

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BEECH GROVE )	CASE NO.
WATER SYSTEM, INC. FOR A RATE )	2022-00054
ADJUSTMENT PURSUANT TO 807 KAR 5:076 )	

ORDER

This matter arises upon Beech Grove Water System, Inc.'s (Beech Grove Water) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended Beech Grove Water's application to request higher rates than initially requested. Beech Grove Water requested an increase in its revenue requirement of \$0.00 or 0.00 percent over test-year normalized revenues.<sup>1</sup> Beech Grove Water also requested approval for a 48-month surcharge of \$6.24 per month per bill for water loss reduction. When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Beech Grove Water would require an increase in revenue from rates of \$24,853 or 5.68 percent. Commission Staff also recommended that the Commission approve the proposed surcharge of \$6.24. On July 21, 2022, Beech Grove Water filed with the Commission its comments in response to Commission Staff's July 19, 2022 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.

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<sup>1</sup> Beech Grove Water calculated normalized revenues exceed required revenues by \$5,263 or 1.20% and thus needed a decrease, but requested that rates remain unchanged in their application. See Commission Staff Report at 3.

## 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 Beech Grove Water accepted Commission Staff's proposed increase of \$24,853, Beech Grove Water accepted rates that produced a total increase that exceeds the revenue initially proposed of \$0.00 by \$24,853. Consistent with 807 KAR 5:076, Section 11(3)(f), because Beech Grove Water amended its application on July 21, 2022, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110.00 percent threshold,<sup>2</sup> and because the

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<sup>2</sup> The calculation of the exceedance is undefined, but it goes to reason that for any rate revenue increase above \$0.00, Beech Grove Water's customers must be noticed.

amended application does not relate back to the original application, Beech Grove Water shall not place the proposed rates into effect until the Commission issues an Order approving the rates or January 20, 2023, which is six months from the date the application was amended, whichever comes first.

Because Beech Grove Water accepted rates that exceed the regulatory threshold for renote, the Commission finds that Beech Grove Water should provide notice of the proposed rate increase to its customers. Within 14 days of the date of this Order, Beech Grove 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. Beech Grove Water's amended application is accepted as filed as of July 21, 2022.
2. Beech Grove 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 this Order, Beech Grove 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. Beech Grove 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



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00054 DATED AUG 05 2022

On March 14, 2022, the Kentucky Public Service Commission (PSC) accepted for filing Beech Grove Water System, Inc.'s (Beech Grove Water) application requesting to increase its revenue from water sales by \$0.00 approximate increase of 0.00 percent and requesting approval for a forty-eight month surcharge of \$6.24 per month per bill for water loss reduction. On July 19, 2022, Commission Staff determined would require an increase of \$24,853 or 5.68 percent in revenue from water sales and recommended that the Commission accept the proposed surcharge of \$6.24. Beech Grove Water requests the PSC approve its recommended revenue requirements and that Beech Grove Water be allowed to implement the revised rates as follows:

Monthly Water Rates

Meter Size	Current	Proposed		Increase
<u>5/8- x 3/4-Inch Meter</u>				
First 2,000 Gallons	\$ 20.12	\$ 21.25	Minimum Bill	\$ 1.13 5.62%
Next 98,000 Gallons	\$ 0.00687	\$ 0.00727	Per Gallon	\$ 0.00040 5.82%
Over 100,000 Gallons	\$ 0.00597	\$ 0.00631	Per Gallon	\$ 0.00034 5.70%
Bulk Loading Station	\$ 0.00650	\$ 0.00687	Per Gallon	\$ 0.00037 5.69%
Water Loss Reduction Surcharge*	\$ 0.00	\$ 6.24	Per Customer	\$ 6.24 N/A

\*To be collected over 48 months or until approximately \$177,308 has been collected.

Nonrecurring Charges

Meter Resetting Charge	\$ 9.00
Meter Resetting Charge After Hours	\$ 40.00
Meter Test Request Charge	\$ 9.00
Meter Test Request Charge After Hours	\$ 40.00
Reconnection Charge	\$ 9.00
Reconnection Charge After Hours	\$ 40.00
Termination Charge	\$ 9.00
Termination Charge After Hours	\$ 40.00
Turn On Charge	\$ 9.00
Turn On Charge After Hours	\$ 40.00
Tap On Fee, 5/8- x 3/4-Inch Meter	\$950.00

The proposed rates shall not become effective until the PSC has issued an Order approving these rates. The rates will increase the monthly bill of a typical residential customer using 4,000 gallons a month from \$33.86 to \$42.03, an increase of \$8.17 or

approximately 24.13 percent. This filing may be examined at the offices of Beech Grove Water located at 445 State Route 56 N, Calhoun, KY 42327, Kentucky; telephone 270-273-5738.

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/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/2022%20Cases/2022-00054//20220719\\_STAFF\\_REPORT.pdf](https://psc.ky.gov/pscscf/2022%20Cases/2022-00054//20220719_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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