

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| ELECTRONIC TARIFF FILING OF |) | CASE NO. |
| MUHLENBERG COUNTY WATER DISTRICT |) | 2021-00210 |
| TO REDUCE ITS WHOLESALE WATER RATES |) | |

ORDER

On April 30, 2021, Muhlenberg County Water District (Muhlenberg District) filed with the Commission, through counsel, a revised tariff sheet setting forth a proposed reduction to its existing rates for wholesale water service effective June 1, 2021, to its only two wholesale customers, the city of Drakesboro (Drakesboro) and Tennessee Valley Authority (TVA). Muhlenberg District's current monthly wholesale water rates to Drakesboro and TVA are \$6.63 per 1,000 gallons. Muhlenberg District's proposal reduces the wholesale water rates by \$1.36, or 20.5 percent, to \$5.27 per 1,000 gallons. On May 3, 2021, Drakesboro submitted a letter indicating that it would not be filing a motion to intervene in this matter and requesting that the Commission approve the reduction in wholesale water rates as soon as possible. Muhlenberg District responded to a request for information from Commission Staff on May 11, 2021. That response, as well as the Drakesboro letter, is attached to this Order as the Attachment, and they will be included in the evidentiary record on this matter.

Muhlenberg District indicated that it was approached by Drakesboro requesting a reduction in the wholesale water rate. Upon receiving the request, Muhlenberg District engaged the services of Kentucky Rural Water Association to conduct a Cost of Service

Study (COSS). The COSS showed that the wholesale rate should be reduced to \$5.27 per 1,000 gallons. The COSS also showed that with the reduction in wholesale water rates, Muhlenberg District would still have a surplus of \$210,500. However, some of the adjustments made include cash expenditures that Muhlenberg District would continue to incur, but not recover through rates, specifically employee insurance expense above the amount normally approved by the Commission and expenses related to water loss in excess of 15 percent, bringing the actual surplus to about \$49,500.

KRS 278.030 provides that a utility may collect fair, just and reasonable rates and that the service it provides must be adequate, efficient and reasonable. Having considered the proposed rate adjustment and being otherwise sufficiently advised, the Commission finds that the proposed wholesale water rate adjustment is reasonable and should be allowed to go into effect on June 1, 2021. However, the Commission also finds that this case should remain open in order for Muhlenberg District to respond to the information requests contained in the Appendix to this Order.

The Commission finds that within seven days of the date of entry of this Order, Muhlenberg District should have its counsel enter an appearance into this proceeding that contains the name, address, telephone number, fax number, and electronic mail address of counsel.

As 807 KAR 5:001, Section 8, permits the Commission to direct the use of electronic filing procedures for proceedings that we initiate on our own motion; we find that electronic filing procedures should be used. As such, Muhlenberg District should follow the procedures set forth in 807 KAR 5:001, Section 8, when filing any document or paper in this matter. The Commission directs Muhlenberg District to the Commission's

March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085¹ regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency.

IT IS THEREFORE ORDERED that:

1. Muhlenberg District's proposed wholesale water rate is approved for service rendered on and after June 1, 2021.

2. Muhlenberg District shall, by counsel, enter an appearance in this proceeding within seven days of the date of entry of this Order. The entry of appearance shall include the name, address, telephone number, fax number, and electronic mail address of counsel.

3. Unless otherwise ordered by the Commission, the procedures set forth in 807 KAR 5:001, Section 8, related to service and electronic filing of papers shall be followed in this proceeding.

4. Pursuant to 807 KAR 5:001, Section 8(9), within seven days of entry of this Order, Muhlenberg District shall file by electronic means a written statement that it waives any right to service of Commission orders by United States mail and that it or its authorized agents possess the facilities to receive electronic submissions. The paper original shall be filed within 30 days of the ending of the current state of emergency caused by COVID-19.

5. Muhlenberg District shall respond to the information request contained in the Appendix to this Order within 14 days of the date of service of this Order.

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

6. a. Responses to requests for information in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The paper original shall be filed within 30 days of the ending of the current state of emergency caused by COVID-19.

b. Each response shall include the name of the witness responsible for responding to the questions related to the information provided and shall be answered under oath or, for representatives of a public or private corporation or a partnership or an association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

c. A party shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect.

d. For any request to which a party fails or refuses to furnish all or part of the requested information, that party shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

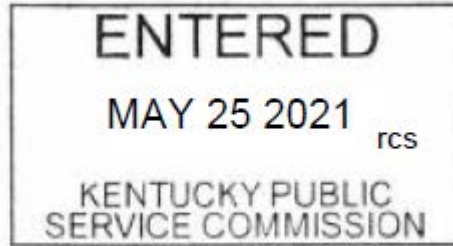
e. Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request.

f. Any party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that the personal information cannot be read.

7. This case shall remain open in order for Muhlenberg District to respond to the information requests contained in the Appendix of this Order.

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By the Commission



ATTEST:

A handwritten signature in blue ink that reads "Linda C. Bidwell". The signature is written in a cursive style and is positioned above a horizontal line.

Executive Director

Case No. 2021-00210

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00210 DATED MAY 25 2021

1. Provide an explanation for how Muhlenberg District is able to absorb the reduction in revenues from its wholesale customer without revising retail rates.
2. Provide a list of expenses that have decreased since its base rate adjustment in Case No. 2012-00009.¹
3. Provide a list of the long-term debt that has been retired since the conclusion of Case No. 2012-00009.

¹ Case No. 2012-00009, *Alternative Rate Adjustment Filing of Muhlenberg County Water District* (Ky. PSC Apr. 30, 2012).

ATTACHMENT

ATTACHMENT TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00210 DATED MAY 25 2021

THREE PAGES TO FOLLOW



CITY OF DRAKESBORO

P.O. Box 129 • Mose Rager Blvd. • Drakesboro, KY 42337
270-476-8986
(888) 662-2406 (Voice/TTY): (866) 577-5762 (Español)

May 3, 2021

Ms. Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: TFS2021-00177
Wholesale Provider: Muhlenberg County Water District
Wholesale Purchaser: City of Drakesboro

Dear Ms. Bridwell,

The City of Drakesboro (Drakesboro) has received written notice of the proposed decrease in Muhlenberg County Water District's (MCWD) wholesale water rate and a copy of the revised Tariff Sheet showing the proposed wholesale rate of \$5.27 per 1,000 gallons.

Recently, representatives of Drakesboro attended a presentation where Alan Vilines explained the "Analysis and Recommendations for Wholesale Water Rates" (Rate Study) that he prepared and answered our questions. Since then, the Drakesboro City Council held a Special Meeting and took the following actions: (1) accepted the recommendations of the Rate Study to reduce the wholesale rate to \$5.27; (2) urged MCWD to file the revised Tariff Sheet and other documents with the PSC as soon as possible; and (3) authorized me to contact the PSC and request that the wholesale rate reduction be made effective as soon as possible.

Drakesboro will not be filing a Motion to Intervene in this matter. Drakesboro strongly urges the PSC to make the wholesale rate reduction effective as soon as possible.

Yours truly,



Mike Jones, Mayor
City of Drakesboro

Hinton, Daniel E (PSC)

From: Brown, Katelyn
Sent: Tuesday, May 11, 2021 2:24 PM
To: Hinton, Daniel E (PSC)
Cc: Ripy, Zachary (PSC); Talley, Damon
Subject: RE: TFS2021-00177 (Muhlenberg County WD)

Daniel,

Below are the responses to the 2 questions you sent us earlier today:

1. Muhlenberg County Water District does not plan to replace these employees.
2. Expenses Incurred, But Not Recoverable:

\$115,890 Actual Employee Insurance Expense less PSC Allowable
\$ 42,049 Purchased Water Expense Adjustment – Water Loss
\$ 3,084 Purchased Power Expense Adjustment – Water Loss
\$161,022 Total Expenses

Thanks,
Katelyn

From: Hinton, Daniel E (PSC) <dehinton@ky.gov>
Sent: Tuesday, May 11, 2021 10:55 AM
To: Brown, Katelyn
Cc: Ripy, Zachary (PSC) <Zachary.Ripy@ky.gov>
Subject: TFS2021-00177 (Muhlenberg County WD)

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Ms. Brown,

In reviewing Muhlenberg County Water District's tariff filing to reduce its wholesale rate, Staff developed the following questions:

1. The COSS reduced expenses by \$79,096 and \$8,417 for wages and payroll taxes respectively for a reduction in the number of employees. Does Muhlenberg District plan to replace these employees?
2. The COSS states in the Executive summary that there are approximately \$161,000 in expenditures that Muhlenberg District will continue to incur regardless if a change is made to the residential rate. Can the District identify exactly the expenses that will continue to be incurred, and the total dollar amount?

The response can be emailed to me at this address.

If you have any questions, please let me know.

Thanks.

Daniel

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301 Dean Road
P. O. Box 348
Greenville, KY 42345

*Muhlenberg County Water District
Muhlenberg County Water District
301 Dean Road
P. O. Box 348
Greenville, KY 42345

*Katelyn L. Brown
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