

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
MCCREARY COUNTY WATER DISTRICT)	CASE NO.
TO ADJUST ITS WATER CONNECTION CHARGE)	2018-00170

ORDER

On May 30, 2018, McCreary County Water District (McCreary District) filed notice of intent to file an application to adjust its water connection charge. On June 1, 2018, McCreary District filed an application requesting authority to increase its water meter connection fees for new customers from \$500 to \$800 for a 5/8" X 3/4" connection. McCreary District also filed a tariff sheet revising the water meter connection fee with an effective date of July 1, 2018.

McCreary District is a water district organized pursuant to KRS Chapter 74. It owns and operates a water distribution system through which it provides water service to approximately 6,149 customers that reside in McCreary County, Kentucky.¹ In its application, McCreary District provided cost justification for the proposed water meter connection totaling \$968.02.² This estimate includes materials, labor, installation, and administrative expenses. McCreary District states that it last revised its water connection fee in November 2011 and the current rates are outdated, further notes that at the current rate, existing customers will be subsidizing the cost of providing connections for new

¹ *Annual Report of McCreary County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2016, (Annual Report)* at 12 and 48.

² Application, Exhibit 3 at 3.

customers, and that the increase will reduce the potential need for a general rate adjustment.³

Simultaneously with its application, McCreary District filed a motion for deviation from 807 KAR 5:011, Section 10(3) to permit the acceptance of its application for an increase in its water connection fee without the submission of an absorption test based upon a recent period of 12 consecutive calendar months ending within 90 days of the submission of its application.⁴

On July 11, 2018, McCreary District also filed a motion to allow a deviation from 807 KAR 5:011, Section 8(2)(b), which directs a utility to publish notice once a week for three consecutive weeks in a newspaper of general circulation in its service area, with the first publication to be made no later than the date the tariff filing is submitted to the Commission.⁵ The initial notice of the proposed adjustment was published in the *McCreary County Voice* on May 31, 2018, prior to the filing of the application. However, the second and third notices were not published on June 7, 2018, and June 14, 2018, as requested. Upon learning that notice was not published, McCreary District requested that notice be published in the newspaper's next two editions. The second and third notices were published on June 28, 2018, and July 5, 2018.

McCreary asserts that the failure to publish notice for three consecutive weeks was not deliberate, that notice was published three times in a five week period, and that from the date of the filing of the application, notice was posted in McCreary District's offices

³ Application at 3.

⁴ Motion for Deviation from 807 KAR 5:011, Section 10(3), paragraph 3.

⁵ Motion for Deviation from 807 KAR 5:011, Section 8(2)(b) (Motion for Deviation), paragraph 2.

and on its website. McCreary District argues that three consecutive weeks of publication notwithstanding, customers have had a reasonable opportunity to learn of the proposed adjustment.⁶ Furthermore, the Commission notes that it has received no public comment on the proposed increase since the filing of the application.

After reviewing the evidence of record and being otherwise sufficiently advised, the Commission finds that:

1. The proposed charges are equal to or less than the expenses incurred to provide the associated services.

2. The charges set forth in the Appendix of this Order, attached hereto and incorporated herein, are fair, just, and reasonable and should be approved.

3. McCreary District's motion to deviate from 807 KAR 5:011, Section 10(3) should be denied as moot. The Water Connection Charge recovers costs that are properly accounted for as capital expenditures. They are not recorded as revenues and have no impact on McCreary District's income statement. The Commission has previously found that an absorption test is not required when a district proposes to increase its meter connection charge.⁷

4. McCreary District has shown good cause and therefore should be granted a deviation from the notice requirements in 807 KAR 5:011, Section 8(2)(b).

IT IS THEREFORE ORDERED that:

1. The charges in the Appendix are approved for services rendered on and after July 1, 2018.

⁶ Motion for Deviation at paragraph 7.

⁷ Case No. 9506, *The Tariff Application of Hardin County Water District No. 1 for an Increase in Connection Fees* (KY. PSC June 26, 1986).

2. McCreary District's proposed tariff is approved.

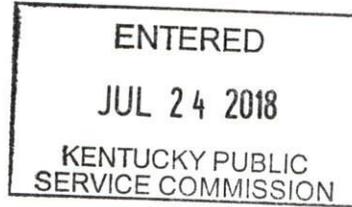
3. Within 20 days of the date of this Order, McCreary District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rates and charges approved herein and their effective date, and stating that the rates and charges were authorized by this Order.

4. McCreary District's requested deviation from the requirements of 807 KAR 5:011, Section 10(3) is denied as moot.

5. McCreary District's requested deviation from 807 KAR 5:011, Section 8(2)(b) is granted and its notice as set out in the motion for the deviation is deemed sufficient.

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By the Commission



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO 2017-00170 DATED **JUL 24 2018**

The following rates and charges are prescribed for the customers in the area served by McCreary County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of this Commission prior to the effective date of this Order.

WATER CONNECTION FEE

5/8" X 3/4" meter size	\$800.00
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