

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF OHIO)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2020-00167
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On December 3, 2020, the Commission issued a final Order that granted Ohio County Water District a rate adjustment pursuant to 807 KAR 5:076. The Order incorrectly recorded the adjustment to Employee Pensions and Benefits. The adjustment double counted the increase in employer contribution rates paid to CERS, which was an increase of \$52,449. First, the increase was combined with the change to remove the effects of the journal entry made to conform to the requirements of GASB 68. Then, the \$52,449 was recorded as its own adjustment to Employee Pensions and Benefits.

Finding that the December 3, 2020 Order should be amended, the Commission
HEREBY ORDERS, *nunc pro tunc*, that:

1. In the Revenue Requirement section, the statement:

Based upon the Commission's findings and determinations herein, Ohio District requires an increase of \$867,967, or 24.33 percent above pro forma present rate revenues as shown below. The Commission is aware that Ohio District asked for a lower revenue increase than what was calculated; however, Ohio District has reviewed Staff's amount and agreed with the findings. Ultimately, the Commission has the obligation and responsibility to ensure rates that are fair, just, and reasonable.

Pro Forma Operating Expense	\$ 3,640,927
Plus: Average Annual Principal and Interest Payments	783,531
Additional Working Capital	<u>156,706</u>
Overall Revenue Requirement	4,581,164
Less: Other Operating Revenue	(41,861)
Interest Income	(42,823)
Net nonutility Income	<u>(4,498)</u>
Revenue Required from Rates	4,491,982
Less: Pro Forma Present Rate Service Revenues	<u>(3,613,015)</u>
Required Revenue Increase	<u>\$ 878,967</u>
Percentage Increase	<u>24.33%</u>

is stricken and is replaced with the following language:

Based upon the Commission's findings and determinations herein, Ohio District requires an increase of \$826,518, or 22.88 percent above pro forma present rate revenues as shown below. The Commission is aware that Ohio District asked for a lower revenue increase than what was calculated; however, Ohio District has reviewed Staff's amount and agreed with the findings. Ultimately, the Commission has the obligation and responsibility to ensure rates that are fair, just and reasonable.

Pro Forma Operating Expenses	\$ 3,588,478
Plus: Average Annual Principal and Interest Payments	783,531
Additional Working Capital	<u>156,706</u>
Overall Revenue Requirement	4,528,715
Less: Other Operating Revenue	(41,861)
Interest Income	(42,823)
Net nonutility Income	<u>(4,498)</u>
Revenue Required from Rates	4,439,533
Less: Pro Forma Present Rate Service Revenues	<u>(3,613,015)</u>
Required Revenue Increase	<u>\$ 826,518</u>
Percentage Increase	<u>22.88%</u>

2. In the Rate Design section, the statement:

The Commission finds that the rates set forth in Appendix B are reasonable, and will produce sufficient revenue from water sales to recover the Revenue Required from Rates. These rates will increase an average residential customer's monthly water bill using 4,417 gallons of water from \$42.35 to \$52.66, an increase of \$10.31, or approximately 24.34 percent.

is stricken and is replaced with the following language:

The Commission finds that the rates set forth in Appendix B are reasonable, and will produce sufficient revenue from water sales to recover the Revenue Required from Rates. These rates will increase an average residential customer's monthly water bill using 4,417 gallons of water from \$42.35 to \$52.05, an increase of \$9.70, or approximately 22.90 percent.

3. In Appendix A the Pro Forma Statement of Adjusted Operations:

	2018 Annual Report	Pro Forma Adjustments	(Ref.)	Pro Forma Operations
Operating Revenues				
Total Retail Meter Sales	\$ 3,124,638	\$ (22,368)	(A)	\$ 3,102,270
Sales for Resale	502,084	\$ 8,661	(A)	510,745
Other Water Revenues				
Forfeited Discounts	71,306	(71,306)	(B)	-
Misc. Service Revenues	30,575			30,575
Other Water Revenues	20,191	(8,905)	(C)	11,286
Total Operating Revenues	\$ 3,748,794	\$ (93,918)		\$ 3,654,876
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	904,397	55,078	(D)	959,475
Salaries and Wages - Officers	24,000			24,000
Employee Pensions and Benefits	678,238	(291,167)	(E)	
		52,449	(E)	
		(5,288)	(F)	434,232
Purchased Power	358,746	(15,384)	(G)	343,362
Chemicals	77,554	(3,326)	(G)	74,228
Materials and Supplies	40,869			40,869
Contractual Services - Acct. & Legal	39,147			39,147
Contractual Services- Water Testing	9,673			9,673
Contractual Services- Other	365,018	7,505	(H)	
		4,825	(I)	377,348
Rental of Bldg/Property & Equipment	4,466			4,466
Transportation Expense	8,705			8,705
Insurance- Vehicle, Gen. Liability & Other	60,157			60,157
Insurance- Workers Comp.	18,927			18,927
Advertising	1,123			1,123
Bad Debt Expense	18,000			18,000
Miscellaneous Expense	112,607			112,607
Total Operation and Maintenance Expenses	2,721,627	(195,308)		2,526,319
Depreciation	1,147,618	(120,726)	(J)	1,026,892
Taxes Other Than Income	83,503	4,213	(K)	87,716
Total Operating Expenses	3,952,748	(311,821)		3,640,927
Net Utility Operating Income	(203,954)	217,903		13,949
(Losses) on Disposition of Utility Property	(31,814)	31,814	(L)	-
Total Utility Operating Income	\$ (235,768)	\$ 249,717		\$ 13,949

is stricken and is replaced with the following language:

	2018 Annual Report	Pro Forma Adjustments	(Ref.)	Pro Forma Operations
Operating Revenues				
Total Retail Meter Sales	\$ 3,124,638	\$ (22,368)	(A)	\$ 3,102,270
Sales for Resale	502,084	\$ 8,661	(A)	510,745
Other Water Revenues				
Forfeited Discounts	71,306	(71,306)	(B)	-
Misc. Service Revenues	30,575			30,575
Other Water Revenues	20,191	(8,905)	(C)	11,286
Total Operating Revenues	\$ 3,748,794	\$ (93,918)		\$ 3,654,876
Operating Expenses				
Operation and Maintenance Expenses				
Salaries and Wages - Employees	904,397	55,078	(D)	959,475
Salaries and Wages - Officers	24,000			24,000
Employee Pensions and Benefits	678,238	(291,167)	(E)	
		(5,288)	(F)	381,783
Purchased Power	358,746	(15,384)	(G)	343,362
Chemicals	77,554	(3,326)	(G)	74,228
Materials and Supplies	40,869			40,869
Contractual Services - Acct. & Legal	39,147			39,147
Contractual Services- Water Testing	9,673			9,673
Contractual Services- Other	365,018	7,505	(H)	
		4,825	(I)	377,348
Rental of Bldg/Property & Equipment	4,466			4,466
Transportation Expense	8,705			8,705
Insurance- Vehicle, Gen. Liability & Other	60,157			60,157
Insurance- Workers Comp.	18,927			18,927
Advertising	1,123			1,123
Bad Debt Expense	18,000			18,000
Miscellaneous Expense	112,607			112,607
Total Operation and Maintenance Expenses	2,721,627	(247,757)		2,473,870
Depreciation	1,147,618	(120,726)	(J)	1,026,892
Taxes Other Than Income	83,503	4,213	(K)	87,716
Total Operating Expenses	3,952,748	(364,270)		3,588,478
Net Utility Operating Income	(203,954)	270,352		66,398
(Losses) on Disposition of Utility Property	(31,814)	31,814	(L)	-
Total Utility Operating Income	\$ (235,768)	\$ 302,166		\$ 66,398

4. In Appendix B, the monthly water rates:

Monthly Water Rates*

First	2,000 Gallons	\$26.27 Minimum Bill
Next	18,000 Gallons	0.01092 Per Gallon
Next	30,000 Gallons	0.00944 Per Gallon
Next	50,000 Gallons	0.00794 Per Gallon
Over	100,000 Gallons	0.00647 Per Gallon
Wholesale Service		0.00333 Per Gallon
Leak Adjustment Rate		0.00333 Per Gallon

are stricken and is replaced with the following language:

Monthly Water Rates*

First	2,000 Gallons	\$25.97 Minimum Bill
Next	18,000 Gallons	0.01079 Per Gallon
Next	30,000 Gallons	0.00933 Per Gallon
Next	50,000 Gallons	0.00785 Per Gallon
Over	100,000 Gallons	0.00639 Per Gallon
Wholesale Service		0.00329 Per Gallon
Leak Adjustment Rate		0.00329 Per Gallon

5. All other provisions of the Commission's December 3, 2020 Order that are not in conflict with the terms of this Order shall remain in effect.

By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

*Alan Vilines
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Ohio County Water District
124 E Washington Street
P. O. Box 207
Hartford, KY 42347

*Mr. Walt Beasley
General Superintendent
Ohio County Water District
124 E Washington Street
P. O. Box 207
Hartford, KY 42347