

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF JESSAMINE-SOUTH ELKHORN)	CASE NO.
WATER DISTRICT TO INCREASE ITS SEWER TAP-)	2019-00255
ON FEES)	

ORDER

On July 15, 2019, Jessamine-South Elkhorn Water District (Jessamine-South Elkhorn District) submitted a tariff filing to increase its sewer tap-on fees as a result of Lexington-Fayette Urban County Government (LFUCG) raising the sewer tap-on fees it charges to Jessamine-South Elkhorn District. Jessamine-South Elkhorn District requested in its filing that the statutory 30-day notice period be waived and that the increased sewer tap-on fees be allowed to go into effect immediately, or, in the alternative, that the notice period be shortened to 20 days pursuant to KRS 278.180(1).

DISCUSSION

Pursuant to an agreement entered into by LFUCG and Jessamine-South Elkhorn District on January 3, 2003 (Agreement), LFUCG treats wastewater generated by Jessamine-South Elkhorn District's customers. Jessamine-South Elkhorn District agreed to pay LFUCG the fees and charges pursuant to LFUCG's Code of Ordinances.¹ LFUCG's sanitary sewer tap-on or connection fees are set forth in Section 16-60(a) of the Code of Ordinances, which states that the fees "...shall be solely for the privilege of connecting to the system and which shall be in addition to the requirement, as prescribed

¹ Agreement, paragraph 7 and 14.

in Section 16-38, that connections to the system be made at the sole expense of the connecting property owner.” Jessamine-South Elkhorn District passes through the LFUCG sewer tap-on or connection fees to its customers. On June 10, 2019, LFUCG filed with the Commission a revised tariff setting forth the increased sanitary sewer tap-on or connection fees to be effective July 15, 2019, with a notice to Jessamine-South Elkhorn District.²

As a basis for its request that the notice period be waived or shortened, Jessamine-South Elkhorn District stated that it received notice from LFUCG on June 10, 2019, after its June Board Meeting had already occurred. The next scheduled Board Meeting was July 3, 2019. Jessamine-South Elkhorn argued that the sewer tap-on increase is analogous to a treated sewage adjustment, which 807 KAR 5:075 permits to be passed through immediately with subsequent notice to customers.

Based upon the filing and being otherwise sufficiently advised, the Commission finds that Jessamine-South Elkhorn District failed to establish sufficient cause to waive the statutory notice period based on its assertion that the tap-on increase is akin to a treated sewage adjustment, which can be passed through without prior notice. The express language of 807 KAR 5:075 provides that this regulation applies only to an increase or decrease in *base rate*. A tap-on fee is a non-recurring charge and not a base rate. Therefore, a tap-on fee increase cannot be applied pursuant to the treated sewage adjustment regulation.

Similarly, the Commission finds that Jessamine-South Elkhorn District failed to establish sufficient cause to waive the statutory notice period. KRS 278.180(1) requires

² TFS2019-00330 (Ky. PSC filed June 10, 2019); the tariff was accepted for filing by the Commission by letter dated July 15, 2019.

Jessamine-South Elkhorn to provide 30 days' notice to the Commission prior to implementing new increased rates. KRS 278.180 does not include any mechanism for a utility to implement an increase in tap-on fees immediately with subsequent notice to customers.

KRS 278.180(1) permits the Commission to shorten the notice period to 20 days upon a showing of good cause. The Commission finds that Jessamine-South Elkhorn District established good cause to shorten the notice period to 20 days. Notice of the increased rates was given to customers on July 15, 2019, and Jessamine-South Elkhorn District would be harmed financially if it were required to give customers 30 days' notice before putting the increased rates into effect on August 15, 2019, given that LFUCG is placing its increased rates into effect on July 15, 2019. However, the Commission notes that, even though Jessamine-South Elkhorn District received notice after its June Board Meeting, it had the option to call a special meeting, which would have allowed Jessamine-South Elkhorn District sufficient time to provide customers with timely notice prior to placing the rates into effect on July 15, 2019.

SUMMARY OF FINDINGS

Having reviewed the record and being sufficiently advised, the Commission finds that:

1. Jessamine-South Elkhorn District's request that the statutory notice period be waived should be denied.
2. Jessamine-South Elkhorn District demonstrated that good cause exists for the notice period to be shortened to 20 days, and the request should be approved.

3. Jessamine-South Elkhorn District's proposed sewer tap-on fees should be approved.

IT IS THEREFORE ORDERED that:

1. Jessamine-South Elkhorn District's request that the statutory notice period be waived is denied.

2. Jessamine-South Elkhorn District's request that the notice period be shortened to 20 days is approved.

3. The charges set forth in the Appendix to this Order are approved for services rendered on and after August 4, 2019.


4. Within 20 days of the date of this Order, Jessamine-South Elkhorn District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the charges approved herein and reflecting that they were approved pursuant to this Order.

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

By the Commission

ENTERED
JUL 31 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director for Gregory Pearson

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00255 DATED **JUL 31 2019**

The following rates and charges are prescribed for the customers in the area served by Jessamine-South Elkhorn District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Sewer Tap-On Fees

If the District performs the installation, the fee will be \$2,632.00 plus the applicable amount(s) shown in tables below.

If the District does not perform the installation, the fee will be \$76.00 plus the applicable amount(s) shown in tables below.

Single-family residences, townhomes, and duplexes (per unit) occupying lots:

Of ¼ acre or less	\$ 1,246.12
From ¼ acre to ½ acre	\$ 2,313.99
From ½ acre to ¾ acre	\$ 3,384.82
From ¾ acre to 1 acre	\$ 4,630.94
Larger than 1 acre	\$ 5,877.05

Apartments, condominiums, hospitals, and nursing homes:

Each efficiency unit	\$ 499.02
Each 1-bedroom unit	\$ 925.28
Each 2-bedroom unit	\$ 1,210.45
Each 3- or 4-bedroom unit	\$ 1,497.09
Minimum for each building	\$ 2,492.20

Motels/Hotels:

Each living unit	\$ 925.28
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Trailer Parks:

Each trailer or space	\$ 1,246.12
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Service Stations (stand-alone or convenience store):

Each station	\$ 7,123.14
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Swimming Pools:

For the erection of each swimming pool a fee per
100 cubic feet (L x W x Avg Depth / 100) \$ 2.139

Restaurants, Business, Professional, Commercial, and Industrial Buildings
including facilities in hospitals or nursing homes:

A fee to be per square foot of floor space \$ 1.427

Minimum fee for each sewer connection \$ 1,246.12

Storage Areas, Warehouses, and Distribution Centers:

A fee to be per square foot of floor space \$ 0.297

Minimum fee for each sewer connection \$ 1,246.12

Non-profit School Establishments:

A fee to be per square foot of floor space \$ 0.711

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