

Regulation of water service in Kentucky: the PSC role

**Presentation to the
Joint Interim Committee on Natural
Resources and Environment**

November 7, 2011

WATER SERVICE PROVIDERS IN KENTUCKY

- **Investor-owned – 8 companies**
size ranges from 55 to 122,000 customers
- **Water districts – 115**
size range from 142 to 80,500
- **Water Associations – 22**
size range from 489 to 7,800
- **Municipal water systems – 255**
from fewer than 100 to 246,000 customers
serve majority of Kentucky population
- **Other systems - 65**

Water service regulation in Kentucky is divided:

Federal water quality
standards for all service
providers are enforced by the
Kentucky Division of Water

Water service regulation in Kentucky is divided:

Kentucky Public Service
Commission regulates the
rates and service only of
some water service providers

Water utilities under Kentucky PSC regulation:

- Investor-owned utilities
- Water districts
- Water associations




Also:

- Rates of municipal utilities for wholesale water service to a utility under full PSC jurisdiction – 93 municipal utilities

Water Utilities Regulated by the Public Service Commission

PSC Regulated

(MANAGED IN THIS TYPE STYLE)

- | | |
|---|--|
|  | Investor-Owned Water Companies |
|  | Water Associations - a nonprofit corporation formed for the purpose of furnishing water services to the general public |
|  | Water Districts - created by a county fiscal court, administered by a Board of Commissioners appointed by the county judge |

Not regulated by the PSC

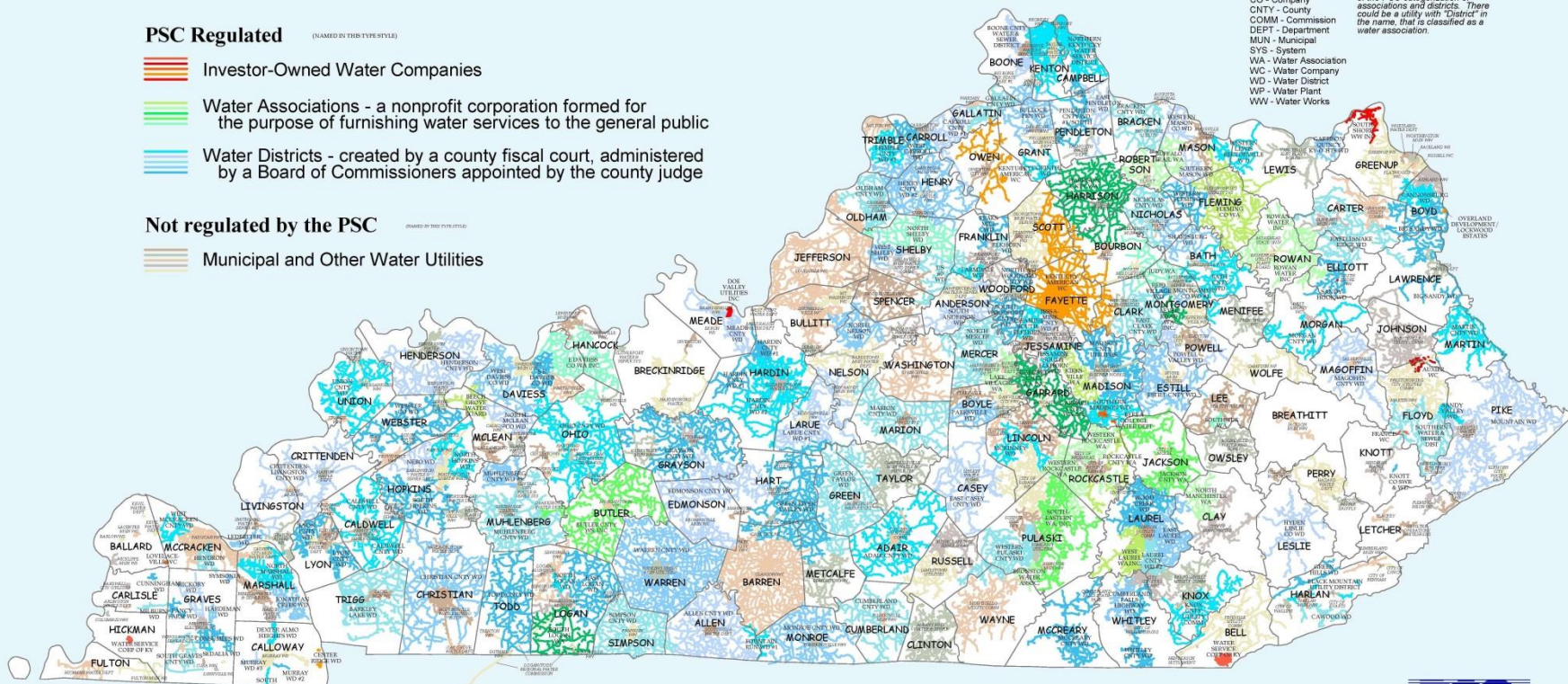
© 2004 Blackwell Publishing Ltd, *Journal of Internal Medicine* 255: 105–112

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- Municipal and Other Water Utilities

Abbreviations Used in Utility Names

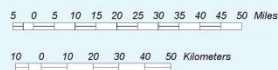
ASSOC - Association
CO - Company
CNTY - County
COMM - Commission
DEPT - Department
MUN - Municipal
SYS - System
WA - Water Association
WC - Water Company
WD - Water District
WP - Water Plant
WW - Water Works

Note: The name is not indicative of the PSC categorization of associations and districts. There could be a utility with "District" in the name, that is classified as a water association.



The user should understand that since September 11, 2001, location data of critical utility structures is considered sensitive information for security reasons. Users shall not publish this map or any part of it on the World Wide Web. Users shall not redistribute this map to others, but shall refer requests by others for such information to the Kentucky Public Service Commission. The user shall give credit to the Kentucky Public Service Commission (PSC). The user must abide by the following data use restrictions:

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Data Sources:
 Kentucky Infrastructure Authority's Water Resource Information System
 Public Service Commission's Utility Master database

Public Service Commission
April 15, 2004



Municipal utilities removed from PSC jurisdiction in 1936 by the Kentucky General Assembly –

Municipal rates and service are under jurisdiction of local utility boards and, ultimately, local elected officials

PSC authority

KRS 74 – Water Districts

KRS 278 – General statute

KAR 807 – Regulations

Court decisions

PSC orders

PSC authority

Ratemaking

General rate cases – larger utilities

Alternative rate filing – small utilities

Rate adjustments tied to construction
projects funded by

USDA Rural Development

Wholesale rates/

purchased water adjustments

PSC authority

Service regulation

Water supply

Reliability and adequacy of supply

Utility policies/procedures

Customer service

PSC authority

Other regulatory areas

Construction projects

If necessary, removal/appointment of
water district commissioners

Training for water district commissioners

Testing/licensing of meter testers

Meter testing

Assisting smaller utilities

Ratemaking – alternative rate filing procedure

Utilities with less than \$5 M annual revenue

All but 6 largest qualify

Same ratemaking basis as larger utilities

Less documentation required

Expedited process

PSC staff assistance available

Reduced rate case expense

Encourages more frequent filings, smaller increases

Labor intensive for PSC

Assisting smaller utilities

Training for water district commissioners and water utility personnel

Governance & ethics

Board room procedures

Budgeting and planning

Internal controls

Rate regulation basics

Rates and service

Basics of water quality law

Customer relations

Risk management

Emergency preparedness

Working with our partners

Regulatory revisions

Utility training

Kentucky Auditor of Public Accounts

Kentucky Attorney General

Kentucky Division of Water

Kentucky Infrastructure Authority

Kentucky Department of Emergency Management

Kentucky Rural Community Assistance Program

Kentucky Association of Counties

Kentucky League of Cities

Kentucky Rural Water Association

Kentucky Municipal Utilities Association

Thank you