

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NORTH)	CASE NO.
MERCER WATER DISTRICT FOR A RATE)	2023-00185
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon North Mercer Water District’s (North Mercer District) acceptance of Commission Staff’s recommendation regarding the amount of a rate increase that amended North Mercer District’s application to request higher rates than initially requested. North Mercer District requested an increase in its revenue requirement of \$265,098, or 8.97 percent, over test-year normalized revenues.¹ When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined North Mercer District would require an increase of \$321,104 or 10.87 percent.² On June 24, 2024, North Mercer District filed with the Commission its comments in response to Commission Staff’s June 13, 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 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 Amended Application (filed Dec. 14, 2023), Attachment 4.

² Commission Staff’s Report at 21.

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 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 North Mercer District accepted Commission Staff's proposed increase of \$321,104, North Mercer District accepted rates that produced a total increase that exceeds the revenue initially proposed by \$56,006 or 121.13 percent of the original proposed rates.³ Consistent with 807 KAR 5:076, Section 11(3)(f), because North Mercer District amended its application on June 24, 2024, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold,⁴ and because the amended application does not relate back to the original application, North Mercer District shall not place the proposed rates into effect until the Commission issues

³ $\$321,104 / \$265,098 = 121.13\%$.

⁴ 110% of the initial proposed revenue increase is $(110\% \times \$265,098 = \$291,608)$.

an Order approving the rates or December 24, 2024, which is six months from the date the application was amended, whichever comes first.

Because North Mercer District accepted rates that exceed the regulatory threshold for renote, the Commission finds that North Mercer District should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, North Mercer 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.

IT IS THEREFORE ORDERED that:

1. North Mercer District's amended application is accepted as filed as of June 24, 2024.
2. North Mercer 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, North Mercer District shall notify its customers of the amended proposed rate increase 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. North Mercer 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

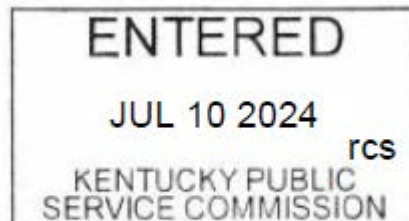
Chairman



Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00185 DATED JUL 10 2024

On December 27, 2023, the Kentucky Public Service Commission (PSC) accepted for filing North Mercer Water District’s (North Mercer District) application requesting to increase its revenue from water sales by \$265,098, an approximate increase of 8.97 percent. On June 13, 2024, Commission Staff determined North Mercer District would require an increase of \$321,104 or 10.87 percent in revenue from water sales. North Mercer District requests the PSC approve its recommended revenue requirements and that North Mercer District be allowed to implement the revised rates as follows:

Meter Size		Current	Proposed		% Increase
<u>5/8-Inch</u>					
First	1,000 Gallons	\$20.48	\$22.60	Minimum Bill	10.35%
Over	1,000 Gallons	0.00988	0.01090	Per Gallon	10.32%
<u>1-Inch</u>					
First	2,500 Gallons	\$36.70	\$40.49	Minimum Bill	10.33%
Over	2,500 Gallons	0.00988	0.01090	Per Gallon	10.32%
<u>2-Inch</u>					
First	10,000 Gallons	\$109.80	\$121.14	Minimum Bill	10.33%
Over	10,000 Gallons	0.00988	0.01090	Per Gallon	10.32%
<u>Bulk Rate</u>					
		\$0.00673	\$0.00743	Per Gallon	10.40%

Nonrecurring Charges

Meter Reinstall	\$42
Meter Reread Charge	\$37
Meter Test Charge	\$40
Reconnect Charge	\$59
Returned Check Charge	\$6
Service Call Charge	\$37
Service Call After Hours Charge	\$153
Service Call and Unlock Charge	\$37

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 using 4,000 gallons a month from \$50.12 to \$55.30, an increase of \$5.18, or approximately 10.33 percent. This filing may be examined at the offices of North Mercer District located at 4795 Louisville Road, Salvisa, Kentucky 40372; telephone 859-865-2292.

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/2023-00185//20240613_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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