

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KIRKSVILLE	)	CASE NO.
WATER ASSOCIATION, INC. FOR A RATE	)	2023-00258
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

This matter arises upon Kirksville Water Association, Inc. (Kirksville Water) acceptance of Commission Staff’s recommendation regarding the amount of a rate increase. Kirksville Water requested a decrease in its revenue requirement of \$31,751, or 2.36 percent, over test-year normalized revenues.<sup>1</sup> When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Kirksville Water would require an increase of \$205,345 or 19.83 percent in revenue.<sup>2</sup> On January 19, 2024, Kirksville Water filed, with the Commission, its comments in response to Commission Staff’s January 4, 2024 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.

LEGAL STANDARD

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

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<sup>1</sup> Application, Attachment 2, Reasons for Application.

<sup>2</sup> Commission Staff’s Report at 5.

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 5:001, 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

When Kirksville Water accepted Commission Staff's proposed revenue requirement increase of \$205,345, Kirksville Water accepted rates that produced a total increase that exceeds the revenue initially proposed by \$237,096 or is 115.46 percent of the original proposed rates.<sup>3</sup> Commission Staff recommended a phased in approach to the increase. The Phase I rates will increase the monthly bill of a typical residential customer using 4,162 gallons a month from \$43.16 to \$47.44, an increase of \$4.28, or approximately 9.92 percent. The Phase II rates will increase the monthly bill of a typical residential customer using 4,162 gallons a month from \$47.44 to \$51.71, an increase of \$4.27, or approximately 9.00 percent.<sup>4</sup> Consistent with 807 KAR 5:076, Section 11(3)(f), because Kirksville Water amended its application on January 19, 2024, when it accepted

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<sup>3</sup> (\$31,751) divided by \$205,345 = 115.46%

<sup>4</sup> The typical residential customer bill calculation in Commission Staff's Report was mathematically incorrect and has been corrected in this Order and Appendix.

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, Kirksville Water shall not place the proposed rates into effect until the Commission issues an Order approving the rates or July 19, 2024, which is six months from the date the application was amended, whichever comes first.

Because Kirksville Water accepted rates that exceed the regulatory threshold for renote, the Commission finds that Kirksville Water should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, Kirksville 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 or placing an insert in bills rendered to its customers. The customer notice shall contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. Kirksville Water's amended application is accepted as filed as of January 19, 2024.
2. Kirksville 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, Kirksville 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 or placing an insert in bills rendered to its customers. The customer notice shall contain the information set forth in the Appendix to this Order.

4. Kirksville 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 new rates, this case shall stand submitted to the Commission for a decision based upon the existing record.

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PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ENTERED  
MAR 04 2024 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00258 DATED MAR 04 2024

On August 12, 2023, the Kentucky Public Service Commission (PSC) accepted for filing Kirksville Water Association, Inc.'s (Kirksville Water) application requesting to decrease its revenue from water sales by \$31,751, an approximate decrease of 2.36 percent. On January 4, 2024, Commission Staff determined Kirksville Water would require an increase of \$205,345 or 19.83 percent in revenue from water sales. Kirksville Water requests the PSC approve its recommended revenue requirements and that Kirksville Water be allowed to implement the revised rates as follows:

Monthly Water Rates

PHASE I

All Meters

First	2,000 Gallons	\$23.20	Minimum Bill
Next	3,000 Gallons	\$0.01121	Per Gallon
Next	5,000 Gallons	\$0.00960	Per Gallon
Over	10,000 Gallons	\$0.00826	Per Gallon

PHASE II (effective one year after Phase I rates begin)

All Meters

First	2,000 Gallons	\$25.29	Minimum Bill
Next	3,000 Gallons	\$0.01222	Per Gallon
Next	5,000 Gallons	\$0.01047	Per Gallon
Over	10,000 Gallons	\$0.00900	Per Gallon

Nonrecurring Charges

5/8 x 3/4 Inch Water Tap On	\$1,190.00
All Larger Meters	\$1,420.00
Late Payment Penalty	10%
Meter Reading Recheck	\$29.00
Service Reconnection Charge	\$29.00
Service Charge	\$29.00
Returned Check Charge	\$5.00
3/4-Inch Meter Test Request	\$64.00
1 Inch Meter Test Request	\$104.00
Damage to Meter Setting or Lid	Actual
Meter Relocate	Actual

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The Phase I rates will increase the monthly bill of a typical residential customer using 4,162 gallons a month from \$43.16 to \$47.44, an increase of \$4.28, or approximately 9.92 percent. The Phase II rates will increase the monthly bill of a typical residential customer using 4,162 gallons a month from \$47.44 to \$51.71, an increase of \$4.27, or approximately 9.00 percent. This filing may be examined at the offices of Kirksville Water located at 1613 Foxhaven Drive, Richmond, Kentucky; telephone (859) 963-2555.

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/2023%20Cases/2023-00258//20240104\\_STAFF\\_REPORT.pdf](https://psc.ky.gov/pscscf/2023%20Cases/2023-00258//20240104_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](mailto: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.

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