

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE)	CASE NO.
FINANCIAL AND OPERATIONAL CONDITION OF)	2021-00211
THE UNION COUNTY WATER DISTRICT)	

ORDER

The Commission, on its own motion, initiated this proceeding on June 7, 2021, for the purpose of analyzing the financial and operational conditions of the Union County Water District (Union District). Union District responded to several rounds of discovery. This matter now stands submitted for a decision.

LEGAL STANDARD

Pursuant to KRS 278.250 and KRS 278.260, the Commission is authorized to investigate and examine the condition of any utility subject to its jurisdiction, including any practice or act relating to the utility service.

DISCUSSION

On May 4, 2021, the Commission received affidavits from Union District in Case No. 2021-00180 outlining operational and financial hardships Union District had experienced and could experience should a refund be required in that matter.¹ These affidavits noted Union District had lost income of approximately \$31,113.30 due to the emergency pause of service terminations, had charged unauthorized rates to customers since January 1,

¹ Case No. 2021-00180, *Electronic Purchase Water Adjustment Filing Union County Water District* (filed May 4, 2021), Union District's Affidavits.

2021, and would suffer grave financial harm should the overcharge be refunded to its customers. Union District requested authorization to retain the overcharges due to its financial situation.²

Commission Staff conducted an evaluation of Union District's financial records and annual reports. Commission Staff's evaluation found that Union District had not sought a general base rate adjustment since 1986 and had only addressed needed adjustments through the purchase water adjustment procedure. Additionally, Commission Staff found Union District had been operating with a negative net income for each of the past five years. Commission Staff also noted Union District had unaccounted-for water loss of 17.35 percent using updated information in its application and the percentage of other water consumed as reported on its 2019 Annual Report.³

On June 7, 2021, the Commission ordered Union District to file an application for a traditional adjustment in rates or an alternative rate adjustment by December 7, 2021.⁴ On March 29, 2022, the Commission granted Union District's December 21, 2021 motion for an additional 180 days to file an alternative rate adjustment and ordered an application for rate adjustment be filed on or before June 7, 2022.⁵

Union District filed an application for rate adjustment in Case No. 2022-00160 on June 3, 2022, but it was deemed deficient, and the utility requested an extension while

² Case No. 2021-00180, May 4, 2021 Union District's Affidavits.

³ Case No. 2021-00180, June 7, 2021 Order at 1-2. *Annual Report of Union District to the Public Service Commission for the Year Ending December 31, 2019* (2019 Annual Report) at 57.

⁴ Case No. 2021-00180, June 7, 2021 Order; and Case No. 2021-00211, *Electronic Investigation into the Financial and Operational Condition of the Union County Water District* (Ky. PSC June 7, 2021).

⁵ Case No. 2021-00180, Mar. 29, 2022 Order, ordering paragraph 1.

attempting to cure the deficiency.⁶ Union District filed necessary information to cure the filing deficiencies and the application was deemed filed on July 7, 2022. The Commission will address Union District's current rates and ensure that the rates allow for the utility to maintain its financial and operational stability in order to provide safe and reliable water service in Case No. 2022-00160. The Commission will investigate the utility's alleged over collection and Union District's compliance with the Commission's Orders requiring Union District to file for a rate adjustment case in Case No. 2022-00160 as well. Because the financial and operational condition of the utility will be fully investigated in Case No. 2022-00160, the Commission finds this case should be closed.

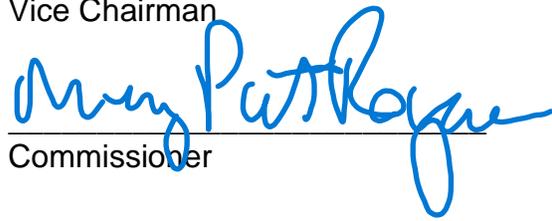
IT IS THEREFORE ORDERED that this case shall be closed and removed from the Commission's docket.

⁶ Case No. 2022-00160, *Electronic Application of Union County Water District for an Alternative Rate Adjustment* (filed June 14, 2022), Motion for Extension.

PUBLIC SERVICE COMMISSION


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Commissioner



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