

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|  |            |
|--|------------|
| ELECTRONIC APPLICATION OF LAKE VILLAGE ) |            |
| WATER ASSOCIATION, INC., OF BOYLE AND )  |            |
| MERCER COUNTIES, KENTUCKY FOR A )        |            |
| CERTIFICATE OF PUBLIC CONVENIENCE AND )  | CASE NO.   |
| NECESSITY TO CONSTRUCT AND FINANCE A )   | 2023-00107 |
| PROJECT, FUNDED BY USDA, RURAL )         |            |
| DEVELOPMENT PURSUANT TO THE )            |            |
| PROVISIONS OF KRS 278.023 AND KRS )      |            |
| 278.020 )                                |            |

ORDER

On May 3, 2023, the Commission entered an Order granting a Certificate of Public Convenience and Necessity (CPCN) to construct a water system improvement project and approving the financing for the project. However, the Commission held this proceeding open to obtain clarification on one important issue. The rates appearing in the United States Department of Agricultural Rural Development (RD) Letter of Conditions were less than the Phase 1 rates the Commission approved in Case No. 2022-00068.<sup>1</sup> The rates in the RD Letter of Conditions were also lower than the Phase 2 rates which will go into effect on October 4, 2023. However, Lake Village Water Association, Inc. (Lake Village Water) included a request at paragraph six of its application that stated, “[T]he Applicant requests that the Phase 1 and Phase 2 rates set forth in the Public Service Commission order for Case No. 2022-00068 remain in effect.” Because the

---

<sup>1</sup> Case No.2022-00068, *Electronic Application of Lake Village Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 4, 2022).

Commission desired clarification concerning this request, the Commission ordered Lake Village Water to supplement the record explaining the discrepancy between the minimum rates required by RD and the Phase 1 rates currently in effect.

On May 23, 2023, Lake Village Water filed a statement from its Executive Director, Mike Sanford.<sup>2</sup> Mr. Sanford stated that Lake Village Water intended to request that the Phase 2 rates, scheduled to go into effect on October 4, 2023, not be replaced by the lower rates included in the RD letter.

### DISCUSSION AND FINDINGS

When the Commission approved the plan of financing for this project, approval of the rates contained in the RD Letter of Conditions was included, despite not being expressly stated in the Order. This is because KRS 278.023, which governs the Commission's approval of federally-funded construction projects proposed by water districts and associations, expressly denies the Commission authority to modify the agreement with the federal government.<sup>3</sup> The RD Letter of Conditions states that rates must be "at least"<sup>4</sup> the amount provided in the rate schedule attached as an Appendix to this Order. RD set a minimum rate. The Phase 2 rates are in excess of the rates required by RD and are therefore not affected by this proceeding in any way. RD set a minimum rate, which must be approved, but the Commission's Order regarding the Phase 2 rates as approved in Case No. 2022-00068 is undisturbed.

---

<sup>2</sup> Supplemental Response, dated May 18, 2023 (filed May 23, 2023).

<sup>3</sup> KRS 278.023(3).

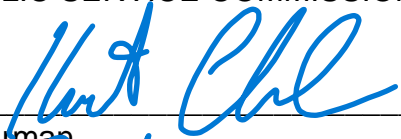
<sup>4</sup> Application, Letter of Conditions (filed April 3, 2023) paragraph 29.

To provide clarity for Lake Village Water, the Commission has provided a rate schedule attached to this Order as an Appendix. These rates are effective for service rendered on or after May 3, 2023, and remain in effect until the Phase 2 rates approved in Case No. 2022-00068 go into effect on October 4, 2023. The Commission is aware that this may present a challenge for Lake Village Water if Lake Village Water did not place the RD rates into effect on May 3, 2023. As such, the Commission finds that this proceeding should remain open, and that Lake Village Water will file into the record of this proceeding an explanation for how it will ensure that the RD rates are charged for service rendered on and after May 3, 2023.

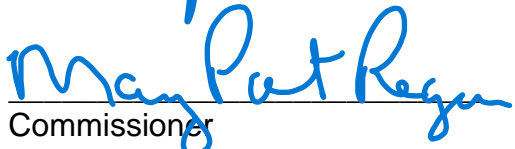
IT IS THEREFORE ORDERED that:

1. The rates appearing in the Appendix to this Order are approved for service rendered from May 3, 2023, the date the Commission approved the application in this proceeding, until the Phase 2 rates become effective on October 4, 2023.
2. On or before June 30, 2023, Lake Village Water shall file with the Commission an explanation of how it will ensure the rates approved for service rendered on or after May 3, 2023, are properly charged to its customers.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

  
\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner

ENTERED  
JUN 06 2023  
rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00107 DATED JUN 06 2023

The following rates and charges are prescribed for the customers in the area served by Lake Village Water Association, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Rates

5/8 X 3/4-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 2,000 Gallons  | \$29.39 | Minimum Bill |
| Next  | 18,000 Gallons | 0.01145 | Per Gallon   |
| Over  | 20,000 Gallons | 0.00927 | Per Gallon   |

Wholesale Rates

|                             |        |            |
|-----------------------------|--------|------------|
| North Point Training Center | .00447 | Per Gallon |
|-----------------------------|--------|------------|

|   |        |           |
|---|--------|-----------|
| <u>Water Loss Reduction Surcharge</u>                             | \$1.61 | Per Month |
| 48-month limitation or until approximately \$171,220 is collected |        |           |

Phase 2

To be Implemented October 4, 2023

5/8 X 3/4-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 2,000 Gallons  | \$29.85 | Minimum Bill |
| Next  | 18,000 Gallons | 0.01162 | Per Gallon   |
| Over  | 20,000 Gallons | 0.00938 | Per Gallon   |

Wholesale Rates

|                             |        |            |
|-----------------------------|--------|------------|
| North Point Training Center | .00450 | Per Gallon |
|-----------------------------|--------|------------|

|   |        |           |
|---|--------|-----------|
| <u>Water Loss Reduction Surcharge</u>                             | \$1.61 | Per Month |
| 48-month limitation or until approximately \$171,220 is collected |        |           |

\*Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P. O. Box 303  
Burgin, KY 40310

\*Mike D Sanford  
Executive Director  
Lake Village Water Association, Inc.  
801 Pleasant Hill Drive  
P. O. Box 303  
Burgin, KY 40310

\*Christopher J. Tucker  
Sheehan, Barnett, Dean, Pennington, Dexter &  
114 South Fourth Street  
Danville, KENTUCKY 40423