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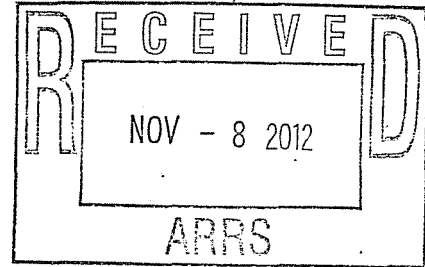
David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

November 8, 2012

Hon. Joe Bowen  
Hon. Johnny Bell  
c/o Donna Little, Esq.  
Administrative Regulation Review Subcommittee  
Legislative Research Commission  
Room 029  
Capitol Annex  
Frankfort, Kentucky 40601



Re: Administrative Regulation 807 KAR 5:076. Alternative rate filing procedure for small utilities.

Dear Senator Bowen and Representative Bell:

After discussions with Administrative Regulation Review Subcommittee Staff of the issues raised by Administrative Regulation 807 KAR 5:076, the Public Service Commission proposes the attached amendment to 807 KAR 5:076.

Sincerely,

Gerald E. Wuetcher  
Executive Advisor/Attorney

gw  
Attachment

**Suggested Amendment**  
**ENERGY AND ENVIRONMENT CABINET**  
**Public Service Commission**

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

**Page 1**

**Section 1(1)**

**Line 12**

After “(1) “Annual”, lowercase the first letter of “Report”.

**Lines 12 and 13**

After “and statistical report”, insert the following:

incorporated by reference in 807 KAR 5:006, which

Delete the following:

that 807 KAR 5:006, Section 4(1),

**Line 13**

After “utility to file”, insert “the annual report”.

**Page 1**

**Section 1(2)(b)**

**Line 20**

After “file with the”, lowercase the first letter of “Commission”.

**Page 2**

**Section 2(2)**

**Line 17**

After “fully separated from”, insert “a”.

Delete “any”.

**Page 2**

**Section 2(3)**

**Line 19**

After “prior years if”, insert “the utility”.

Delete “it”.

**Page 3**

**Section 3(1)**

**Line 2**

After “years, if the”, insert “utility”.

Delete “applicant”.

**Page 3**

**Section 3(6)**

**Line 9**

After “recommendations contained in”, insert “a”.

Delete “any”.

**Page 3**  
**Section 4(1)(a)**  
**Line 16**

After “of the matters”, insert “established”.  
Delete “set forth”.

**Page 5**  
**Section 4(3)(a)**  
**Line 7**

After “contains an individual’s”, capitalize the first letters of “social” and “security”.

**Page 6**  
**Section 5(2)(d)**  
**Lines 18 and 19**

After “of the methods”, insert “established”.  
Delete “set forth”.

**Page 7**  
**Section 5(3)(e)**  
**Line 10**

After “(e) That”, insert “a”.  
Delete “any”.

**Line 14**

After “Kentucky 40602,”, insert “establishing”.  
Delete “setting forth”.

**Line 15**

After “interest of the party;”, delete “and”.

**Page 7**  
**Section 5(3)(f)**  
**Line 16**

After “(f) That”, insert “a”.  
Delete “any”.

**Lines 18 and 19**

After “public Web site”, insert a semicolon.  
Delete the comma.

**Page 9**  
**Section 6**  
**Line 1**

After “using the procedure”, insert “established”.  
Delete “set forth”.

**Page 9**  
**Section 7(1)**  
**Line 3**

After “shall not place”, insert “the”.  
Delete “its”.

**Page 9**  
**Section 9(1)(a) and (b)**  
**Lines 21 and 22**

After “the proceeding. (b)”, insert “Upon serving”.  
Delete the following:  
At the time of serving its

**Page 9**  
**Section 9(1)(b)**  
**Lines 22 and 23**

After “a copy of”, insert “the party’s”.  
Delete “its”.

**Page 10**  
**Section 10(1)**  
**Lines 8 and 9**

After “advising the parties”, insert “if”.  
Delete “whether”.

**Page 10**  
**Section 10(3)(b)2.**  
**Line 21**

After “2.”, insert “A”.  
Delete “Any”.  
After “or informal conference”, insert “, if applicable”.

**Page 11**  
**Section 10(3)(b)4.**  
**Lines 3 and 4**

After “party’s position on”, insert “if”.  
Delete “whether”.

**Page 11**  
**Section 10(3)(c)**  
**Line 6**

After “(c) If a”, insert the following:  
party’s written response fails to contain an objection  
Delete the following:  
party in its written response fails to object

**Lines 7 and 8**

After “to have waived”, insert “all”.  
Delete “any”.

**Line 9**

After “informal conference in”, insert “the party’s”.  
Delete “its”.

**Lines 9 and 10**

After “a waiver of”, insert “all rights”.  
Delete “any right”.

**Page 11**

**Section 10(3)(d)**

**Line 13**

After “to have waived”, insert “all”.  
Delete “any”.

**Line 14**

After “the report and”, insert “all rights”.  
Delete “any right”.

**Page 11**

**Section 10(3)(e)**

**Lines 18 and 19**

After “findings and recommendations”, insert “established”.  
Delete “set forth”.

**Page 11**

**Section 10(3)(f)**

**Line 22**

After “in the application”, insert the following:  
and the proposed rates produce total revenues in excess of  
115 percent of the total revenue that the applicant’s proposed  
rates will produce  
After “, the commission”, insert “shall”.  
Delete “may”.

**Page 12**

**Section 11(1)**

**Line 2**

After “or mail to”, insert “the applicant’s”.  
Delete “its”.

**Page 12**

**Section 12(2)**

**Line 14**

After “(2)”, insert “An”.  
Delete “Any”.

**Line 15**

After “company, shall at”, insert “a”.  
Delete “any”.

**Page 12**

**Section 13(1)**

**Lines 19 and 20**

After “other filing procedures”, insert “established”.  
Delete “set forth”.

**Page 13**

**Section 13(2)(a)**

**Line 3**

After “written notice of”, insert “the applicant’s”.  
Delete “its”.

**Page 13**

**Section 13(2)(b)**

**Line 5**

After “(b) If”, insert the following:  
the applicant or its authorized agent  
Delete “it”.  
After “filing with the”, lowercase the first letter of “Commission”.

**Page 13**

**Section 13(3)**

**Line 10**

After “(3)”, insert the following:  
Each pleading, document, and exhibit  
Delete the following:  
All pleadings, documents, and exhibits

**Page 13**

**Section 13(5)(a)**

**Line 22**

After “(5)(a)”, insert “Each electronic submission”.  
Delete “All electronic submissions”.

**Line 23**

After “and that contains”, insert “a”.

**Page 14**

**Section 13(5)(a)1. through 3.**

**Lines 1 through 3**

After each subparagraph 1. through 3., delete each letter, “A” and capitalize the first letter of each word following “A”.

**Page 14**

**Section 13(5)(d)**

**Line 10**

After “the paper version”, delete the following:  
(e.g., confidential materials, materials that are too large or bulky to transfer by electronic medium)

**Page 14**  
**Section 13(7)**  
**Line 20**

After “(7) If filing”, insert “a”.  
Delete “any”.

**Page 15**  
**Section 13(9)**  
**Line 12**

After “(9) Unless”, insert “a party states an”.  
Delete “it states its”.

**Page 15**  
**Section 13(9)(b)**  
**Line 18**

After “the commission granting”, insert “the party’s”.  
Delete “its”.

**Page 15**  
**Section 13(9)(b)1.**  
**Line 19**

After “1.”, insert “The party waives the”.  
Delete “It waives any”.

**Page 15**  
**Section 13(9)(b)2.**  
**Line 21**

After “2.”, insert the following:  
The party or the party’s  
Delete “It, or its”.

**Page 16**  
**Section 13(10)**  
**Lines 1 and 2**

After “filing procedures and”, insert “if”.  
Delete “the commission determines that”.

**Page 16**  
**Section 13(11)(a)**  
**Line 5**

After “the commission if”, insert “the document”.

**Page 16**  
**Section 13(11)(a)1.**  
**Line 6**

After “1.”, delete “It”.  
Capitalize the first letter of “has”.

**Lines 7 and 8**

After “all other requirements”, insert “established in”.  
Delete “imposed by”.

**Line 8**

After “this administrative regulation and”, insert “an”.  
Delete “any”.

**Page 16**

**Section 13(11)(a)2.**

**Line 9**

After “2.”, insert the following:  
Is filed, in paper medium  
Delete the following:  
The original document, in paper medium, is filed

**Page 16**

**Section 13(11)(b)**

**Line 12**

After “(b)”, insert “Each party”.  
Delete “Parties”.

**Lines 13 and 14**

After “and receipt of”, insert “the party’s”.  
Delete “its”.

**Page 16**

**Section 13(12)**

**Line 16**

After “with the procedures”, insert “established”.  
Delete “set forth”.

**Lines 16 and 17**

After “to comply with”, insert “a”.  
Delete “any”.

**Line 17**

After “requires service of”, insert “a”.  
Delete “any”.

**Page 17**

**Section 16(1)(a) through (c)**

**Lines 6 through 8**

After “(a)”, insert the following:  
“Application for Rate Adjustment before the Public Service Commission”, ARF Form 1, September 2012;  
(b) “Notice of Election of Use of Electronic Filing”, ARF Form 2, September 2011; and  
(c) “Statement of Disclosure of Related Party Transactions”, ARF Form 3, September 2012.

Delete the remainder of paragraph (a) in its entirety and delete paragraphs (b) and (c) in their entirety.

**SUMMARY OF MATERIAL INCORPORATED BY REFERENCE**

**\*General Reviewer’s Note:** File one (1) revised SUMMARY OF MATERIAL INCORPORATED BY REFERENCE, paginated as page 26, with the Compiler in conjunction with filing this suggested amendment.



## **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 September 2011. The only revisions involve the addition of Statement 18, which addresses whether the applicant has attached completed copies of ARF Form-3 to the application for each person that 807 KAR 5:076, §4(h) requires complete such form, and the addition of a reference to ARF Form-3 in the List of Attachments. 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.

(2) ARF Form-3 – “Statement of Disclosure of Related Party Transactions” is a three page form (including Supplemental Sheet) 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. 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. The information