

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF U.S. 60 WATER)	2022-00155
DISTRICT)	

ORDER

The Commission, on its own motion, finds that this case should be reopened to correct the wholesale water rate increase approved in an Order entered on June 24, 2022, as the approved rate was based on a material omission of facts provided by U.S. 60 Water District of Shelby and Franklin Counties (U.S. 60 District). On June 24, 2022, the Commission issued an Order in this matter granting approval of proposed rates by U.S. 60 District pursuant to the purchased water adjustment (PWA) procedure set forth in KRS 278.015 and 807 KAR 5:068, which allows water utilities to pass its suppliers' rate changes to its own customers after the supplier rate change becomes effective. U.S. 60 District failed to notify the Commission that its supplier, Shelbyville Municipal Water & Sewer Commission (Shelbyville), sent U.S. 60 District a revised notice changing the effective date of the rate increase.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rate commensurate with the wholesale supplier. The water district must file a copy of the notice from the wholesale supplier showing the increase in the wholesale rate, and a

statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

Pursuant to 807 KAR 5:068, Section 4,

(1) A utility adjusting its rates pursuant to this administrative regulation shall submit an application to the commission.

(2) The application shall be submitted:

(b) No earlier than thirty (30) days prior to the proposed effective date of the supplier's changed rate and no later than twenty (20) days after the utility, without prior commission approval, adjusts its rates to reflect the change in its purchased water costs due to the supplier's changed rate. (Emphasis added)

DISCUSSION AND FINDINGS

The Commission finds that the June 24, 2022 Order should be voided and the application denied, because the application contained a material omission of fact. In the June 24, 2022 Order, the Commission approved a purchased water rate adjustment pursuant to KRS 278.015 and 807 KAR 5:068. In the June 24, 2022 Order, according to the information provided by U.S. 60 District, the rate increase from U.S. 60 District's supplier, Shelbyville was effective on June 19, 2022.¹ In a different proceeding at the Commission,² Commission Staff became aware that the proposed rate increase from Shelbyville was to be effective July 19, 2022, and not June 19, 2022. From this other

¹ Application, Exhibit B.

² TFS 2022-00295 (Ky. PSC filed June 9, 2022) Shelbyville filed a tariff for review by the Commission increasing wholesale water rates to U.S. 60 District effective July 19, 2022.

proceeding, Commission Staff learned that U.S. 60 District received a corrected notice from Shelbyville, but failed to correct the effective date in this case.

Because U.S. 60 District made a material error in failing to correct the effective date of the supplier rate increase, this case cannot be processed in the timeframe required by 807 KAR 5:068, Section 4. The original PWA application by U.S. 60 District was filed on June 1, 2022. The effective date for the Shelbyville wholesale rate increase is July 19, 2022, which is 48 days beyond June 1, 2022. The earliest date that U.S. 60 District should have submitted a PWA application to pass-through the Shelbyville rates is June 20, 2022. Commission regulation 807 KAR 5:068, Section 4(2)(b) is clear that 30 days prior to the effective date of the supplier's increase is the earliest that a PWA application can be submitted. Since Shelbyville's rate increase is not effective until July 19, 2022, the Commission must withdraw its approval of the PWA rate increase and void the June 24, 2022 Order.

The Commission finds that the supplier rate increase from Shelbyville may not be passed on by U.S. 60 District to its customers. The Commission further finds that any over-collection by U.S. 60 District to its customers of the Shelbyville increase must be refunded, with a filing to post case correspondence explaining the method of refund.

The Commission finds that the approval granted by the June 24, 2022 Order should be voided and the application denied in its entirety and that U.S. 60 District should file a purchased water adjustment when the supplier rates of Shelbyville are approved by the Commission.

IT IS THEREFORE ORDERED that:

1. The approval granted by the June 24, 2022 Order is void in its entirety.

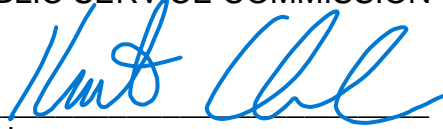
2. U.S. 60 District shall refund customers any overcharges incurred in applying the rates from the June 24, 2022 Order and file a Post Case Memorandum explaining how this was done.

3. U.S. 60 District shall file a purchase water adjustment when the supplier rates of Shelbyville are approved by the Commission.

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

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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

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