

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MAGOFFIN)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2023-00299
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon Magoffin County Water District's (Magoffin District) proof of publication of customer notice filed with the Commission on March 12, 2024, in its response to Commission Staff's Third Request for Information (Staff's Third Request).¹

LEGAL STANDARD

The notice requirements for an alternative rate adjustment are set forth in 807 KAR 5:076, Sections 5 and 8. Commission regulation 807 KAR 5:076, Section 5(1), (3) and (4), describe, in relevant part, the terms of notice that a utility must provide to its customers, stating as follows:

- (1) Public postings.
 - (b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites:
 1. A copy of the public notice; and
 2. A hyperlink to the location on the commission's Web site where the case documents are available.
 - (c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until

¹ Magoffin District's Response to Staff's Third Request (filed Mar. 12, 2024), Item 1, and newspaper affidavit attachment.

the commission issues a final decision on the application.

(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the application was initially submitted to the commission:

(a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing;

(b) If notice is published in a newspaper of general circulation in a utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or

(c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.

(4) Notice Content. Each notice issued in accordance with this section shall contain:

(d) the amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply.

Commission regulation 807 KAR 5:076, Section 8(1)(a) and (b), requires that an applicant "shall not amend the proposed rates set forth in its application unless the applicant (a) files written notice of the proposed amendment with the commission; and (b) publishes notice of the amended rates in the manner provided in Section 5 of this administrative regulation."

DISCUSSION AND FINDINGS

Magoffin District tendered its application on September 8, 2023. Magoffin District initially requested a 41.23 percent increase in its rates.² The tendered application was

² Application, Revenue Requirement at 13.

deemed deficient on September 12, 2023. The application was submitted using 2021 annual reporting data for the test year, instead of using the correct test year of 2022.³ Furthermore, the notice of proposed rate adjustment did not provide the amount of the average usage and effect upon the average bill of each customer classification to which the proposed rates apply pursuant to 807 KAR 5:076, Section 5(4).⁴ On October 25, 2023, Magoffin District submitted responses to the deficiencies. Magoffin District calculated the rates using the corrected test year, which resulted in a revised proposed rate increase of 25.27 percent.⁵ On October 30, 2023, a deficiency letter was issued, and Magoffin District was again found deficient for failure to comply with 807 KAR 5:076 Section 5(4). On November 7, 2023, Magoffin District filed corrected notice, which complied with 807 KAR 5:076, Section 5(4), and the deficiency was deemed cured.⁶ However, this notice still contained the original rate increase of 41.24 percent.⁷

On March 12, 2024, Magoffin District filed a response to Staff's Third Request. In Magoffin District's response to Staff's Third Request, it confirmed publication and provided proof that it provided notice to customers on two separate occasions, once a week for three consecutive weeks in the local newspaper for the 41.24 percent increase but did not provide notice to customers for the revised rate increase of 25.27 percent, the

³ Application, Schedule of Adjusted Operations at 9 and 10.

⁴ Deficiency Letter (Ky PSC Sept. 12, 2023).

⁵ Magoffin District's response to filling deficiencies (filed October 25, 2023), Exhibit A at 4.

⁶ Deficiency Cured Letter (Ky PSC Nov. 7, 2023).

⁷ Magoffin District's response to filing deficiencies noted in letter dated October 30, 2023 (filed Nov. 7, 2023), Exhibit A at 2.

amount requested as revised with the correct test year of 2022.⁸ The Commission notes that this was provided to the Commission more than 45 days after the application was accepted as filed. Magoffin District confirmed in its response to Staff's Third Request that it never provided notice on its website pursuant to 807 KAR 5:076, Section 5(1)(b).⁹

Magoffin District did not comply with 807 KAR 5:076, Section 8(1)(b), and 807 KAR 5:076, Section 5(4)(d). At this time, no public comments have been filed related to the original requested increase of 41.24 percent. As the likely cost of publication for this increase in rates is greater than the benefit to keeping customers informed of rate increases in instances such as this, when the rate increase is approximately 20 percent less than was originally published, the Commission, on its own motion, grants a deviation from 807 KAR 5:076, Section 8(1)(b), and 807 KAR 5:076, Section 5(4)(d).

The Commission further finds that Magoffin District failed to meet 807 KAR 5:076, Section 5(1)(b), required notice on a utility's website. The Commission directs Magoffin District to publish the required notice and a link to the case file on the Kentucky Public Service Commission's website using the corrected test year to Magoffin District's website in compliance with 807 KAR 5:076, Section 5(1)(b).

IT IS THEREFORE ORDERED that:

1. Magoffin District is granted a deviation from the requirements of 807 KAR 5:076, Section 8(1)(b), and 807 KAR 5:076, Section 5(4)(d).
2. Within ten days of this Order, Magoffin District shall publish notice pursuant to 807 KAR 5:076, Section 5(1)(b), and a link to the case file on its website.

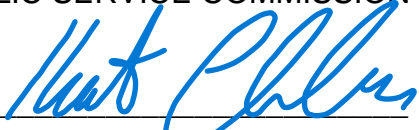
⁸ Magoffin's Response to Staff's Third Request, Item 1, and Exhibit Newspaper_Affadavits.

⁹ Magoffin's response to Staff's Third Request, Item 3.

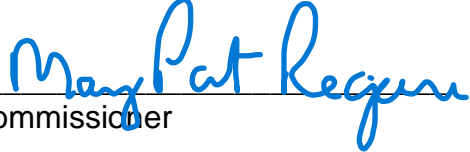
3. Within five days of publication, Magoffin District shall supply proof of publication to its website with the Commission.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
MAR 25 2024 rcs
KENTUCKY PUBLIC
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