORDERED that Cumberland's request for authorization to provide its commissioners free water service is denied.

Done at Frankfort, Kentucky, this 7th day of April, 1994.

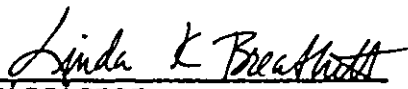
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

ATTEST:


Executive Director


Commissioner