

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TREATED SEWAGE	)	CASE NO.
ADJUSTMENT FILING OF JESSAMINE-SOUTH	)	2023-00217
ELKHORN WATER DISTRICT	)	

ORDER

On July 17, 2023, Jessamine-South Elkhorn Water District (Jessamine-South Elkhorn District) applied for approval to adjust its rates pursuant to the treated sewage adjustment procedure set forth in KRS 278.015 and 807 KAR 5:075.

LEGAL STANDARD

In accordance with KRS 278.015 and 807 KAR 5:075, which govern treated sewage adjustment filings, a jurisdictional utility may increase its rates to pass through a wholesale supplier's rate increase. Commission regulation 807 KAR 5:075 authorizes a water district to file a treated sewage adjustment no earlier than 30 days prior to the proposed effective date of a wholesale supplier's changed rate or no later than 20 days after the wholesale supplier changes its rate. KRS 278.015 requires the Commission to approve a treated sewage adjustment no later than 30 days after a district files notice of a rate increase from its wholesale supplier and the volume of sewage treated used to calculate the increase in rates.

DISCUSSION AND FINDINGS

Jessamine-South Elkhorn District purchases wastewater treatment services from Lexington-Fayette Urban County Government (LFUCG). LFUCG notified Jessamine-

South Elkhorn District that its wholesale sewage treatment rate would increase from \$7.61 per 100 cubic feet to \$7.99 per 100 cubic feet, effective July 1, 2023.<sup>1</sup>

As described below, Jessamine-South Elkhorn District proposed to increase the sewer rates to its customers to reflect the increased cost of wastewater treatment from LFUCG. Jessamine-South Elkhorn proposed to increase current rates to be effective July 1, 2023. The current rates of a typical customer's monthly wastewater bill will increase from \$91.45 to \$94.54, an increase of \$3.08 or approximately 3.37 percent.<sup>2</sup> Jessamine-South Elkhorn District also proposed to increase the pending Phase 2 rates approved in Case No. 2022-00053,<sup>3</sup> to be effective August 25, 2023. The proposed rate increase in conjunction with the approved Phase 2 rates in Case No. 2022-00053, will increase a typical customer's monthly wastewater bill from \$94.54 to \$104.91, an increase of \$10.37 or approximately 10.96 percent.<sup>4</sup>

### Financial Condition and Rates

Jessamine-South Elkhorn District's most recent general base rate adjustment was filed on February 25, 2022. In Jessamine-South Elkhorn District's recent rate case,<sup>5</sup> sewer rates were increased in two phases, with Phase 1 taking effect on August 25, 2022, and Phase 2 to be effective on August 25, 2023. The final order in Case No. 2022-00053,

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<sup>1</sup> TFS2023-00268 (Ky. PSC June 21, 2023); LFUCG submitted the tariff on May 31, 2023, and the tariff was accepted for filing by the Commission by letter dated June 21, 2023, with an effective date of July 1, 2023.

<sup>2</sup> Application, Customer Notice, typical customer uses approximately 6,046 gallons per month.

<sup>3</sup> Case No. 2022-00053, *Electronic Application of Jessamine-South Elkhorn Water District for a Sewer Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 25, 2022), final Order.

<sup>4</sup> Application, Customer Notice, typical customer uses approximately 6,046 gallons per month.

<sup>5</sup> Case No. 2022-00053, *Electronic Application of Jessamine-South Elkhorn Water District for a Sewer Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 25, 2022), final Order.

reflects an increase in sewer rates of 26.93 percent, which will generate an additional \$270,193 in revenues.<sup>6</sup> Improvements in finances are seen from the year of 2021 to 2022 due to the Phase 1 rate increase approved in Case No. 2022-00053 and because Jessamine-South Elkhorn District had no debt service in 2022. The Commission encourages the utility to file a rate adjustment case on a regular basis of three-to-five-year intervals to maintain revenue sufficiency.

#### Treated Sewage Adjustment Factor

In its application, Jessamine-South Elkhorn District proposed a treated sewage adjustment factor of \$0.51 per 1,000 gallons. During the 12 months ended May 31, 2023, Jessamine-South Elkhorn District's sewer customers receiving service from LFUCG used 10,676,872.9981 cubic feet of water (79,868,562<sup>7</sup> gallons of water). The increase in the cost of treated sewage is from LFUCG is \$40,572.12, resulting in a treated sewage adjustment factor of \$0.51 per 1,000 gallons.<sup>8</sup>

The treated sewage adjustment factor of \$0.51 per 1,000 gallons, as calculated in Appendix A, and the rates set forth in Appendix B and Appendix C to this Order are fair, just and reasonable and should be approved for sewer service rendered by Jessamine-South Elkhorn District on and after July 1, 2023, for current rates and on and after August 25, 2023 for the Phase 2 rates approved in Case No. 2022-00053,<sup>9</sup> because the rates are supported by evidence of the increase in rates from Jessamine-South Elkhorn

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<sup>6</sup> Case No. 2022-00053, *Electronic Application of Jessamine-South Elkhorn Water District for a Sewer Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 25, 2022), final Order.

<sup>7</sup> 10,676,872.9981 cubic feet multiplied by a conversion factor of 7.48052 = 79,868,562 gallons.

<sup>8</sup> Jessamine-South Elkhorn District's rates are calculated per 1,000 gallons.

<sup>9</sup> Case No. 2022-00053, *Electronic Application of Jessamine-South Elkhorn Water District for a Sewer Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 25, 2022), final Order.

District's wholesale sewage treatment provider and the volume of wastewater treatment used to calculate the rates in accordance with KRS 278.015.

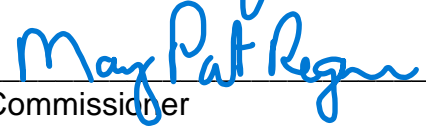
IT IS THEREFORE ORDERED that:

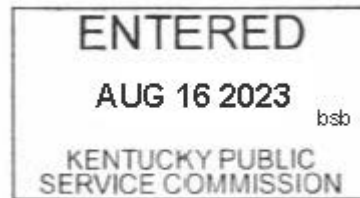
1. The treated sewage adjustment factor of \$0.51 per 1,000 gallons is approved.
2. The rates proposed by Jessamine-South Elkhorn District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Jessamine-South Elkhorn District on and after July 1, 2023.
4. The rates as set forth in Appendix C to this Order are approved for water service rendered by Jessamine-South Elkhorn District on and after August 25, 2023.
5. Within 20 days of the date of service of this Order, Jessamine-South Elkhorn District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

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

  
\_\_\_\_\_  
Commissioner



ATTEST:

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

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00217 DATED AUG 16 2023

Jessamine-South Elkhorn Water District  
Wastewater Treatment in Gallons

	Base Rate	New Rate	Increased Cost
LFUCG (cubic feet)	10,676,872.9981	10,676,872.9981	
Volumetric Rate	<u>\$ 7.61/100</u>	<u>\$ 7.99/100</u>	
	\$ 812,510.04	\$ 853,082.16	\$40,572.12

Increased treatment cost \$40,572.12

Increased treatment cost \$ 40,572.12  
Divided by Gallons sold/1000 79,868,562  
Treated Sewage adjustment factor \$ 0.5080 per 1,000 Gallons

Or \$ 0.00051 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00217 DATED AUG 16 2023

The following rates and charges are prescribed for the customers in the area served by Jessamine-South Elkhorn Water District – Sewer Division. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Sewer Rates effective as of July 1, 2023

First	2,000 Gallons	\$31.42	Minimum Bill
Over	2,000 Gallons	\$0.01560	Per Gallon

APPENDIX C

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00217 DATED AUG 16 2023

The following rates and charges are prescribed for the customers in the area served by Jessamine-South Elkhorn Water District – Sewer Division. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Sewer Rates effective as of August 25, 2023

First	2,000 Gallons	\$34.87	Minimum Bill
Over	2,000 Gallons	0.01731	Per Gallon



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