

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
MOUNTAIN WATER DISTRICT TO ISSUE)	
SECURITIES IN THE APPROXIMATE)	
PRINCIPAL AMOUNT OF \$5,930,000 FOR)	
THE PURPOSE OF REFINANCING CERTAIN)	CASE NO. 2021-00412
OUTSTANDING OBLIGATIONS OF THE)	
DISTRICT PURSUANT TO THE PROVISIONS)	
OF KRS 278.300 AND 807)	
KAR 5:001)	

MOTION FOR AN ADDITIONAL EXTENSION OF TIME TO FILE
APPLICATIONS FOR RATE ADJUSTMENT

Pursuant to 807 KAR 5:001, Section 5, Mountain Water District (“Mountain District”) moves for an additional 30-day extension of time to comply with the Public Service Commission’s (“Commission”) Order of December 13, 2021 to file its applications for adjustment of its rates for water and sewer service.

In support of its Motion, Mountain District states:

1. On December 13, 2021, the Commission authorized Mountain District to enter an assistance agreement with Kentucky Rural Water Finance Corporation to borrow \$5,930,000 to refund and refinance five outstanding debt obligations.

2. In its Order of December 13, 2021, the Commission stated several concerns regarding Mountain District’s financial condition. It noted that Mountain District had not applied for an adjustment of rates pursuant to KRS 278.180 since 2014; that Mountain District had experienced a level of unaccounted-for water loss well in excess of the standard set forth in 807 KAR 5:066(3) for the previous five years; and that Mountain District had “been consistently operating with negative net income over the last five years.” Order at 5. Citing these concerns, the

Commission directed Mountain District to apply for a general adjustment of its base rates by December 28, 2022 “to ensure its rates are sufficient.” *Id.* at 9

3. Mountain District interprets the Commission’s Order as requiring an application for rate adjustment be filed for each of its operating divisions.

4. Mountain District has been working diligently to prepare its applications for rate adjustment within the time period specified in the Order of December 13, 2021, as amended by the Order of December 20, 2022, but requires an additional 30 days to complete its applications.

5. Mountain District has faced several challenges in complying with the time requirements set forth in the Commission’s Orders.

a. As it has two operating divisions, it must prepare two applications – one for each of its operating divisions.

b. These applications will be the first applications for general rate adjustment submitted by Mountain District since it resumed responsibility for the management of its facilities after previously contracting with a private firm to manage its operations. Most of its staff persons have not previously been involved in a general rate case proceeding or the preparation of an application for general rate adjustment and have limited experience in that regard.

c. To ensure a test year that is most representative of its current operations, Mountain District will base its applications on a historical test period that runs from July 1, 2021 to June 30, 2022. The use of this test period requires additional effort to assemble the financial information and documents necessary to support its applications and does not permit reliance solely upon information gathered in preparation of its last filed annual report or audit.

d. With its application to adjust its rates for water service, Mountain District submit a cost-of-service study that uses elements of base-extra capacity and commodity demand

methodologies to determine the appropriate rate design. The use of these methodologies requires greater work and information than applying an across the board increase to all rate blocks – the approach that is commonly used in rate adjustment proceedings involving water districts.

6. Mountain District has previously requested, and been granted, a 30-day extension to file its rate applications. When requesting that extension, Mountain District’s counsel underestimated the time necessary to complete the applications.

7. Granting the extension of time will enable Mountain District to submit complete and comprehensive applications for each of its divisions and will ensure that the Commission has the necessary information to efficiently conduct its review.

8. The requested extension is necessary for Mountain District to complete its applications, obtain the review and approval of its governing board of any actions arising from the applications and publish the required notice of the filing of the applications.¹

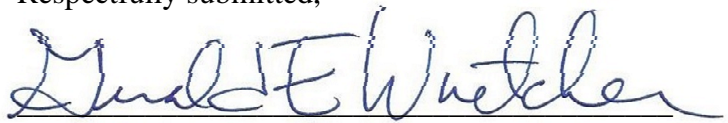
9. This motion is made in good faith and not for purposes of delay.

WHEREFORE, Mountain Water District respectfully requests that the Commission extend the time for Mountain District to file its applications for rate adjustment to February 27, 2023.

¹ 807 KAR 5:001, Section 16(2) requires a utility to “notify the commission in writing of its intent to file a rate application at least thirty (30) days, but not more than sixty (60) days, prior to filing its application.” Mountain District will file a revised notice of intent in each proceeding to reflect its intent to file its application with the Commission no later than February 27, 2023.

Dated: January 19, 2023

Respectfully submitted,

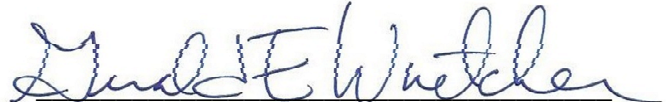


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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was submitted electronically to the Public Service Commission on January 19, 2023, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding



Gerald E. Wuetcher