

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

FILING OF PEAKS MILL WATER DISTRICT)	CASE NO.
REQUESTING A DEVIATION FROM 807 KAR)	2009-00002
5:006, SECTION 14)	

O R D E R

Peaks Mill Water District ("Peaks Mill Water") has filed a petition with the Commission seeking a deviation from 807 KAR 5:006, Section 14. Peaks Mill Water requested a deviation to allow it to disconnect its water service to certain customers for their failure to pay third-party sewer service charges.

On August 25, 2008, Peaks Mill Water and Classic Construction, Inc. ("Classic") entered into an "Agreement for Sewer Service Billing" ("Agreement"), whereby Peaks Mill Water contracted to provide billing service for Classic's sewer service in the Circle Subdivision and Ridgewood Subdivision areas of Franklin County, Kentucky. The Agreement affects only those customers who are common to Peaks Mill Water and Classic in those named subdivisions.

The Agreement provides that Peaks Mill Water, for a stated fee, will provide a billing and collection service for Classic sewer customers pursuant to a list provided and updated by Classic. As part of the Agreement, Peaks Mill Water will collect any delinquent accounts for Classic and terminate water service for delinquent accounts.

In order to implement the Agreement, Peaks Mill Water seeks a deviation from 807 KAR 5:006, Section 14, which controls refusal or termination of utility service at that

utility's point of service. The regulation also contains certain notice requirements which specific utilities must follow in order to insure their customers have sufficient notice of a possible termination of utility service. The provisions of 807 KAR 5:006, Section 14, provide for the refusal or termination of a specific utility service but do not authorize termination for another utility's unpaid service. However, 807 KAR 5:006, Section 27, does provide for the Commission to permit deviations from 807 KAR 5:006 in special cases for good cause shown.

In Administrative Case No. 347,¹ this issue was addressed by the Commission. In that case it was recognized that sewer service presents a problem when it comes to disconnection for nonpayment of the sewer bill.

Sewer service, however, cannot be easily disconnected. There is no switch to pull or valve to turn to disconnect service. The delinquent customer's sewer line must be plugged or his water service must be disconnected. Plugging a sewer line is costly and not usually environmentally sound. It imposes a disproportionate hardship on the customer. Once the sewer line is dug up and plugged, his residence is rendered unfit for habitation.²

The Commission found that, due to the "tepid" response of utilities at that time, the issue did not require the Commission to attempt to mandate, by regulation, the discontinuance of water service at a sewer utility's request. The Commission did find, however, that those sewer and water utilities which enter into an agreement for discontinuance of water service for delinquent sewer service bills may petition the Commission for a deviation from 807 KAR 5:006, Section 14.

¹ Administrative Case No. 347, An Investigation Into the Collection and Billing Practices of Privately Owned Sewer Utilities (Ky. PSC Jan. 9, 1995).

² Id. at 1-2.

Peaks Mill Water has submitted with its application a tariff sheet which provides for the refusal or discontinuance of water service with proper notice for nonpayment of sewer bills. Classic's tariff rules do not define when a customer's account becomes delinquent. Absent such language in the utility's tariff, 807 KAR 5:006, Section 14(1)(f)(2) will control.

After considering the evidence of record herein, the Commission finds that:

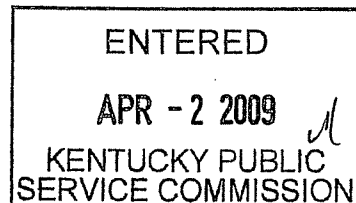
1. The Commission may grant a deviation from this regulation pursuant to 807 KAR 5:006, Section 27.
2. Peaks Mill Water has not shown good cause to be granted a deviation from the entire Section 14 of 807 KAR 5:006.
3. Peaks Mill Water and Classic have entered into an Agreement for the discontinuance of water service for delinquent sewer service bills, which is good cause to grant a deviation to Peaks Mill Water from 807 KAR 5:006, Section 14(1).
4. The granting of a deviation to Peaks Mill Water does not constitute approval of the contents of the Agreement or the fee charge therein.
5. Peaks Mill Water has contracted to bill for and collect for the Classic sewer service in the Circle Subdivision and Ridgewood Subdivision areas of Franklin County, Kentucky.
6. Peaks Mill Water has agreed to collect any delinquent accounts of Classic. Peaks Mill Water will receive notice of which customers are subject to disconnection.
7. Peaks Mill Water must comply with the provisions of 807 KAR 5:006, Section 13(5), as to giving notice of termination.

The Commission being otherwise sufficiently advised, IT IS HEREBY ORDERED

that:

1. Peaks Mill Water is granted a deviation from 807 KAR 5:006, Section 14(1).
2. Peaks Mill Water is authorized to refuse or disconnect water service to an applicant or customer of Classic's sewer service in the Circle Subdivision and Ridgewood Subdivision areas of Franklin County, Kentucky.
3. Peaks Mill Water shall, if it contracts to discontinue water service for delinquent sewer service bills for any other sewer service, seek a deviation from 807 KAR 5:006, Section 14 by separate petition for each.

By the Commission



ATTEST:



Executive Director

Case No. 2009-00002

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