

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO)	
LEDBETTER WATER DISTRICT CHARGING)	CASE NO.
UNAUTHORIZED RATES PURSUANT TO 807)	2021-00311
KAR 5:068)	

ORDER

The Commission, on its own motion, initiates this investigation, pursuant to KRS 278.040, KRS 278.260, and KRS 278.270, to review whether Ledbetter Water District (Ledbetter District) charged its customers unauthorized rates between May 23, 2020, and May 4, 2021, in violation of KRS 278.160 and 807 KAR 5:068.

In Case No. 2021-00158,¹ Ledbetter District filed an application requesting Commission approval of a purchase water agreement (PWA), which the Commission approved by Order entered May 4, 2021. Consistent with the May 4, 2021 Order, Ledbetter District submitted a revised tariff on June 29, 2021, with rates effective as of May 4, 2021. During the processing of that case, Commission Staff (Staff) discovered that Ledbetter District implemented rates as of May 23, 2020, that had not been approved by the Commission. Ledbetter District's manager indicated to Staff that a tariff had been filed containing the proposed rates. However, Staff found no evidence that a tariff had been filed and informed the utility of such.

¹ Case No. 2021-00158, *Electronic Purchase Water Adjustment Filing of Ledbetter Water District* (Ky. PSC May 4, 2021).

On May 13, 2021, Ledbetter District submitted a letter² (attached to this Order as an Appendix) in Case No. 2021-00158 admitting that it began charging its customers increased rates as of May 23, 2020, without prior Commission approval. Ledbetter District explained that it filed a PWA with the Commission in May 2020, and that it was rejected for filing due to certain filing deficiencies. Ledbetter District asserted that, due to inexperience of its employees, it put the rates into effect without obtaining prior Commission approval because Ledbetter District did not understand the significance of having the PWA rejected for filing.

The Commission has plenary authority under KRS 278.040 to regulate the rates and services of jurisdictional utilities and to enforce the provisions of KRS Chapter 278.³ It is settled law that a utility may not charge a rate not contained in its tariff and that the tariffed rates must be approved by the Commission.⁴ Further, 807 KAR 5:068, establishes the filing requirements, timeline for the Commission to approve or deny a PWA application, and process to file the revised tariff sheet if the Commission approves the PWA.

Based upon the case record in Case No. 2021-00158, including Ledbetter District's May 13, 2021 letter, the Commission initiates this investigation to determine whether Ledbetter District violated KRS 278.160 and 807 KAR 5:068 between May 23, 2020, and

² Letter from Alan Fox, Ledbetter District Manager, to PSC Executive Director (filed May, 13, 2021).

³ *Kentucky Public Service Com'n v. Commonwealth ex rel. Conway*, 324 S.W.3d 373, 383 (Ky. 2010).

⁴ See KRS 278.160. See also *Cincinnati Bell Telephone Co. v. Kentucky Public Service Com'n*, 223 S.W.3d 829, 837 (Ky. App. 2007).

May 4, 2021, by charging rates to customers that were not approved by the Commission. The Commission, on its own motion, finds the case records of Case No. 2021-00158 should be incorporated by reference into this proceeding.

If the Commission determines that Ledbetter District violated a statute or regulation enforced by the Commission, or an Order entered by the Commission, Ledbetter District may be subject to the assessment of civil penalties in accordance with KRS 278.990.

The Commission directs Ledbetter to the Commission's July 22, 2021 Order in Case No. 2020-00085⁵ regarding filings with the Commission.

IT IS THEREFORE ORDERED that:

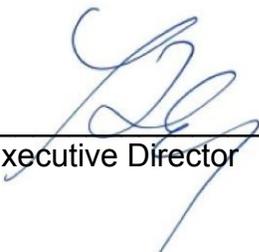
1. This proceeding is established to investigate whether Ledbetter District charged its customers unauthorized rates in violation of KRS 278.160 and 807 KAR 5:068.
2. Within 20 days of the date of entry of this Order, Ledbetter shall submit to the Commission a written response to the allegations contained in this Order.
3. The record of Case No. 2021-00158 shall be incorporated by reference into this proceeding.

⁵ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

By the Commission

ENTERED
AUG 05 2021 ^{rds}
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director for

Case No. 2021-00311

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00311 DATED AUG 05 2021

THREE PAGES TO FOLLOW

LEDBETTER WATER DISTRICT
1483 U. S. 60 West
P. O. Box 123
Ledbetter, Kentucky 42058

Phone: 270-898-3236
Fax: 270-898-3496
ledbetterwaterdi@bellsouth.net

May 12 2021
Linda Bridwell
Executive Director
Public Service Commission
211 Sower Blvd.
PO Box 615
Frankfort, KY 40602-0615

RE: Purchased Water Adjustment-Application Deficiency

Dear Ms. BRIDWELL:

Ledbetter Water District hereby submits documents in response to a filing deficiency in PWA rate Case No. 2021-00158

Crittenden-Livingston Water District enacted a rate increase from \$ 2.83 cents per thousand to \$3.08 per thousand, increasing its wholesale rates, on March 23 2020. During this time I e-mailed and corresponded with PSC representatives for the purpose of doing a Purchased Water Adjustment (PWA), and due to my inexperience and this being my first PWA adjustment I did not file properly. I filled out a tariff form and had the chairman of the water district commission sign it. I sent documents to PSC staff for the purpose of obtaining a PWA. However I have been informed that I did not use the proper filing method. I thought that the filing had been completed. We started charging the rates at this time even though the tariff had not been properly updated from May 23 2019. As referred to in exhibit – A. the rates on proposed tariff sheet I am sending are the rates currently being charged. At the times on this non filed tariff sheet these are the rates being filed.

When I was starting the filing for the 2021 PWA adjustment that is when I realized that I had not properly filed the 2020 PWA. The 2021 PWA from Crittenden Livingston will raise our rates from 3.08 to 3.34 per thousand which we will start being charged MAY 23 of this month, but we will not charge these rates until I have properly filed for and have changed tariff showing that I have your permission to do so.

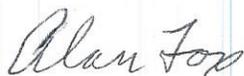
So in response to the questions in Appendix C:

1. Crittenden Livingston put the rates in effect March 23, 2020.
2. Although the documents for a PWA were sent to PSC staff in May 2020, a PWA was not properly filed with the Public Service Commission.
3. A. Ledbetter Water District is not currently charging the rates filed in the tariff dated May 23, 2019. The District is charging the rates shown on the attached Tariff sheet: Customer Charge \$7.74 Monthly Rate, then \$6.99 per 1,000 gallons for first 25,000 gallons, \$4.83 per 1,000 gallons all over 25,000 gallons. B. These rates were charged starting May 2020.
4. Ledbetter Water District will be filing a PWA in 2021 when we have permission to do so.

THIS IS SOLELY A MISTAKE DUE TO MY INEXPERIENCE AND I APPRECIATE THE PATIENCE AND HELP GIVEN TO ME.

ALAN FOX

DISTRICT MANAGER



FOR Ledbetter, Kentucky and southwestern
Livingston County_____

PSC KY NO. _____ 1

1st Revised _____ SHEET NO. _____ 1

CANCELLING PSC KY NO. _____ 1

Original _____ SHEET NO. _____ 1

Ledbetter Water District
(NAME OF UTILITY)

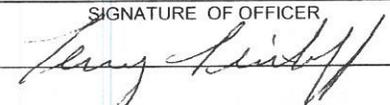
Monthly Water Rates
CUSTOMER CHARGE
First 25,000 gallons
Over 25,000 gallons

\$7.74 Monthly Rate
\$6.99 per 1,000 gallons
\$4.83 per 1,000 gallons

DATE OF ISSUE May 23, 2020
MONTH / DATE / YEAR

DATE EFFECTIVE May 23, 2020
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Chairman 

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO.2020-XXXX, DATED May 23,2020

FOR Ledbetter, Kentucky and southwestern
Livingston County_____

PSC KY NO. _____ 1

1st Revised _____ SHEET NO. _____ 1

CANCELLING PSC KY NO. _____ 1

Original _____ SHEET NO. _____ 1

Ledbetter Water District
(NAME OF UTILITY)

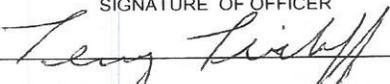
Monthly Water Rates
CUSTOMER CHARGE
First 25,000 gallons
Over 25,000 gallons

\$7.74 Monthly Rate
\$6.99 per 1,000 gallons
\$4.83 per 1,000 gallons

DATE OF ISSUE May 11 2021
MONTH / DATE / YEAR

DATE EFFECTIVE May 11 2021
MONTH / DATE / YEAR

ISSUED BY _____
SIGNATURE OF OFFICER

TITLE Chairman 

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO.2020-XXXX, DATED May 23,2020

*Ledbetter Water District
1483 US Highway 60W
P. O. Box 123
Ledbetter, KY 42058-0123

*Alan Fox
Ledbetter Water District
P. O. Box 123
Ledbetter, KY 42058