

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )	
WATER SERVICE RATES OF THE CITY OF )	CASE NO.
AUGUSTA )	2015-00039

ORDER

On January 8, 2015, the city of Augusta ("Augusta") filed with the Commission a revised tariff sheet setting forth a proposed rate adjustment to its existing rate for wholesale service to Bracken County Water District ("Bracken District") effective for service provided on and after February 11, 2015. The revised tariff sheet contained a proposed new water-usage rate of \$1.95 per 1,000 gallons. It also contained a Capital Cost Charge of \$6,090 per month for which no change was proposed.

On February 2, 2015, Bracken District, through its counsel, filed with the Commission a letter requesting that the Commission initiate a formal proceeding to investigate the proposed rate and issue all Orders necessary to ensure that the proposed rate is not placed into effect or otherwise assessed before a hearing is held.

On February 10, 2015, the Commission entered an Order that, among other things, found that, pursuant to KRS 278.190, further proceedings were necessary to determine the reasonableness of the proposed rate adjustment.<sup>1</sup> The Order suspended Augusta's proposed rate for wholesale water service for five months, from February 11,

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<sup>1</sup> Order (Feb. 10, 2015) at 1.

2015, up to and including July 10, 2015.<sup>2</sup> The Order also made Bracken District an intervenor in this matter and established a procedural schedule.<sup>3</sup>

On August 28, 2015, Augusta filed a Motion to Amend for Rate Case Expense (“Motion to Amend”) through which it proposed to recover rate-case expenses through a 36-month surcharge to Bracken County. The tariff sheet filed with the Motion to Amend contained the proposed new water usage rate of \$1.95, the Capital Cost Charge of \$6,090, and a proposed \$1,111.11 monthly surcharge rate for 36 months. The tariff sheet filed with the Motion to Amend contains a “Date of Issue” of August 27, 2015, and a “Date Effective” of September 27, 2015.

On August 31, 2015, Bracken District filed a Motion to Declare the Initial Rate Filing Void, Suspend the Amended Rate Filing, and Modify the Existing Procedural Schedule (“Motion to Declare”). Bracken District stated that Augusta, by its actions, had withdrawn and replaced the proposed rate schedule that had been filed on January 8, 2015.<sup>4</sup> Bracken District also argued that Augusta’s actions had “reset the statutory time period for the issuance of a final decision in this proceeding.”<sup>5</sup> Bracken District requested that the Commission declare that Augusta had withdrawn the rate schedule filed on January 8, 2015, and had replaced it with the rate schedule contained in the August 28, 2015 filing.

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<sup>2</sup> *Id.*

<sup>3</sup> *Id.* at 2.

<sup>4</sup> Bracken District Motion to Declare at 2.

<sup>5</sup> *Id.*

Bracken District also asked that the Commission declare that all rates contained in the August 28, 2015 filing that are not currently effective are subject to suspension and requested that the Commission suspend the rates that are not currently in effect for five months. Bracken District requested that the Commission modify the procedural schedule to allow for additional time for review of the newly proposed rates and to allow the District to amend and supplement its testimony to respond to arguments and evidence set forth in Augusta's prepared direct testimony as well as for any rebuttal testimony.<sup>6</sup>

On September 2, 2015, Bracken District also filed a Response to the City of Augusta's Motion to Amend to Include Rate Case Expense ("Response to Motion to Amend"). Bracken District stated that it had no objection to Augusta's motion provided that it was deemed a withdrawal of and substitution for the rate scheduled filed on January 8, 2015. Bracken District stated that it objected to the rates set forth in both the January 8, 2015 and the August 28, 2015 rate schedules and requested that the Commission suspend the rate schedule submitted on August 28, 2015.

On September 3, 2015, Augusta filed a response to Bracken District's Motion to Declare. Augusta stated that if the Commission agreed with Bracken District's statement that the August 28, 2015 filing constituted a reset of the statutory time period for issuing a final decision, then Augusta agreed that a modified procedural schedule should be entered.

KRS 278.180(1) provides:

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<sup>6</sup> *Id.* at 3.

Except as provided in subsection (2) of this section, no change 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. However, the commission may, in its discretion, based upon a showing of good cause in any case, shorten the notice period from thirty (30) days to a period of not less than twenty (20) days. The commission may order a rate change only after giving an identical notice to the utility. The commission may order the utility to give notice of its proposed rate increase to that utility's customers in the manner set forth in its regulations.

Therefore, pursuant to KRS 278.180(1), Augusta was required to provide 30 days' notice of its proposed surcharge for rate-case expense. In proposing the surcharge, Augusta made a Motion to Amend and filed a revised tariff sheet with an effective date of September 27, 2015. The Commission finds that the tariff sheet filed on August 28, 2015, is a schedule that contains new rates, and that Augusta's Motion to Amend changed the effective date for the proposed wholesale water service rate of \$1.95 per 1,000 gallons from February 11, 2015, to September 27, 2015.

The Commission finds that, pursuant to KRS 278.190(2), we may "at any time before the schedule becomes effective, suspend the operation of the schedule and defer the use of the rate, charge, classification or service." The Commission finds that further proceedings are necessary to determine the reasonableness of the proposed tariff filed on August 28, 2015, that such proceedings may not be completed prior to the proposed effective date, and that the tariff sheet filed on August 28, 2015, should be suspended.

The Commission further finds that extensive discovery has already been conducted and prepared testimony has been filed in this proceeding concerning Augusta's proposed wholesale rate. The proposed surcharge pertains to the single issue of rate case expense; therefore, the Commission finds that the hearing

scheduled for September 8, 2015, should be held. To the extent that further proceedings may be needed to determine the reasonableness of Augusta's proposed surcharge to recover rate case expenses, the parties will be provided an opportunity to address that issue at the hearing on September 8, 2015.

IT IS HEREBY ORDERED that:

1. Augusta's Motion to Amend its rate request to include rate-case expense is granted.

2. The proposed rates set forth in Augusta's revised tariff sheet issued August 27, 2015, and filed on August 28, 2015, are suspended for five months, from September 27, 2015, up to and including February 26, 2016.

3. The proposed rates set forth in Augusta's revised tariff sheet issued August 27, 2015, and filed on August 28, 2015, supersede the originally proposed rates set forth in Augusta's revised tariff sheet filed on January 8, 2015.

4. The parties' requests to reschedule the September 8, 2015 hearing are denied.

5. All provisions of the August 14, 2015 Order that are not in conflict with the terms of this Order shall remain in effect.

6. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission

ENTERED  
SEP 04 2015  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

Case No. 2015-00039

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