

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO)	
WHOLESALE WATER RATES CHARGED BY)	
THE CITY OF CARLISLE TO SHARPSBURG)	CASE NO.
WATER DISTRICT AND NICHOLAS COUNTY)	2021-00382
WATER DISTRICT PURSUANT TO KRS)	
278.200, KRS 278.160, KRS 278.180, KRS)	
278.190 AND 807 KAR 5:011)	

ORDER

The Commission, on its own motion, initiates this investigation, pursuant to KRS 278.200, KRS 278.160, KRS 278.180, KRS 278.190, and 807 KAR 5:011, to review whether the city of Carlisle (Carlisle) charged its wholesale customers unauthorized rates in violation of KRS 278.160, and whether the rates are fair, just and reasonable. Additionally, on September 30, 2021, Carlisle filed with the Commission a revised tariff sheet setting forth a proposed increase to its existing wholesale water rates to Nicholas County Water District (Nicholas District) and Sharpsburg Water District (Sharpsburg District) effective October 30, 2021. The Commission suspends the proposed tariff filing pursuant to KRS 278.190 to determine the reasonableness of the new rates.

LEGAL STANDARD

The Commission has authority pursuant to KRS 278.200 to regulate the rates and service standards fixed by agreement between a utility and any city. Further, a utility may

not charge a rate not contained in its tariff and the tariffed rates must be approved by the Commission.¹

In *Simpson County Water District v. City of Franklin*,² the Kentucky Supreme Court held that the Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Commission. Consistent with KRS 278.160, contracts and rate schedules filed with the Commission shall control the rates and conditions of service of the parties. Changes to those currently on file with the Commission shall be made in accordance with KRS 278.180 and 807 KAR 5:011. Until such changes are approved by the Commission, the prior contracts and rate schedules remain in effect.

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 an investigation will be necessary to determine the reasonableness of the proposed rate adjustment and that such an investigation cannot be completed by October 30, 2021. Pursuant to KRS 278.190, the Commission will, therefore, suspend the effective date of the proposed rates for five months, up to and including March 30, 2022.

¹ 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).

² *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky.1994).

DISCUSSION

The Commission was notified of a letter sent by the mayor of Carlisle to Nicholas District on July 19, 2021, attached as Appendix A, to inform Nicholas District that the terms of its 1993 agreement were “onerous” on Carlisle. The referenced 1993 agreement is also attached as Appendix B.

The Carlisle rate schedule currently on file, with the Commission, and attached as Appendix C, has an effective date of July 1, 2003, and indicates that Carlisle sells water to Nicholas District and Sharpsburg District. Therefore, Carlisle may bill Sharpsburg District and Nicholas District only at the rates contained in the most recent rate schedule that Carlisle has filed with the Commission. Commission Staff sent a letter to Carlisle, attached as Appendix D, referencing the applicable law on this issue on August 16, 2021, after Sharpsburg District notified the Commission that Carlisle had billed Sharpsburg for a higher rate than on file with the Commission. The Commission’s letter explained that pursuant to KRS 278.160, until Carlisle files its proposed revisions with and obtains approval from the Commission, it may not charge Sharpsburg District or Nicholas District a rate that differs from the rate schedule on file with the Commission. Additionally, the letter explained that if Carlisle was charging a rate that differs from the rate schedule on file with the Commission, it must either refund the additional charges collected or credit that amount to its wholesale customers’ account. On September 30, 2021, Carlisle filed a revised tariff sheet, attached as Appendix E, containing an increase in rates to be charged to its wholesale water customers. Carlisle did not provide detailed financial information supporting the requested increase in rates.

CONCLUSION

The Commission initiates this investigation to determine whether the rates charged by Carlisle are fair, just and reasonable and suspends the tariff filing to determine the same. The Commission will further investigate whether Carlisle charged its wholesale customers unauthorized rates in violation of KRS 278.160. The Commission will determine whether Carlisle has violated a statute or regulation enforced by the Commission, or an Order entered by the Commission. If the Commission determines that Carlisle has violated the former, Carlisle must refund the overcharged amount or credit the amounts to the customers and may be subject to the assessment of civil penalties in accordance with KRS 278.990.

The Commission finds that Nicholas District and Sharpsburg District, as wholesale purchasers of Carlisle, have a significant interest in this proceeding and should be made intervening parties to this investigation.

The Commission finds that Carlisle, representatives of its water utility division, Nicholas District, and Sharpsburg District should appear and give testimony at a public hearing regarding the allegations contained in this Order.

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

The Commission further finds that a procedural schedule should be established to review the reasonableness of the proposed rates. The procedural schedule is attached hereto as Appendix F to this Order and is incorporated herein.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate the reasonableness of Carlisle's proposed wholesale rate increase to Nicholas District and Sharpsburg District.

2. Carlisle's proposed wholesale rate is suspended for five months from October 30, 2021, up to and including March 30, 2022.

3. Nicholas District and Sharpsburg District are made intervening parties to this matter.

4. Carlisle, Nicholas County District, and Sharpsburg District, by counsel, shall 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.

5. Carlisle, Nicholas District, and Sharpsburg District shall submit to the Commission a written response to the allegations contained in this Order within 20 days of the date of entry of this Order.

6. Any interested party, may, by counsel, file a motion to intervene no later than October 22, 2021.

7. The procedural schedule set forth in Appendix F to this Order shall be followed.

8. The Commission does not look favorably upon motions of continuance. Accordingly, motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.

9. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085³ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

10. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

11. A 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 personal information cannot be read.

12. Carlisle and representatives of Carlisle Water Works Plant; Nicholas District, its commissioners and manager; and Sharpsburg District and its commissioners and manager, shall appear and give testimony on February 8, 2022, and February 9, 2022, at 9 a.m. Eastern Standard Time, in the Richard Raff Hearing Room of the Commission's offices at 211 Sower Boulevard in Frankfort, Kentucky, regarding the allegations contained in this Order.

³ 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).

13. Carlisle shall file with the Commission, no later than January 24, 2022, 15 days prior to the hearing, a list of witnesses and exhibits to be presented at the February 8, 2022 hearing. Carlisle shall provide copies of any exhibit it intends to introduce into evidence at the hearing via electronic copy to Commission Staff.

14. Carlisle shall give notice of the hearing in compliance with 807 KAR 5:001, Section 9(2)(b). In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov;" and "Public comments may be made at the beginning of the hearing. Those wishing to make oral public comments may do so by following the instructions listed on the PSC website, psc.ky.gov." At the time the notice is mailed, or publication is requested, Carlisle shall forward a duplicate of the notice and request to the Commission.

15. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

16. Mayor of Carlisle, Ronnie Clark, shall be served with a copy of this Order.

17. Judge/Executive of Nicholas County, Steve Hamilton, shall be served with a copy of this Order.

18. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

By the Commission

ENTERED
OCT 20 2021 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2021-00382

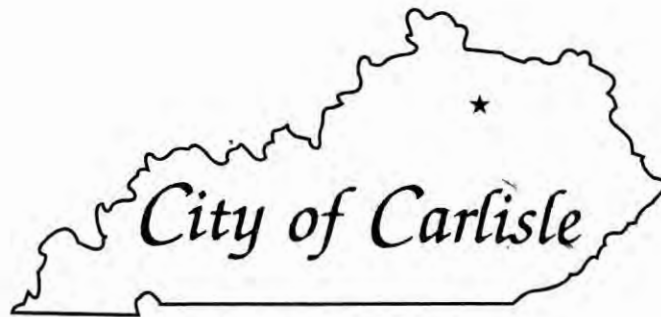
APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

TWO PAGES TO FOLLOW

107 E. CHESTNUT ST.
CARLISLE, KENTUCKY 40311

July 19, 2021



RONNIE CLARK, MAYOR

PH. 859/289-3700
FAX: 859/289-7704

Mr. Cy Cleaver, Chairman
Nicholas County Water District
1639 Old Paris Pike
Carlisle, Kentucky 40311

Via Certified Mail

Also, via email: ncwd@bellsouth.net

Re: City of Carlisle to Nicholas County Water District, Finished Water
Supply

Dear Chairman Cleaver:

The Water Purchase Contract between the City of Carlisle (City) and the Nicholas County Water District (District), entered January 25, 1993, contains terms that are simply onerous to the City. Costs to the District have not been adjusted, except for the Cost of Living as set out in the City's Ordinance, since its inception.

The immediate problem is the quantity of finished water provided to the District by the City, by the agreement "not to exceed four million gallons a month," which quantity has been routinely exceeded by both parties for eleven (11) of the last twelve (12) months of billing cycles. In the last month's billing cycle the quantity was over twice (2X) the agreed amount, Nine Million Eight Hundred Thirty Five Thousand, Four Hundred (9,835,400) gallons.

As the City is selling the District finished water for less than what we calculate it costs the City to produce it, this situation has reached a point where the only course of action for the City is to curtail the quantity of water it provides to the District, eventually reaching the agreed amount of four million gallons a month. Our readings indicate the District is close to or has exceeded its monthly allocation of finished water by the time this letter is received.

EQUAL OPPORTUNITY EMPLOYER

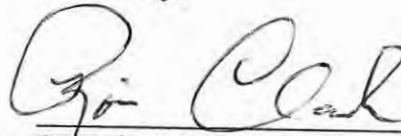
Accordingly, be advised that the quantity of finished water the City of Carlisle will provide the Nicholas County Water District for the billing cycle of July 2021 will be curtailed at five million (5,000,000) gallons. After that, unless specifically agreed in writing between the parties on a case by case, month by month basis, the amount of finished water to be provided the District shall be the agreed upon four million (4,000,000) gallons per monthly billing cycle in August 2021.

Accordingly, please inform the City how the District would prefer the agreed amount of water be delivered to the District. When the four million (4,000,000) amount is reached the five (5) valves can be closed, or the agreed amount can be provided on a daily pro-rata basis so to approximate the four million (4,000,000) gallon total over the month. It is also possible that you prefer a combination of these methods. Absent instructions and a workable agreement on how you would like this to take place, the City will curtail its provision of finished water when the agreed upon amount of four million (4,000,000) gallons of finished water is reached.

The elected officials of the City of Carlisle have not taken this action lightly but given the City's recent financial situation and the necessity to seek an adjustment in its wholesale water rates, in the interim this course of action is what we have decided to adopt.

Please do not hesitate to contact me if you have any questions and thank you for your kind and prompt attention.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ronnie Clark", written over a horizontal line.

Ronnie Clark, Mayor of Carlisle

HW/sma

cc: City Council Members
Watson Law Firm, PLLC

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

NINE PAGES TO FOLLOW

RECEIVED

AUG 19 1994

RECEIVED

AUG 19 1994

P.S.C.
RATES & RESEARCH DIV.

WATER PURCHASE CONTRACT

PUBLIC SERVICE
COMMISSION

This contract for the sale and purchase of water is entered into as of the 25th day of January, 1993, between the City of Carlisle, Nicholas County, Kentucky, City Hall, 107 Chestnut Street, Carlisle, Kentucky 40311, hereinafter referred to as the "Seller" and the Nicholas County Water District, P.O. Box 304, Carlisle, Kentucky 40311, hereinafter referred to as the "Purchaser".

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

W I T N E S S E T H:

WHEREAS the Purchaser is organized and established under the provisions of Chapter 74 of the Kentucky Revised Statutes for the purpose of constructing and operating a distribution system serving water users within the area described in plans now on file in the office of the Purchaser, and to accomplish this purpose the Purchaser requires for its existing system, and will require for an extension thereto, a supply of treated water; and

SEP 09 1994

PURSUANT TO 807 KAR 5.011.

SECTION 9(1)

BY: Jordan B. Noel
FOR THE PUBLIC SERVICE COMMISSION

WHEREAS, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the existing system and the extension thereto, respectively, now on file in the office of the Purchaser, and

WHEREAS, by Resolution No. 8 enacted on the 23^d day of DECEMBER, 1992, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said

Resolution was approved, and the execution of this contract carrying out the said Resolution by the Mayor, and attested by the City Clerk, was duly authorized, and

WHEREAS, by Resolution of the Nicholas Co. Water District of the Purchaser, enacted on the 21ST day of January, 1993, the purchase of water from the Seller in accordance with the terms set forth in the said resolution was approved, and the execution of this contract by the Chairman, and attested by the Secretary was duly authorized;

NOW THEREFORE, in consideration of the foregoing and the mutual agreements hereinafter set forth,

It is the intent of the parties hereto that this Agreement shall supercede and replace all prior Agreements of the parties for the sale of water from City of Carlisle to Nicholas County Water District, and all sales after the effective date hereof shall be governed by the terms and conditions herein, as they may be modified from time to time by City Ordinances relating to rates for Outside City Customers, or by mutual written agreement.

A. The Seller Agrees:

1. Quality and Quantity. To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the Kentucky Division of Water Quality in such quantity as may be required by the Purchaser not to exceed Four Million (4,000,000) gallons per month.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 09 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Nash
FOR THE PUBLIC SERVICE COMMISSION

2. Points of Delivery and Pressure. That water will be furnished at a reasonably constant pressure, from existing main supplies, at points located, through meters sized, as follows:

A. From a tap on the north side of Kentucky Highway #36 across from the Deposit Bank, from a four (4") inch supply main, through a two (2") inch meter, at plus or minus (+/-) fifty-five (55) PSI.

B. From a tap on the north side of Kentucky Highway #36 on the County Barn property, from a four (4") inch supply main, through a four (4") inch compound meter, at plus or minus (+/-) seventy-five (75) PSI.

C. From a tap on the south side of Kentucky Highway #32 in the Henryville neighborhood, east of Laytart's Store, from a ten (10") inch supply main, through a six (6") inch meter, at plus or minus (+/-) thirty-two (32) PSI.

D. From a tap at the end of High Street, on the property of Billy Mack Gaunce, from a four (4") inch supply main, through a two (2") inch turbine meter, at plus or minus (+/-) forty-eight (48) PSI.

E. From a tap on the west side of Dorsey Road, serving the Concord Road area, from a four (4") inch supply main, through a two (2") turbine meter, at plus or minus (+/-) fifty-six (56) PSI.

F. From a tap on the west side of Kentucky Highway #32 "Old Paris Pike", next to the Reno Runck farm, from a ten (10") inch supply main, which tap shall be ten (10") inches by six (6") inches, and which meter shall be four (4") inches minimum to six

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE
SEP 09 1994
PURSUANT TO 807 KAR 5011,
SECTION 9(1)
BY: Andrew C. Steel
COMMISSION

(6") inches maximum, at plus or minus (+/-) seventy-five (75) PSI.

If a greater pressure than that normally available at the points of delivery is required by the Purchaser, the cost of providing such greater pressure shall be borne by the Purchaser. Emergency failures of pressure or supply due to main supply line breaks, power failure, flood, fire and use of water to fight fire, earthquake or other catastrophe shall excuse the Seller from this provision for such reasonable period of time as may be necessary to restore service.

3. Billing Procedure. To furnish the Purchaser at the above address not later than the 10th day of each month, (or the first working day thereafter), with an itemized statement of the amount of water furnished the Purchaser during the preceding month.

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 09 1994

B. The Purchaser Agrees:

1. Metering Equipment. To furnish and install meter pit and connection for its extension to system, at its own expense at the new point of delivery in 2.F. above, including any required meter house or pit, and required devices of a standard type, which shall follow good and normal engineering principles, and which said design and installation shall be approved by the Seller and the Seller's engineer and performed by the Purchaser.

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: James A. Neal
FOR THE SELLER'S ENGINEER

2. Operation and maintenance. Upon completion, testing, and acceptance by the Seller, Purchaser is to operate and maintain at its own expense, all necessary connections, from the

tapping valve and line, and metering equipment, including meter houses and pits, for properly measuring the quantity of water delivered to the Purchaser, at all points of delivery and to calibrate such metering equipment whenever requested by the Seller but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to be accurate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the six (6) months previous to such test in accordance with the percentage of inaccuracy found by such tests. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in the corresponding period immediately prior to the failure, unless Seller and Purchaser shall agree upon a different amount. The metering equipment shall be read by the last of the month. An appropriate official of the Seller at all reasonable times shall have access to the meter for the purpose of verifying its readings.

3. Outside City Rates and Payment Date. To pay the Seller, not later than than ten (10) working days following billing by Seller, for water delivered in accordance with the City of Carlisle Water rates for Outside City Users as established from time to time by Ordinance in the Code of Ordinances of the City, currently per the following schedule of rates:

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OF KENTUCKY
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SEP 09 1994

PURSUANT TO 807 KAR 5:011,
SECTION 9 (1)

BY: Jonathan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

Outside City

SEP 09 1994

First 1,000 gallons	\$7.80
Next 4,000 gallons	2.08
Next 5,000 gallons	2.02
Next 5,000 gallons	1.69
Next 10,000 gallons	1.56
Next 25,000 gallons	1.30
All over 50,000 gallons	1.24
Industrial rate	1.30

PURSUANT TO 807 KAR 5:011,
SECTION 9(1)

BY: *Jordan C. Neal*
ALBERT D. BASS, JR.
1,000 gallons

A penalty of ten (10%) percent of the amount due will be assessed and paid on all bills not paid in full within ten (10) working days in accordance with Ordinances of Seller.

4. Connection Fee. No connection fee will need to be paid if the Water District or its contractors install all meter equipment and other needed materials and make all water main taps. If the City does any work for the Water District, it will be reimbursed at an agreed cost of labor and materials furnished.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. Term of Contract. That this contract shall extend for a term of forty (40) years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. Delivery of Water. That thirty (30) days prior to the estimated date of completion of construction of the extension to Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. Water for Testing. When requested by the Purchaser the Seller will make available to Purchaser's contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system extension of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a flat charge per one thousand (1,000) gallons at the then current over fifty (50,000) thousand gallons rate for Outside City Users, which will be paid by the contractor or, **PUBLIC SERVICE COMMISSION OF KENTUCKY** failure to pay, by the Purchaser. **EFFECTIVE**

4. Failure to Deliver. That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to **SEP 09 1994** **PURSUANT TO 807 KAR 5011, SECTION 10** **BY: Jordan C. Neal** **FOR THE PUBLIC SERVICE COMMISSION** the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished as set forth in the City of Carlisle Code of Ordinances.

5. Modification of Contract. That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification in accordance with the City of Carlisle Water Rates, as established from time to time by Ordinance of the City in its Code of Ordinances. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of production of

finished water by Seller, which may include increased capitalization of the Seller's system based on improvements benefiting Purchaser. Other provisions of the contract may be modified or altered by mutual agreement.

6. Regulatory Agencies. That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. Miscellaneous. That the extension of its water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser regarding the extension to its system are conditioned upon the approval, in writing, of the State Director of the Farmers Administration. PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

8. Successor to the Purchaser. That in the event of any occurrence rendering the Purchaser incapable of performing this contract, any successor of the Purchaser, whether by legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder. SEP 09 1994
PURSUANT TO 807 KAR 5.011,
SECTION 4
BY: Jordan C. Neal
for the result

9. Conflicts of Law. This contract shall be construed in accordance with the laws of the Commonwealth of Kentucky.

10. Modification. Except as to rates for water provided as set forth in Paragraph C. 5. above, this Contract shall not

modified except in writing executed by both parties hereto.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four (4) counterparts, each of which shall constitute an original.

Seller: City of Carlisle

Frankie Hughes

By: Frankie Hughes

Title: Mayor

Attest:

Mary Tapp

Mary Tapp
City Clerk

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

SEP 09 1994

PURSUANT TO 807 KAR 5.011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

Purchaser: Nicholas County Water
District

Garvey Curtsinger

By: Garvey Curtsinger

Title: Chairman

Attest:

Paula J. Hunter

This contract is approved on behalf of the Farmers Home Administration this the 22nd day of FEBRUARY, 1993.

Jimmy H. Hall

By: Jimmy H. Hall

Title: COMMUNITY AND BUSINESS PROGRAMS SPECIALIST

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

ONE PAGE TO FOLLOW

FOR Nicholas County WD & Sharpsburg WD
Area Served

P.S.C. KY. NO. 1

Original SHEET NO. 1

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

City of Carlisle
(Name of Municipal Utility)

RATES & CHARGES

MONTHLY WHOLESALE WATER RATE:

Nicholas County Water District &
Sharpsburg Water District

First 1,000 gallons	\$11.21	Minimum Bill
Next 4,000 gallons	3.82	per 1,000 gallons
Next 5,000 gallons	2.95	per 1,000 gallons
Next 5,000 gallons	2.05	per 1,000 gallons
Next 10,000 gallons	1.90	per 1,000 gallons
Next 25,000 gallons	1.58	per 1,000 gallons
Over 50,000 gallons	1.52	per 1,000 gallons

DATE OF ISSUE February 21, 2019
Month / Date / Year

DATE EFFECTIVE July 1, 2003
Month / Date / Year

ISSUED BY [Signature]
(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

[Signature]

RECEIVED
3/18/2019
PUBLIC SERVICE
COMMISSION
OF KENTUCKY

APPENDIX D

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

TWO PAGES TO FOLLOW



Andy Beshear
Governor

Rebecca W. Goodman
Secretary
Energy and Environment Cabinet

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Kent A. Chandler
Chairman

Amy D. Cabbage
Vice Chairman

Talina R. Mathews
Commissioner

August 16, 2021

Mayor Ronnie Clark
City of Carlisle
107 East Chestnut Street
Carlisle, Kentucky 40311

Dear Mayor Clark:

Sharpsburg Water District has advised Commission Staff that the City of Carlisle (Carlisle) has increased its rate for wholesale water service.

In *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), the Kentucky Supreme Court held that the Public Service Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Public Service Commission. Pursuant to the *Simpson County Water District* decision, the Public Service Commission in Administrative Case No. 351 directed that "[a]ny municipal utility wishing to change or revise a contract or rate for wholesale utility service to a public utility shall, no later than 30 days prior to the effective date of the revision, file with the Commission the revised contract and rate schedule." A copy of the *Simpson County Water District* decision and the Public Service Commission's Order are enclosed.

Consistent with KRS 278.160 and the Public Service Commission's Order in Administrative Case No. 351, contracts and rate schedules filed with the Public Service Commission shall control the rates and conditions of service of the parties. Changes to those contracts and rate schedules currently on file with the Public Service Commission shall be made in accordance with KRS 278.180 and Administrative Regulation 807 KAR 5:011. Until such changes are approved by the Commission, the prior contracts and rate schedules remain in effect.

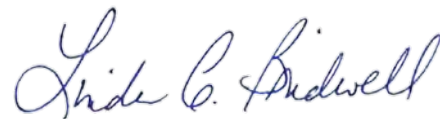
The Carlisle rate schedule currently on file with the Commission has an effective date of July 1, 2003 and indicates that Carlisle sells water to Sharpsburg Water District (Sharpsburg District) and Nicholas County Water District (Nicholas District). Therefore, Carlisle may bill Sharpsburg District and Nicholas District only at the rates contained in

Hon. Ronnie Clark
City of Carlisle
Monday, August 16, 2021
Page 2

the most recent rate schedule that Carlisle has filed with the Commission and not at the rates allegedly increased. Until Carlisle files its proposed revisions with and obtains approval of the Public Service Commission, it may not charge Sharpsburg District or Nicholas District a rate that differs from that rate schedule. Furthermore, if Carlisle is currently charging a rate that differs from those on file with the Public Service Commission, it must either refund the additional charges collected or credit that amount to its wholesale customers' account.

Any questions regarding this letter should be directed to Daniel Hinton of Commission Staff at (502) 782-2626.

Sincerely,



Linda C. Bridwell
Executive Director

Enclosure

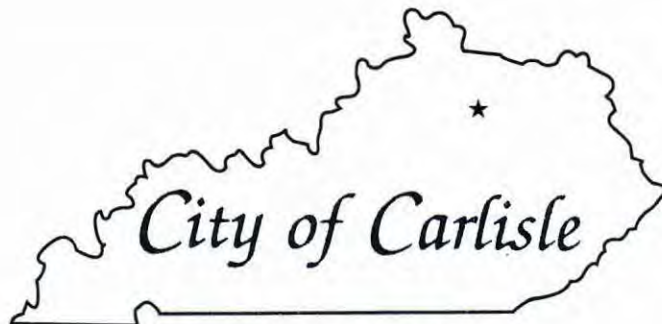
CC: Sharpsburg Water District
Nicholas County Water District

APPENDIX E

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

THREE PAGES TO FOLLOW

107 E. CHESTNUT ST.
CARLISLE, KENTUCKY 40311



PH. 859/289-3700
FAX: 859/289-7704

October 4, 2021

RONNIE CLARK, MAYOR

Kentucky PSC
211 Sower Blvd
P.O. Box 618
Frankfort Kentucky 40602-0615

Re: City of Carlisle Tariff 30 SEP 2021

Dear Sir or Madam:

On 30 SEP 2021 the City of Carlisle filed a Tariff increasing its wholesale water rates to its two (2) water district customers. This is the first increase in wholesale water rates ever filed with the PSC, and the current rate has been in effect since 1989. For various reasons the City has been unable to file for any increase but is simply losing money under its current rate structure.

The filing reflects a rate negotiated between the City and its largest wholesale customer, Nicholas County Water District, and is the direct result of the district habitually over consuming the wholesale amount under our contract, (at times over twice (2X) the amount), and the city's refusal to continue to so allow such over consumption absent an increase in rates.

It should be obvious that a wholesale water rate that is over thirty (30) years old is inadequate and cannot be continued. Neither of its customers is in a "monopolistic" relationship with the City, and both have other sources of supply at far greater rates than the City now charges, and higher than the tariff just filed. The City is confident that a full blown water rate increase case will result in a higher rate structure than is submitted herewith, and that may very well be its next step. Absent this allowance, it will curtail sales to its wholesale customers at the contracted amounts.

Please do not hesitate to contact either the undersigned Mayor, or our counsel, Watson Law Firm, PLLC, should there arise questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronnie Clark", is written over a faint, circular watermark of the City of Carlisle seal.

Ronnie Clark, Mayor

Cc: City Council
Watson Law Firm, PLLC

FOR Nicholas County WD & Sharpsburg WD
Area Served

P.S.C. KY. NO. _____ 1

1st Revised SHEET NO. _____ 1

CANCELLING P.S.C. KY. NO. _____ 1

Original SHEET NO. _____ 1

City of Carlisle
(Name of Municipal Utility)

RATES & CHARGES

MONTHLY WHOLESALE WATER RATE:

Nicholas County Water District &
Sharpsburg Water District

First	1,000	gallons	\$14.91	Minimum Bill	(I)
Next	4,000	gallons	5.08	per 1,000 gallons	↓
Next	5,000	gallons	3.92	per 1,000 gallons	
Next	5,000	gallons	2.73	per 1,000 gallons	
Next	10,000	gallons	2.53	per 1,000 gallons	
Next	25,000	gallons	2.10	per 1,000 gallons	
Over	50,000	gallons	2.02	per 1,000 gallons	

DATE OF ISSUE September 30, 2021

Month / Date / Year

DATE EFFECTIVE October 30, 2021

Month / Date / Year

ISSUED BY 

(Signature of Officer)

TITLE Mayor

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

NOTICE

The City of Carlisle (City) has filed on September 30, 2021, a proposed rate schedule which will increase the rates for wholesale water service provided to Nicholas County Water District (NCWD) and Sharpsburg Water District (SWD) as follows:

<u>Water service</u>	<u>Current Rate</u> <u>Per 1,000 gallons</u>	<u>Proposed Rate</u> <u>Per 1,000 gallons</u>	<u>\$ Change</u> <u>Per 1,000 gallons</u>	<u>% Change</u> <u>Per 1,000 gallons</u>
First 1,000 gallons	\$11.21 Min Bill	\$14.91 Min Bill	\$3.70	33%
Next 4,000 gallons	\$3.82	\$5.08	\$1.26	33%
Next 5,000 gallons	\$2.95	\$3.92	\$0.97	33%
Next 5,000 gallons	\$2.05	\$2.73	\$0.68	33%
Next 10,000 gallons	\$1.90	\$2.53	\$0.63	33%
Next 25,000 gallons	\$1.58	\$2.10	\$0.52	33%
Over 50,000 gallons	\$1.52	\$2.02	\$0.50	33%

The proposed effective date is October 30, 2021.

The rates contained in this notice are the rates proposed by City. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained herein.

A person may examine this tariff filing at the offices of City located at City Hall, 107 E. Chestnut Street, Carlisle, Kentucky 40311 or by contacting Mayor Ronnie Clark at City Hall; telephone 859-289-3700.

A person may examine this tariff filing at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>.

Comments regarding this tariff filing may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602.

A person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party.

If the Commission does not receive a timely written request for intervention within thirty (30) days of the initial mailing of the notice, the Commission may take final action on the tariff filing.

APPENDIX F

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00382 DATED OCT 20 2021

Last day for intervention requests to be accepted	10/22/2021
All initial requests for information to Carlisle shall be filed no later than	10/27/2021
Carlisle shall file responses to initial requests for information no later than.....	11/09/2021
All supplemental requests for information to Carlisle shall be filed no later than	11/15/2021
Carlisle shall file responses to supplemental requests for information no later than.....	11/30/2021
Intervenor testimony from Nicholas District or Sharpsburg District, or any additional intervenor, if any, in verified prepared form shall be filed no later than....	12/06/2021
All requests for information to Intervenors shall be filed no later than.....	12/16/2021
Intervenors shall file responses to requests for information no later than.....	12/30/2021

*Mayor Ronnie Clark
City of Carlisle
107 East Chestnut Street
Carlisle, KY 40311

*Nicholas County Water District
Nicholas County Water District
1639 Old Paris Road
Carlisle, KY 40311

*City of Carlisle
107 East Chestnut Street
Carlisle, KY 40311

*Honorable Damon R Talley
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Ms. Gayle Haney
Manager/Distribution Operator
Sharpsburg Water District
16 East Mill Street
P. O. Box 248
Sharpsburg, KY 40374

*Sharpsburg Water District
16 East Mill Street
P. O. Box 248
Sharpsburg, KY 40374

*Honorable Henry Watson, III
Attorney at Law
525 High Street, Suite 328
Paris, KENTUCKY 40361

*Nicholas County Water District
1639 Old Paris Road
Carlisle, KY 40311