

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC APPLICATION OF LAKE VILLAGE |) | |
| WATER ASSOCIATION, INC., OF BOYLE AND |) | |
| MERCER COUNTIES, KENTUCKY FOR A |) | |
| CERTIFICATE OF PUBLIC CONVENIENCE AND |) | CASE NO. |
| NECESSITY TO CONSTRUCT AND FINANCE A |) | 2023-00107 |
| PROJECT, FUNDED BY USDA, RURAL |) | |
| DEVELOPMENT PURSUANT TO THE |) | |
| PROVISIONS OF KRS 278.023 AND KRS 278.020 |) | |

ORDER

On May 3, 2023, the Commission entered an Order granting a Certificate of Public Convenience and Necessity (CPCN) to construct a water system improvement project and approving the financing for the project. However, the Commission held this proceeding open to obtain clarification regarding a statement made in the application concerning rates. The rates appearing in the United States Department of Agricultural Rural Development (RD) Letter of Conditions were less than the Phase 1 rates the Commission approved in Case No. 2022-00068.¹ The rates in the RD Letter of Conditions were also lower than the Phase 2 rates which will go into effect on October 4, 2023. However, Lake Village Water Association, Inc. (Lake Village Water) included a request at paragraph six of its application that stated, “[T]he Applicant requests that the Phase 1 and Phase 2 rates set forth in the Public Service Commission order for Case No. 2022-00068 remain in effect.” Because the Commission desired clarification concerning this request,

¹ Case No.2022-00068, *Electronic Application of Lake Village Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 4, 2022).

the Commission ordered Lake Village Water to supplement the record explaining the discrepancy between the minimum rates required by RD and the Phase 1 rates currently in effect.

On May 23, 2023, Lake Village Water filed a statement from its Executive Director, Mike Sanford.² Mr. Sanford stated that Lake Village Water intended to request that the Phase 2 rates, scheduled to go into effect on October 4, 2023, not be replaced by the lower rates included in the RD letter. On June 6, 2023, the Commission entered an Order which clarified that the RD rates as set forth in the Letter of Conditions were effective for service rendered from May 3, 2023, the date the Commission approved the application in this proceeding, until the Phase 2 rates become effective on October 4, 2023. Additionally, the Commission ordered Lake Village Water to file, into the record of this proceeding, an explanation of how it would ensure the rates approved for service rendered on or after May 3, 2023, were properly charged to its customers.

On June 29, 2023, Lake Village Water filed a statement from its Executive Director, Mike Sanford.³ Mr. Sanford stated that Lake Village Water is unable to charge two different rates for service within the same billing period. Because of this limitation, the rates effective on May 3, 2023, were placed into effect at the start of the first billing cycle after the effective date of May 3, 2023. Lake Village Water began charging the approved rates on May 12, 2023, for a billing cycle that ended on June 12, 2023. The first monthly bills based on the rates approved on May 3, 2023, were mailed on June 28, 2023, and

² Supplemental Response, dated May 18, 2023 (filed May 23, 2023).

³ Response to June 6, 2023 Order (filed June 29, 2023).

payment is due by July 15, 2023. Lake Village Water published notice of the revised rates in the *Harrodsburg Herald* on June 28, 2023.

LEGAL STANDARD

Pursuant to KRS 278.160(2) no utility can charge, demand, collect, or receive a greater or less compensation for service rendered than that prescribed in its filed schedules. Pursuant to KRS 278.040(2) the Commission has exclusive jurisdiction over the regulation of rates and services of public utilities in Kentucky.

DISCUSSION AND FINDINGS

Lake Village Water can charge only the rates approved by the Commission. As of May 3, 2023, the rates set forth on the RD Letter of Conditions were the only approved rates in effect for water service provided by Lake Village Water. However, because of a limitation with Lake Village Water's billing software, the utility could not begin charging the approved rate until May 12, 2023. For this reason, the Commission finds that the effective date of the rates approved by the May 3, 2023 Order, which were confirmed and attached to the June 6, 2023 Order as an Appendix are approved for service rendered on or after May 12, 2023, until the Phase 2 rates become effective on October 4, 2023.

IT IS THEREFORE ORDERED that:

1. The rates set forth in the Appendix to the Commission's June 6, 2023 Order in this proceeding are effective for service rendered on and after May 12, 2023, until the Phase 2 rates become effective on October 4, 2023.
2. Within 20 days of the date of service of this Order, Lake Village Water shall file revised tariff sheets with the Commission, using the Commission's electronic Tariff

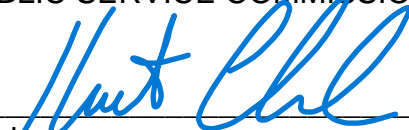
Filing System, containing the rates set forth in the Appendix to the Commission's June 6, 2023 Order.

3. All other provisions of the Commission's May 3, 2023 Order not in conflict with this Order remain in effect.

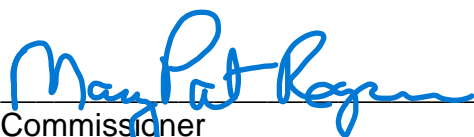
4. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
JUL 25 2023
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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