

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT APPLICATION OF POTTER WATER)
SERVICE AND MOUNTAIN WATER DISTRICT FOR) CASE NO. 94-434
THE TRANSFER OF RESIDENTIAL WATER SERVICE)

 O R D E R

On November 9, 1994, Potter Water Service ("Potter") and Mountain Water District ("Mountain"), filed a joint application requesting authority for Potter to transfer its residential water customers to Mountain who will provide service at its tariffed rates. Potter is a privately owned water utility serving 57 residential customers and one commercial customer in Ashcamp, Kentucky. Mountain is a public utility, organized under KRS Chapter 74, serving over 8,000 customers in Pike County, Kentucky, and currently has facilities in the vicinity of Potter.

The application states that Potter can no longer economically provide residential water service due to the high cost of water treatment, its small customer base, the lack of growth potential, and the ever increasing water quality requirements. Potter will, however, continue to serve its one commercial customer which purchases untreated water.

Potter's water mains, which are located in its customers' back yards, will not be acquired by Mountain. Rather, Mountain intends to construct new mains adjacent to the streets in front of Potter's customers. This construction will be performed as part of a much

larger project to be funded by grant and loan funds from the Farmers Home Administration which will enable Mountain to serve an additional 650 customers. Mountain has indicated that Commission approval of this construction project will be requested in the near future.

Due to the change in location of water mains, Potter's residential customers will be obligated to install, at their own expense, new service lines. In addition, these customers will be charged Mountain's standard tapping fee and a state plumbing permit fee. On March 21, 1995, Potter notified each customer in writing of these financial obligations and invited comments to be filed with the Commission. No customer comments were filed.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that Mountain has the financial, managerial and technical expertise to provide reasonable water service to Potter's residential customers. However, in recognition that the physical transfer of customers is contingent upon subsequent Commission approval of a construction project by Mountain, the approval to transfer customers should similarly be conditioned.

IT IS THEREFORE ORDERED that:

1. The transfer of Potter's residential customers to Mountain be and it hereby is approved subject to Mountain's subsequent receipt of approval to construct the water mains necessary to effectuate the transfer.


2. Within 30 days after receipt of approval to construct, Mountain shall send a notice to each residential customer of Potter, with a copy to the Commission, setting forth the anticipated date of transfer and instructions regarding the timing and location of the customer constructed service line.


3. Within 10 days after Mountain has commenced service to all of Potter's residential customers, Potter and Mountain shall file with the Commission a joint notice of completion of transfer.

Done at Frankfort, Kentucky, this 31st day of May, 1995.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director