

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF LARUE)	CASE NO.
COUNTY WATER DISTRICT NO. 1 FOR A)	2023-00055
REVISION TO ITS LEAK ADJUSTMENT POLICY)	

ORDER

On January 13, 2023, LaRue County Water District (LaRue District) filed a tariff to revise its leak adjustment policy. On February 14, 2023, LaRue District filed revisions, which are included as an Appendix to this Order, to its original proposal. LaRue District proposed an effective date of February 18, 2023.

LEGAL STANDARD

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. KRS 278.160(1) requires each utility to file with the Commission a tariff showing all rates and conditions for service established by it and collected and enforced.

KRS 278.170(1) states that a utility cannot discriminate or give any unreasonable preference or advantage to any person for doing a like and contemporaneous service under the same or substantially the same conditions. KRS 278.170(4) provides that the Commission “may determine any question of fact arising under this section.”

BACKGROUND

LaRue District's current tariff on file with the Commission includes a leak adjustment policy.¹ The current policy provides that a leak adjustment may be made under the following conditions:

1. An adjustment will be allowed once every 12 months provided the customer provides documentation that the leak has been repaired.

2. The first step in the process would be to calculate the customer's average monthly usage over the past 12 months. If the usage history is not available, the LaRue District would use the average usage of similar customers.

3. The second step in the process would be to deduct the customer's average monthly usage from the total amount of water that passed through the meter.

4. The usage calculated in step one would be billed at LaRue District's regular rates while the remaining usage would be charged at the last rate step in the declining block rate design of LaRue District's general water rates set forth in its tariff.

5. Customers are only eligible for a leak adjustment if the bill is over \$100.

PROPOSED REVISIONS TO LEAK ADJUSTMENT POLICY

LaRue District originally proposed one revision to its leak adjustment policy, with that being revising the rate used to calculate the rate in the second step from the last rate step in the declining block rate design of LaRue District's general water rates, which is currently \$0.00633 per gallon, to the average per 1,000 gallon rate at which LaRue District purchases water from its providers, which is currently \$2.66 per 1,000 gallons. After Commission Staff requested revisions to the leak adjustment policy to list the type of evidence it would require to show a leak had been repaired, to list the rate under step two

¹ P.S.C. KY. NO. 3, Original Sheet No. 36, Cancelling P.S.C. KY. NO. 2.

as a per gallon rate, and to remove the provision limiting leak adjustments to situations in which the bill exceeded \$100, LaRue District filed revisions to its original proposal. LaRue District revised the tariff as follows:

1. Added the following language regarding the type of documentation required to show that a leak has been repaired: “Such documentation shall include at least one of the following: A plumber’s statement, invoices for materials and labor, or sworn affidavits from persons with knowledge of the leak’s existence and repair.

2. Revised the language regarding the rate to be used in step to from “the average per 1,000 gallon rate at which LaRue County Water District purchases water from its providers” to “the average per gallon rate at which LaRue County Water District purchases water from its providers.”

3. Removed the provision requiring that a bill be over \$100 to be eligible for a leak adjustment and replaced it with language limiting leak adjustments to situations when a customer’s usage exceeds two times their average usage.

DISCUSSION AND FINDINGS

Based upon a review of the tariff filing and being otherwise sufficiently advised, the Commission finds that LaRue District’s proposed leak adjustment tariff, as revised and as modified below is fair, just and reasonable for the following reasons. The addition of the documentation the customer is required to provide to show that a leak has been repaired provides clear and unambiguous notice to the customer of the requirements to obtain a leak adjustment.

Under the current leak adjustment policy, with the step two rate being the last rate step in the declining block rate design of LaRue District’s general water rates, customers receive little benefit when obtaining a leak adjustment given that the last rate step for all

but one of the rate schedules is for over 10,000 gallons. In addition, customers who have a leak that results in usage over 10,000 gallons would receive no adjustment for any amounts over 10,000 gallons since the step two rate is the over 10,000 gallons rate. Changing the step two rate to the average per gallon rate at which LaRue District purchases water from its providers gives much more benefit to the customer while also ensuring that the customer continue to pay for the cost of all water used.

The Commission finds that limiting the leak adjustment policy only to situations where a bill exceeds a certain dollar amount or to situations where a customer's usage exceeds a certain amount of their average usage is not fair, just and reasonable and such provisions should not be included in leak adjustment policies. The proposed leak adjustment policy, as revised, requires customers to provide evidence of the leak and that it has been repaired, so a leak adjustment can only be received when such evidence is received. When a water district has a leak adjustment policy, it should provide the adjustment if the customer can provide the relevant information showing that the leak existed and was repaired, no matter the size of the leak. Limiting a leak adjustment policy only to situations where the bill exceeds a specific amount would be discriminatory to customers who have lower bills than the average customer as their leak would have to result in significantly more usage than an average customer's leak in order to qualify, while limiting a leak adjustment policy to situations where the usage exceeds a certain amount of a customer's average usage would be discriminatory to customers with higher usage than the average customer as their leak would have to result in significantly more usage than the average customer's leak in order to qualify. Therefore, this proposed revision does not comply with KRS 278.170(1) because it disadvantages certain

customers despite LaRue District providing the same type of service under similar conditions.

IT IS THEREFORE ORDERED that:

1. The Commission initiates this proceeding to investigate LaRue District's proposed leak adjustment tariff.

2. LaRue District's proposed leak adjustment tariff, as revised and as modified herein, is approved effective February 18, 2023.

3. Within 20 days of the date of service of this Order, LaRue District shall file with the Commission, using the Commission's electronic Tariff Filing System, a revised tariff sheet setting forth the leak adjustment policy as modified herein and reflecting the effective date and that the policy was authorized by this Order.

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

PUBLIC SERVICE COMMISSION

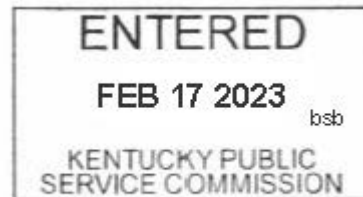


Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00055 DATED FEB 17 2023

ONE PAGE TO FOLLOW

FOR LaRue County, Kentucky
Community, Town or City

P.S.C. KY. NO. 4
1st Revised SHEET NO. 36

LaRue County Water District
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

Original SHEET NO. 36

AA. Leak Adjustments. Customers shall be allowed a leak adjustment once every 12 months providing the customer provides documentation that the leak has been repaired. Such documentation shall include at least one of the following: A plumber’s statement, invoices for materials and labor, or sworn affidavits from persons with knowledge of the leak’s existence and repair. The customer’s bill will be based on two components. The first step will be to calculate the customer’s average monthly usage over a twelve-month period. If a customer does not have twelve months of usage, the average usage of similar customers will be used. The second step will be to deduct the customer’s average monthly usage (as calculated above) from the total amount of water that passed through the meter. The usage calculated in step one will be billed at the utility’s regular rates, while the remaining usage will be charged at the average per gallon rate at which LaRue County Water District purchases water from its providers. A customer is eligible for a leak adjustment once they exceed two times their average usage.

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AB. Ownership of Mains, Services and Appurtenances.

1. All mains, valves, crossings, and other appurtenances are and shall remain the property of the utility, whether installed by the utility or the customer.
2. All service lines from main to the meter with appurtenances are and shall remain the property of the utility, whether installed by the utility or by the customer.
3. The Customer shall install, own, and maintain his/her service line from the meter (or point of delivery) to the point of usage.

AC. Notification of System Problems.

The customer shall notify the utility immediately should the service be unsatisfactory for any reason, or should there be any defects, problems, trouble, or accidents affecting the water system.

DATE OF ISSUE January 18, 2022
Month / Date / Year

DATE EFFECTIVE February 18, 2022
Month / Date / Year

ISSUED BY /s/John Detre
(Signature of Officer)

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATE _____

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