

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CUNNINGHAM)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2023-00323
PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon Cunningham Water District's (Cunningham District) acceptance of Commission Staff's recommendation regarding the amount of a rate increase. Cunningham District requested an increase in its revenue requirement of \$22,292, or 49.29 percent, over test-year normalized revenues.¹ When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Cunningham District would require a revenue increase of \$25,734 or 56.90 percent.² On February 9, 2024, Cunningham District filed its comments in response to Commission Staff's February 6, 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

¹ Application, Attachment 2, Reasons for Application.

² Commission Staff's Report at 4.

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 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

As an initial matter, when Cunningham District accepted Commission Staff's proposed increase of \$25,734, Cunningham District accepted rates that produced a total increase that exceeds the revenue initially proposed by \$3,442, or 115.44 percent of the original proposed rates.³ Consistent with 807 KAR 5:076, Section 11(3)(f), because Cunningham District amended its application on February 9, 2024, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold,⁴ and because the amended application does not relate back to the original application, Cunningham District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or August 9, 2024, which is six months from the date the application was amended, whichever comes first.

³ $\$25,734 / \$22,292 = 115.44\%$

⁴ $110\% \text{ of the initial proposed revenue increase is } (110\% \times \$22,292 = \$24,521)$

Because Cunningham District accepted rates that exceed the regulatory threshold for renote, the Commission finds that Cunningham District should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, Cunningham District 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. Within 30 days of the date of service of the Order, Cunningham District shall file proof of publication of the notice.

IT IS THEREFORE ORDERED that:

1. Cunningham District's amended application is accepted as filed as of February 9, 2024.
2. Cunningham District 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, Cunningham District 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. Cunningham District 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 notice of the proposed 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
FEB 20 2024 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00323 DATED FEB 20 2024

On October 10, 2023, the Kentucky Public Service Commission (PSC) accepted for filing Cunningham Water District’s (Cunningham District) application requesting to increase its revenue from water sales by \$22,292, an approximate increase of 49.29 percent. On February 6, 2024, Commission Staff determined Cunningham District would require an increase of \$25,734 or 56.90 percent in revenue from water sales. Cunningham District requests the PSC approve its recommended revenue requirements and that Cunningham District be allowed to implement the revised rates as follows:

		Current	Proposed		% Increase
PHASE 1					
First	2,000 Gallons	\$15.72	\$20.19	Minimum Bill	28.43%
Next	3,000 Gallons	0.00447	0.00574	Per Gallon	28.41%
Over	5,000 Gallons	0.00312	0.00401	Per Gallon	28.53%
PHASE 2					
First	2,000 Gallons	20.19	24.67	Minimum Bill	22.19%
Next	3,000 Gallons	0.00574	0.00701	Per Gallon	22.13%
Over	5,000 Gallons	0.00401	0.00490	Per Gallon	22.20%

Nonrecurring Charges				
Meter Test Charge	\$0.00	\$30.00		N/A
Tap Fee	\$1,141.00	\$860.00		(24.63%)

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The Phase 1 rates will increase the monthly bill of a typical residential customer using 4,000 gallons a month from \$24.66 to \$31.67, an increase of \$7.01, or approximately 28.43 percent. The Phase 2 rates will increase the monthly bill of a typical residential customer using 4,000 gallons a month from \$31.67 to \$38.69, an increase of \$7.02, or approximately 22.17 percent. This filing may be examined at the offices of Cunningham District located at 7506 US Highway 52, P.O. Box 644, Cunningham, Kentucky; telephone (270) 642-2287.

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/2023-00323//20240206_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

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