

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MOUNTAIN)	CASE NO.
WATER DISTRICT FOR A GENERAL)	2022-00366
ADJUSTMENT OF WATER RATES)	

ORDER

On October 31, 2023, the Commission issued an Order approving an increase in Mountain Water District’s (Mountain District) rates for retail water service and wholesale water service. Following an application for rehearing filed by Mountain District,¹ an Order was issued, *nunc pro tunc*, on November 29, 2023, to amend the October 31, 2023 Order with respect to the implementation of the approved rate adjustment in three phases.² Mountain District subsequently requested, and was granted, an informal conference (IC) with Commission Staff, to discuss Mountain District’s concerns regarding the substantial increase in its wholesale rate to Elkhorn City, Kentucky (Elkhorn), and Elkhorn’s ability to pay the increased rate.³ Counsel for Elkhorn has also since filed a letter in opposition to Mountain District’s increase in the wholesale rate to Elkhorn.⁴

To determine the rates granted in the October 31, 2023 Order, the Commission rejected the cost of service study (COSS) filed by Mountain District, as well as the

¹ Mountain District’s Application for Rehearing (filed Nov. 9, 2023).

² Order (Ky. PSC Nov. 29, 2023).

³ PSC Letter Filing IC Memo into the Record (Ky. PSC Jan. 4, 2024).

⁴ Elkhorn City Opposition to Mountain Water District Rate Increase (filed Jan. 29, 2024).

proposed rates and rate structure, and instead approved an alternative rate structure maintaining a cost of service based on a Customer Charge and a single Volumetric Charge, using the charges and costs that were allocated in the customer accounts in the COSS. The Commission adjusted the 5/8- x 3/4-inch meters from the proposed \$7.76 charge to the \$8.99 charge as shown in Appendix B to the October 31, 2023 Order. Further, the Commission used the American Water Works Association, M-1 Manual's Equivalent Meter and Service Ratios⁵ to develop the customer charges for the larger-sized meters. Finally, the Commission set a universal volumetric rate for all meter sizes and for all customers. The volumetric rate was set at \$0.01114 per gallon in Appendix B to the October 31, 2023 Order, and as amended in the November 29, 2023 Order.

In addition to the retail rates, the Commission developed a Wholesale Customers' rate, which Mountain District had proposed as a 22.9 percent increase over the current rates. The Commission followed its precedent of setting a single volumetric rate for all the wholesale customers. While the Commission adjusted the current wholesale rates by the same practice that Mountain District proposed, the Commission identified an error in its wholesale calculation. The correct wholesale rate should be \$0.00452, a 46.28 percent increase over the prior rate for Martin County Water District; a 3.28 percent decrease over the prior rate for Mingo (TN) County District; and 56.54 percent increase over the prior rate for Elkhorn.

With the revised wholesale rate of \$0.00452 per gallon, an adjustment to the retail rates set in the October 31, 2023 Order, as previously amended on November 29, 2023,

⁵ See Page 67 of the AWWA M-1 Manual for the Table outlining these Ratios.

is necessary.⁶ The revised retail volumetric rate, as listed in the Appendix, is \$0.01148 per gallon. The monthly bill of a typical residential customer using 3,100 gallons of water will increase from \$33.50 to \$46.30, an increase of \$12.80, or 28.71 percent of which \$1.72 or 5.13 percent is for the Water Loss Surcharge. The Commission finds that, with the adjustments to the retail and wholesale rates, the rates in the Appendix to this Order are fair, just and reasonable. The effect of this *nunc pro tunc* Order relates back to the Order of October 31, 2023, in which the Commission approved the methodology and the manner of analysis and the calculation of the wholesale rate. The Commission further finds that any difference between the rates for retail water service placed into effect by Mountain District following the October 31, 2023 Order and the rates implemented in the Appendix to this Order should be collected over a period of four months. Likewise, any difference between the rates for wholesale water service placed into effect by Mountain District following the October 31, 2023 Order and the rates implemented in the Appendix to this Order should be refunded over a period of two months.

Finding that the rates approved in the October 31, 2023 Order, as previously amended on November 29, 2023, should be amended, the Commission HEREBY ORDERS, *nunc pro tunc*, that:

1. The rate Appendix B to the October 31, 2023 Order, as previously amended on November 29, 2023, is stricken and replaced with the Appendix to this Order.
2. The adjusted rates in the Appendix to this Order are fair, just and reasonable.

⁶ Order (Ky. PSC Oct. 31, 2023)

3. All other provisions of the Commission's October 31, 2023 Order, as previously amended on November 29, 2023, that are not in conflict with the terms of this Order shall remain in effect.

4. Within 20 days of the date of this Order, Mountain District shall file with the Commission revised tariff sheets containing the approved rates.

5. Mountain District shall collect any undercollection and issue any refund, over a period of four months, for any difference between the rates for retail and wholesale water service placed into effect following the October 31, 2023 Order, and the rates provided in the Appendix to this Order.

6. Within 20 days of the date of this Order, Mountain District shall file in this case a statement detailing the amounts billed to its retail and wholesale customers in excess of the rates authorized in this Order with totals for each type of charge separately stated.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
FEB 23 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00366 DATED FEB 23 2024

The following rates and charges are prescribed for the customers in the area served by Mountain Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8- x 3/4-Inch Meter

Customer Charge	\$8.99	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

5/8- x 3/4-Inch Meter

Multiple Users

Customer Charge	\$8.99	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

1-Inch Meter

Customer Charge	\$12.59	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

2-Inch Meter

Customer Charge	\$26.07	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

3-Inch Meter

Customer Charge	\$98.89	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

4-Inch Meter

Customer Charge	\$125.86	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

6-Inch Meter

Customer Charge	\$188.79	Minimum Bill
Volumetric Rate	0.01148	Per Gallon

Wholesale Rate

	0.00452	Per Gallon
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Nonrecurring Charges

Connection Charge	\$14.50
Connection Charge AH	\$53.00
Disconnection Charge	\$14.50
Hydrant Installation Charge	\$6,700.00
Meter Reread Charge	\$14.50
Meter Test Charge	\$12.50
Reconnection Charge	\$14.50
Returned Check Charge	\$1.50
Service Investigation Charge	\$14.50
Service Investigation Charge After Hours	\$92.00
Termination Charge	\$14.50
Turn On Charge	14.50
Unauthorized Investigation Charge	12.50

Tap Fees

5/8 x 3/4 Tap Fee	\$1,225.00
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