

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MUHLENBERG	)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE	)	2024-00404
ADJUSTMENT PURSUANT TO 807 KAR 5:076	)	

ORDER

This matter arises upon Muhlenberg County Water District's (Muhlenberg District) acceptance of Commission Staff's recommendation regarding the necessary increase in rates, thus amending Muhlenberg District's application to request higher rates than initially requested. Muhlenberg District requested an increase in its revenue requirement of \$550,459, or 12.36 percent.<sup>1</sup> When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Muhlenberg District would require an increase of \$833,489, or 18.71 percent.<sup>2</sup> On May 27, 2025, Muhlenberg District filed with the Commission its comments in response to Commission Staff's May 16, 2025 report (Commission Staff's Report) accepting Commission Staff's findings, 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, though it disagreed with the removal of certain labor expenses from nonrecurring charges.<sup>3</sup>

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<sup>1</sup> Application, Attachment 4, Revenue Requirement using Operating Ratio Method.

<sup>2</sup> Commission Staff's Report (issued May 16, 2025) at 5.

<sup>3</sup> Muhlenberg District's Response to Commission Staff's Report (filed My 27, 2025).

## 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 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

As an initial matter, when Muhlenberg District accepted Commission Staff's increase of \$833,489, Muhlenberg District accepted rates that produced a total increase that exceeds the revenue initially proposed of \$550,459, or 151.42 percent of the original proposed rates.<sup>4</sup> Consistent with 807 KAR 5:076, Section 11(3)(f), because Muhlenberg District amended its application on May 27, 2025, 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, Muhlenberg

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<sup>4</sup> 833,489/ \$550,459 = 151.42%.

District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or November 27, 2025, which is six months from the date the application was amended, whichever comes first.

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

IT IS THEREFORE ORDERED that:

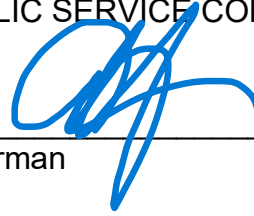
1. Muhlenberg District's amended application is accepted as filed as of May 27, 2025.
2. Muhlenberg District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or six months from the date the application was amended, whichever comes first.
3. Within 14 days of the date of service of this Order, Muhlenberg 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. Muhlenberg 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 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

ATTEST:



Executive Director



## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00404 DATED JUN 20 2025

On January 10, 2025, the Kentucky Public Service Commission (PSC) accepted for filing Muhlenberg County Water District's (Muhlenberg District) application requesting to increase its revenue from water sales by \$550,459, an approximate increase of 12.36 percent. On May 16, 2026, Commission Staff determined Muhlenberg District would require an increase of \$833,489 or 18.71 percent in revenue from water sales. Muhlenberg District requests the PSC approve its recommended revenue requirements and that Muhlenberg District be allowed to implement the revised rates as follows:

			<u>Monthly Water Rates</u>				
<b>Meter Size</b>			<b>Current</b>	<b>Proposed</b>			<b>% Increase</b>
<u>5/8" X 3/4" Meters</u>							
First	2,000	Gallons	\$ 30.27	\$ 35.87	Minimum Bill		18.51%
Next	8,000	Gallons	0.01132	0.01339	Per Gallon		18.27%
Next	10,000	Gallons	0.01066	0.01260	Per Gallon		18.24%
Next	30,000	Gallons	0.01001	0.01183	Per Gallon		18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon		18.18%
<u>1" Meters</u>							
First	5,000	Gallons	\$ 64.23	\$ 76.25	Minimum Bill		18.71%
Next	5,000	Gallons	0.01132	0.01339	Per Gallon		18.27%
Next	10,000	Gallons	0.01066	0.01260	Per Gallon		18.24%
Next	30,000	Gallons	0.01001	0.01183	Per Gallon		18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon		18.18%
<u>1 1/2" Meters</u>							
First	11,000	Gallons	\$ 131.46	\$ 156.06	Minimum Bill		18.71%
Next	9,000	Gallons	0.01066	0.01260	Per Gallon		18.24%
Next	30,000	Gallons	0.01001	0.01183	Per Gallon		18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon		18.18%
<u>2" Meters</u>							
First	16,000	Gallons	\$ 184.74	\$ 219.30	Minimum Bill		18.71%
Next	4,000	Gallons	0.01066	0.01260	Per Gallon		18.24%
Next	30,000	Gallons	0.01001	0.01183	Per Gallon		18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon		18.18%

3" Meters

First	26,000	Gallons	\$ 287.39	\$ 341.16	Minimum Bill	18.71%
Next	24,000	Gallons	0.01001	0.01183	Per Gallon	18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon	18.18%

4" Meters

First	36,000	Gallons	\$ 387.47	\$ 459.97	Minimum Bill	18.71%
Next	14,000	Gallons	0.01001	0.01183	Per Gallon	18.21%
Over	50,000	Gallons	0.00935	0.01105	Per Gallon	18.18%

Wholesale Rate

	\$ 0.00686	\$ 0.00809	Per Gallon	17.98%
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<u>Nonrecurring Charges</u>	<u>Revised Charge</u>
Connection/Turn-on Charge	\$ 52.00
Field Collection Charge	\$ 37.00
Meter Relocation Charge	Actual Cost
Reconnection Charge	\$ 37.00
Returned Check Charge	\$ 4.00
Service Call/Investigation	\$ 37.00
Meter Test Request	\$ 38.00

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch	\$ 1,440.00
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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 who uses 3,432 gallons from \$46.48 to \$55.05, an increase of \$8.57, or approximately 18.44 percent. This filing may be examined at the offices of Muhlenberg District located at 301 Dean Road, Greenville, KY 42345. You may contact the office at 270-388-1300.

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/2024%20Cases/2024-00404//20250516\\_STAFF\\_REPORT.pdf](https://psc.ky.gov/pscscf/2024%20Cases/2024-00404//20250516_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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