

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN)	CASE NO.
MADISON WATER DISTRICT FOR A RATE)	2022-00129
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon Southern Madison Water District's (Southern Madison District) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended Southern Madison District's application to request higher rates than initially requested. Southern Madison District requested an increase in its revenue requirement of \$70,972, or 3.82 percent, over test-year normalized revenues. When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Southern Madison District would require an increase of \$424,983 or 22.84 percent. On October 6, 2022, Southern Madison District filed with the Commission its comments in response to Commission Staff's October 5, 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.

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 that 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 Southern Madison District accepted Commission Staff's proposed increase of \$424,983, Southern Madison District accepted rates that produced a total increase that exceeds the revenue initially proposed by \$354,011 or is approximately 499 percent of the original proposed rates.¹ Consistent with 807 KAR 5:076, Section 11(3)(f), because Southern Madison District amended its application on October 6, 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, Southern Madison District shall not place the

1

$$4.99 = \frac{\$424,983 - \$70,972}{\$70,972}$$

proposed rates into effect until the Commission issues an Order approving the rates or April 6, 2023, which is six months from the date the application was amended, whichever comes first.

Because Southern Madison District accepted rates that exceed the regulatory threshold for renote, the Commission finds that Southern Madison District should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, Southern Madison District 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. The customer notice shall contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. Southern Madison District's amended application is accepted as filed as of October 6, 2022.
2. Southern Madison 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 service of this Order, Southern Madison District 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. The customer notice shall contain the information set forth in the Appendix to this Order.

4. Southern Madison 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 a decision based upon the existing record.

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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00129 DATED NOV 10 2022

On May 24, 2022, the Kentucky Public Service Commission (PSC) accepted for filing Southern Madison Water District's (Southern Madison District) application requesting to increase its revenue from water sales by \$70,972, an approximate increase of 3.82 percent. On October 5, 2022, Commission Staff determined Southern Madison District would require an increase of \$424,983 or 22.84 percent in revenue from water sales. Southern Madison District requests the PSC approve its recommended revenue requirements and that Southern Madison District be allowed to implement the revised rates as follows:

	Meter Size	Current	Proposed		\$ Increase	% Increase
<u>5/8- x 3/4-Inch</u>						
First	2,000 Gallons	\$13.446	\$16.508	Minimum Bill	\$3.062	22.77%
Next	1,000 Gallons	0.006633	0.008138	Per Gallon	0.001520	22.92%
Next	3,000 Gallons	0.006223	0.007635	Per Gallon	0.001412	22.69%
Next	4,000 Gallons	0.005763	0.007070	Per Gallon	0.001307	22.68%
Next	15,000 Gallons	0.004883	0.005999	Per Gallon	0.001116	22.86%
Next	25,000 Gallons	0.004583	0.005630	Per Gallon	0.001047	22.85%
Over	50,000 Gallons	0.004033	0.004955	Per Gallon	0.000922	22.86%

Water Loss Reduction Surcharge \$1.94 per month
; limited to 48 months

Nonrecurring Charges

5/8 x 3/4 Inch Water Tap On	\$1,337
All Larger Meter sizes	Actual
Late Payment Charge	10%
Connection Turn-On Charge	\$15.50
Field Collection Charge	\$15.50
Meter Re-read Charge	\$15.50
Service Call / Investigation	\$15.50
Meter Test Charge (5/8 x 3/4)	\$15.50
Meter Test Charge (1 ½ or larger)	Actual
Turn On Charge After hours	\$51.00

Field Collection – After hours	\$51.00
Meter Re-read After hours	\$51.00
Service Call – After hours	\$51.00
Returned Check Charge	\$0.75
Meter Relocation Charge	Actual
Damage to Meter Equipment	Actual

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The rates, including the water loss reduction surcharge, will increase the monthly bill of a typical residential customer using 4,000 gallons a month from \$26.30 to \$34.23, an increase of \$7.93, or approximately 30.15 percent. This filing may be examined at the offices of Southern Madison District located at 207 N. Dogwood Dr., Berea, Kentucky, 40403; telephone (859) 986-9031.

Any person may examine this filing at the PSC located at 211 Sower Boulevard, Frankfort, Kentucky, Monday–Friday, 8:00 a.m. to 4:30 p.m. or on the PSC website at <https://psc.ky.gov/>; telephone (502) 564-3940. A copy of the PSC Commission Staff’s Report can be found at the following address:

https://psc.ky.gov/pscscf/2022%20Cases/2022-00129//20221005_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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