

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF	)	CASE NO.
LIBERTY REVISING ITS WHOLESALE WATER	)	2023-00211
SERVICE RATES	)	

ORDER

On June 1, 2023, pursuant to 807 KAR 5:011, the city of Liberty (Liberty) tendered a tariff proposing to increase its existing rate for wholesale water services to East Casey County Water District (East Casey District) effective July 1, 2023. By Order dated June 29, 2023, pursuant to KRS 278.190(2), the Commission determined that further proceedings were necessary and suspended the rates for five months, up to and including November 30, 2023, and required Liberty to file a revised contract that provides for a minimum bill provision before the Commission would consider allowing the rates to be placed into effect.<sup>1</sup> Liberty responded to the Commission's Order on June 30, 2023, by filing a revised contract that provides for a minimum bill provision.<sup>2</sup>

This matter now stands submitted to the Commission for a decision.

LEGAL STANDARD

Pursuant to KRS 278.200, the Commission has jurisdiction over rates and service standards that are fixed by contract between a utility subject to the Commission's jurisdiction and a city, such as Liberty. Under the standard established in KRS 278.030

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<sup>1</sup> Order (Ky. PSC June 29, 2023) at 4.

<sup>2</sup> Notice.of.Filing.Correct.Contract.City.Liberty.8.1.23.pdf (uploaded July 1, 2023).

and KRS 278.190, Liberty has the burden of proof that its proposed rates are fair, just and reasonable.

KRS 278.180 requires a utility to provide 30 days' notice to the Commission before any changes to the utility's rates.

### BACKGROUND

Liberty, through its water and sewer divisions, operates facilities providing water and sewer service to customers located in and near Liberty, Kentucky. Liberty also provides wholesale water service to East Casey District.

East Casey District is a water district organized pursuant to KRS Chapter 74 and is a utility subject to the Commission's jurisdiction.

### PROPOSED TARIFF

Liberty's tariff proposes to increase its minimum bill by 7.8 percent, from \$25,500 to \$27,500, and increase its volumetric rate by 7.8 percent, from \$2.55 to \$2.75. The \$2.55 rate became effective July 1, 2012.<sup>3</sup> As a basis for the rate increase, Liberty stated that the increase to the wholesale rate is necessary to pay the expenses required to finance the daily operations of the water system and to finance improvements to the system.<sup>4</sup>

On June 1, 2023, when Liberty filed its revised tariff sheet and revised contract setting forth proposed adjustments to Liberty's existing wholesale water service to East Casey District, Commission Staff noticed that while the tariff, ordinance, and notice contained a minimum bill provision, the revised contract between Liberty and East Casey

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<sup>3</sup> TFS2012-00440 (Ky. PSC July 1, 2012); the tariff was accepted for filing by the Commission by letter dated June 29, 2012.

<sup>4</sup> 20230601\_Liberty Tariff Filing.pdf (uploaded June 22, 2023) at 7.

District did not contain a minimum bill provision. Furthermore, no special contracts on file with the Commission contained a minimum bill provision.

By Order entered June 29, 2023, the Commission explained that the tariff filed by Liberty for wholesale water sales and rates to East Casey District was inconsistent with the terms of the special contract on which the tariffed rates were based.<sup>5</sup> Furthermore, the Commission concluded that Liberty's proposed tariff could not be approved unless and until the requested tariff terms reflect the terms of the special contract filed with the Commission.

Liberty responded to the Commission's Order on June 30, 2023, by filing the revised special contract containing the minimum bill provision.<sup>6</sup>

#### DISCUSSION

The table below is a comparison of Liberty's current and proposed volumetric wholesale rates for East Casey District.

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>\$ Change</u>	<u>% Change</u>
First 10,000,000 Gallons (Min. Bill)	\$25,500.00	\$27,500.00	\$2,000.00	7.8% Increase
Over 10,000,000 Gallons (per 1,000 gallons	2.55	2.75	0.20	7.8% Increase

Liberty's proposed rate increase is based upon the necessity to pay expenses required to finance its water system's current daily operations and improvements.<sup>7</sup> Commission Staff reviewed Liberty's audited financial statements for the year ended June

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<sup>5</sup> Order (Ky. PSC June 29, 2023) at 2.

<sup>6</sup> Notice.of.Filing.Correct.Contract.City.Liberty.8.1.23.pdf (uploaded July 1, 2023).

<sup>7</sup> 20230601\_Liberty Tariff Filing.pdf (uploaded June 22, 2023) at 7.

30, 2022, for its Water Fund<sup>8</sup> and concluded that the proposed rate of \$2.75 is reasonable and does not exceed its costs.<sup>9</sup> Furthermore, Liberty provided the water purchase contract evidencing East Casey District is in agreement with the proposed wholesale rate increase.

In reviewing the case record, the Commission finds that Liberty's proposed increase is fair, just and reasonable and is in accordance with its wholesale water service contract with East Casey District. Therefore, the Commission finds that Liberty's proposed wholesale rate increase should be approved for service as of the date of this Order.

IT IS THEREFORE ORDERED that:

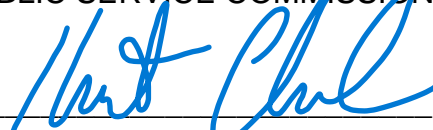
1. The wholesale rates proposed by Liberty for service to East Casey District, as set forth in the Appendix to this Order, are approved for service rendered on and after the date of this Order.
2. Within 20 days of the date of service of this Order, Liberty shall file, using the Commission's electronic Tariff Filing System, its tariff setting forth the rates approved in this Order, reflecting their effective date and that they were authorized by this Order.
3. This case is closed and removed from the Commission's docket.


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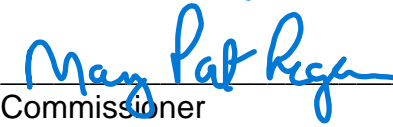
<sup>8</sup> 20230601\_Liberty Tariff Filing.pdf (uploaded June 22, 2023) at 36.

<sup>9</sup> 20230601\_Liberty Tariff Filing.pdf (uploaded June 22, 2023) at 27–29.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner



ATTEST:

  
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Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00211 DATED SEP 08 2023

The following volumetric monthly rates and charges are prescribed for East Casey County Water District for service provided by the city of Liberty, on and after the date of this Order. 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.

Monthly Wholesale Water Rate to East Casey District:

First	10,000 Gallons	\$27,500	Minimum Bill
Over	10,000 Gallons	0.00275	Per Gallon

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