

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MEADE)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2019-00044
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

On March 22, 2019, Meade County Water District (Meade County District) submitted an application (Application), pursuant to 807 KAR 5:076, requesting to adjust its monthly water service rates, pursuant to 807 KAR 5:076, an alternative rate adjustment procedure (ARF) for small utilities.¹ Meade County District requests an expedited decision.

Meade County District states that its continued financial integrity is dependent upon the Commission approving a rate adjustment of \$90,138 to recover increased purchased water costs as soon as possible. Meade County District explains that the rate increase is the result of a change in suppliers that was required to provide safe water service. Until October 2018, Meade County District purchased all of its water from two suppliers, the city of Brandenburg (Brandenburg) and Hardin County Water District No. 1 (Hardin District No. 1), both of whom used chlorine as a disinfectant. However, Hardin District No. 1 converted to chloramines, which is the regional disinfectant of choice, while Brandenburg continued to disinfect with chlorine. To maintain a consistent disinfection approach throughout its distribution system and because mixing of water using different

¹ On March 25, 2019, a no deficiency letter was inadvertently issued that erroneously stated that the Application was accepted for filing.

disinfectants is unsafe, Meade County District began purchasing all water from Hardin District No. 1, which charges a higher rate for wholesale water than Brandenburg.

Meade County District requests to deviate from certain filing requirements of 807 KAR 5:076 due to the unique circumstances of increased prices due to a change in suppliers and the unavailability of filing a rate adjustment under the PWA procedures in 807 KAR 5:068.² Meade County District requests to deviate from the following filing requirements:

- 807 KAR 5:076, Section 4(1)(b), which requires a utility to file a copy of all outstanding evidences of indebtedness.
- 807 KAR 5:076, Section 4(1)(c), which requires a utility to file an amortization schedule of each evidence of indebtedness.
- 807 KAR 5:076, Section 4(1)(d), which requires a utility to file a depreciation schedule of all utility plant in service.
- 807 KAR 5:076, Section 4(1)(f), which requires a utility to file a detailed analysis of customer bills showing revenues from the present and proposed rates of each customer class.

Meade County District contends that the above filing requirements are not necessary to determine the total increase in purchased water cost or to ascertain Meade County District's financial ability to absorb those costs. Meade County District asserts that granting a deviation from these filing requirements will not hinder or impede the

²The Commission denied Meade County District's recent purchase water adjustment (PWA) filing because the increase in the cost of purchased water resulted from purchasing more water from a supplier who charged a higher price and not because the supplier increased its rates. The Commission stated that Meade County District could file an application for a rate adjustment pursuant to 807 KAR 5:076 and request an expedited decision. See Case No. 2018-00430, *Purchased Water Adjustment filing of Meade County Water District* (Ky. PSC Jan. 22, 2019).

Commission's ability to review the proposed rate adjustment to recover the increased costs for purchased water.

The Commission, having reviewed the request to deviate and the case record, finds that Meade County District established good cause to allow it to deviate from filing requirements in 807 KAR 5:076, Section 4(1)(b)-(d) and (f), and therefore the request should be granted. Meade County District's application is intended to recover only the increase in its cost of water resulting from its change of supplier. Therefore, documentation supporting all of Meade County District's expenses may not be required. For the same reasons, the Commission further finds that good cause exists to deviate from 807 KAR 5:076, Section 3(4), which provides that the record upon which the decision is made includes, among other things, written reports submitted by Commission Staff. The Commission will use its best efforts to expedite its decision.

IT IS THEREFORE ORDERED that:

1. Meade County District's request to deviate from filing requirements is granted.
2. Meade County District's Application is accepted for filing as of the date of entry of this Order.

By the Commission

ENTERED
MAR 27 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2019-00044

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