

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
MANCHESTER WATER ASSOCIATION, INC.)	2023-00183
FOR AN ALTERNATIVE RATE ADJUSTMENT)	

ORDER

This matter arises upon North Manchester Water Association, Inc.'s (North Manchester Water), acceptance of Commission Staff's recommendation regarding the amount of a rate increase and a water loss reduction surcharge of \$3.63 per month.¹ North Manchester Water did not expressly request the water loss reduction surcharge, and thus its customers have not received notice of the new rate recommended by Commission Staff.

As discussed in the Commission Staff Report issued on January 11, 2024, and accepted by North Manchester Water on January 24, 2024, in establishing water-loss surcharges, the Commission recognizes that the adjustments required to be made to comply with the 15 percent unaccounted-for water loss limitation in 807 KAR 5:066, Section 6(3), could severely restrict cash flow and could impair a water district's ability to take the necessary action to focus on its leak detection and repair. Using a surcharge to fund a water district's water loss reduction program allows the Commission to place strict controls governing the surcharge proceeds to ensure their effective use, public

¹ Commission Staff's Report (Ky. PSC Jan. 11, 2024) at 13.

acceptance of the surcharge, and public confidence in the water district's use of those funds.

Recognizing prior Commission precedent to allow the use of surcharges to assist utilities in obtaining the proper funding needed to combat water loss as discussed above, Commission Staff recommended that the Commission authorize North Manchester Water to assess a monthly water loss reduction surcharge of \$3.63 per active meter for 48 months, or upon billing of \$342,904 for the life of the surcharge. Commission Staff also recommended that the Commission establish a separate proceeding to monitor the surcharge, place strict controls over the use of the funds that will be collected from the surcharge and require North Manchester Water to develop a long-term plan to address its aging infrastructure and combat water loss within six months of the final Order in this proceeding.

LEGAL STANDARD

Commission regulation 807 KAR 5:076, Section 11(3)(f), provides that if the Commission Staff recommends the assessment of an additional rate or charge not proposed in the application and the additional rate and Commission Staff's proposed rates produce a total increase in revenues that exceeds 110 percent of the total increase in revenues that the applicant's proposed rates will produce, and the applicant amends its application to request Commission Staff's proposed rates, the Commission shall order the applicant to provide notice of the finding or recommendation to its customers.

DISCUSSION AND FINDINGS

In this proceeding, North Manchester Water provided customer notice of a proposed 26.93 percent rate increase, and, in the Commission Staff Report, Commission

Staff recommended a 16.02 percent rate increase to the average customer's bill, which includes the recommended water loss reduction surcharge. Although Commission Staff's recommendation does not exceed the regulatory amount that requires renote, due process requires that North Manchester Water's ratepayers receive notice of all proposed rates, including the water loss reduction surcharge.

For that reason, the Commission finds that North Manchester Water should provide notice of the proposed rate increase to its customers, including the water loss reduction surcharge. Within ten days of the date of service of this Order, North Manchester Water shall notify its customers of the proposed rates calculated in the Commission Staff's Report by publishing notice of the increase in a newspaper of general circulation in its territory, placing an insert in bills rendered to its customers, or mailing a written notice to each customer. The customer notice shall contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. Within ten days of the date of service of this Order, North Manchester Water shall notify its customers of the proposed rates calculated in the Commission Staff's Report by publishing notice of the increase in a newspaper of general circulation in its territory, placing an insert in bill rendered to its customers, or mailing a written notice to each customer. The customer notice shall contain the information set forth in the Appendix to this Order.

2. North Manchester Water shall provide proof of publication of the notice to the Commission no later than 20 days from the date of service of this Order.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
APR 15 2024
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00183 DATED APR 15 2024

On July 6, 2023, the Kentucky Public Service Commission (PSC) accepted for filing North Manchester Water Association, Inc.'s (North Manchester Water) application requesting to increase its revenue from water sales by \$271,429, an approximate increase of 26.93 percent. On January 11, 2024, Commission Staff determined North Manchester Water would require an increase of \$58,507, or 5.81 percent, in revenue from water sales. North Manchester Water requests the PSC approve its recommended revenue requirements and that North Manchester Water be allowed to implement the revised rates as follows:

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$22.86	Minimum Bill
Over	2,000 Gallons	\$0.00658	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$42.55	Minimum Bill
Over	5,000 Gallons	\$0.00658	Per Gallon

2-Inch Meter

First	15,000 Gallons	\$108.24	Minimum Bill
Over	15,000 Gallons	\$0.00658	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$206.78	Minimum Bill
Over	30,000 Gallons	\$0.00658	Per Gallon

Nonrecurring Charges

5/8- x 3/4-Inch Water Tap On	\$1,414.00
All Larger Meters	Actual Cost
Late Payment Penalty	10%
Disconnection Charge	\$15.00
Reconnection Charge	\$15.00
Returned Check Charge	\$00.00
Service Call / Investigation	\$15.00
Service Call / Investigation After Hours	\$74.00
Meter Test Request	\$15.00
Damage to Meter Setting or Lid	Actual
Meter Relocate	Actual

Water Loss Reduction Surcharge

\$3.63 Per Month

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The rates will increase the monthly bill of a typical residential customer using 4,248 gallons a month from \$35.58 to \$41.28, an increase of \$5.70, or approximately 16.02 percent. This filing may be examined at the offices of North Manchester Water located at 7361 N Highway 421, Manchester, Kentucky; telephone (606) 598-1488.

Any person may examine this filing at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday–Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <https://psc.ky.gov/>; telephone (502) 564-3940. A copy of the PSC Commission Staff's Report can be found at the following address:

https://psc.ky.gov/pscscf/2023%20Cases/2023-00183//20240111_STAFF_REPORT.pdf

Any person may submit comments on the proposed request no later than 30 days after the date of publication of customer notice. Comments shall be in writing and shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602. Comments may also be submitted by electronic mail to psc.comment@ky.gov. If the Commission does not receive any request for intervention or hearing in this matter within 30 days after the date of publication of this customer notice, the Commission will proceed to render a decision in the matter.

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