

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC SOUTHERN WATER & SEWER)	CASE NO.
DISTRICT'S METER REPLACEMENT)	2020-00121
SURCHARGE MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Southern Water & Sewer District's (Southern District) meter replacement surcharge, which was approved in Case No. 2019-00131.¹ By Order entered November 7, 2019, the Commission approved a monthly meter replacement surcharge of \$5.25 per customer for 60 months or until the cost of new meters had been assessed, which ever occurred first, to fund replacements of Southern District's meters. The meter replacement surcharge was effective as of November 7, 2019, and was based upon Southern District's urgent financial need to replace its aged meters, a large number of which are zero read meters. In Case No. 2019-00328, the Commission granted Southern District a Certificate of Public Convenience and Necessity to purchase and install the replacement advanced meter infrastructure meters.²

In Case No. 2019-00131, the Commission found that the surcharge was subject to a number of conditions. One of the conditions required Southern District to file a

¹ Case No. 2019-00131, *Application of Southern Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Nov. 17, 2019).

² Case No. 2019-00328, *Electronic Application of Southern Water & Sewer District for a Certificate of Public Convenience and Necessity to Install Automatic Meter Reading Meters* (Ky. PSC Nov. 7, 2019).

comprehensive plan that established priorities and a time schedule for replacing the current meters, which Southern District filed in the case record of Case No. 2019-00328.

Consistent with the findings in Case No 2019-00131, the Commission finds that:

1. Southern District should deposit surcharge collections in a separate interest-bearing account.

2. Southern District should file monthly activity reports with the Commission that include a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of the purpose; and invoices supporting each payment.

3. Surcharge proceeds should not be used to reimburse Southern District for meter replacement expenses incurred prior to November 7, 2019, when the final Order was issued in Case No. 2019-00131.

4. Southern District's failure to comply with any conditions attached to its assessment of the surcharge will result in termination of the surcharge and the refund of collected surcharge proceeds disbursed on expenses outside the scope of the expenses approved by the Commission.

5. Southern District should file a new rate application pursuant to 807 KAR 5:076 within 90 days of the one-year anniversary of the completion of the total replacement of its metering system.

IT IS THEREFORE ORDERED that:

1. This case is opened to monitor Southern District's meter replacement surcharge proceeds collection and expenses.

2. The records of Case Nos. 2019-00131 and 2019-00328 are incorporated by reference in Case No. 2020-00121.

3. Southern District shall deposit surcharge collections in a separate interest-bearing account.

4. On the fifteenth day of each month for 60 months from the date of this Order or until all surcharge proceeds are expended, Southern District shall file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of the purpose; and invoices supporting each payment.

5. Southern District shall not use any surcharge proceeds for reimbursement of meter replacement expenses incurred prior to November 7, 2019, when the final Order was issued in Case No. 2019-00131.

6. Southern District shall consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

7. Southern District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

8. When Southern District collects the surcharge from the customers, it shall debit special funds and credit the customer account.

9. Southern District shall not spend any funds beyond those authorized herein from the separate interest-bearing surcharge account until further Orders of this Commission.

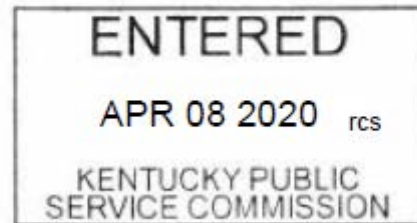
10. One year after the date of entry of this Order, and annually thereafter, Southern District shall file a schedule of the estimated and actual progress of the meter replacement plan and estimated and actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

11. Southern District shall file notice with the Commission within 30 days of the completion of the total replacement of Southern District's metering system.

12. Southern District shall file a new rate application pursuant to 807 KAR 5:076 within 90 days of the one-year anniversary of the completion of the total replacement of its metering system.

13. Southern District's failure to comply with the conditions set forth in ordering paragraphs 3 through 10 shall result in termination of the surcharge and the refund of all collected surcharge proceeds.

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above a horizontal line.

Executive Director

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