

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRAYSON)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2021-00191
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises on Grayson County Water District's (Grayson District) December 16, 2021 motion requesting partial rehearing of the Commission's December 14, 2021 Order. On January 5, 2022, the Commission granted rehearing on the following issues: (1) to amend the December 14, 2021 Order to delete the Meter Tampering Charge and allow the charge of Damage to Meter Setting or Lid (Field Visit plus Equipment Replaced) to remain in place; and (2) to reconsider the decision to remove labor from the Service Line Inspection Fee (In Lieu of Plumber). The January 5, 2022 Order amended the December 14, 2021 Order to delete the Meter Tampering Charge and allow the Damage to Meter Setting or Lid to remain in place and reopened the case to explore the reasonableness of Grayson District's Service Line Inspection Fee (In Lieu of Plumber). Grayson District responded to one additional request for information from Commission Staff regarding the Service Line Inspection Fee. This matter now stands submitted for a decision.

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original

hearing, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”¹ An order can only be unlawful if it violates a state or federal statute or constitutional provision.²

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

DISCUSSION AND FINDINGS

The Commission’s January 5, 2022 Order granted rehearing to explore the reasonableness of Grayson District’s Service Line Inspection Fee (In Lieu of Plumber). In the December 14, 2021 Order, the Commission removed labor from the fee, reducing it from \$100 to \$15.³

In its motion for rehearing, Grayson District requested the Service Line Inspection Fee (In Lieu of Plumber) fee remain at \$100. Grayson District asserted that removing the labor component and reducing the fee to \$15 will encourage potential customers to cease using state plumbing inspectors and instead to request that Grayson District perform the

¹ *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

² *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

³ Case 2021-00191, *Electronic Application of Grayson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky PSC Dec. 14, 2021) at 5.

inspections, which will divert Grayson District employees from their primary mission of providing water service and impede the efficient delivery of water service.⁴

Grayson District stated that 815 KAR 20:050 requires a plumbing permit be obtained for a new water service line or a water service line being replaced, and that 815 KAR 20:150 requires an inspection of the water service line for compliance with the State Plumbing Code.⁵ Grayson District also stated that KRS 318.015(3) exempts farmsteads from the provisions of the State Plumbing Code.⁶ For this reason, Grayson District maintained its inspection of newly installed or replaced service lines is limited to farmsteads.⁷ Grayson District indicated that it advises the owner that the owner must obtain a certificate from the local health department attesting that their property is a farmstead and is exempted from the requirement for a plumbing permit. Grayson District stated that it also encourages the owner to obtain a plumbing permit as the cost for a plumbing permit is significantly less than Grayson District's previous inspection fee.⁸ Grayson District also argued that the plumbing inspector is better trained at performing the inspection in an efficient and cost-effective manner.

The Commission finds that the Service Line Inspection Fee (In Lieu of Plumber) fee be set at \$15 in keeping with the precedent of removing labor from nonrecurring charges, and that Grayson District shall add a provision to its tariff indicating that an

⁴ Grayson District Motion for Rehearing (filed Dec. 16, 2021), paragraph 7 at 2.

⁵ Grayson District's Response to Commission Staff's Second Request for Information (filed Feb. 21, 2022), Item 1.

⁶ Grayson District's Response to Commission Staff's Second Request for Information, Item 1.

⁷ Grayson District's Response to Commission Staff's Second Request for Information, Item 1.

⁸ In its Response to Commission Staff's Second Request, Item 1, Grayson District stated its previous inspection fee was \$100.00, versus the cost of a plumbing permit of \$45.00.

inspection on a new or replaced service line must be performed by a local inspector unless exempt under KRS 318.015(3). In exempt cases, the customer may choose to have either Grayson District or the local or state inspector perform the inspection.

IT IS THEREFORE ORDERED that:

1. Grayson District's motion for the Service Line Inspection Fee (In Lieu of Plumber) fee to remain at \$100 is denied. The Service Line Inspection Fee (In Lieu of Plumber) fee is set at \$15.

2. Grayson District is directed to add a provision to its tariff indicating that an inspection on a new or replacement service line must be performed by a local or state inspector unless exempt under KRS 318.015(3). In exempt cases, the customer may choose to have Grayson District or Local/State inspector perform the inspection.

3. Within 20 days of the date of entry of this order, Grayson District shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariff sheets setting forth the rates and modifications approved or as required herein, and reflecting their effective date and that they were authorized by this Order.

4. All other ordering paragraphs of the December 14, 2021 Order remain in effect.

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner

ENTERED
JUN 02 2022 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



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