

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF)	
MANCHESTER REVISING ITS WHOLESALE)	CASE NO.
WATER SERVICE RATES TO NORTH)	2022-00139
MANCHESTER WATER ASSOCIATION)	

ORDER

On May 4, 2022, pursuant to 807 KAR 5:011, the city of Manchester (Manchester) filed a revised tariff proposing to increase its existing rate for wholesale water service to North Manchester Water Association (North Manchester Water).¹ On its own motion the Commission opened a formal proceeding to investigate the reasonableness of the proposed rate and establish a procedural schedule. By Order dated May 25, 2022, pursuant to KRS 278.190(2), the Commission determined that further proceedings were necessary and suspended the rates for five months, up to and including November 5, 2022.

LEGAL STANDARD

Pursuant to KRS 278.200, the Commission has jurisdiction over Manchester’s rates for wholesale water service to North Manchester Water. The Supreme Court’s decision in *Simpson County Water District v. City of Franklin*² specifically stated that “where contracts have been executed between a utility and a city . . . KRS 278.200 is

¹ KRS 278.190(3) requires that the Commission render a final decision on Manchester’s proposed rate no later than ten months after the filing of the schedule. This ten-month period ends on March 3, 2023.

² *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994).

applicable and requires that by so contracting the City relinquishes the exemption and is rendered subject to the PSC rates and service regulation.”³ Following the Court’s decision in *Simpson County*, the Commission has allowed city-owned utilities to file rate adjustments by a tariff filing, and if a hearing is requested and the Commission suspends the proposed rate, the requirements and procedures set forth in KRS Chapter 278, and the Commission’s regulations, apply equally to filings by a city-owned utility or a jurisdictional utility.⁴

The subject of this proceeding is whether Manchester’s proposed rate increase is fair, just and reasonable based upon the evidentiary record. Manchester’s wholesale water rate charged to North Manchester Water is subject to KRS 278.030 that provides that a utility may collect fair, just and reasonable rates.

Pursuant to KRS 278.190(3) the Commission must enter a decision regarding a proposed rate no later than ten months after the filing of the proposed rate schedule. Therefore, the Commission must issue a decision in this proceeding no later than March 3, 2023.

BACKGROUND

Manchester currently charges North Manchester Water \$2.00 per 1,000 gallons purchased.⁵ Manchester proposed to increase the wholesale water rate by \$0.50 per

³ *Simpson County Water District*, 872 S.W.2d 460, 463 (Ky. 1994)

⁴ *Simpson County Water District*, 872 S.W.2d 460, 463 (Ky. 1994); *City of Danville v. Public Service Comm’n, et al.*, Civil Action No. 15-CI-00989, Opinion and Order (Franklin Circuit Court Division II, June 14, 2016).

⁵ TFS 2022-00139, Electronic Proposed Adjustment of the Wholesale Water Service Rates of the city of Manchester to North Manchester Water (filed May 13, 2022).

1,000 gallons each year for the next four years and then by 13 percent each year for the next five years.

Manchester responded to two requests for information from Commission Staff. An Informal Conference (IC) was held on September 28, 2022. During the IC, Commission Staff informed Manchester the information provided in response to the two requests for information were incomplete, and requested further information in support of Manchester's proposed rates.⁶ Despite numerous attempts via telephone and email correspondence with Manchester's counsel to obtain the required information from Manchester, it has not been filed to date.

DISCUSSION AND FINDINGS

Manchester's proposed wholesale water rate increase charged to North Manchester Water is subject to KRS 278.030 which provides that a utility may collect fair, just and reasonable rates. KRS 278.260 explains the Commission has jurisdiction to determine whether the measurement, practice, or act affecting or relating to the service of the utility or any service in connection therewith is unreasonable.

During the September 28, 2022 IC, Commission Staff informed Manchester that its responses to the two requests for information were incomplete, and the Commission required further information in order to determine if the proposed rate was reasonable. The Commission finds that, as of the date of this Order, Manchester has neither filed the required information nor has it requested an extension of time in which to provide it. The Commission finds that, based on the record, it is unable to make a determination as to

⁶ Letter Filing IC Memorandum into the Record (filed Oct. 14, 2022). The memorandum contains a detailed description of the information Commission Staff requested, which included the audited Fiscal Year 2021 revenues and expenses for the water and sewer divisions.

the reasonableness of Manchester's proposed rates and this case should be dismissed without prejudice to permit Manchester to refile its request for a rate adjustment when it can produce the required information to support the adjustment.

IT IS THEREFORE ORDERED that:

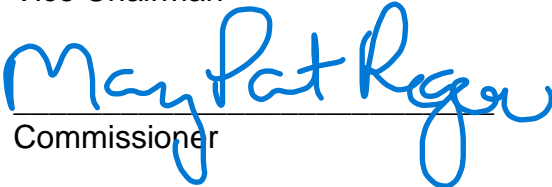
1. This proceeding is dismissed without prejudice to permit Manchester to file again at a later date.
2. This case is hereby closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


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