

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GARRISON- QUINCY-KY-O-HEIGHTS WATER DISTRICT FOR A RATE ADJUSTMENT PURSUANT TO 807 KAR 5:076))))	CASE NO. 2021-00094
---	------------------	------------------------

ORDER

On December 14, 2023, Garrison-Quincy-Ky-O-Heights Water District (Garrison District) filed a motion to suspend/deviate the implementation of Phase 3 of the sewer rates granted in the Commission’s Order dated November 24, 2021.

BACKGROUND

The November 24, 2021 Order approved an increase of sewer rates in three phases, with the first year as a 45 percent increase; second year a 15 percent increase to the Phase 1 rates; and the third year a 15 percent increase to the Phase 2 rates.¹ The first phase of rates, which were implemented in January 2022, increased a typical residential customer’s monthly sewer bill from \$33.00 to \$47.85, an increase of \$14.85, or approximately 45 percent. The second phase of rates, implemented in January 2023, further increased a typical customer’s monthly sewer bill from \$47.85 to \$55.03, an increase of \$7.18, or approximately 15 percent. The third phase of rates, to be implemented in January 2024, would increase a typical customer’s monthly sewer bill from \$55.03 to \$63.28, an additional increase of \$8.25, or approximately 15 percent.

¹ Order (Ky. PSC Nov. 24, 2021).

Garrison District filed a motion on October 14, 2022, which requested the Commission suspend the Phase 2 rates, and stated that it had taken steps within its accounting procedures and internal controls to properly allocate costs and revenues among the water division and sewer division of the district, and the Phase 1 increase that was implemented.² As a result, Garrison District claimed the sewer division was being properly funded by the revenue generated by the Phase 1 rate increase and requested that the implementation of Phase 2 of its sewer rate increase be suspended.³ By Order issued November 10, 2022, the Commission denied Garrison District's requested suspension and ordered the implementation of the Phase 2 rates in January 2023.⁴

Garrison District has now renewed its argument that the sewer division is being properly funded by the revenue generated by the Phase 1 and Phase 2 rate increase, and requested suspension of the Phase 3 rates, which are to be implemented in January 2024 pursuant to November 24, 2021 Order.⁵ Garrison District pointed to the Commission's statement in the November 10, 2022 Order that, "Should Garrison District find it necessary after the implementation of Phase 2 rates to adjust the sewer rates prescribed in the November 24, 2021 Order, it should file a new rate case with the Commission for a full investigation of any new proposed rates." Garrison District stated it has now filed a rate case with the Commission for the purpose of an investigation of

² Amended Motion to Suspend/Deviate Sewer Rate Increase (filed Oct. 14, 2022).

³ Amended Motion to Suspend/Deviate Sewer Rate Increase (filed Oct. 14, 2022).

⁴ Order (Ky. PSC Nov. 10, 2022).

⁵ Order (Ky. PSC Nov. 24, 2021).

rates.⁶ Garrison District argued that, because it implemented Phase 2 sewer rates on its customers, took steps to better allocate expenses and revenue among the water and sewer divisions, and filed a new Commission case for the purpose of investigation of rates, it requested suspension of the implementation of the Phase 3 Sewer rates, and to allow the District to continue on January 1, 2024, to use the Phase 2 Sewer rates until the completion of rates investigation by the Commission.⁷ Based on its belief that the sewer division is being properly funded through the current Phase 2 rate, Garrison District stated it is concerned about the potential hardship on its customers by the increase of rates.

DISCUSSION

As provided by KRS 278.400, “after a determination has been made by the commission in any hearing, any party to the proceedings may, within twenty (20) days after the service of the order, apply for a hearing with respect to any of the matters determined.” The final Order granting Garrison District’s sewer rates was entered on November 21, 2021. Garrison District did not file a motion for rehearing within the required time pursuant to KRS 278.400. Garrison District did not file its previous motion to suspend the Phase 2 rates until nearly a year had passed from the issuance of the final Order, and its current motion to suspend Phase 3 rates is two years past the issuance of the final Order. The time for rehearing has passed. In its November 10, 2022 Order denying suspension of the Phase 2 rates, the Commission found that Garrison District

⁶ Garrison District incorrectly reference Case No. 2023-00359, which is a duplicate rate case filed by the district that will be closed and removed from the Commission’s docket. Garrison District’s current alternative rate proceeding is Case No. 2023-00408, *Electronic Application of Garrison-Quincy-Ky-O-Heights Water District for an Alternative Rate Filing Pursuant To 807 KAR 5:076* (Ky. PSC Dec. 11, 2023).

⁷ It appears that Garrison District’s motion contained typographical errors in this statement that it requested to continue on January 2022 to use the Phase 1 rates until completion of investigation by the Commission.

should comply with the November 24, 2021 Order, since Garrison District provided no financial information or documentation to support its request to suspend the implementation of Phase 2 rates, other than a mere recitation that the sewer division was being properly funded by the revenue generated by the Phase 1 rate increase. The Commission finds again here, that Garrison District's request to suspend the Phase 3 rates should be denied, because it has again failed to provide documentation or support to further its request, other than a schedule of adjusted operations with no further documentation, and continued the same recitation that the sewer division is being properly funded by the revenue generated by the Phase 1 and Phase 2 increases, and that it has filed a rate case before the Commission. The Commission notes that Garrison District's application filed in the rate case addresses the need for a proposed increase in its water division rates but does not include a request to decrease the sewer division rates.⁸ Rather, Garrison District states in its applicant that no increase to sewer rates is necessary at this time.⁹

For the reasons above, the Commission finds that Garrison District shall comply with the November 24, 2021 Order and implement the Phase 3 sewer rates on January 1, 2024. Garrison District is placed on notice that any further request for a decrease from the Phase 3 sewer rates should be requested in its current rate case or a future rate case. Should Garrison District amend its application in Case No. 2023-00408 to request a decrease in sewer rates, the Commission will investigate the financial integrity of the

⁸ Case No. 2023-00408, (filed Dec. 11, 2023) Application.

⁹ Case No. 2023-00408, (filed Dec. 11, 2023) Application.

sewer division and determine whether any further adjustment of sewer rates is necessary within that proceeding.

IT IS HEREBY ORDERED:

1. Garrison District's motion is denied.
2. Garrison District shall comply with the Commission's November 24, 2021 Order, including the implementation of the Phase 3 increase, unless ordered otherwise.
3. This case is now closed and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
DEC 22 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

 For

Executive Director

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

*Garrison-Quincy-Ky-O-Heights Water District
279 Robins Lane
P. O. Box 279
Garrison, KY 41141

*Trent Underwood
Garrison-Quincy-Ky-O-Heights Water District
279 Robins Lane
P. O. Box 279
Garrison, KY 41141