

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF MUHLENBERG)	2022-00241
COUNTY WATER DISTRICT)	

ORDER

In the final Order in this case issued on August 30, 2022, the Commission ordered Muhlenberg County Water District (Muhlenberg District) to “file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076, or in the alternative, file a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary” on or before August 31, 2023.¹ The Commission ordered Muhlenberg District to file a rate case within a year because, based on a review of Commission records, Muhlenberg District has not sought a general base rate adjustment since 2012.² Muhlenberg District’s only rate increases have occurred when a Muhlenberg supplier has increased its rates or as a result of federal financing of a water improvement project. As a result, Muhlenberg District has avoided the Commission’s comprehensive review of Muhlenberg District’s financial records and operational structure for over ten years. As noted in the final Order, Muhlenberg District was profitable in four of the last five years, however, it did not fully fund depreciation

¹ Order (Ky. PSC Aug. 30, 2022) at 6.

² *Case No. 2012-00009, Alternative Rate Adjustment Filing of Muhlenberg County Water District* (Ky. PSC Apr. 30, 2012), final Order.

reserves in any year.³ Muhlenberg District's cash balance was \$2.3 million at the end of 2021. The lack of insight into Muhlenberg District's financial records and the recurring underfunding of depreciation reserves led the Commission to conclude that Muhlenberg District should file an application for a general base rate adjustment or an alternative rate adjustment within one year of the entry date of the final order to ensure that its revenue is sufficient to support adequate and reliable service.

On August 28, 2023, Muhlenberg District moved for a two-month extension of time, until October 31, 2023, in which to file a rate adjustment.⁴ In support of its motion Muhlenberg District stated that upon receiving the Commission's August 30, 2022 Order it immediately contacted Kentucky Rural Water Association, Inc. (KRWA) and requested a proposal for performing a Rate Study and assistance with preparing and filing the required ARF application for a rate adjustment. Further, Muhlenberg District stated that on September 6, 2022, it followed-up this initial request with a formal request to KRWA.⁵ According to Muhlenberg District, because of a backlog of cases, KRWA informed Muhlenberg District that it could not commence working on the Rate Study until approximately 60 days following the filing of Muhlenberg District's Annual Report. But still KRWA stated to Muhlenberg District that it planned to meet the August 31, 2023 deadline. According to Muhlenberg District, on August 22, 2023, KRWA informed Muhlenberg District that it would be unable to meet this deadline.⁶ According to

³ Order (Ky. PSC Aug. 30, 2022) at 5.

⁴ Motion for Extension of Time (filed Aug. 28, 2023).

⁵ Motion for Extension of Time at 1–2.

⁶ Motion for Extension of Time at 2.

Muhlenberg District, KRWA stated to Muhlenberg District that the needed Rate Study is approximately 60 percent to 75 percent complete at the time of the filing of the motion for an extension of time.⁷ According to Muhlenberg District, from now until September 15, 2023, KRWA plans to complete and confirm the accuracy of the Rate Study, including the Schedule of Adjusted Operations, Billing Analysis, Schedule of Current and Proposed Rates, and other necessary schedules.⁸ According to Muhlenberg District, between September 25, 2023, and October 18, 2023, KRWA will make any and all necessary revisions or corrections to the Rate Study following the Muhlenberg District Board meeting and will finalize the ARF application. According to Muhlenberg District, this includes preparation of the numerous exhibits and attachments that will accompany the ARF Application.⁹ Finally, Muhlenberg District stated that KRWA is confident that it will timely perform its obligations which will enable Muhlenberg District to file the ARF application before October 31, 2023.¹⁰

The Commission finds that because to Muhlenberg District is actively making plans with KRWA and setting a time schedule to prepare a rate analysis and assist with a rate adjustment application within approximately 60 days of completion of its 2023 annual report, and that Muhlenberg District quickly initiated a process to file its rate case soon after the Commission's Order, that Muhlenberg District has made a timely attempt to complete the application by the deadline given by the Commission. Therefore,

⁷ Motion for Extension of Time at 3.

⁸ Motion for Extension of Time at 2.

⁹ Motion for Extension of Time at 3.

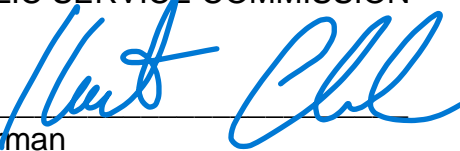
¹⁰ Motion for Extension of Time at 4.

Muhlenberg District's motion for an extension of time to file an ARF application should be granted. This is because Muhlenberg District requested only a two-month extension to complete and file its application, and has provided specific details that underlie the need for the two-month extension of time.

IT IS THEREFORE ORDERED that Muhlenberg District's motion for a two-month extension of time, until October 31, 2023, to file its rate adjustment application is granted.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
SEP 05 2023 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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

*Muhlenberg County Water District
301 Dean Road
P. O. Box 348
Greenville, KY 42345

*Craig Porter
Superintendent
Muhlenberg County Water District
301 Dean Road
P. O. Box 348
Greenville, KY 42345

*Felisa S. Moore
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801

*Jason Pennell
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424