

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WESTERN)	
PULASKI COUNTY WATER DISTRICT FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY TO CONSTRUCT A WATER)	2020-00119
IMPROVEMENTS PROJECT PURSUANT TO)	
KRS 278.020 AND KAR 5:001)	

ORDER

On June 25, 2021, Western Pulaski County Water District (Western Pulaski District) filed a motion for an extension of time in which to file an application for an adjustment in rates. In the final Order in this proceeding issued on July 2, 2020, the Commission ordered Western Pulaski District to file an application for a traditional rate adjustment or an alternative rate adjustment within one year of the date of entry of that Order.¹ Western Pulaski District now seeks a six-month extension of time in which to comply with the Order.

In support of its motion, Western Pulaski District states that it is planning a new improvement project that includes a loan from the United States Department of Agriculture, Rural Development (RD) in the principal amount of \$4,472,000. Western Pulaski District indicates that it would like to include the new debt service on the proposed RD loan in its application for an adjustment in rates. The Commission notes that the Letter of Conditions concerning the RD loan that Western Pulaski District attached to its

¹ Order at 10.

motion is dated March 30, 2021. Given that Western Pulaski District's stated reason for requesting the extension of time was due to the timing of the project for which this Letter of Conditions was issued, Western Pulaski District's failure to file its motion for an extension of time promptly upon receiving the RD Letter of Conditions concerns the Commission.

As discussed in the Commission's final Order in this proceeding as well as the final Order in 2020-00331,² the Commission is concerned that Western Pulaski District's increasing percentage of water loss, its large number of untested meters, and its history of obtaining rate adjustments almost exclusively through financing cases filed pursuant to KRS 278.023 potentially threatens the total financial stability and operational viability of the district. For this reason, the Commission ordered Western Pulaski District to file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076. However, the Commission notes that the final Order in this proceeding established July 2, 2021, as the deadline for Western Pulaski District to file its application,³ and the final Order in Case No. 2020-00331 established December 17, 2021, as the deadline.⁴ Therefore, the Commission finds that clarification of the deadline is necessary. The date by which Western Pulaski District must submit an application for a rate adjustment pursuant to 807

² Case No. 2020-00331, *Electronic Application of the Western Pulaski County Water District for the Issuance of a Certificate of Public Convenience and Necessity to Construct a Water System Improvements Project and an Order Authorizing the Issuance of Securities Pursuant to the Provisions of KRS 278.020, KRS 278.300 and 807 KAR 5:001* (Ky. PSC Dec. 17, 2020).

³ Order at 10.

⁴ Case No. 2020-00331, *Western Pulaski County Water District* (Ky. PSC Dec. 17, 2020), Order at 12.

KAR 5:001, Section 16, or 807 KAR 5:076 is December 17, 2021. A filing pursuant to KRS 278.023, such as the filing Western Pulaski District's motion indicates it anticipates making, will not relieve Western Pulaski District from this requirement.

The Commission cautions Western Pulaski District that the Commission does not look favorably on requests for extensions of time and that the Commission anticipates that Western Pulaski District will file its application for a rate adjustment within the time allotted following the Commission's clarification of the due date contained herein. Should circumstances with the RD loan and the waterworks improvement project contemplated by Western Pulaski District not permit including the cost of debt service for the RD loan in the application for a rate adjustment due to be filed on December 17, 2021, the Commission will not delay a general adjustment in rates just because the district is in the process of constructing an improvement project. Western Pulaski District has known since July 2, 2020, that it must file an application for either a traditional adjustment in rates or an alternative rate adjustment in 2021. The district has had sufficient opportunity to plan its improvement projects in such a way as to ensure the costs of such projects were included in the rate filing ordered by the Commission.

The Commission reminds Western Pulaski District and any similarly situated utility that the Commission has ordered certain utilities to file applications for rate adjustments to examine the stability of the utilities' operations and reasonableness of their rates, as they currently exist, not as they will be in the future. Should Western Pulaski District or any similarly situated utility find it necessary to file another rate case upon completion of a construction project to re-examine its rates, the Commission encourages it to do so.

Having reviewed the motion and being otherwise sufficiently advised, the Commission finds that Western Pulaski District has not established good cause for an extension of time to be granted.

IT IS THEREFORE ORDERED that:

1. Western Pulaski District's motion for an extension of time is denied.
2. Western Pulaski District shall file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076 by December 17, 2021.
3. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

*Deron S Byrne, P.E.
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KENTUCKY 40342

*Tammy Vaught
Office Manager
Western Pulaski County Water District
2128 West Highway 80
Somerset, KY 42503

*Western Pulaski County Water District
2128 West Highway 80
Somerset, KY 42503

*Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, KENTUCKY 40202