

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
SHELBY WATER COMPANY FOR A RATE)	2022-00317
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon North Shelby Water Company's (North Shelby Water) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended North Shelby Water's application to request higher rates than initially requested. North Shelby Water did not request an increase in its rates, though North Shelby Water did calculate that a base rate revenue increase of \$46,784, or 1.37 percent, was necessary to achieve its revenue requirement.¹ When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined North Shelby Water would require an increase of \$73,756, or 2.15 percent, to achieve its revenue requirement.² On February 21, 2023, North Shelby Water filed with the Commission its comments in response to Commission Staff's February 8, 2023 report (Commission Staff's Report) that accepted the amount of the revenue increase, the allocation to the rate classes, and the design of the proposed rates set forth in the Commission Staff's Report.

¹ Application, Attachment 2, Reasons for Application.

² Commission Staff's Report (Ky. PSC Feb. 8, 2023) at 5.

LEGAL STANDARD

Commission regulation 807 KAR 5:076, Section 5(1)–(2) sets forth the terms of notice that a utility must provide to its customers, stating as follows:

- (1) Public postings.
 - (a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission.
 - (b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites:
 1. A copy of the public notice; and
 2. A hyperlink to the location on the commission's Web site where the case documents are available.
 - (c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.
- (2) Customer Notice.
 - (a) If a utility has twenty (20) or fewer customers, it shall mail a written notice to each customer no later than the date on which the application is submitted to the commission.
 - (b) If a utility has more than twenty (20) customers, it shall provide notice by:
 1. Including notice with customer bills mailed no later than the date the application is submitted to the commission;
 2. Mailing a written notice to each customer no later than the date the application is submitted to the commission;
 3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or

4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission.
- (c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.

Commission regulation 807 KAR 5:076, Section 11(3)(f), further states:

If commission staff reports that the applicant's financial condition supports a higher rate than the applicant proposed or commission staff recommends the assessment of an additional rate or charge not proposed in the application and commission staff's proposed rates produce a total increase in revenues that exceeds 110 percent of the total increase in revenues that the applicant's proposed rates will produce and the applicant amends its application to request commission staff's proposed rates, the commission shall order the applicant to provide notice of the finding or recommendation to its customers.

Commission regulation 807 KAR 5:076, Section 7(1), provides that an application for an alternative rate adjustment (ARF) may not place the proposed rates into effect until the Commission approves those rates or six months from the date of filing an application.

Commission regulation 807 KAR 5:001E, Section 4(5), provides that amendment of an application shall not relate back to the date of the filing of the original application unless the Commission orders otherwise.

DISCUSSION AND FINDINGS

As an initial matter, when North Shelby Water accepted Commission Staff's proposed increase of \$73,756, North Shelby Water accepted rates that produced a total increase that exceeds the revenue initially proposed by \$26,972, and which exceeded the 110 percent threshold in 807 KAR 5:076, Section 11(3)(f).³ Consistent with 807 KAR

³ 110% of the initial proposed revenue increase is (110% x \$46,784 = \$51,462.40).

5:076, Section 11(3)(f), because North Shelby Water amended its application on February 21, 2023, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold, and because the amended application does not relate back to the original application, North Shelby Water shall not place the proposed rates into effect until the Commission issues an Order approving the rates or August 21, 2023, which is six months from the date the application was amended, whichever comes first.

The Commission further notes that North Shelby Water did not provide notice to its customers of this application because North Shelby Water did not request a rate increase in its original application.

Because North Shelby Water accepted rates that exceed the regulatory threshold for renote, the Commission finds that North Shelby Water should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, North Shelby Water shall notify its customers of the implementation of the rates calculated in the Commission Staff's Report by public posting in accord with Commission regulation 807 KAR 5:076, Section 5(1). Further, North Shelby Water shall publish notice of the rate increase in a newspaper of general circulation in its territory once per week for three consecutive weeks, in accord with Commission regulation 807 KAR 5:076, Section 5(2)(b)(3). The customer notice shall contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. North Shelby Water's amended application is accepted as filed as of February 21, 2023.

2. North Shelby Water shall not place the proposed rates into effect until the Commission issues an Order approving the rates or six months from the date the application was amended, whichever comes first.

3. Within 14 days of the date of service of this Order, North Shelby Water shall notify its customers of the implementation of the rates calculated in the Commission Staff's Report by publishing notice of the increase in a newspaper of general circulation in its territory once per week for three consecutive weeks. The customer notice shall contain the information set forth in the Appendix to this Order.

4. North Shelby Water shall provide proof of publication of the notice to the Commission no later than 30 days from the date of this Order.

5. If the Commission does not receive any written requests for intervention or a hearing in this matter within 30 days of publication of the new rates, this case shall stand submitted to the Commission for a decision based upon the existing record.

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00317 DATED APR 06 2023

On February 21, 2023, the Kentucky Public Service Commission (PSC) accepted for filing North Shelby Water Company’s (North Shelby Water) amended application requesting to increase its revenue from water sales by \$73,756, an approximate increase of 2.15 percent of its revenue requirement. North Shelby Water requests the PSC approve its recommended revenue requirements and that North Shelby Water be allowed to implement the revised rates as follows:

Monthly Water Rates

			Current	Proposed	Difference	% Diff	
<u>5/8- x 3/4-Inch Meter</u>							
First	2,000	Gallons	\$23.02	\$23.51	\$0.49	2.13%	Minimum Bill
Next	3,000	Gallons	0.00781	0.00798	\$0.00017	2.18%	Per Gallon
Next	5,000	Gallons	0.00643	0.00657	\$0.00014	2.18%	Per Gallon
Next	40,000	Gallons	0.00574	0.00586	\$0.00012	2.09%	Per Gallon
Over	50,000	Gallons	0.00506	0.00517	\$0.00011	2.17%	Per Gallon
<u>1-Inch Meter</u>							
First	5,000	Gallons	\$46.45	\$47.45	\$1.00	2.15%	Minimum Bill
Next	5,000	Gallons	0.00643	0.00657	\$0.00014	2.18%	Per Gallon
Next	40,000	Gallons	0.00574	0.00586	\$0.00012	2.09%	Per Gallon
Over	50,000	Gallons	0.00506	0.00517	\$0.00011	2.17%	Per Gallon
<u>1 1/2-Inch Meter</u>							
First	10,000	Gallons	\$78.60	\$80.30	\$1.70	2.16%	Minimum Bill
Next	40,000	Gallons	0.00574	0.00586	\$0.00012	2.09%	Per Gallon
Over	50,000	Gallons	0.00506	0.00517	\$0.00011	2.17%	Per Gallon
<u>2-Inch Meter</u>							
First	15,000	Gallons	\$107.30	\$109.60	\$2.30	2.14%	Minimum Bill
Next	35,000	Gallons	0.00574	0.00586	\$0.00012	2.09%	Per Gallon
Over	50,000	Gallons	0.00506	0.00517	\$0.00011	2.17%	Per Gallon
<u>3-Inch Meter</u>							
First	35,000	Gallons	\$222.10	\$226.80	\$4.70	2.12%	Minimum Bill
Next	15,000	Gallons	0.00574	0.00586	\$0.00012	2.09%	Per Gallon
Over	50,000	Gallons	0.00506	0.00517	\$0.00011	2.17%	Per Gallon

Nonrecurring Charges

Connection/Turn On Charge	\$12.20
Connection/Turn On Charge After Hours	\$45.00
Inspection of Service Line	\$12.20
Membership Fee	\$5.50
Meter Test Charge	\$12.20
Reconnection Fee	\$12.20
Reconnection Fee After Hours	\$45.00
Returned Check Fee	\$15.00
Service Investigation Charge	\$12.20
5/8- x 3/4-Inch Tap Fee	\$1,000.00
1-Inch Tap Fee	\$1,275.00

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The rates will increase the monthly bill of a typical residential customer using 5,140 gallons a month from \$47.35 to \$48.37, an increase of \$1.02, or approximately 2.15 percent. This filing may be examined at the offices of North Shelby Water Company located at 4596 Bagdad Road, Bagdad, Kentucky 40003; telephone (502) 747-8942.

Any person may examine this filing at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday–Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <https://psc.ky.gov/>; telephone (502) 564-3940. A copy of the PSC Commission Staff's Report can be found at the following address:

https://psc.ky.gov/pscscf/2022%20Cases/2022-00317//20230208_STAFF_REPORT.pdf

Any person may submit comments on the proposed request no later than 30 days after the date of publication of customer notice. Comments shall be in writing and shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602. Comments may also be submitted by electronic mail to psc.comment@ky.gov. If the Commission does not receive any request for intervention or hearing in this matter within 30 days after the date of publication of this customer notice, the Commission will proceed to render a decision in the matter

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KENTUCKY 40206

*North Shelby Water Company
4596 Bagdad Road
P. O. Box 97
Bagdad, KY 40003

*David Hedges
North Shelby Water Company
4596 Bagdad Road
P. O. Box 97
Bagdad, KY 40003