

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF KENTUCKY-AMERICAN )  
WATER COMPANY FOR PERMISSION AND )  
AUTHORIZATION TO DISCONNECT ) CASE NO. 2007-00450  
CUSTOMERS FOR NON-PAYMENT OF FIRE )  
SERVICE CHARGES )

ORDER

Kentucky-American Water Company (“Kentucky-American”) has petitioned for Commission authorization to disconnect certain customers who receive fire protection service for non-payment of the charges for that service. Finding that Administrative Regulation 807 KAR 5:006, Section 14, authorizes a utility to discontinue service for non-payment without specific Commission authorization, we deny the petition as moot.

Kentucky-American, a corporation organized under the laws of the Commonwealth of Kentucky,<sup>1</sup> owns and operates facilities that treat and distribute water to the public for compensation in Kentucky. It provides water service to approximately 115,575 customers in Bourbon, Clark, Fayette, Gallatin, Grant, Harrison, Jessamine, Owen, Scott, and Woodford counties, Kentucky.<sup>2</sup> It is a utility subject to Commission jurisdiction.<sup>3</sup>

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<sup>1</sup> See Online Business Database, Kentucky Secretary of State Trey Grayson <http://apps.sos.ky.gov/business/obdb/default.aspx> (last visited Feb. 17, 2008).

<sup>2</sup> Report of Kentucky-American Water Company to the Kentucky Public Service Commission for the Year Ended December 31, 2006 at 5 and 30.

<sup>3</sup> KRS 278.010(3)(d); KRS 278.040(1).

Kentucky-American requests authority to discontinue fire protection to six customers who are receiving private fire hydrant service or fire protection service and are not current in the payment of their bills. It states that the delinquency period for each of these customers “has run well beyond the minimum period for termination of service.”<sup>4</sup> Kentucky-American further states that it has notified each of the customers in question of its intent to terminate service. It has also notified the local fire departments that serve these customers and Insurance Services Office.<sup>5</sup>

As a general rule, water utilities may terminate service to customers for nonpayment.<sup>6</sup> The Commission has codified this rule in 807 KAR 5:006, Section 14(f), which provides:

A utility may terminate service at a point of delivery for nonpayment of charges incurred for utility service at that point of delivery; however, no utility shall terminate service to any customer for nonpayment of bills for any tariffed charge without first having mailed or otherwise delivered an advance termination notice which complies with the requirements of Section 13(5) of this administrative regulation.

1. Termination notice requirements for electric or gas service. Each electric or gas utility proposing to terminate customer service for nonpayment shall mail or otherwise deliver to that customer ten (10) days' written notice of intent to terminate. Under no circumstances shall service be

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<sup>4</sup> Application at 3. The amount of the arrears ranges from \$1,817 to \$7,384.

<sup>5</sup> Insurance Services Office (ISO) provides statistical, actuarial, and underwriting information for the property/casualty insurance and risk management industries. The company gathers premium, claim, and loss data that is filed with state regulators; the data is used to evaluate the price of insurance in each state. See [http://www.hoovers.com/iso/--ID\\_\\_59977--/free-co-profile.xhtml](http://www.hoovers.com/iso/--ID__59977--/free-co-profile.xhtml) (last visited Feb. 17, 2008)

<sup>6</sup> *See* 78 Am. Jur. 2d *Waterworks and Water Companies* § 65 (2007); 64 Am. Jur. 2d *Public Utilities* § 48 (2007); *See also Warfield Natural Gas Co. v. Clark Adm’x*, 257 Ky. 724, 79 S.W.2d 21 (1934) *Kentucky Utilities Co. v. Warren Ellison Cafe*, 231 Ky. 558, 21 S.W.2d 976 (1929).

terminated before twenty-seven (27) days after the mailing date of the original unpaid bill. The termination notice to residential customers shall include written notification to the customer of the existence of local, state and federal programs providing for the payment of utility bills under certain conditions, and of the address and telephone number of the Department for Social Insurance of the Cabinet for Health and Family Services to contact for possible assistance.

2. Termination notice requirements for water, sewer, or telephone service. Each water, sewer, or telephone utility proposing to terminate customer service for nonpayment shall mail or otherwise deliver to that customer five (5) days' written notice of intent to terminate. Under no circumstances shall service be terminated before twenty (20) days after the mailing date of the original unpaid bill.

3. The termination notice requirements of this subsection shall not apply if termination notice requirements to a particular customer or customers are otherwise dictated by the terms of a special contract between the utility and customer which has been approved by the commission.

Having considered the petition and being otherwise sufficiently advised, the Commission finds a formal proceeding authorizing service disconnections in this case is not required. Kentucky-American may disconnect the service of the customers in question by complying with 807 KAR 5:006, Section 14.<sup>7</sup> We further find that Kentucky-American's efforts to notify these customers' insurers and local fire departments of its proposed action are prudent and reasonable and should be considered as the better practice for all water utilities that intend to discontinue a customer's fire protection service for nonpayment.

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<sup>7</sup> See Case No. 1993-00296, The Application of John Allen, Trustee, with Burl Wells Spurlock, Betty H. Minix and Patsy Wright, to Discontinue Service to Certain Customers (Ky. PSC Sept. 30, 1993).

IT IS THEREFORE ORDERED that:

1. Kentucky-American's petition is denied as moot.
2. This matter is closed and removed from the Commission's docket.

Done at Frankfort, Kentucky, this 28<sup>th</sup> day of February, 2008.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom, positioned above a solid horizontal line.

Executive Director