

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	CASE NO.
AMERICAN WATER COMPANY FOR AN)	2021-00434
ALTERNATIVE RATE ADJUSTMENT)	

ORDER

This matter arises upon Kentucky-American Water Company's (Kentucky-American) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended Kentucky-American's application to request higher rates than initially requested as well as a change in rate design. Kentucky-American originally requested a revenue increase of \$938,827 or 130.97 percent over test-year normalized revenues. In its application, Kentucky-American requested to phase-in its water rate increase over a four-year period, and ultimately adopt a unified rate.

During discovery, Kentucky-American discovered an error which lowered the commercial billing determinants and increased the residential billing determinants and ultimately resulted in a change in rate design. On February 28, 2022, Kentucky-American filed supplemental testimony for the purpose of correcting this error in the calculation of the billing determinants used for customers with a meter greater than or equal to one inch.¹ This revision had no impact on the revenue requirement; however, the revision did impact the revenue allocation and rate design. Kentucky-American requested that the

¹ Supplemental Testimony of Tricia Sinopole (Sinopole Supplemental) (filed Feb. 28, 2022).

updated billing determinates and rate design be approved.² Kentucky-American also filed a revised notice but did not mail the amended notice to its wastewater customers, until after approved by the Commission.³

When Commission Staff performed the limited financial review of test-year operations, it applied the revised billing determinants, and determined Kentucky-American would require an increase of \$940,985 or 137.39 percent. On May 9, 2022, Kentucky-American filed with the Commission its comments in response to Commission Staff's April 25, 2022 Report (Commission Staff's 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's Report. In its comments, Kentucky-American further stated that it would give notice to its customers of the rates the Commission approves if the Commission so orders.

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 that amendment of an application shall not relate back to the date of the filing of the original application unless the Commission orders otherwise. Because Kentucky-American amended its application on February 28, 2022, when it filed supplemental testimony correcting its error in the calculation of the billing determinants, the amended application does not relate back to the original application, Kentucky-American shall not place the proposed rates into effect

² Sinopole Supplemental at 7.

³ Sinopole Supplemental at 7.

until the Commission issues an Order approving the rates or August 28, 2022, which is six months from the date the application was amended, whichever comes first.

Because Kentucky-American accepted Commission Staff's recommended rates which include the amended billing determinants and a revised, across-the-board rate design, the Commission finds that Kentucky-American should provide notice of the proposed rate increase to its customers. Within 14 days of the date of this Order, Kentucky-American shall notify its customers of the implementation of the rates calculated in the Commission Staff's 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.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's amended application is accepted as filed as of February 28, 2022.
2. Kentucky-American 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, Kentucky-American shall notify its customers of the implementation of the rates calculated in the Commission Staff's 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.
4. Kentucky-American 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 a decision based upon the existing record.

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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

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