

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC TARIFF FILING OF THE)
HARRODSBURG WATER DEPT. REVISING)
ITS WHOLESALE WATER SERVICE RATE)

Case No. 2023-00206

MOTION FOR APPROVAL OF WHOLESALE RATES

The City of Harrodsburg (“Harrodsburg”), by counsel, hereby moves the Commission for an order approving Harrodsburg’s proposed wholesale water rates. In support of this motion, Harrodsburg states as follows:

On June 2, 2023, Harrodsburg filed a revised tariff sheet setting forth a propose 6.5% increase to Harrodsburg’s existing rate for wholesale water service to Lake Village Water Association and North Mercer Water District effective July 3, 2023. Harrodsburg also provided calculations to demonstrate that it could have otherwise justified a 37.09% increase. Upon inquiry from Commission Staff, counsel for Harrodsburg advised Staff that an ordinance approving the proposed rates had a first reading on June 12, 2023, and was expected to have a second reading on June 26, 2023. Harrodsburg’s City Commission actually read the ordinance for a second time at a meeting on June 15, 2023, and it voted to adopt the ordinance on that date.

On June 28, 2023, counsel for Harrodsburg submitted to Commission Staff the signed ordinance that was adopted on June 15, 2023.¹ On the following day, the Commission issued an order suspending the effective date of the proposed rates, and established this case. In its order,

¹ See Email from Rebecca Price, counsel for Harrodsburg, to Daniel Hinton (June 28, 2023 16:30), attached to the Notice of Filing filed June 30, 2023.

the Commission held that Harrodsburg's increase to its retail customers is a condition precedent for increasing the proposed wholesale rate. Accordingly, the Commission requested evidence of Harrodsburg's increase to its wholesale customers. The Commission filed the signed ordinance in the record of this matter on June 30, 2023, and Harrodsburg complied with the Commission's Order by subsequent filing the same day.

In its June 28 Order, the Commission suggests that KRS 278.180 prevents Harrodsburg's proposed wholesale rates from going into effect until 30 days after the retail rates are placed into effect, or 20 days after the retail rates are placed into effect if good cause to shorten the notice period is established. Harrodsburg respectfully disagrees with the Commission's interpretation of KRS 278.180 as it relates to this issue. KRS 278.180 states that "no change [in rates] shall be made by any utility in any rate except upon thirty (30) days' notice to the commission, stating plainly the changes proposed to be made and the time when the changed rates will go into effect" or 20 days' notice if good cause exists to shorten the 30-day window.

Harrodsburg submits that it has complied with the requirements of KRS 278.180 by providing a minimum 30 days' notice to the Commission by submitting its proposed tariff on June 2, 2023, stating plainly the changes proposed to be effective on July 3, 2023—31 days after the initial filing. Contrary to the Commission's order, KRS 278.180 does not require a minimum 30-day period after any condition precedent is met in order for rates to go into effect. Accordingly, Harrodsburg requests an order from the Commission approving the proposed wholesale rates to be effective on or after the date of the Commission's order.

Harrodsburg also submits that—even if the Commission's interpretation of KRS 278.180 were accurate—the Commission could approve the proposed wholesale rates immediately on the grounds that there is good cause to reduce the default 30-day notice period from the date

Harrodsburg adopted its ordinance increasing its retail water rates. The rate-increase ordinance was adopted on June 15, 2023.² More than 20 days has lapsed since the adoption of that ordinance. The wholesale water customers were served with notice of the proposed increase by Harrodsburg, as well as the Commission's order establishing this case. The order set forth a deadline by which to file a motion for intervention of June 30, 2023. To date, neither utility has submitted an objection to the proposed rates or a request to intervene in the case. Moreover, the proposed 6.5% increase is far less than Harrodsburg could have otherwise justified. For these reasons, Harrodsburg submits that there is good cause for the Commission immediately to approve the proposed rates to be effective on or after the date of the Commission's order.

Respectfully submitted,



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² Harrodsburg acknowledges the confusion that may have arisen based on regulatory counsel's misunderstanding of the anticipated date on which the City Commission held its second reading of this ordinance.