

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF KENTUCKY-AMERICAN)
WATER COMPANY TO ESTABLISH A LATE-) CASE NO. 2012-00155
PAYMENT FEE)

O R D E R

Kentucky-American Water Company ("Kentucky-American") has filed with the Commission notice of a revision to its proposed late-payment fee and requested immediate approval of this fee, as revised, and termination of this proceeding. Kentucky-American further requests that, pending Commission review of this revision, its obligation to respond to discovery requests be held in abeyance.

On March 30, 2012, Kentucky-American submitted a proposed late-payment fee of five percent on all charges that are paid after the due date on the bill. It proposed to implement this revision on April 30, 2012. On April 24, 2012, Community Action Council for Lexington-Fayette, Bourbon, Harrison, and Nicholas Counties, Inc. ("Community Action") requested that the Commission suspend the operation of the proposed fee and initiate an investigation into the reasonableness of the proposed fee.¹ On April 27, 2012, we found that further proceedings were necessary to determine the reasonableness of Kentucky-American's proposed late charge, suspended the operation of the proposed fee, and established a discovery schedule. Following the establishment of this proceeding, we granted the requests of the Attorney General

¹ Letter from Iris G. Skidmore, legal counsel for Community Action Council, to Jeff Derouen, Executive Director, Public Service Commission (Apr. 24, 2012).

("AG") and Lexington-Fayette Urban County Government ("LFUCG") for leave to intervene in this proceeding.

On May 15, 2012, Kentucky-American filed a revised proposal with the Commission. The revised proposal adds an additional sentence to the original proposal that is currently pending before the Commission. This additional sentence states: "Customers who receive a pledge for or notice of low income water assistance from an authorized agency will not be assessed or required to pay a late payment charge for the bill for which the pledge or notice is received."

Kentucky-American states that the revised proposal addresses the concern that CAC stated in its request for an investigation of the proposed late payment fee, namely, the fee's failure to "provide for or propose a waiver for organizations that provide assistance payments to Kentucky-American for low-income customers' water bills."² According to Kentucky-American, the revision "creates the exemption CAC seeks" and "is identical in substance to the exemption provided by several other utilities, which exemptions have been approved by the Commission."³ Kentucky-American further states that all intervenors concur with the proposed revision and that the revision "resolves all of their concerns in this matter."⁴ Based upon this agreed resolution, Kentucky-American asserts, the need for the investigation and continued suspension of the proposed late fee no longer exists.

² *Id.*

³ Notice of Agreed Resolution at 2.

⁴ *Id.* None of the parties granted leave to intervene has submitted any pleadings in support of or opposition to Kentucky-American's request. We further note that neither the AG nor LFUCG mentioned waivers for organizations that provide assistance payments to Kentucky-American for low-income customers' water bills in their motions for intervention.

Before Kentucky-American submitted its revised proposal to the Commission, Commission Staff issued discovery requests to the water utility that addressed several aspects of the proposed fee, not merely the issue of a waiver for organizations that provide assistance payments. Under the provisions of our Order of April 27, 2012, Kentucky-American must respond to these requests no later than May 25, 2012. Kentucky-American has requested that we hold in abeyance Kentucky-American's obligation to answer these requests.

Based upon our review of the existing record and in the absence of any supporting statements for Kentucky-American's position from the intervening parties, we will defer ruling on Kentucky-American's request for immediate approval of the revised late-payment fee proposal and termination of this proceeding. We are of the opinion that the information sought in Commission Staff's discovery requests is pertinent and highly relevant to our determination of the reasonableness of the proposed late-payment fee. After reviewing Kentucky-American's responses to those requests, we will determine whether an immediate ruling is appropriate. To ensure that Kentucky-American has adequate time to respond to the requests, we find that the time period for its response should be extended an additional 14 days.

IT IS THEREFORE ORDERED that:

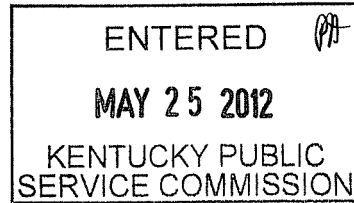
1. Kentucky-American's request for immediate approval of the revised late-payment fee proposal and termination of this proceeding is deferred.⁵

⁵ On the tariff sheet containing the revised late payment fee proposal, Kentucky-American has proposed an effective date of May 25, 2012. As Kentucky-American filed the revised late payment fee on May 15, 2012 and as KRS 278.180 requires 30 days' notice of any rate change, Kentucky-American may not place the proposed revised late payment fee into effect before June 15, 2012.

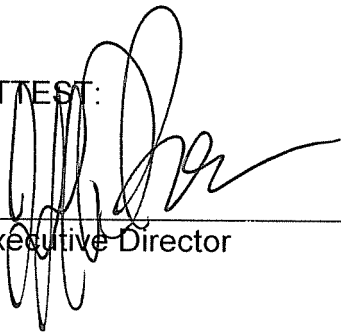
2. Kentucky-American shall have an additional 14 days in which to respond to Commission Staff's First Request for Information.

3. All other provisions of the Commission's Order of April 27, 2012 relating to the submission of requests for information are stayed.

By the Commission



ATTEST:



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