

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ESTILL)	
COUNTY WATER DISTRICT NO. 1 FOR A)	CASE NO.
SURCHARGE TO FINANCE WATER LOSS)	2019-00119
CONTROL EFFORTS)	

ORDER

This matter arises on Estill County Water District No. 1's (Estill District) application for authority to assess a surcharge. On June 13, 2019, Estill District tendered its request to assess a monthly surcharge for a period of at least three years, with the surcharge proceeds used to finance water loss reduction projects. Also on June 13, 2019, Estill District filed a motion to deviate from the filing requirements for applications for general adjustments of existing rates set forth in 807 KAR 5:001, Section 16(4)(g). Estill District explained that, in previous proceedings, the Commission considered an application to assess a surcharge as an application for a general rate adjustment even if the utility's base rates were not affected. Estill District further explained that it is not proposing an adjustment to base rates and thus is requesting to deviate from filing requirements that provide detailed analyses of matters typically addressed in general rate cases that are not at issue in this proceeding.

On July 29, 2019, Estill District filed a Motion for Deviation and for Authorization to Commence Billing Proposed Surcharge Subject to Refund (Motion). The motion stated that Estill District had become aware of a deficiency in its application regarding the

publication of notice as required by 807 KAR 5:001, Section 17. This section of the regulation states:

(2)(b) If a utility has more than twenty (20) customers, it shall provide notice by:

3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission;

Estill District asserted that on July 16, 2019, it received affidavits of publication from the *Citizen Voice and Times*, its newspaper of general circulation, which showed that the full notice as required by 807 KAR 5:001 had not been published before the date of the Application filed on June 13, 2019. Instead, only one page of the two-page notice had appeared in the paper. Estill District stated that it would publish proper notice beginning August 1, 2019.

Estill District's motion requested that it be granted a deviation from the publication requirement so that the first publication be allowed to take place after the date of the Application and that the Application be accepted for filing as of the date of the July 29, 2019 Motion. Estill District also proposed that the Commission suspend the surcharge for a period of one day and then permit the surcharge to take effect subject to refund. Estill District stated that allowing it to collect the surcharge subject to refund would allow the district to begin accumulating the financial reserves necessary to take appropriate measures to address its water loss issue.

Estill District proposed that the proceeds be kept in a separate account and not expended until the Commission has reviewed and approved proposed expenditures.

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. Estill District's application was deficient in its filing requirements because full notice was not published on or before the filing of the June 13, 2019, Application as required by 807 KAR 5:001 Section 17(2)(b)(3).

2. Estill District's application is deemed filed as of August 1, 2019, which is the date that notice was provided in compliance with 807 KAR 5:001, Section 17(2)(b)(3).

3. Pursuant to KRS 278.180(1), no change in utility rates is permitted except upon 30 days' notice to the Commission. Upon a showing of good cause, the Commission may shorten the notice period from 30 days to 20 days. Because the delay in publication was due to the newspaper and not Estill District, the Commission finds good cause to shorten the notice period to 20 days. Because the application was accepted for filing as of August 1, 2019, the earliest date that Estill District's proposed rates can be placed into effect is August 22, 2019.

4. Allowing Estill District to collect the proposed surcharge subject to refund is reasonable and will allow customers to be protected in the event the surcharge is not approved; it also will allow Estill District to begin accumulating capital reserves to address its water loss issues in the event the surcharge is approved.

IT IS THEREFORE ORDERED that,

1. Estill District's motion for its June 13, 2019, Application to be accepted for filing as of July 29, 2019 is denied.

2. Estill District's June 13, 2019, Application is accepted for filing as of August 1, 2019, the date of first publication of the revised notice.

3. Estill District's request for a deviation from 796 KAR 5:001, Section 16(4)(g) is granted.

4. Estill District's request for a deviation from the publication requirements of 807 KAR 5:001, Section 17(2)(b)(43) is denied as moot.

5. The surcharge is effective as of August 22, 2019, subject to refund.

6. Estill District shall maintain its records in such a manner as will enable it, or the Commission, or any of Estill District's customers, to determine the amounts to be refunded and to whom any refund is due in the event that a refund of any portion of the surcharge is ordered by the Commission.

7. Within ten days of the date of entry of this Order, Estill District shall establish a separate, interest bearing account in which to deposit the proceeds of the surcharge.

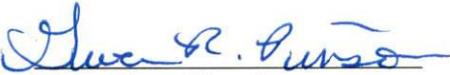
8. Estill District shall deposit the proceeds from the surcharge in the separate, interest-bearing account and such proceeds may not be spent until further orders of this Commission.

9. Within 20 days of the date of this Order, Estill District shall file with this Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the water loss reduction surcharge approved herein and an effective date of August 22, 2019, and stating that the water loss reduction surcharge was authorized by this Order and is subject to refund.

By the Commission

ENTERED
AUG 29 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

*Estill County Water District #1
76 Cedar Grove Road
Irvine, KY 40336

*Audrea Miller
Office Manager
Estill County Water District #1
76 Cedar Grove Road
Irvine, KY 40336

*Gerald E Wuetcher
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801