

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)	
WATER SERVICE RATES OF THE CITY OF)	CASE NO.
PIKEVILLE TO MOUNTAIN WATER DISTRICT)	2019-00080

ORDER

On February 21, 2019, the city of Pikeville (Pikeville), through counsel, filed with the Commission a revised tariff sheet setting forth proposed adjustments to its existing rates for wholesale water service to Mountain Water District (Mountain District) effective April 5, 2019. Pikeville's current monthly wholesale water rates to Mountain District consist of a monthly minimum charge of \$47,040 for the first 28,000,000 gallons and a charge of \$1.30 per 1,000 gallons for all usage over 28,000,000 gallons. Pikeville's proposal increases the monthly minimum charge by \$17,360, or 36.9 percent, to \$64,400. It increases the charge for usage over 28,000,000 gallons by \$1.00, or 76.9 percent, to \$2.30 per 1,000 gallons. Pikeville further proposes to assess a surcharge over a period of 36 months to Mountain District to cover any rate case expenses it may incur to participate in or defend its proposed rates in any Commission proceeding that is initiated to investigate the reasonableness of the proposed rates. The proposed tariff listed the Rate Case Expense Surcharge as \$2,500 per month.

On March 4, 2019, Mountain District, through counsel, submitted a letter requesting the Commission to open a formal proceeding to investigate the

reasonableness of the proposed rate, establish a procedural schedule, and ensure that the proposed rate is not placed into effect before the Commission conducts a hearing.¹

Having considered the proposed rate adjustments and being otherwise sufficiently advised, the Commission finds that an investigation will be necessary to determine the reasonableness of the proposed rates and that such an investigation cannot be completed by April 5, 2019. Pursuant to KRS 278.190(2), the Commission will, therefore, suspend the effective date of the proposed rates for five months, up to and including September 4, 2019.

The Commission further finds that Mountain District is likely to present issues or to develop facts that will assist the Commission in fully considering this matter and should be made a party to this proceeding. The Commission will establish a procedural schedule by subsequent Order.

All other requests for intervention should be filed by April 15, 2019. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceedings which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking

¹ KRS 278.200 provides only for a hearing “in the manner prescribed in this [KRS 278] chapter.” Pursuant to KRS 278.190(1), “[t]he commission may, upon its own motion, or upon complaint . . . hold a hearing concerning the reasonableness of the new rates.” Thus, a hearing is not required. The filing of a revised tariff by a municipal utility “requires an opportunity for a hearing by the Commission before the proposed revision can become effective” Case No. 2011-00419, *Proposed Revision of Rules Regarding the Provision of Wholesale Water Service by the City of Versailles to Northeast Woodford Water District* (Ky. PSC Aug. 12, 2014) Order at 11.

intervention must have an interest in the rates or service of a utility, as those are the only matters that are subject to the Commission's jurisdiction.

Based on the foregoing, the Commission further finds that any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of water consumed by the movant or a general statement regarding the potential impact of a possible modification of rates will not be deemed sufficient to establish a special interest.

IT IS THEREFORE ORDERED that:

1. Pikeville's proposed rates for wholesale service to Mountain District are suspended for five months from April 5, 2019, to September 4, 2019.
2. Mountain District is made a party to this case.
3. Requests for intervention shall be filed no later than April 15, 2019. Any party who submits a motion to intervene after April 15, 2019, and upon a showing of good cause is granted full intervention, shall accept and abide by the existing procedural schedule, if any.

By the Commission

ENTERED
MAR 28 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2019-00080

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