

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BIG SANDY WATER)	
DISTRICT FOR A CERTIFICATE OF PUBLIC)	
CONVENIENCE AND NECESSITY TO)	
CONSTRUCT A SYSTEM IMPROVEMENTS)	CASE NO.
PROJECT AND AN ORDER APPROVING A)	2019-00275
CHANGE IN RATES AND AUTHORIZING THE)	
ISSUANCE OF SECURITIES PURSUANT TO)	
KRS 278.023)	

ORDER

On August 7, 2019, Big Sandy Water District tendered an application, pursuant to KRS 278.023, requesting a Certificate of Public Convenience and Necessity (CPCN) to construct a system improvements project, approval of financing for the proposed project, and an increase in the rates. The application was accepted for filing. On August 16, 2019, Big Sandy District provided an affidavit of publication and a copy of the published notice provided to customers. During the processing of the case, a significant discrepancy was discovered regarding customer notice that violates the filing requirements in 807 KAR 5:069, Section 3. As a result of the faulty notice, ratepayers did not receive actual notice of the accurate amount of the rate adjustment, did not receive notice that Big Sandy District proposes a unified rate design, and did not receive actual notice of a rate increase to a wholesale customer. For this reason, the Commission finds that the application is deficient and will not be accepted for filing until the deficiency is cured.

Pursuant to 807 KAR 5:069, Section 3(4)(b)–(c) a utility is required to include in the notice the present rates and proposed rates for each customer classification to which the proposed rates will apply, and the amount of change requested in both dollar amounts and percentage changes for each customer classification. Relevant here, Big Sandy District operates two divisions: Division 1, Original Big Sandy Water District Area; and Division 2, Overland Development Area. Division 2 has higher rates than Division 1. Further, Division 2 has only 5/8 meters, while Division 1 has six different meter sizes, with rates specific for each meter size. Additionally, Big Sandy District sells water to Cannonsburg Water District at a wholesale rate.

In the application and in the subsequent filing of an affidavit of publication, Big Sandy District provided customers with notice of the current water rates for Division 1 and Cannonsburg Water District, but not for Division 2. Big Sandy District further provided notice of proposed rates that comport with the current rate structure for Division 1 that included the new monthly rate, the dollar change, and the percent change. The notice did not include proposed rates or the amount of change in dollar amount and percentage amount for Division 2 or Cannonsburg Water District. Instead, the notice read, “Same as above” for Division 2 and Cannonsburg Water District.

An informal conference was held to clarify the ambiguity of whether the proposed rate increase applied only to Division 1 or whether it also applied to Division 2 and Cannonsburg Water District as well. Big Sandy District confirmed that it intends to unify its rates so that, rather than charge different retail rates in the two divisions, there will be one unified rate for all retail customers. As a result of the proposed rate adjustment, ratepayers in Division 2 will experience a significant decrease in rates, and the rates will

increase for Cannonsburg Water District, who will remain a wholesale customer but will be charged the same rates as retail customers are charged.

Based on the above, the Commission finds that Big Sandy District should amend its application to clearly set forth its intent to unify its rate structure for Division 1 and Division 2, and to provide notice to customers that comports with the filing requirements of 807 KAR 5:069, Section 3, by setting forth the current and proposed rates, and amount of change in dollar amount and percentage change, for Division 1, Division 2, and Cannonsburg Water District.

Finally, KRS 278.023 requires the Commission to issue an order no later than 30 days after filing an application such as the application tendered in this case. Pursuant to 807 KAR 5:001, Section 4(9)(2), a paper shall not be deemed filed until the paper is physically received and meets all applicable requirements of KRS Chapter 278 and KAR Title 807. Because the application does not meet the applicable filing requirements of 807 KAR 5:069, Section 3(4)(b)–(c), the application has not yet been filed, and the 30-day statutory deadline will not begin to run until the filing deficiency is cured.

IT IS THEREFORE ORDERED that:

1. Big Sandy District's application for a CPCN, financing, and rate adjustment is rejected as deficient for failure to comply with the filing requirements of 807 KAR 5:069, Section 3(4)(b)–(c).
2. Within 20 days of the date of entry of this Order, Big Sandy District shall file documents to cure the filing deficiencies.

By the Commission

ENTERED
AUG 26 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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