

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF POWELL'S)	CASE NO.
VALLEY WATER DISTRICT FOR A RATE)	2023-00387
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon Powell's Valley Water District (Powell's Valley District) acceptance of Commission Staff's recommendation regarding the amount of a sewer rate increase that amended Powell's Valley District's application to request higher rates than initially requested. Powell's Valley District requested an increase in its revenue requirement for its sewer division of \$7,452, or 5.95 percent, over test-year normalized revenues. When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Powell's Valley District would require an increase of \$8,408 or 6.71 percent.¹ On July 16, 2024, Powell's Valley District filed with the Commission its comments in response to Commission Staff's July 2, 2024, 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 sewer 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

¹ Commission Staff's Report (filed July 2, 2024) at 30.

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 sewer 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 Powell's Valley District accepted Commission Staff's proposed increase of \$8,408, Powell's Valley District accepted rates that produced a total increase that exceeds the revenue initially proposed by \$956, or 12.83 percent of the original proposed rates.² Consistent with 807 KAR 5:076, Section 11(3)(f), because Powell's Valley District amended its application on July 16, 2024, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold,³ and because the amended application does not relate back to the original application, Powell's Valley District shall not place the proposed rates into effect until the

² (956 / 7,452 = 0.1283).

³ 110% of the initial proposed revenue increase is (110% x \$7,452 = \$8,197).

Commission issues an Order approving the rates on January 16, 2025, which is six months from the date the application was amended, whichever comes first.

Because Powell's Valley District accepted rates that exceed the regulatory threshold for renote, the Commission finds that Powell's Valley District should provide notice of the proposed rate increase to its sewer customers. Within 14 days of the date of service of this Order, Powell's Valley District shall notify its sewer 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. Powell's Valley District's amended application is accepted as filed as of July 16, 2024.
2. Powell's Valley 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, Powell's Valley 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. Powell's Valley 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.

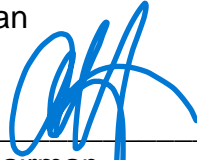
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PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2023-00387 DATED AUG 06 2024

On January 10, 2024, the Kentucky Public Service Commission (PSC) accepted for filing Powell's Valley Water District's (Powell's Valley District) application requesting to increase its revenue from sewer sales by \$7,452, an approximate increase of 5.95 percent. On July 2, 2024, Commission Staff determined Powell's Valley District would require an increase of \$8,408 or 6.71 percent in revenue from sewer sales. Powell's Valley District requests the PSC approve its recommended revenue requirements and that Powell's Valley District be allowed to implement the revised rates as follows:

Meter Size		Current	Proposed		% Increase
<u>5/8- x 3/4-Inch</u>					
First	2,000 Gallons	\$27.57	\$29.42	Minimum Bill	6.71%
Over	2,000 Gallons	0.01378	0.01470	Per Gallon	6.68%
Flat Rate Customers		\$27.57	\$29.42	Minimum Bill	6.71%

The proposed rates shall not become effective until the Public Service Commission has issued an Order approving these rates. The rates will increase the monthly bill of a typical residential customer who uses 4,000 gallons from \$55.13 to \$58.82, an increase of \$3.69, or approximately 6.69 percent. For those customers who receive a flat monthly sewer bill, the increase will be \$1.85, from \$27.57 to \$29.42, or approximately 6.71 percent. This filing may be examined at the offices of Powell's Valley District located at 31 Adams Ridge Road P.O. Box 550 Clay City, KY 40312, Kentucky; telephone (606) 663-5870.

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/2023%20Cases/2023-00387//20240702_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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