

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING) CASE NO.
OF CORINTH WATER DISTRICT) 2020-00083

ORDER

On April 21, 2021, Corinth Water District (Corinth District) filed a motion for an extension of time to file an application for a rate adjustment that was ordered by the Commission to be filed before March 30, 2021.¹

Corinth District requests an extension to file an application for a rate adjustment on or before November 30, 2021.² For the reasons stated below, the Commission denies this request.

The Commission's March 30, 2020 Order explained the issues raising concern that Corinth District's revenue may not be sufficient to support adequate and reliable service including:

1. The fact that its last rate case was in 2010;
2. Corinth District's water loss has been consistently in excess of 15 percent; and
3. Questions remain about the veracity of the water loss report numbers.

¹ Order (Ky. PSC Mar. 30, 2020).

² Motion for Extension (filed Apr. 21, 2021).

The fact that the Commission has ordered the filing of a general rate adjustment is evidence of the seriousness with which the Commission approaches this issue. Attached to this Order, as an Appendix, is an analysis of Corinth District's finances prepared by Commission Staff using the annual reports and audit reports submitted to the Commission by Corinth District since 2015. Given that this analysis indicates that Corinth District has reported a negative net income for five of the past six years, the Commission remains concerned that the revenue of Corinth District may not be sufficient for it to continue to meet its statutory obligation to provide adequate and reliable service. For this reason, the Commission finds that Corinth District's motion for an extension of the requirement to file an application for an adjustment in rates is denied.

Despite having a year in which to seek an extension of time, Corinth District filed its motion requesting an extension of time 22 days after the application was due to be filed. The Commission is concerned this lack of attention to important matters may extend to other aspects of Corinth District's management and operation. The Commission expects Corinth District will file for an adjustment in its base rates or file an alternative rate filing on or before November 30, 2021.

For the above stated reasons, the Commission finds that Corinth District's motion for an extension of time in which to file an application for an adjustment in rates should be denied.

IT IS THEREFORE ORDERED that Corinth District's motion for an extension of time in which to file an application for an adjustment in rates is denied.

By the Commission

ENTERED
AUG 17 2021 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2020-00083

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00083 DATED AUG 17 2021

Corinth Water District

Analysis of Financial Statements

Year	2015	2016	2017	2018	2019	2020
(Numbers Derived From Annual Report)						
Net Income	\$(342,396)	\$ (79,987)	\$(150,843)	\$(291,407)	\$ 12,816	\$ (22,155)
Add: Depreciation Expense	161,751	160,917	166,475	167,423	165,243	165,494
Cash Basis Income	\$(180,645)	\$ 80,930	\$ 15,632	\$(123,984)	\$ 178,059	\$ 143,339

Year	2015	2016	2017	2018	2019	2020
(Numbers Derived From Audit Report)						
Cash and Cash Equivalents	\$ 40,408	\$ 25,873	\$ 12,652	\$ 3,374	\$ 15,767	-
Depreciation Reserve*	3,380	3,382	3,604	104	20,108	-
Net Increase (Decrease) in Cash	22,083	(14,535)	(13,221)	(9,278)	12,393	-

* This amount is listed under reserve funds in the Audit Report. It is unknown if this amount is 100% depreciation reserve.

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