



Matthew G. Bevin
Governor

Charles G. Snaveley
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Michael J. Schmitt
Chairman

Robert Cicero
Vice Chairman

Talina R. Mathews
Commissioner

NEWS RELEASE

Contact: Andrew Melnykovich
502-782-2564 or 502-564-3940
502-330-5981 (cell)
Andrew.Melnykovich@ky.gov

PSC Reduces Water Service Corp. of Kentucky Rate Request

Utility receives less than two-thirds of requested increase

FRANKFORT, Ky. (Feb. 11, 2019) – The Kentucky Public Service Commission (PSC) has granted Water Service Corp. of Kentucky a rate increase that is 37 percent below the amount sought by the utility.

In an order issued today, the PSC explained a number of adjustments it had made to the company's request, including reducing certain allowable expenses and changing calculations for depreciation. As a result, Water Service Kentucky will be allowed to increase annual revenue by \$535,327, or about 22 percent, which is \$317,416 (37 percent) less the \$852,743 (35 percent) increase requested by the utility.

Water Service Kentucky has about 5,800 customers in the Middlesboro area of Bell County in southeast Kentucky and about 600 customers in Clinton, in Hickman County in the southwest corner of the state.

Residential customers in both areas will see the monthly customer charge increase from \$10 to \$11.45. The charge per 1,000 gallons of consumption will increase to \$5.05 for customers in both areas.

Because the current consumption charge is \$4.06 per 1,000 gallons in Middlesboro and \$4.36 in Clinton, customers in the latter area will see a somewhat smaller increase in their bills. Individual increases will vary with usage patterns.

The new rates take effect immediately. However, for the next year, the increase will be offset slightly by a credit that customers will receive to reflect savings to Water Service Kentucky from the federal corporate income tax reduction that took effect last year.

In addition, the PSC authorized Water Service Kentucky to impose a \$3.33 monthly surcharge on customers residing in the Ambleside subdivision in Middlesboro. The subdivision, developed in 2008, has a privately owned fire hydrant system.

Water Service Kentucky stated that the developer of the subdivision has never paid the amount owed for the fire protection system. Rather than shut off the hydrants and create a potential hazard, Water Service Kentucky continued to bill the developer and wrote off the bad debt.

-more-

That meant that all other customers were subsidizing the cost of operating and maintaining the Ambleside hydrants, the PSC noted. The company did not address the issue in earlier rate cases.

Water Service Kentucky's last rate increase came in May 2016, when it was granted an increase of nearly 17 percent. The company also received a 4 percent increase in July 2014.

The only other party to the case was the Kentucky Office of Attorney General. The PSC conducted an evidentiary hearing in the case on Dec. 19, 2018.

Today's order, a video of the hearing and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2018-00208.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

-30-

FOLLOW THE PSC ON TWITTER @KYPSC

QUESTIONS OR PROBLEMS REGARDING YOUR UTILITY SERVICE?

CALL THE PSC CONSUMER HOTLINE: 800-772-4636