

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL)
COUNTY WATER DISTRICT NO. 1 FOR A) **CASE NO. 2019-00119**
SURCHARGE TO FINANCE WATER LOSS)
CONTROL EFFORTS)

**MOTION FOR DEVIATION AND FOR AUTHORIZATION
TO COMMENCE BILLING PROPOSED SURCHARGE SUBJECT TO REFUND**

Pursuant to 807 KAR 5:001, Section 22, and KRS 278.190, Estill County Water District No. 1 (“Estill District”) moves for a deviation from the notice requirements set forth in 807 KAR 5:001, Section 17, and for authorization to commence billing the proposed monthly water loss control surcharge subject to refund.

In support of its motion, Estill District states:

1. For the year ending December 31, 2018, Estill District reported an unaccounted-for water loss rate of 39.6243 percent.¹ The accepted unaccounted-for water loss rate is 15 percent. As a result of its inability to maintain an unaccounted-for water loss rate no greater than 15 percent of purchased water, Estill District incurred additional purchased water and purchased power expense of approximately \$223,762.²

2. On June 13, 2019, Estill District filed with the Commission its application for authority to assess a monthly surcharge to each of its customers for the purpose of financing water loss control measures. Estill District proposed to use the proceeds of this surcharge solely for water loss control measures reviewed and approved by the Commission. It further proposed

¹ *Annual Report of Estill County Water District No. 1 to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2018 (“2018 Annual Report”)* at Ref Page 30.

² Application, Exhibit 8.

strict reporting and accounting measures on the collection and use of the surcharge proceeds to ensure full accountability and transparency. Estill District also gave notice to the Commission that the proposed surcharge would take effect on July 15, 2019.

3. In accordance with 807 KAR 5:001, Section 17, Estill District requested the *Citizen Voice and Times* of Irvine, Kentucky – the newspaper of general circulation for Estill County, Kentucky – publish notice of the proposed surcharge in its weekly edition three consecutive times, beginning on June 13, 2019. A copy of the proposed notice submitted to the *Citizen Voice and Times* is found at Exhibit 7 of Estill District’s Application and at Exhibit A of this Motion.

4. As of the date of this Motion, the Commission has taken no action to suspend the proposed surcharge or to “notify the applicant of any deficiencies in the application within thirty (30) days of the application's submission” as 807 KAR 5:001, Section 16(9) requires.

5. On or July 16, 2019, Estill District received affidavits of publication from the *Citizen Voice and Times*. These affidavits, a copy of which is attached as Exhibit B to this Motion, show that the full notice required by 807 KAR 5:001, Section 17 and request by Estill District was not published.

6. In light of the Commission’s failure to suspend the proposed surcharge or to notify Estill District of any deficiencies in its Application by July 15, 2019 and Estill District’s failure to obtain publication of a complete notice of the proposed surcharge, the legal status of the proposed surcharge is uncertain.

7. To resolve any uncertainty regarding the proposed surcharge’s status, Estill District proposes to republish notice of the filing of its application three times in accordance with 807 KAR 5:001, Section 17. A copy of the revised notice is attached to this Motion as Exhibit C.

The first publication of the revised notice will occur on August 1, 2019. Estill District further requests that the Commission grant Estill District a deviation from the requirements of 807 KAR 5:001, Section 17 and accept Estill District's application as filed as of the date of this Motion. If such deviation is granted and its application for surcharge is accepted for filing as of the date of this Motion, Estill District waives any right or claim that the proposed surcharge became effective on July 15, 2019 by operation of law.

8. Estill District further requests that the Commission suspend the proposed surcharge for one day and then permit the surcharge to take effect subject to refund. Such action will mitigate the effects of any delay created by the defective publication of notice and any failure to review or otherwise process the application and will permit Estill District to begin accumulating the financial reserves necessary to take appropriate water loss control measures. Estill District will not immediately spend or obligate these surcharge proceeds as under the terms set forth in Estill District's Application, these proceeds must be kept in a separate account and may not be spent until the Commission has reviewed and approved the specific expenditure of the proceeds. If the Commission denies the request for the proposed surcharge or authorizes a lesser amount than that proposed, any excess funds collected can be easily refunded.

9. Estill District has a significant and material need to commence collection of the proposed surcharge as soon as possible. It currently lacks any funds to undertake the measures necessary to control its water losses. For the year ending December 31, 2018, Estill District experienced a net operating loss of \$271,532 and a total net loss of \$422,394.³ In the five years preceding 2018, it suffered a collective net loss of \$2,158,448. Allowing Estill District to begin collection of the proposed surcharge immediately will allow it to begin accumulating the funds necessary to undertake those measures.

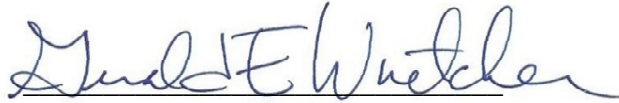
³ 2018 Annual Report at Ref Page 11.

WHEREFORE, Estill County Water District No. 1 requests an Order:

1. Granting a deviation from the requirements of 807 KAR 5:001, Section 17, and accepting Estill District's application as filed as of the filing of this Motion and
2. Authorization for Estill District to begin immediately billing the proposed monthly surcharge subject to refund.

Dated: July 29, 2019

Respectfully submitted,



Gerald E. Wuetcher
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Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

Counsel for Estill County Water District No. 1

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Estill County Water District No. 1's electronic filing of this Motion is a true and accurate copy of the same document being filed in paper medium; that the electronic filing was transmitted to the Public Service Commission on July 29, 2019; that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding; and that on or before July 31, 2019 this Application in paper medium will be delivered to the Public Service Commission.



Gerald E. Wuetcher

EXHIBIT A

NOTICE

On or about June 13, 2019, Estill County Water District No. 1 (“Estill District”) will file an application with the Kentucky Public Service Commission for the purpose of adjusting its water rates. In this application, Estill District proposes to assess, effective July 15, 2019, a minimum monthly surcharge of \$3.54 on customer bills, the proceeds of which would be used for water loss reduction efforts. Estill District also proposes a series of controls and accountability measures to ensure the proper use of surcharge proceeds.

Since 2014 Estill District has experienced an unaccounted-for water loss rate in excess of 35 percent. For every three gallons of water purchased since then, Estill District has recorded sales of less than two gallons of water. A recent report on Estill District’s water losses prepared at the direction of the Kentucky Public Service Commission estimated that if no action is taken to reduce Estill District’s water loss, its water losses will exceed its actual meter sales by 2026.

Estill District’s present rates for water service do not provide for any water loss reduction efforts and Estill District currently lacks sufficient funds to undertake recommended measures to reduce water loss.

In its application, Estill District proposes the following monthly rates:

	Present Rate	Proposed Rate	Change (\$)	Change (%)
5/8 x 3/4-Inch Meter				
First 2,000 Gallons	\$ 21.58 Minimum Bill	\$ 21.58 Minimum Bill	\$0.00	0.0
Next 3,000 Gallons	10.53 Per 1,000 Gallons	10.53 Per 1,000 Gallons	\$0.00	0.0
Next 5,000 Gallons	10.31 Per 1,000 Gallons	10.31 Per 1,000 Gallons	\$0.00	0.0
Over 10,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
1-Inch Meter				
First 5,000 Gallons	\$ 53.18 Minimum Bill	\$ 53.18 Minimum Bill	\$0.00	0.0
Next 5,000 Gallons	10.31 Per 1,000 Gallons	10.31 Per 1,000 Gallons	\$0.00	0.0
Over 10,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
2-Inch Meter				
First 16,000 Gallons	\$153.95 Minimum Bill	\$153.95 Minimum Bill	\$0.00	0.0
Over 16,000 Gallons	8.20 Per 1,000 Gallons	8.20 Per 1,000 Gallons	\$0.00	0.0
Bulk Loading Station	\$ 7.29 Per 1,000 Gallons	\$ 7.29 Per 1,000 Gallons	\$0.00	0.0
Water Loss Reduction Surcharge	\$ 0.00 Per Month	\$ 3.54 Per Month	\$3.54	

The proposed rates will have the following effect on a customer’s monthly bill:

Meter	Average Monthly Usage	Current Monthly Bill	Proposed Rates Monthly Bill	Increase (\$)	Change (%)
5/8" x 3/4" Meter	3,611 gallons	\$ 38.55	\$ 42.09	3.54	9.2
1" Meter	14,612 gallons	\$142.55	\$ 146.09	3.54	2.5
2" Meter	29,027 gallons	\$260.78	\$ 264.32	3.54	1.4

Any person may examine the application at Estill District's office at 76 Cedar Grove Road, Irvine, Kentucky 40336, Monday through Friday, 8:00 a.m. to 4:00 p.m., or at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's Web site at https://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2019-00119.

Comments regarding the application may be submitted to the Public Service Commission through the Commission's Web Site at <http://psc.ky.gov>, by mail to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602 or by e-mail to psc.info@ky.gov. Estill District's application is docketed as Case No. 2019-00119.

The rates contained in this notice are the rates proposed by Estill District. However, the Public Service Commission may order rates to be charged that differ from the proposed rates. Such action may result in rates for consumers other than the rate in this notice.

A person may submit a timely written request for intervention to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the person's status and interest. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of notice, it may take final action on the application.

Estill County Water District No. 1
 First Publication Date: June 13, 2019

EXHIBIT B

Hatfield Newspapers Inc.

Affidavit of Publication

I hereby certify that I am the Publisher of the Citizen Voice & Times, the newspaper published in the county of Estill, Kentucky (hereinafter referred to as the "publication area") that has the largest bonafide circulation in and said publication area of any newspaper published therein.

I further certify that there is attached here to a true copy of the Estill County water District Notice which was published in said newspaper in its regular issue for the 13th day of June 2019.

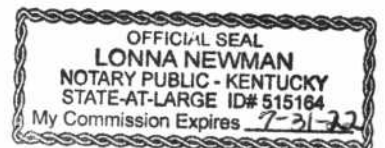
I further certify that said newspaper is circulated generally in the publication area, maintains a definite price or consideration not less than fifty percent of its published price and is paid for by not less than fifty percent of those to whom distribution is made. I further certify said newspaper bears a title or name, consists of not less than four pages without a cover, is a type to which the general public resorts for passing events of a political, religious, commercial or social nature for current happenings, announcements, miscellaneous reading matter, advertisements and other noticed and that the news content of said newspaper is at least twenty-five percent of the total column space in the publication hereinbefore referred to.

Dated this 12th day of July 2019.

Cheypenne Young
Teresa Hatfield-Barger, Publisher

Subscribed and sworn to before me this 15 day of July 2019.

My commission expires July 31, 2022.



Lonna S Newman
Notary Public, Kentucky.

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Affidavit of Publication

I hereby certify that I am the Publisher of the Citizen Voice & Times, the newspaper published in the county of Estill, Kentucky (hereinafter referred to as the "publication area") that has the largest bonafide circulation in and said publication area of any newspaper published therein.

I further certify that there is attached here to a true copy of the Estill County Water District Notice which was published in said newspaper in its regular issue for the 21st day of June 2019.

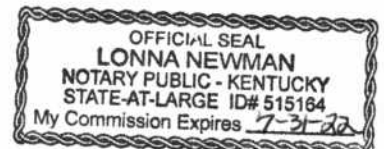
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Dated this 17th day of July 2019.

Cheryenne Young
Teresa Hatfield-Barger, Publisher

Subscribed and sworn to before me this 15 day of July 2019.

My commission expires July 31, 2022.



Lonna Newman
Notary Public, Kentucky.

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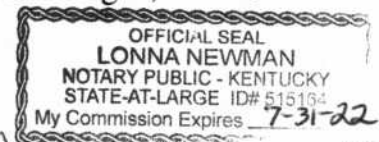
I further certify that there is attached here to a true copy of the Estill County Water District Notice which was published in said newspaper in its regular issue for the 20th day of June 2019.

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Estill County Water District No. 1
 First Publication Date (Revised Notice): August 1, 2019