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**LEGISLATIVE RESEARCH COMMISSION**

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**MEMORANDUM**

TO: Gerald E. Wuetcher, Executive Advisor/Attorney  
Public Service Commission

FROM: Donna Little  
Regulations Compiler

RE: Administrative Regulations Amended After Comments – 807 KAR 5:001  
and 807 KAR 5:076

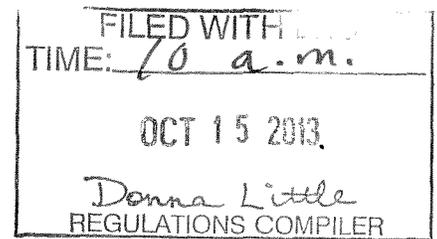
DATE: October 15, 2013

Copies of the administrative regulations listed above, Amended After Comments, are enclosed for your files.

These administrative regulations will be reviewed by the Administrative Regulation Review Subcommittee at its **November 2013**, meeting. Please notify the proper person(s) of this meeting.

If you have any questions, please contact this office at (502) 564-8100.

Enclosures



1 ENERGY AND ENVIRONMENT CABINET

2 Public Service Commission

3 (Amended After Comments)

4 807 KAR 5:076. Alternative rate adjustment procedure for small utilities.

5 RELATES TO: KRS 278.010, 278.030, 278.160, 278.180, 278.185, 278.190, 278.310,  
6 278.380

7 STATUTORY AUTHORITY: KRS 278.040(3), 278.160(1), 278.180, 278.185(4)

8 NECESSITY, FUNCTION AND CONFORMITY: KRS 278.040(3) authorizes the  
9 commission to promulgate administrative regulations to implement KRS Chapter 278.  
10 This administrative regulation establishes a simplified and less expensive procedure for  
11 small utilities to use to apply to the commission for rate adjustments.

12 Section 1. Definitions. (1) "Annual report" means the financial and statistical report  
13 incorporated by reference in 807 KAR 5:006, which requires a utility to file the annual  
14 report with the commission.

15 (2) "Annual report for the immediate past year" means an annual report that covers  
16 the applicant's operations for either:

17 (a) The calendar year period prior to the year in which the applicant's application for  
18 rate adjustment is filed with the commission; or

19 (b) The most recent calendar year period that 807 KAR 5:006, Section 4(1), requires  
20 the applicant to have on file with the commission as of the date of the filing of its  
21 application for rate adjustment.

1 (3) "Applicant" means a utility that is applying for an adjustment of rates using the  
2 procedure established in this administrative regulation.

3 (4) "Gross annual revenue" means:

4 (a) The total revenue that a utility derived during a calendar year; or

5 (b) If the utility operates two (2) or more divisions that provide different types of  
6 utility service, the total amount of revenue derived from the division for which a rate  
7 adjustment is sought.

8 (5) "Rate" is defined by KRS 278.010(12).

9 (6) "Sewage utility" means a utility that meets the requirements of KRS  
10 278.010(3)(f).

11 (7)~~(6)~~ "Utility" is defined by KRS 278.010(3).

12 (8)~~(7)~~ "Water district" means a special district or special purpose governmental  
13 entity created pursuant to KRS Chapter 74.

14 (9)~~(8)~~ "Web site" means an identifiable site on the Internet, including social media,  
15 which is accessible to the public.

16 Section 2. Utilities Permitted to File Application. A utility may apply for an  
17 adjustment of rates using the procedure established in this administrative regulation if it:

18 (1) Had gross annual revenue in the immediate past calendar year of \$5,000,000 or  
19 less;

20 (2) Maintained adequate financial records fully separated from a commonly-owned  
21 enterprise; and

22 (3) Filed with the commission fully completed annual reports for the immediate past  
23 year and for the two (2) prior years if the utility has been in existence that long.

1 Section 3. The Record upon which Decision Shall Be Made. The commission shall  
2 make its decision based on the:

3 (1) Applicant's annual report for the immediate past year and the annual reports for  
4 the two (2) prior years, if the utility has been in existence that long;

5 (2) The application required by Section 4 of this administrative regulation;

6 (3) Information supplied by the parties~~[applicant]~~ in response to requests for  
7 information~~[submitted by other parties to the proceeding or the commission];~~

8 (4) Written reports submitted by commission staff;

9 (5) Stipulations and agreements between the parties and commission staff;

10 (6) Written comments and information that the parties to the proceeding submitted in  
11 response to the findings and recommendations contained in a written report that  
12 commission staff submitted; and

13 (7) If a hearing is held, the record of that hearing.

14 Section 4. Application. (1) An application for alternative rate adjustment shall  
15 consist of:

16 (a) A completed ARF Form-1 that is made under oath and signed by the applicant or  
17 an officer who is duly designated by the applicant and who has knowledge of the  
18 matters established in the application;

19 (b) A copy of all outstanding evidences of indebtedness, such as mortgage  
20 agreements, promissory notes, and bond resolutions;

21 (c) A copy of the amortization schedule for each outstanding bond issuance,  
22 promissory note, and debt instrument;

23 (d) A depreciation schedule of all utility plant in service;

1 (e) A copy of the most recent state and federal tax returns of the applicant, if the  
2 applicant is required to file returns;

3 (f) A detailed analysis of the applicant's customers' bills showing revenues from the  
4 present and proposed rates for each customer class;

5 (g) A copy of the notice of the proposed rate change that is provided to customers of  
6 the applicant;

7 (h) A completed ARF Form-3 for each member of the utility's board of  
8 commissioners or board of directors, each person who has an ownership interest of ten  
9 (10) percent or more in the utility, and the utility's chief executive officer; and

10 (i) If a water district proposes to increase any current rate for service or implement a  
11 new rate for service, a statement from an authorized official of the district indicating the  
12 date the proposed rate increase or new rate was reported to the governing body of the  
13 county in which the largest number of its customers resides and the date it presented  
14 testimony, or is scheduled to present testimony, to that governing body~~1. If the~~  
15 ~~applicant is a corporation, a certified copy of its articles of incorporation and all~~  
16 ~~amendments thereto, or a written statement attesting that its articles and all~~  
17 ~~amendments thereto have been filed with the commission in a prior proceeding and~~  
18 ~~referencing the case number of the prior proceeding; and~~

19 ~~2. If the applicant is a limited liability company, a certified copy of its articles of~~  
20 ~~organization and all amendments thereto, or a written statement attesting that its~~  
21 ~~articles and all amendments thereto have been filed with the commission in a prior~~  
22 ~~proceeding and referencing the case number of the prior proceeding; or~~

1       ~~3. If the applicant is a limited partnership, a certified copy of its limited partnership~~  
2 ~~agreement and all amendments thereto, or a written statement attesting that its~~  
3 ~~partnership agreement and all amendments thereto have been filed with the~~  
4 ~~commission in a prior proceeding and referencing the case number of the prior~~  
5 ~~proceeding].~~

6       (2) Except as provided in 807 KAR 5:001, Section 8~~[Section 13 of this administrative~~  
7 ~~regulation]~~ for electronic filings, the applicant shall:

8       (a) Submit one (1) original and five (5) paper copies of its application to the  
9 executive director of the commission; and

10       (b) Deliver or mail one (1) paper copy to the Office of Rate Intervention, Office of the  
11 Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-  
12 8204 or transmit by electronic mail an electronic copy in portable document format to  
13 the Office of Rate Intervention at [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov).

14       (3)(a) If the application contains an individual's Social Security number, taxpayer  
15 identification number, birth date, or a financial account number, the applicant shall  
16 redact the document so the following information cannot be read:

- 17       1. The digits of the Social Security number or taxpayer identification number;
- 18       2. The month and day of an individual's birth; and
- 19       3. The digits of the financial account number.

20       (b) To redact the document, the applicant shall replace the identifiers with neutral  
21 placeholders or cover the identifiers with an indelible mark, that so obscures the  
22 identifiers that they cannot be read.

1 (4) The application shall not contain any request for relief from the commission other  
2 than an adjustment of rates.

3 (5) A utility may make written request to the executive director for commission staff  
4 assistance in preparing the application.

5 Section 5. Notice~~[to Customers of Proposed Rate Changes]~~. Upon[When] filing an  
6 application for an alternative rate adjustment, a utility shall provide notice as  
7 established in this section.[follows:]

8 (1) Public postings.

9 (a) A utility shall post at its place of business a copy of the notice no later than the  
10 date the application is submitted to the commission.

11 (b) A utility that maintains a Web site shall, within five (5) business days of the date  
12 the application is submitted to the commission, post on its Web sites:

13 1. A copy of the public notice; and

14 2. A hyperlink to the location on the commission's Web site where the case  
15 documents are available.

16 (c) The information required in paragraphs (a) and (b) of this subsection shall not be  
17 removed until the commission issues a final decision on the application.

18 (2) Customer Notice.

19 (a) If a utility has twenty (20) or fewer customers or is a sewage utility, it shall mail a  
20 written notice to each customer no later than the date on which the application is  
21 submitted to the commission.

22 (b) If a utility has more than twenty (20) customers and is not a sewage utility, it  
23 shall provide notice by:

1 1. Including notice with customer bills mailed no later than the date the application is  
2 submitted to the commission;

3 2. Mailing a written notice to each customer no later than the date the application is  
4 submitted to the commission;

5 3. Publishing notice once a week for three (3) consecutive weeks in a prominent  
6 manner in a newspaper of general circulation in the utility's service area, the first  
7 publication to be made no later than the date the application is submitted to the  
8 commission; or

9 4. Publishing notice in a trade publication or newsletter delivered to all customers no  
10 later than the date the application is submitted to the commission.

11 (c) A utility that provides service in more than one (1) county and is not a sewage  
12 utility may use a combination of the notice methods listed in paragraph (b) of this  
13 subsection~~[If the applicant has twenty (20) or fewer customers or is a sewage utility, it~~  
14 ~~shall:~~

15 ~~(a) Mail written notice in accordance with subsection (3) of this section to each~~  
16 ~~customer no later than the date on which the application is filed with the commission;~~

17 ~~(b) Post at its place of business no later than the filed date of the application a sheet~~  
18 ~~containing the information provided in the written notice to its customers; and~~

19 ~~(c) Keep the notice posted until the commission has issued a final decision on the~~  
20 ~~application.~~

21 ~~(2) An applicant that has more than twenty (20) customers and is not a sewage~~  
22 ~~utility shall post at its place of business a sheet containing the information required by~~  
23 ~~subsection (3) of this section and shall:~~

1       ~~(a) Include notice with customer bills mailed by the date the application is filed;~~  
2       ~~(b) Publish notice in a trade publication or newsletter going to all customers by the~~  
3 ~~date the application is filed;~~  
4       ~~(c) Publish notice once a week for three (3) consecutive weeks in a prominent~~  
5 ~~manner in a newspaper of general circulation in the applicant's service area, the first~~  
6 ~~publication to be made by the date the application is filed; or~~  
7       ~~(d) If it provides service in more than one (1) county, use a combination of the~~  
8 ~~methods established in this subsection].~~  
9       (3) Proof of Notice. A utility shall file with the commission no later than forty-five (45)  
10 days from the date the application was initially submitted to the commission:  
11       (a) If notice is mailed to its customers, an affidavit from an authorized representative  
12 of the utility verifying the contents of the notice, that notice was mailed to all customers,  
13 and the date of the mailing;  
14       (b) If notice is published in a newspaper of general circulation in a utility's service  
15 area, an affidavit from the publisher verifying the contents of the notice, that the notice  
16 was published, and the dates of the notice's publication; or  
17       (c) If notice is published in a trade publication or newsletter delivered to all  
18 customers, an affidavit from an authorized representative of the utility verifying the  
19 contents of the notice, the mailing of the trade publication or newsletter, that notice was  
20 included in the publication or newsletter, and the date of mailing.  
21       (4) Notice Content. Each notice issued in accordance with this section shall  
22 contain[state]:

- 1 (a) The ~~proposed effective date and the~~ date the proposed rates are expected to  
2 be filed with the commission;
- 3 (b) The present rates and proposed rates for each customer classification~~[class]~~ to  
4 which the proposed rates will apply;
- 5 (c)~~[(b)]~~ The amount of the change requested in both dollar amounts and percentage  
6 change for each customer classification to which the proposed rates~~[rate change]~~ will  
7 apply;
- 8 (d)~~[(e)]~~ The amount of the average usage and the effect upon the average bill for  
9 each customer classification~~[class]~~ to which the proposed rates~~[rate change]~~ will apply;
- 10 (e) A statement that a person may examine this application ~~and any related~~  
11 ~~documents the utility has filed with the Public Service Commission~~at the offices of  
12 (utility name) located at (utility address);
- 13 (f) A statement that a person may examine this application ~~and any related~~  
14 ~~documents~~at the commission's offices located at 211 Sower Boulevard, Frankfort,  
15 Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's  
16 Web site at <http://psc.ky.gov>;
- 17 (g) A statement that comments regarding the application may be submitted to the  
18 Public Service Commission through the commission's~~[its]~~ Web site or by mail to  
19 Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;
- 20 (h) A statement~~[(d)]~~ that the rates contained in this notice are the rates proposed by  
21 (utility name~~[of utility]~~) but that the Public Service Commission may order rates to be  
22 charged that differ from the proposed rates contained in this notice;

1 (i) A statement that a person may submit a timely written request for intervention to  
2 the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602,  
3 establishing the grounds for the request including the status and interest of the party;  
4 and

5 (i) A statement that if the commission does not receive a written request for  
6 intervention within thirty (30) days of initial publication or mailing of the notice, the  
7 commission may take final action on the application~~[(e) That a corporation, association,~~  
8 ~~or person may, within thirty (30) days after the initial publication or mailing of notice of~~  
9 ~~the proposed rate change, submit a written request to intervene to the Public Service~~  
10 ~~Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602,~~  
11 ~~establishing the grounds for the request and including the status and interest of the~~  
12 ~~party;~~

13 ~~(f) That a person may examine this application at the main offices of (the name of~~  
14 ~~the utility) located at (the utility's address) and on the utility's Web site at (the utility's~~  
15 ~~Web site address), if the utility maintains a public Web site; and~~

16 ~~(g) That the application and all documents filed with the Public Service Commission~~  
17 ~~may be viewed and downloaded at the Public Service Commission's Web site at~~  
18 ~~<http://psc.ky.gov/>.~~

19 ~~(4) Proof of notice. An applicant shall file with the commission no later than forty-five~~  
20 ~~(45) days from the filed date of the application:~~

21 ~~(a) If its notice is published in a newspaper of general circulation in the applicant's~~  
22 ~~service area, an affidavit from the publisher verifying the notice was published, including~~  
23 ~~the dates of the publication with an attached copy of the published notice;~~

1 ~~(b) If notice is published in a trade publication or newsletter going to all customers,~~  
2 ~~an affidavit from an authorized representative of the utility verifying the trade publication~~  
3 ~~or newsletter was mailed; or~~

4 ~~(c) If the notice is mailed, an affidavit from an authorized representative of the utility~~  
5 ~~verifying the notice was mailed.~~

6 ~~(5) If an applicant maintains a Web site, the applicant shall:~~

7 ~~(a) Post on its Web site within seven (7) days of the filed date of the application:~~

8 ~~1. A notice containing the information provided in the written notice to its customers;~~

9 ~~and~~

10 ~~2. A hyperlink to a copy of its application posted on the commission's Web site; and~~

11 ~~(b) Keep both items posted until the commission has finally determined the utility's~~  
12 ~~rates].~~

13 Section 6. Except as provided in 807 KAR 5:001, Section ~~8(2)[13~~ of this  
14 ~~administrative regulation]~~, an applicant shall not be required to provide the commission  
15 with advance notice of its intent to file an application for rate adjustment using the  
16 procedure established in this administrative regulation.

17 Section 7. Effective Date of Proposed Rates. (1) An applicant shall not place the  
18 proposed rates into effect until the commission has issued an order approving those  
19 rates or six (6) months from the date of filing of its application, whichever occurs first.

20 (2) If the commission has not issued its order within six (6) months from the date of  
21 filing of the application, the applicant may place its proposed rates in effect subject to  
22 refund upon providing the commission with written notice of its intent to place the rates  
23 into effect.

1 (3) The applicant shall maintain its records in a manner to enable it, or the  
2 commission, to determine the amounts to be refunded and to whom a refund is due [a  
3 ~~refund~~] if the commission orders a refund.

4 Section 8. Amendment of Proposed Rates. (1) Except when responding to the  
5 findings set forth in a commission staff report filed in accordance with Section 11 of this  
6 administrative regulation, an applicant shall not amend the proposed rates set forth in its  
7 application unless the applicant:

8 (a) Files written notice of the proposed amendment with the commission; and

9 (b) Publishes notice of the amended proposed rates in the manner provided in  
10 Section 5 of this administrative regulation.

11 (2) An applicant shall not place~~its~~ amended proposed rates into effect until the  
12 commission has issued an order approving those rates or six (6) months from the date  
13 of filing of the written notice of proposed amendment, whichever occurs first.

14 (3) If the commission has not issued an~~its~~ order within six (6) months from the  
15 date of filing of the notice of amended proposed rates, the applicant may place the  
16 amended proposed rates in effect subject to refund upon providing the commission with  
17 written notice of its intent to place the rates into effect but shall maintain its records in a  
18 manner to enable it, or the commission, to determine the amounts to be refunded and to  
19 whom a refund is due if the commission orders a refund.

20 Section 9. Test Period. The reasonableness of the proposed rates shall be  
21 determined using a twelve (12) month historical test period, adjusted for known and  
22 measureable changes, that coincides with the reporting period of the applicant's annual  
23 report for the immediate past year.

1 Section 10[9]. Discovery. (1) The minimum discovery available to intervening parties  
2 shall be as prescribed by this subsection.

3 (a) A party in the proceeding may serve written requests for information upon the  
4 applicant within twenty-one (21) days of an order permitting that party to intervene in the  
5 proceeding.

6 (b) Upon serving requests upon the applicant, the party shall file a copy of the  
7 party's requests with the commission and serve a copy upon all other parties.

8 (c) Within twenty-one (21) days of service of timely requests for information from a  
9 party, the applicant shall serve its written responses upon each party and shall file with  
10 the commission one (1) original and five (5) copies.

11 (2) The commission may establish different arrangements for discovery if it finds  
12 different arrangements are necessary to evaluate an application or to protect a party's  
13 rights to due process.

14 Section 11[40]. Commission Staff Report. (1) Within thirty (30) days of the date that  
15 an application is accepted for filing, the commission shall enter an order advising the  
16 parties if commission staff will prepare a report on the application.

17 (2) If a commission staff report is prepared, the:

18 (a) Commission staff shall:

- 19 1. File the report with the commission; and
- 20 2. Serve a copy of the report on all parties of record; and

21 (b) Report shall contain the commission staff's findings and recommendations  
22 regarding the proposed rates.

1 (3)(a) Each party shall file with the commission a written response to the  
2 commission staff report within fourteen (14) days of the filing of the report.

3 (b) This written response shall contain:

4 1. All objections to and other comments on the findings and recommendations of  
5 commission staff;

6 2. A request for hearing or informal conference, if applicable;

7 3. The reasons why a hearing or informal conference is necessary; and

8 4. If commission staff reports that the applicant's financial condition supports a  
9 higher rate than the applicant proposed or recommends the assessment of an additional  
10 rate or charge not proposed in the application, the filing party's position on if the  
11 commission should authorize the assessment of the higher rate or the recommended  
12 additional rate or charge.

13 (c) If a party's written response fails to contain an objection to a finding or  
14 recommendation contained in the commission staff report, it shall be deemed to have  
15 waived all objections to that finding or recommendation. A party's failure to request a  
16 hearing or informal conference in the party's written response shall be deemed a waiver  
17 of all rights to a hearing on the application and a request that the case stand submitted  
18 for decision.

19 (d) If a party fails to file a written response with the commission within this time  
20 period, it shall be deemed to have waived all objections to the findings and  
21 recommendations contained in the report and all rights to a hearing on the application.

22 (e) Acceptance of the findings and recommendations contained in the commission  
23 staff report by all parties in a proceeding shall not preclude the commission from

1 conducting a hearing on the application, taking evidence on the applicant's financial  
2 operations, or ordering rates that differ from or conflict with the findings and  
3 recommendations established in the commission staff report.

4 (f) If commission staff reports that the applicant's financial condition supports a  
5 higher rate than the applicant proposed or commission staff recommends the  
6 assessment of an additional rate or charge not proposed in the application and[the]  
7 commission staff's proposed rates produce a total increase in revenues that exceeds  
8 110 percent[in excess of 115 percent] of the total increase in revenues[revenue] that the  
9 applicant's proposed rates will produce and the applicant amends its application to  
10 request commission staff's proposed rates, the commission shall order the applicant to  
11 provide notice of the finding or recommendation to its customers.

12 Section 12[44]. Notice of Hearing. (1) If the commission orders a hearing, the  
13 applicant shall publish in a newspaper or mail to the applicant's customers notice of the  
14 hearing.

15 (2) The notice shall state the purpose, time, place, and date of the hearing.

16 (3) Newspaper notice shall be published once in a newspaper of general circulation  
17 in the applicant's service area no fewer than seven (7) and no more than twenty-one  
18 (21) days prior to the hearing.

19 (4) Mailed notices shall be mailed at least fourteen (14) days prior to the date of the  
20 hearing.

21 Section 13[42]. Utility Personnel Participation in Commission Proceedings. (1) An  
22 authorized official or employee of the applicant who is not licensed to practice law in  
23 Kentucky may, on behalf of an applicant that is a water district, corporation, partnership,

1 or limited liability company, file the application, responses to commission orders and  
2 requests for information, as well as appear at conferences related to the application.

3 (2) An applicant that is a water district, corporation, partnership, or limited liability  
4 company shall, at a hearing conducted on the application, be represented by an  
5 attorney who is authorized to practice law in Kentucky.

6 Section 14. Filing Procedures. (1) Unless the commission orders otherwise or the  
7 electronic filing procedures established in 807 KAR 5:001, Section 8, are used, if a  
8 document in paper medium is filed with the commission, five (5) additional copies in  
9 paper medium shall also be filed.

10 (2) All documents filed with the commission shall conform to the requirements  
11 established in this subsection.

12 (a) Form. Each filing shall be printed or typewritten, double spaced, and on one (1)  
13 side of the page only.

14 (b) Size. Each filing shall be on eight and one-half (8 1/2) inches by eleven (11)  
15 inches paper.

16 (c) Font. Except for ARF Form-1 and ARF Form-3, each filing shall be in type no  
17 smaller than twelve (12) point, except footnotes, which shall be in type no smaller than  
18 ten (10) point.

19 (d) Binding. A side-bound or top-bound filing shall also include an identical unbound  
20 copy.

21 (3) Except as provided for in 807 KAR 5:001, Section 8, a filing made with the  
22 commission outside its business hours shall be considered as filed on the commission's  
23 next business day.

1 (4) A document submitted by facsimile transmission shall not be accepted.

2 Section 15[13]. Use of Electronic Filing Procedures in lieu of Submission of Paper  
3 Documents.~~[(1)]~~ Upon an applicant's~~[timely]~~ election of the use of electronic filing  
4 procedures within the time limits established in 807 KAR 5:001, Section 8(2), the  
5 procedures established in 807 KAR 5:001, Section 8,~~[this section]~~ shall be used in lieu  
6 of other filing procedures established in this administrative regulation.~~[(2) At least seven~~  
7 ~~(7) days prior to the submission of its application, an applicant shall:~~

8 ~~(a) File with the commission written notice of the applicant's election using the ARF~~  
9 ~~Form 2; and~~

10 ~~(b) If the applicant or its authorized agent does not have an account for electronic~~  
11 ~~filing with the commission, register for an account at <http://psc.ky.gov/Account/Register>.~~

12 ~~(3) Each pleading, document, and exhibit shall be filed with the commission by~~  
13 ~~uploading an electronic version of the document using the commission's E-Filing~~  
14 ~~System at <http://psc.ky.gov>. In addition, the filing party shall file the original with the~~  
15 ~~commission as required by subsection (11) of this section.~~

16 ~~(4) Each file in an electronic submission shall be:~~

17 ~~(a) In portable document format;~~

18 ~~(b) Search-capable;~~

19 ~~(c) Optimized for viewing over the Internet;~~

20 ~~(d) Bookmarked to distinguish sections of the pleading or document; and~~

21 ~~(e) If a scanned document, scanned at a resolution of no less than 300 dots per~~  
22 ~~inch.~~

1       ~~(5)(a) Each electronic submission shall include an introductory file in portable~~  
2 ~~document format that is named "Read1st" and that contains a:~~

3       ~~1. General description of the filing;~~

4       ~~2. List of all materials not included in the electronic filing; and~~

5       ~~3. Statement attesting that the electronically filed documents are a true~~  
6 ~~representation of the original documents.~~

7       ~~(b) The "Read1st" file and any other document that normally contains a signature~~  
8 ~~shall contain a signature in the electronically submitted document.~~

9       ~~(c) The electronic version of the cover letter accompanying the paper filing may be~~  
10 ~~substituted for a general description.~~

11       ~~(d) If the electronic submission does not include all documents contained in the~~  
12 ~~paper version, the absence of these documents shall be noted in the "Read1st"~~  
13 ~~document.~~

14       ~~(6)(a) An electronic transmission or uploading session shall not exceed twenty (20)~~  
15 ~~files.~~

16       ~~(b) An individual file shall not exceed fifty (50) megabytes.~~

17       ~~(c) If a filing party's submission exceeds the limitations established in paragraph (a)~~  
18 ~~or (b) of this subsection, the filing party shall make its electronic submission in two (2) or~~  
19 ~~more consecutive electronic transmission or uploading sessions.~~

20       ~~(7) If filing a document with the commission, the filing party shall certify that:~~

21       ~~(a) The electronic version of the filing is a true and accurate copy of each document~~  
22 ~~filed in paper medium;~~

23       ~~(b) The electronic version of the filing has been transmitted to the commission; and~~

1 ~~(c) A copy of the filing in paper medium has been mailed to all parties that the~~  
2 ~~commission has excused from participation by electronic means.~~

3 ~~(8)(a) Upon completion of a party's uploading of an electronic submission, the~~  
4 ~~commission shall cause an electronic mail message to be sent to all parties of record~~  
5 ~~advising that an electronic submission has been made to the commission.~~

6 ~~(b) Upon a party's receipt of this message, it shall be the receiving party's~~  
7 ~~responsibility to access the commission's electronic file depository at <http://psc.ky.gov>~~  
8 ~~and view or download a copy of the submission.~~

9 ~~(9) Unless a party states an objection to the use of electronic filing procedures in its~~  
10 ~~motion for intervention, a party granted leave to intervene shall:~~

11 ~~(a) Be deemed to have consented to the use of electronic filing procedures and the~~  
12 ~~service of all documents and pleadings, including orders of the commission, by~~  
13 ~~electronic means; and~~

14 ~~(b) File with the commission within seven (7) days of the date of an order of the~~  
15 ~~commission granting the party's intervention a written statement that:~~

16 ~~1. The party waives the right to service of commission orders by United States mail;~~  
17 ~~and~~

18 ~~2. The party or the party's authorized agent, possesses the facilities to receive~~  
19 ~~electronic transmissions.~~

20 ~~(10) If a party objects to the use of electronic filing procedures and if good cause~~  
21 ~~exists to excuse that party from the use of electronic filing procedures, service of~~  
22 ~~documents on that party and by that party shall be made in accordance with 807 KAR~~  
23 ~~5:001, Section 4(8).~~

1       ~~(11)(a) A document shall be considered timely filed with the commission if the~~  
2       ~~document:~~

3       ~~1. Has been successfully transmitted in electronic medium to the commission within~~  
4       ~~the time allowed for filing and meets all other requirements established in this~~  
5       ~~administrative regulation and an order of the commission; and~~

6       ~~2. Is filed, in paper medium at the commission's offices no later than the second~~  
7       ~~business day following the electronic filing.~~

8       ~~(b) Each party shall attach to the top of the paper submission a paper copy of the~~  
9       ~~electronic mail message from the commission confirming transmission and receipt of~~  
10       ~~the party's electronic submission.~~

11       ~~(12) Except as expressly provided in this section, a party making a filing in~~  
12       ~~accordance with the procedures established in this section shall not be required to~~  
13       ~~comply with a provision of this administrative regulation that requires service of a~~  
14       ~~document or material filed with the commission on other parties in the case.]~~

15       Section 16[14]. The provisions of 807 KAR 5:001, Sections 1 through 6, 8  
16       through[9, 10,] 11, and 13, shall apply to commission proceedings involving applications  
17       filed pursuant to this administrative regulation.

18       Section 17[15]. Upon a showing of good cause, the commission may permit  
19       deviations from this administrative regulation. Requests for deviation shall be submitted  
20       in writing by letter to the commission.

21       Section 18[16]. Incorporation by Reference. (1) The following material is  
22       incorporated by reference:

1 (a) "Application for Rate Adjustment before the Public Service Commission", ARF  
2 Form 1, **November 2013**~~[September 2012]~~; and

3 ~~(b) ["Notice of Election of Use of Electronic Filing", ARF Form 2, September 2011;~~  
4 ~~and~~

5 ~~(c)] "Statement of Disclosure of Related Party Transactions", ARF Form 3,~~  
6 **November 2013**~~[September 2012]~~.

7 (2) This material may be inspected, copied, or obtained, subject to applicable  
8 copyright law at the commission's offices at 211 Sower Boulevard, Frankfort, Kentucky  
9 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's  
10 Web site at <http://psc.ky.gov/>.

  
David L. Armstrong, Chairman  
Public Service Commission

Date: 10/11/13

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

807 KAR 5:076

Contact Person: Gerald E. Wuetcher

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation provides a simplified and less expensive procedure by which small utilities may apply to the commission for rate increases. A small utility may apply for rate adjustments using the formal procedure outlined in 807 KAR 5:001 or by using the procedure prescribed in this administrative regulation, which is intended to minimize the need for formal hearings, to reduce filing requirements, and to shorten the time period between application and commission order.

(b) The necessity of this administrative regulation: This regulation will assist the Public Service Commission in timely reviewing applications for rate adjustment, will reduce the expense of rate case proceedings, and is necessary to the Public Service Commission's authority to regulate the rates of small utilities. This regulation reflects reporting requirements to the governing bodies of counties that the recent enactment of KRS 65A.100 imposes upon water districts.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 278.030 permits utilities to demand and collect fair, just, and reasonable rates for services. KRS 278.040 confers exclusive jurisdiction on the Public Service Commission to regulate the rates and services of all utilities. KRS 278.160 requires all utilities to file their rate schedules with the Public Service Commission and to charge only rates that are filed with the Public Service Commission. KRS 278.180 -.192 provides a framework for utility rate adjustments. 807 KAR 5:076 permits a simplified and relatively inexpensive means for smaller utilities to obtain Public Service Commission approval of such adjustments and thus charge fair, just, and reasonable rates that reflect the actual cost of service.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: It provides a more cost effective and simplified means for small utilities to apply for rate adjustments. It provides clear guidance to small utilities on the documents necessary for a rate adjustment and simplifies the procedures necessary for a rate adjustment. It reminds a water district that is adjusting its rates of its statutory obligation to advise the governing bodies of the counties in which it serves of its proposed rate adjustment in accordance with KRS 65A.100.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: This amendment provides for revisions to ARF Form 1 to provide information regarding a water district's compliance with KRS 65A.100. It revises ARF Form – 3 to require the

applicant to identify all employees who are related to the applicant's owners or members of its governing body. The amendment defines "rate" to clarify that all rates may be adjusted under 807 KAR 5:076 procedures.

(b) The necessity of the amendment to this administrative regulation: ARF Form 1 did not reflect recent regulatory and statutory changes. ARF Form 3 did not address related transactions involving the employment of family members.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 278.030 permits utilities to demand and collect fair, just, and reasonable rates for services. KRS 278.040 confers exclusive jurisdiction on the Public Service Commission to regulate the rates and services of all utilities. KRS 278.160 requires all utilities to file their rate schedules with the Public Service Commission and to charge only rates that are filed with the Public Service Commission. KRS 278.180 -.192 provides a framework for utility rate adjustments. 807 KAR 5:076 permits a simplified and relatively inexpensive means for smaller utilities to obtain Public Service Commission approval of such adjustments and thus charge fair, just, and reasonable rates that reflect the actual cost of service.

(d) How the amendment will assist in the effective administration of the statutes: The revised forms seek to reduce confusion among utilities regarding filing procedures and notice requirements by conforming the forms to those in the regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: The proposed amendment will affect 240 water, natural gas, and sewer utilities whose annual gross revenues are \$5 million or less and their customers.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: No action is necessary. The affected utilities may continue to use the rate filing procedures set forth in 807 KAR 5:001 in lieu of the alternative rate filing procedures.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There are no costs to comply. The affected utilities may continue to use the rate filing procedures set forth in 807 KAR 5:001 in lieu of the alternative rate filing procedures.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The proposed amendment should enhance public awareness of utility rate adjustment applications made by small utilities. It will foster better review of utility

transactions, increase utility transparency, and ensure that inappropriate or unreasonable transactions are more easily identified.

(5) Provide an estimate of how much it will cost to the administrative body to implement this administrative regulation:

(a) Initially: Implementation of the proposed amendment will not involve additional costs.

(b) On a continuing basis: No additional costs are expected.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: No additional funding is required.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding is necessary. No new fees or funding will be required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No.

(9) TIERING: Is tiering applied? To the extent that the regulation establishes simplified procedures for utilities with annual revenues of less than \$5 million, tiering has been applied. The Public Service Commission believes that tiering is appropriate because the operations of smaller utilities are less complex, their recordkeeping practices are simpler, and the amount of documentary evidence to verify their financial operations is less than that of larger utilities. Moreover, given the smaller number of customers over which small utilities must spread rate case expense, the use of the same procedures as used for larger utilities will result in larger rate increases for smaller utilities.

## FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

807 KAR 5:076

Contact Person: Gerald E. Wuetcher  
Phone Number: (502) 564-3940  
Gerald.wuetcher@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? Public Service Commission; Office of Attorney General (Utility Rate and Intervention Division); water districts

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 278.030 permits utilities to demand and collect fair, just, and reasonable rates for services. KRS 278.040 confers exclusive jurisdiction on the Public Service Commission to regulate the rates and services of all utilities. KRS 278.160 requires all utilities to file their rate schedules with the Public Service Commission and to charge only rates that are filed with the Public Service Commission. KRS 278.180 -.192 provides a framework for utility rate adjustments. 807 KAR 5:076 permits a simplified and relatively inexpensive means for smaller utilities to obtain Public Service Commission approval of such adjustments and thus charge fair, just, and reasonable rates that reflect the actual cost of service.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No direct increase in revenue will result from the adoption of the proposed amendment for any governmental agency. The proposed amendment does not provide for the Public Service Commission to assess any fee or charge.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? No direct increase in revenue will result from the adoption of the proposed amendment for any governmental agency. The proposed amendment does not provide for the Public Service Commission to assess any fee or charge.

(c) How much will it cost to administer this program for the first year? No increase in the Public Service Commission's cost of reviewing applications for rate adjustment or otherwise regulate small public utilities is expected to result from the adoption of the proposed amendment. The Public Service Commission will be performing the same level of review and require the same number of employees to conduct its review. No

direct increase in costs will result from the adoption of proposed amendment for any governmental agency.

(d) How much will it cost to administer this program for subsequent years? No increase in the Public Service Commission's cost of reviewing applications for rate adjustment or otherwise regulate small public utilities is expected to result from the adoption of the proposed amendment. The Public Service Commission will be performing the same level of review and require the same number of employees to conduct its review. No direct increase in costs will result from the adoption of proposed amendment for any governmental agency.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

## **SUMMARY OF INCORPORATED MATERIAL**

(1) ARF Form-1 – “Application For Rate Adjustment Before The Public Service Commission For Small Utilities Pursuant to 807 KAR 5:076” is a five-page form (excluding schedules) that an applicant for a rate adjustment made pursuant to 807 KAR 5:076 must complete. The application contains numerous statements that may be affirmed or denied by checking one of two boxes that appear next to each statement. These questions established the applicant’s eligibility to use alternative rate filing procedures and its compliance with 807 KAR 5:076. The form remains virtually unchanged from that which was approved in November 2012. Paragraph 4 of the Application (sheet 2) has been revised to reflect the deletion of the requirement that an applicant that is a corporation or limited liability company must attach a copy of its articles of incorporation or organization or identify in which PSC case those documents were last filed. The revised form no longer includes the requirement that a limited partnership must file a copy of its limited partnership agreement. Paragraph 19 (sheet 4) has been added to implement Section 4(1)(i) of the amended regulation. No revisions have been made to the schedules that accompanied the September 2011 version of ARF Form 1 and that were reviewed with that version. A statement has been added to ARF Form-1 that requires the applicant to acknowledge that, by its submission of the application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted for filing

(2) ARF Form-3 – “Statement of Disclosure of Related Party Transactions” is a four page form (including Supplemental Sheets) that an applicant for a rate adjustment made pursuant to 807 KAR 5:076 must include with its application form. The form is used to identify all related transactions in excess of \$25 which the applicant utility has engaged in with its former and current employees, managers, directors, and owners and their family members and to identify utility employees that are family members of managers, directors, and owners. It must be completed by each current manager, director, or person who has an ownership interest of 10 percent or more in the utility.

KRS 278.230(3) supports the use of this form. It provides:

Every utility, when required by the commission, shall file with it any reports, schedules, classifications or other information that the commission reasonably requires. The commission shall prepare and distribute to the utilities blank forms for any information required under this chapter. All such reports shall be under oath when required by the commission.

A completed ARF Form-3 will allow the Public Service Commission to identify unreasonable expenses and costs and ensure that these expenses and costs are not included in any rates that the Public Service Commission establishes as a result of the applicant’s application.

STATEMENT OF CONSIDERATION  
Relating to 807 KAR 5:076  
(Amended After Comments)

I. The public hearing on 807 KAR 5:076 scheduled for September 23, 2013 at 9:00 a.m. at the Public Service Commission was canceled; however, written comments were received during the public comment period.

II. The following people submitted written comments:

<u>Name and Title</u>	<u>Agency/Organization/Entity/Other</u>
A Concerned Kentuckian	Unknown
Daniel E. Hinton	Public Service Commission
Damon Talley, Attorney	Kentucky Rural Water Association

III. The following people from the promulgating administrative body responded to the written comments:

Name and Title  
  
Gerald E Wuetcher  
Executive Advisor/Attorney

IV. Summary of Comments and Responses

- (1) Subject Matter: Section 1 - Definitions
  - (a) Commenter: Damon R. Talley, Esq.  
Comment: In the definition for sewage utility, after the word "utility", insert ", except a water district or water association," to make it clear that neither a water district nor a water association are deemed to be a sewage utility.
  - (b) Response: No action taken. Water districts and water associations who collect, transmit, or treat sewage for the public are sewage utilities pursuant to KRS 278.010(3)(f), KRS 278.012, and KRS 278.015.

- (2) Subject Matter: Section 5(2)(a) – Customer notice
- (a) Commenter: Damon R. Talley, Esq.  
Comment: After the word “utility” insert “other than a water district or a water association.” The commenter believes that water associations and water districts are not sewerage corporations within the meaning of KRS 278.185.
- (b) Response: No action taken. Water districts and water associations who collect, transmit, or treat sewage for the public are sewage utilities pursuant to KRS 278.010(3)(f). They are also corporations as KRS 278.010(1) defines “corporation.”
- (3) Subject Matter: Section 5(2)(b) – Customer Notice
- (a) Commenter: Damon R. Talley, Esq.  
Comment: After the word “utility” insert “other than a water district or a water association.” The commenter believes that water associations and water districts are not sewerage corporations within the meaning of KRS 278.185.
- (b) Response: No action taken. Water districts and water associations who collect, transmit, or treat sewage for the public are sewage utilities pursuant to KRS 278.010(3)(f). They are also corporations as KRS 278.010(1) defines “corporation.”
- (4) Subject Matter: Section 5(2)(c) – Customer Notice
- (a) Commenter: Damon R. Talley, Esq.  
Comment: After the word “utility” insert “other than a water district or a water association.” The commenter believes that water associations and water districts are not sewerage corporations within the meaning of KRS 278.185.
- (b) Response: No action taken. Water districts and water associations who collect, transmit, or treat sewage for the public are sewage utilities pursuant to KRS 278.010(3)(f). They are also corporations as KRS 278.010(1) defines “corporation.”
- (5) Subject Matter: Section 11 (3)(f) – Notice of Commission Staff Findings.
- (a) Commenter: Damon R. Talley, Esq.  
Comment: After the words “110 percent”, insert “or \$10,000, whichever is greater,”. The commenter wants a dollar de minimus figure in addition to a percentage de minimus figure.
- (b) Response: No action taken. This regulation applies to utilities that have a small number of customers. A \$10,000 increase to a utility with a very small number of customers would result in a significant increase to those customers. If a utility believes it is unnecessary to publish notice of the Commission Staff findings, the utility can request a deviation from the publication requirement. If the Commission finds that the cost of publication exceeds the benefit, it can grant the requested deviation for good cause shown.
- (6) Subject Matter: Section 18(a) - ARF Form 1.
- (a) Commenter: Damon R. Talley and A Concerned Kentuckian  
Comment: The form needs to be revised to include a section regarding Section 4(1)(l).
- (b) Response: The Commission agrees and will revise ARF Form 1 accordingly.

- (7) Subject Matter: Section 18(a) – ARF Form 1  
(a) Commenter: A Concerned Kentuckian  
Comment: The form needs to include a “not applicable” box for some of the statements.  
(b) Response: The Commission agrees and will revise ARF Form 1 accordingly.
- (8) Subject Matter: Section 3(3)  
(a) Commenter: A Concerned Kentuckian  
Comment: The section should specify that Commission Staff may also request information.  
(b) Response: The Commission agrees and will revise the subsection.
- (9) Subject Matter: Section 4(4)  
(a) Commenter: A Concerned Kentuckian  
Comment: The Public Service Commission should make clear whether "adjustment for rates" in 807 KAR 5:076, Section 4(4) includes adjustments to non-recurring charges.  
(b) Response: Adjustment for rates includes all charges and fees, not merely general rates or non-recurring charges. 807 KAR 5:076, Section 1 has been modified to add: “Rate” is defined by KRS 278.010(12).
- (10) Subject Matter: Section 11 – Commission Staff Report  
(a) Commenter: A Concerned Kentuckian  
Comment: The Public Service Commission should revised Section 11 to provide that Staff Report shall include any documents that are referenced in the report or relied upon by Commission Staff to make a finding or recommendation and that are not included in the applicant's application or response to information requests or is otherwise not in the case record and cannot be incorporated by reference into the case record.  
(b) Response: No action taken. Commission Staff should be afforded discretion to determine the contents of its report. All parties have the right to comment upon and contest statements contained in a Staff Report and to request a hearing to question Commission Staff on the underlying basis of its opinions and assertions. Moreover, the Commission has the authority to incorporate materials by reference or to take administrative notice of certain facts so long as the due process rights of the parties are safeguarded. The Commission may reopen the record where necessary to ensure that the record is complete.
- (11) Subject Matter: Section 1(4) – “Gross Annual Revenue” definition  
(a) Commenter: A Concerned Kentuckian  
Comment: The Public Service Commission should revise Section 1(4) to define "gross annual revenue" to mean total utility operating income only for the calendar year. This change would eliminate income from non-utility operations, interest income, and other non-utility sources.

(b) Response: No action taken. The proposed revision would slightly expand the eligibility for use of the ARF process. The Commission, however, significantly expanded the eligibility for use of ARF procedures just two years ago. It is not aware of any problems posed by the present definition of gross annual revenue or the present eligibility requirements. In the absence of any problems, the Commission finds no need to amend the definition of "gross annual revenue".

(12) Subject Matter: ARF Form 3

(a) Commenter: A Concerned Kentuckian

Comment: ARF Form 3 should be revised to require utility owners/officials to report the employment of family members.

(b) Response: The Commission agrees and will revise ARF Form 3.

(13) Subject Matter: Section 7 – Effective Date of Proposed Rates

(a) Commenter: A Concerned Kentuckian

Comment: The regulation should specify that by applying pursuant to 807 KAR 5:076 an applicant waives any right to place proposed rates into effect earlier than six months from the date of filing of its application.

(b) Response: The Commission will revise ARF Form 1 to reflect that, by using the procedures of 807 KAR 5:076 to adjust its rates, applicant may not place its rates into effect the earlier of six months from the filing of the application or a final decision on the proposed rates.

(14) Subject Matter: Section 4(3) Confidential Information

(a) Commenter: A Concerned Kentuckian

Comment: This section should cover any document filed with the Commission, not just the application.

(b) Response: No action taken. The rules of procedure, 807 KAR 5:001, already address other documents.

(15) Subject Matter: Section 5(4)(a) – Notice

(a) Commenter: Daniel E. Hinton

Comment: The following language "proposed effective date and the" should be deleted. This language is not appropriate for the notice in this regulation.

(b) Response: The Commission agrees and will delete the language.

(16) Subject Matter: Section 1(7) – Water district definition

(a) Commenter: Daniel E. Hinton

Comment: the definition for water district varies from the definition of water district in other regulations.

(b) Response: No action taken. The water district definition is appropriate for this regulation.

(17) Subject Matter: Section 4(1)(i) – Governing Body Notification

(a) Commenter: Daniel E. Hinton

Comment: The language varies slightly from the governing body notification language in other regulations. Where possible, the language should mirror each other.

(b) Response: No action taken. The language is appropriate for this regulation.

(18) Subject Matter: Section 4(3)(a) and (b) – Confidential Information

(a) Commenter: Daniel E. Hinton

Comment: Should this regulation specifically state that the Commission is not responsible for removing confidential information from unredacted documents.

(b) Response: No action taken. 807 KAR 5:001 states the Commission is not responsible for removing confidential information from unredacted documents.

(19) Subject Matter: Section 5(4)(e) and (f) - Contents of Notice

(a) Commenter: Daniel E. Hinton

Comment: The language varies slightly from the notice content language in other regulations.

(b) Response: Revisions are made to Section 5(4)(e) and (f) in response to the Commenter's suggestions.

(20) Subject Matter: Sections 16 and 17 – Section titles

(a) Commenter: Daniel E. Hinton

Comment: Are section titles needed?

(b) Response: No action taken. Section titles are not required.

#### IV. Summary of Action Taken by Promulgating Agency

The Public Service Commission reviewed the comments and, as a result, is amending the administrative regulation as follows:

##### **Page 2**

##### **Section 1(5)**

##### **Line 8**

After "(5)", insert the following:

"Rate" is defined by KRS 278.010(12).

(6)

##### **Page 2**

##### **Section 1(6)**

##### **Line 10**

At beginning of line, insert "(7)".

Delete "(6)".

**Page 2**  
**Section 1(7)**  
**Line 11**

At beginning of line, insert "(8)".  
Delete "(7)".

**Page 2**  
**Section 1(8)**  
**Line 13**

At beginning of line, insert "(9)".  
Delete "(8)".

**Page 3**  
**Section 3(3)**  
**Line 6**

After "supplied by the", insert "parties".  
Delete "applicant".

**Line 7**

Delete the following:  
submitted by other parties to the proceeding or the commission

**Page 6**  
**Section 5**  
**Line 5**

After "Section 5. Notice.", insert "Upon".  
Delete "When".

**Line 6**

After "shall provide notice as", insert "established in this section.".  
Delete "follows:".

**Page 9**  
**Section 5(4)(a)**  
**Line 1**

After "(a) The", delete the following:  
proposed effective date and the

**Page 9**  
**Section 5(4)(e)**  
**Lines 10 and 11**

After "examine this application", delete the following:  
and any related documents the utility has filed with the Public Service  
Commission

**Page 9**  
**Section 5(4)(f)**  
**Lines 13 and 14**

After "examine this application", delete "and any related documents".

**Page 9**

**Section 5(4)(g)**

**Line 18**

After "Service Commission through", insert "the commission's".  
Delete "its".

**Page 12**

**Section 8(2)**

**Line 15**

After "shall not place", delete "its".

**Page 12**

**Section 8(3)**

**Line 18**

After "has not issued", insert "an".  
Delete "its".

**Page 21**

**Section 18(1)(a)**

**Line 10**

After "Form 1,", insert "November 2013".  
Delete "September 2012".

**Page 21**

**Section 18(1)(b)**

**Line 14**

At the beginning of the line, insert "November 2013".  
Delete "September 2012".

<b>SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY</b>
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**APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION**

For Small Utilities Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

---

*(Name of Utility)*

---

*(Business Mailing Address- Number and Street, or P.O. Box)*

---

*(Business Mailing Address- City, State, and Zip)*

---

*(Telephone Number)*

**BASIC INFORMATION**

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

---

*(Name)*

---

*(Address- Number and Street or P.O. Box)*

---

*(Address- City, State, Zip)*

---

*(Telephone Number)*

---

*(Email Address)*

**(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))**

YES NO N/A

- |    |    |  |                          |                          |  |
|----|----|--|--------------------------|--------------------------|--|
| 1. | a. | In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.   | <input type="checkbox"/> | <input type="checkbox"/> |  |
|    | b. | Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input type="checkbox"/> |  |
| 2. | a. | Applicant has filed an annual report with the Public Service Commission for the past year.   | <input type="checkbox"/> | <input type="checkbox"/> |  |
|    | b. | Applicant has filed an annual report with the Public Service Commission for the two previous years.  | <input type="checkbox"/> | <input type="checkbox"/> |  |
| 3. |    | Applicant's records are kept separate from other commonly-owned enterprises.   | <input type="checkbox"/> | <input type="checkbox"/> |  |

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky[. ~~A certified copy of its articles of incorporation and all amendments are attached to this application or were filed with the Public Service Commission in Case No. \_\_\_\_\_.~~].
- b. Applicant is a limited liability company that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky[. ~~A certified copy of its articles of organization and all amendments are attached to this application or were filed with the Public Service Commission in Case No. \_\_\_\_\_.~~].
- c. Applicant is a limited partnership that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky[. ~~A certified copy of its limited partnership agreement and all amendments thereto are attached to this application or were filed with the Public Service Commission in Case No. \_\_\_\_\_.~~].
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at [rateintervention@ag.ky.gov](mailto:rateintervention@ag.ky.gov).
6. a. Applicant has 20 or fewer customers or is a sewer utility and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers, is not a sewer utility, and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers, is not a sewer utility, and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, \_\_\_\_\_:
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ \_\_\_\_\_ and total revenues from service rates of \$ \_\_\_\_\_. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had \_\_\_\_\_ customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.     
**(Attach a copy of returns.)**
- 17. Approximately \_\_\_\_\_ **(Insert dollar amount or percentage of total utility plant)** of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.
- 19. Applicant is a water district and has attached to this Application a statement from an authorized official indicating the date on which the proposed rate increase or new rate was reported to the county fiscal court in which the largest number of its customers resides and the date on which it presented testimony, or is scheduled to present testimony, to that fiscal court. (Attach the statement.)

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed \_\_\_\_\_  
Officer of the Company/Authorized Representative

Title \_\_\_\_\_

Date \_\_\_\_\_

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Before me appeared \_\_\_\_\_, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

LIST OF ATTACHMENTS  
(Indicate all documents submitted by checking box)

- Customer Notice of Proposed Rate Adjustment
- "Reasons for Application" Attachment
- Current and Proposed Rates" Attachment
- "Statement of Adjusted Operations" Attachment
- "Revenue Requirements Calculation" Attachment
- Attachment Billing Analysis" Attachment
- Depreciation Schedules
- Outstanding Debt Instruments (i.e., Bond Resolutions, Mortgages, Promissory Notes, Amortization Schedules.)
- State Tax Return
- Federal Tax Return
- Statement of Disclosure of Related Party Transactions - ARF Form 3
- Statement of Water District Regarding Notice of Proposed Rates to County Fiscal Court and Presentation of Testimony to County Fiscal Court

**SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY**

**APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION**

**For Small Utilities Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)**

---

*(Name of Utility)*

---

*(Business Mailing Address- Number and Street, or P.O. Box)*

---

*(Business Mailing Address- City, State, and Zip)*

---

*(Telephone Number)*

**BASIC INFORMATION**

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

---

*(Name)*

---

*(Address- Number and Street or P.O. Box)*

---

*(Address- City, State, Zip)*

---

*(Telephone Number)*

---

*(Email Address)*

**(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))**

YES NO N/A

- |    |    |  |                          |                          |  |
|----|----|--|--------------------------|--------------------------|--|
| 1. | a. | In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.   | <input type="checkbox"/> | <input type="checkbox"/> |  |
|    | b. | Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought. | <input type="checkbox"/> | <input type="checkbox"/> |  |
| 2. | a. | Applicant has filed an annual report with the Public Service Commission for the past year.   | <input type="checkbox"/> | <input type="checkbox"/> |  |
|    | b. | Applicant has filed an annual report with the Public Service Commission for the two previous years.  | <input type="checkbox"/> | <input type="checkbox"/> |  |
| 3. |    | Applicant's records are kept separate from other commonly-owned enterprises.   | <input type="checkbox"/> | <input type="checkbox"/> |  |

YES NO NA

4. a. Applicant is a corporation that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
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YES NO N/A

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I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed \_\_\_\_\_  
Officer of the Company/Authorized Representative

Title \_\_\_\_\_

Date \_\_\_\_\_

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Before me appeared \_\_\_\_\_, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

\_\_\_\_\_  
 Notary Public  
 My commission expires: \_\_\_\_\_

**LIST OF ATTACHMENTS**  
**(Indicate all documents submitted by checking box)**

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- Statement of Water District Regarding Notice of Proposed Rates to County Fiscal Court and Presentation of Testimony to County Fiscal Court

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between \_\_\_\_\_ (“Utility”) and related parties that exceed \$25.00 in value. For the purpose of this statement, “related party transactions” include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility’s current or former employees; 2) current or former members of the Utility’s board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
- Check box if any employee of the Utility is a family member of the Utility’s chief executive officer, a Utility director, Utility commissioner, or any person with a 10 percent or greater ownership interest in the Utility. The name of each employee and the official to whom they are related and the nature of the relationship are listed on the supplemental page entitled “Employees Related to Utility Officials.”

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Position/Office

\* “Family Member” means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_  
(Name)

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
State-at-Large





**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
Position/Office

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COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

Subscribed and sworn to before me by \_\_\_\_\_  
(Name)

this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC  
State-at-Large



