

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CALDWELL)	CASE NO.
COUNTY WATER DISTRICT FOR AN)	2021-00423
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

This matter arises upon Caldwell County Water District's (Caldwell District) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended Caldwell District's application to request higher rates than initially requested. Caldwell District requested an increase in its revenue requirement of \$117,094 or 8.79 percent over test-year normalized revenues. When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Caldwell District would require an increase of \$215,034 or 16.26 percent. On March 22, 2022, Caldwell District filed with the Commission its comments in response to Commission Staff's March 18, 2022 report (Commission Staff Report) that accepted the amount of the revenue increase, the allocation to the rate classes, and the design of the proposed rates set forth in the Commission Staff Report.

LEGAL STANDARD

Commission regulation 807 KAR 5:076, Section 11(3)(f) states:

If commission staff reports that the applicant's financial condition supports a higher rate than the applicant proposed or commission staff recommends the assessment of an additional rate or charge not proposed in the application and commission staff's proposed rates produce a total increase in revenues that exceeds 110

percent of the total increase in revenues that the applicant's proposed rates will produce and the applicant amends its application to request commission staff's proposed rates, the commission shall order the applicant to provide notice of the finding or recommendation to its customers.

Commission regulation 807 KAR 5:076, Section 7(1) provides that an application for an alternative rate adjustment (ARF) may not place the proposed rates into effect until the Commission approves those rates or six months from the date of filing an application.

Commission regulation 807 KAR 5:001, Section 4(5) provides than amendment of an application shall not relate back to the date of the filing of the original application unless the Commission orders otherwise.

DISCUSSION AND FINDINGS

As an initial matter, when Caldwell District accepted Commission Staff's proposed increase of \$215,034, Caldwell District accepted rates that produced a total increase that exceeds the revenue initially proposed by \$97,940 or is 183.64 percent of the original ask.¹ Consistent with 807 KAR 5:076, Section 11(3)(f), because Caldwell District amended its application on March 22, 2022, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold, and because the amended application does not relate back to the original application, Caldwell District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or September 22, 2022, which is six months from the date the application was amended.

¹ \$215,034 / \$117,094 = 183.64%

Because Caldwell District accepted rates that exceed the regulatory threshold for re-notice, the Commission finds that Caldwell District should provide notice of the proposed rate increase to its customers. Within 14 days of the date of this Order, Caldwell District shall notify its customers of the implementation of the rates calculated in the Commission Staff Report by publishing notice of the increase in a newspaper of general circulation in its territory or placing an insert in bills rendered to its customers. The customer notice shall contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. Caldwell District's amended application is accepted as filed as of March 22, 2022.
2. Caldwell District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or six months from the date the application was amended, whichever comes first.
3. Within 14 days of the date of this Order, Caldwell District shall notify its customers of the implementation of the rates calculated in the Commission Staff Report by publishing notice of the increase in a newspaper of general circulation in its territory or placing an insert in bills rendered to its customers. The customer notice shall contain the information set forth in the Appendix to this Order.
4. Caldwell District shall provide proof of publication of the notice to the Commission no later than 30 days from the date of this Order.
5. If the Commission does not receive any written requests for intervention or a hearing in this matter within 30 days of publication of new rates, this case shall stand submitted to the Commission for decision based upon the existing record.

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

Case No. 2021-00423

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00423 DATED MAY 11 2022

On November 15, 2021, the Kentucky Public Service Commission (PSC) accepted for filing Caldwell County Water District's (Caldwell District) application requesting to increase its revenue from water sales by \$117,094 an approximate increase of 8.79 percent. On March 18, 2022, Commission Staff determined Caldwell District would require an increase of \$215,034 or 16.26 percent in revenue from water sales. Caldwell District requests the PSC approve its recommended revenue requirements and that Caldwell District be allowed to implement the revised rates as follows:

Monthly Water Rates					
Gallons per Month	Current Rates per Gallon	Gallons per Month	Requested Rates per Gallon	\$ Change	% Change
First 1,000 Gallons - Min. Bill	\$25.44	First 1,000 Gallons - Min. Bill	\$29.57	\$4.13	16.23%
Next 3,000 Gallons	\$0.01331	Next 3,000 Gallons	\$0.01547	\$0.00216	16.23%
Next 6,000 Gallons	\$0.01087	Next 6,000 Gallons	\$0.01264	\$0.00177	16.28%
Next 20,000 Gallons	\$0.00845	Next 20,000 Gallons	\$0.00982	\$0.00137	16.21%
Over 30,000 Gallons	\$0.00742	Over 30,000 Gallons	\$0.00863	\$0.00121	16.31%

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates.

The rates will increase the monthly bill of a typical residential customer using 3,277 gallons a month from \$55.75 to \$64.80 increase of \$9.05, or approximately 16.23 percent.

This filing may be examined at the offices of Caldwell District located at 118 West Market Street in Princeton, Kentucky; telephone (270) 365-9381.

Any person may examine this filing at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday - Friday, 8:00 am - 4:30 pm or on the PSC website at <http://psc.ky.gov>; telephone (502) 564-3940.

A copy of the PSC Staff report can be found at the following address:

https://psc.ky.gov/pscscf/2021%20Cases/2021-00423//20220318_STAFF_REPORT.pdf

Any person may submit comments on the proposed request no later than 30 days after the date of publication of customer notice. Comments shall be in writing and shall be submitted to the Executive Director, Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602. Comments may also be submitted by electronic mail to psc.comment@ky.gov.

If the Commission does not receive any request for intervention or hearing in this matter within 30 days after the date of publication of this customer notice, the Commission will proceed to render a decision in the matter.

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