

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR A QUALIFIED INFRASTRUCTURE PROGRAM RIDER	)	CASE NO.
	)	2017-00313
	)	

ORDER

On July 25, 2017, Kentucky-American Water Company (“Kentucky-American”) filed a Notice of Election of Use of Electronic Filing Procedures in connection with its intent to file an application for approval of a tariff. On August 4, 2017, Kentucky-American tendered for filing an application that requests approval of a Qualified Infrastructure Program (“QIP”) Rider. Kentucky-American states that the QIP Rider is a surcharge.<sup>1</sup> Kentucky-American seeks to impose QIP Rider surcharges on each customer in its Residential, Commercial, Industrial, Other Public Authorities, and Sales for Resale water service classifications.<sup>2</sup> Kentucky-American states that the QIP Rider surcharge will not apply to public or private fire customers.<sup>3</sup>

In its application, Kentucky-American states that it has complied with the requirements of Sections 5, 6, and 8 of 807 KAR 5:011, the Commission’s administrative regulation for tariffs.<sup>4</sup> Kentucky-American states that its application “is not a general base

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<sup>1</sup> Application (submitted Aug. 4, 2017) at 3.

<sup>2</sup> Direct Testimony of Linda C. Bridwell, P.E. (submitted Aug. 4, 2017) at 16.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* at 5.

rate case.”<sup>5</sup> Relying upon its position, Kentucky-American has not filed the documents required by 807 KAR 5:001, Section 16, which sets forth the requirement for a general adjustment in existing rates.<sup>6</sup> Per Kentucky-American, “[i]f the Commission were to find that the requested surcharge somehow falls within 807 KAR 5:001, Section 16, the Company requests a deviation from those rate case filing requirements pursuant to 807 KAR 5:001, Section 22.”<sup>7</sup> Kentucky-American argues that such a deviation is appropriate, given that it has provided, per its view, the relevant information necessary to decide the case and will provide further information via discovery.<sup>8</sup>

On July 26, 2017, the Attorney General of the Commonwealth of Kentucky (“Attorney General”) moved to intervene into the case. On August 4, 2017, the Commission entered an Order granting the Attorney General full intervention into the case.<sup>9</sup> On August 11, 2017, the Attorney General filed a pleading that, among other things, moved the Commission for the establishment of a procedural schedule, including the opportunity for discovery, intervenor testimony, and a hearing.<sup>10</sup> In support of his request, the Attorney General states that “the public interest supports a heightened scrutiny such as would be given to a rate case.”<sup>11</sup>

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 5 and 6.

<sup>8</sup> *Id.* at 6.

<sup>9</sup> Order (Ky. PSC Aug. 4, 2017) at 1.

<sup>10</sup> Attorney General Response and Motion (filed Aug. 11, 2017) at 1–4.

<sup>11</sup> *Id.* at 3.

On August 15, 2017, Kentucky-American filed a response to the Attorney General's motion for a procedural schedule. While Kentucky-American does not object to a procedural schedule, it argues that the proposal is not a base rate case.<sup>12</sup>

The Commission finds that Kentucky-American's application requests the establishment of a surcharge for effectively all of Kentucky-American's customers and constitutes a general adjustment in existing rates; therefore, the application must conform to the filing requirements set forth in 807 KAR 5:001, Section 16. "[A] request for a rate surcharge is a request for a general adjustment of existing rates and must conform to the filing requirements set forth in 807 KAR 5:001, Section 16."<sup>13</sup> The Commission further finds that, pursuant to 807 KAR 5:001, Section 22, deviations are limited to special cases and require a demonstration of "good cause."

The Commission finds that Kentucky-American's statement that it has provided relevant information and will provide additional information via discovery does not demonstrate good cause for a blanket deviation from the requirements of 807 KAR 5:001, Section 16. The Commission finds that it should reject Kentucky-American's August 4, 2017 tendered filing. The Commission finds that Kentucky-American should advise the Commission within 15 days of the date of this Order as to whether it plans to tender for

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<sup>12</sup> Kentucky-American Response (filed Aug. 15, 2017) at 1.

<sup>13</sup> Case No. 2014-00255, *Application of Bullitt Utilities, Inc. for a Certificate of Convenience and Necessity and Surcharge for Same*, Order (Ky. PSC Dec. 23, 2014); see also Case No. 2009-00353, *Application of Louisville Gas and Electric Company and Kentucky Utilities Company for Approval of Purchased Power Agreements and Recovery of Associated Costs* (Ky. PSC Oct. 21, 2009); Case No. 2004-00459, *The Application of Louisville Gas and Electric Company for Approval of New Rate Tariffs Containing a Mechanism for the Pass-Through of MISO-Related Revenues and Costs Not Already Included in Existing Base Rates* (Ky. PSC Apr. 15, 2005); and Case No. 2004-00460, *The Application of Kentucky Utilities Company for Approval of New Rate Tariffs Containing a Mechanism for the Pass-Through of MISO-Related Revenues and Costs Not Already Included in Existing Base Rates* (Ky. PSC Apr. 15, 2005).

filing a QIP Rider application supported by the exhibits required per 807 KAR 5:001, Section 16, including a notice of intent as required by 807 KAR 5:001, Section 16(2).

The Commission notes that this Order does not prohibit Kentucky-American from requesting deviations from the various individual requirements of 807 KAR 5:001, Section 16. However, each request for a deviation must identify the individual filing requirement at issue and be supported by a demonstration of good cause for relief from that requirement.

The Commission finds that the Attorney General's motion for a procedural schedule is not yet appropriate for consideration in the absence of an application that has been accepted for filing. Therefore, the Commission finds that it should deny the Attorney General's motion without prejudice.

The Commission further finds that it should address the electronic filing procedures for this case.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's application is rejected.
2. Kentucky-American shall file, within 15 days of the date of this Order, a notice that states whether Kentucky-American plans to tender for filing a QIP Rider application supported by the exhibits required by 807 KAR 5:001, Section 16. If applicable, Kentucky-American shall state in the notice the anticipated date that it will tender for filing such an application.
3. If Kentucky-American seeks a deviation from any requirement of 807 KAR 5:001, Section 16, for an application seeking to establish a QIP Rider, the motion for a deviation shall identify each part of 807 KAR 5:001, Section 16, for which a deviation is

sought and the evidence and arguments regarding good cause offered in support of each such deviation requested. Any party to the case may file a response to the motion no later than seven days from the date of the filing of the motion; thereafter, no further pleadings on the motion shall be accepted.

4. The Attorney General's motion for a procedural schedule is denied without prejudice.

5. All future correspondence or filings in connection with this case shall reference the above case number.

6. All documents submitted in this proceeding shall comply with the Commission's rules of procedure as set forth in 807 KAR 5:001, and any deviation from these rules shall be submitted in writing to the Commission for consideration.

7. Any party filing a paper shall upload an electronic version using the Commission's E-Filing System and shall file the original with six copies in paper medium, except that only two copies in paper medium shall be filed of maps, plans, specifications, and drawings pursuant to 807 KAR 5:001, Section 15(2)(d).

8. Any request for confidential treatment of material submitted shall conform to the requirements in 807 KAR 5:001, Section(13).

9. Materials submitted to the Commission which do not comply with the rules of procedure or that do not have an approved deviation are subject to rejection pursuant to 807 KAR 5:001, Section 3.

By the Commission

ENTERED  
AUG 23 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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