

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                   |   |            |
|-----------------------------------|---|------------|
| APPLICATION OF SOUTHERN WATER AND | ) | CASE NO.   |
| SEWER DISTRICT FOR AN ALTERNATIVE | ) | 2019-00131 |
| RATE ADJUSTMENT                   | ) |            |

ORDER

On April 19, 2019, Southern Water and Sewer District (Southern District) filed an application (Application) with the Commission, requesting to adjust its rates for water service pursuant to the alternative rate adjustment procedure for small utilities, 807 KAR 5:076. In the cover letter accompanying its Application, Southern District requested that emergency rates be permitted, pursuant to KRS 278.190(2), while the Commission completed its review of the rate application.

By Order dated June 6, 2019, the Commission authorized Southern District to place into effect an interim base rate increase, subject to refund, in the form of a flat rate customer charge of \$58.82 per customer, per month. The authorized interim flat rate did not distinguish between residential or commercial customers, but rather required Southern District to collect the same flat rate from all of its customers. A hearing regarding Southern District's excessive water loss was held on July 16, 2019, in Case No. 2019-00041,<sup>1</sup> Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities. The hearing included testimony from Greg May, chief operating officer of

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<sup>1</sup> Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Jul 16, 2019).

Utility Management Group, which has been retained by Southern District to manage its operations. Mr. May stated that he believed that there would be an under collection of water revenues from Southern District's commercial customers as a result of the flat rate replacing the previous volumetric rate. Therefore, the Commission, on its own motion, found that the volumetric rate, as originally proposed in Southern District's rate application, should immediately be placed into effect for Southern District's commercial customers.

### FINDINGS

After consideration of the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. Southern District should suspend all flat rate billings for its commercial customers.
2. Southern District should immediately place into effect the interim volumetric rate for Southern District's commercial customers set forth in the Appendix to this Order.
3. The interim base rate increase for both its residential and commercial customers shall be subject to refund pending final determination of Southern District's request for permanent rate relief.

IT IS THEREFORE ORDERED that:

1. The Order of June 6, 2019, is amended such that Southern District shall immediately suspend any flat-rate billings for its commercial customers and shall place into effect the interim volumetric rate set forth in the Appendix to this Order.
2. Southern District shall maintain its records in such a manner as to enable it, or the Commission, or any of Southern District's customers, to determine the amounts

to be refunded and to whom any refund is due in the event that a refund of any portion of the interim base rate increase is ordered by the Commission.

3. Within 20 days of the date of this Order, Southern District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.

4. All other provisions of the June 6, 2019 Order in Case No. 2019-00131 not in conflict with this Order remain in full force and effect.

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By the Commission

ENTERED  
JUL 17 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2019-00131

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00131 DATED **JUL 17 2019**

The following rates and charges are prescribed on an interim basis, subject to refund, for the customers in the area served by Southern Water and Sewer 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.

#### Monthly Water Rates

##### All Commercial Retail Customers

|          |       |         |         |                   |
|----------|-------|---------|---------|-------------------|
| First    | 2,000 | Gallons | \$33.34 | Minimum bill      |
| All Over | 2,000 | Gallons | 11.51   | per 1,000 Gallons |

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