

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY FOR AN)	
ADJUSTMENT OF RATES, A CERTIFICATE OF)	
PUBLIC CONVENIENCE AND NECESSITY FOR)	CASE NO.
INSTALLATION OF ADVANCED METERING)	2023-00191
INFRASTRUCTURE, APPROVAL OF)	
REGULATORY AND ACCOUNTING)	
TREATMENTS, AND TARIFF REVISIONS)	

ORDER

On May 31, 2024, Kentucky-American Water Company (Kentucky-American) filed a motion to suspend the refund process until after the rehearing process is complete.¹ Kentucky-American also requested to suspend consideration of the revised tariff that it submitted until the conclusion of the rehearing process.² No intervenors filed a response.

LEGAL STANDARD

KRS 278.190 (4) states in relevant part that “if the commission, by order, directs any utility to make a refund, as hereinabove provided, of all or any portion of the increased rates or charges, the utility shall make the refund within sixty (60) days after a final determination of the proceeding by an order of the court or commission with or without interest in the discretion of the commission.”

¹ Kentucky-American’s Motion to Suspend the Refund Process Until After the Rehearing Process is Complete (Motion to Suspend Refund Process) (filed May 31, 2024) at 1.

² Motion to Suspend Refund Process at 4.

BACKGROUND

On May 3, 2024, the Commission ordered Kentucky-American to: refund each customer all amounts collected in excess of the rates approved for service rendered on or after February 6, 2024, within 60 days;³ file a report within 75 days describing the refund efforts;⁴ and to file its revised tariffs setting out the rates authorized in the Order within 20 days. On May 16, 2024, Kentucky-American filed a petition for rehearing to correct five different material calculations in the May 3, 2024 Order.⁵ On May 17, 2024, the Commission issued a *nunc pro tunc* order addressing one of the issues noted by Kentucky-American.⁶ Kentucky-American filed updated tariffs on May 22, 2024.⁷ On May 28, 2024, the Commission issued an Order granting Kentucky-American rehearing on removing QIP from base rates, income tax expense, and revised capital structure not utilized in the rate of return.⁸

DISCUSSION AND FINDINGS

In its motion, Kentucky-American requested the Commission suspend ordering paragraphs 3 and 5 of the May 3, 2024 Order until the rehearing process concludes.⁹ Ordering paragraph 3 of the May 3, 2024 Order ordered Kentucky-American to refund each customer all amounts collected from customers in excess of the rates approved in

³ Order (May 3, 2024 Order) (Ky. PSC May 3, 2024) at 75.

⁴ May 3, 2024 Order at 75.

⁵ Kentucky-American's Petition for Rehearing (filed May 16, 2024).

⁶ Order (Ky. PSC May 17, 2024).

⁷ TFS 2024-00232, P.S.C. Ky. No. 10, Sheet Nos. 1-49 (Ky. PSC May 22, 2024), effective May 3, 2024.

⁸ Order (Ky. PSC May 28, 2024) at 10-11.

⁹ Motion to Suspend Refund at 2-3.

the Order for service rendered on or after February 6, 2024, within 60 days.¹⁰ Ordering paragraph 5 ordered Kentucky-American to submit a written report to the Commission in which it describes its efforts to refund all monies collected in excess of the rates set forth in the Order within 75 days.¹¹

Kentucky-American argued that, if any of the three rehearing requests are resolved in the manner Kentucky-American requested, the rates in the Order would be revised.¹² Kentucky-American also argued that if it must complete the refund process within 60 days, it will have to issue refunds based on the difference between the proposed rates and the rates in the May 3, 2024 Order, with a second true-up required if the rates are later revised through rehearing.¹³ A refund followed by a second true-up would likely cause customer confusion and uncertainty.¹⁴ The motion stated that both Kentucky-American and its customers would benefit if it were performed once, after rates are final.¹⁵ Kentucky-American stated that by tying all billing changes to February 6, 2024, and the conclusion of the rehearing process, the Commission, all parties in this matter, and Kentucky-American customers can be assured that the revised rates and refunds are issued in a straightforward manner.¹⁶ Kentucky-American stated it will continue to keep

¹⁰ May 3, 2024 Order at 75.

¹¹ May 3, 2024 Order at 75.

¹² Motion to Suspend Refund at 3.

¹³ Motion to Suspend Refund at 3.

¹⁴ Motion to Suspend Refund at 3.

¹⁵ Motion to Suspend Refund at 3.

¹⁶ Motion to Suspend Refund at 4.

its records in a manner to allow for the refund process and customers will receive interest on the total refunded amounts, as ordered in the May 3, 2024 Order.¹⁷

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky-American's motion to suspend ordering paragraphs 3 and 5 of the May 3, 2024 Order should be denied. KRS 278.190(4) requires a utility to issue refunds within 60 days after a final determination of the proceeding. While the Commission understands and appreciate the complexity of the refund process to customers, moving forward with this process will ensure that customers timely receive these refunds. Kentucky-American did not offer any reason other than convenience to support its argument.

Kentucky American also requested that the Commission allow the utility to refund customers based on the rates calculated in the rehearing final Order for services rendered on or after February 6, 2024, if rates are adjusted. The Commission reminds Kentucky American that the May 3, 2024 Order had effective rates for services rendered on or after that date. The Commission finds that Kentucky-American should charge customers the rates in the Commission's May 3, 2024 Order, as amended in the May 17, 2024 and May 28, 2024 Orders.

Kentucky-American also requested the Commission suspend its consideration of the revised tariff that Kentucky-American submitted pursuant to ordering paragraph 16 until the conclusion of the rehearing process.¹⁸ Ordering paragraph 16 of the May 3, 2024 Order, ordered Kentucky-American to file its revised tariffs setting out the rates authorized

¹⁷ Motion to Suspend Refund at 4; May 3, 2024 Order at 4, ordering paragraph 4.

¹⁸ Motion to Suspend Refund at 4.

in the Order within 20 days.¹⁹ Kentucky-American argued suspending the tariff will prevent the possible scenario of approval of the submitted tariff followed soon after by the submission and approval of another tariff at the conclusion of the rehearing process.²⁰ Kentucky-American argued that such duplication would be inefficient and could cause unnecessary confusion.²¹ Kentucky-American stated it would file a notice in the PSC's tariff filing system requesting that the May 22, 2024 tariff filing be withdrawn if the Commission believes such filing would be necessary.²²

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky-American's motion to suspend consideration of the revised tariff until the conclusion of the rehearing process should be denied. As discussed above, the Commission ordered rates in the May 3, 2024 Order for services rendered on and after February 6, 2024. The Commission has not suspended those rates. Kentucky-American's tariff will be reviewed in compliance with the tariff process and customers may view the applicable rates in Appendix B of the final Order dated May 3, 2024, as amended in the May 17, 2024 and May 28, 2024 Orders.

Based on Kentucky-American's motion, the Commission has concerns that the utility did not comply with the May 3, 2024 Order. As such, the Commission believes that further investigation is necessary and a request for information is attached as an Appendix to this Order. Kentucky-American should respond by the date in the request

¹⁹ May 3, 2024 Order at 76.

²⁰ Motion to Suspend Refund at 4.

²¹ Motion to Suspend Refund at 4.

²² Motion to Suspend Refund at 4.

for information and further, respond to any other requests for information whether or not listed in a procedural schedule or pursuant to an Order.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's motion to suspend ordering paragraphs 3 and 5 of the May 3, 2024 Order until the conclusion of the rehearing process is denied.

2. Kentucky-American's motion to suspend consideration of the revised tariff pursuant to ordering paragraph 16 of the May 3, 2024 Order until the conclusion of the rehearing process is denied.

3. Within 60 days of the date of service of this Order, Kentucky-American shall refund to each customer all amounts collected from that customer in excess of the rates approved in the May 3, 2024 Order, as amended *nunc pro tunc* by the May 17, 2024 and May 28, 2024 Order for service rendered on or after February 6, 2024, through the date of entry of this Order.

4. Kentucky-American shall respond to the request for information attached as an Appendix to this Order by July 1, 2024.


5. Kentucky-American shall respond to any request for information issued by the Commission in this matter regardless of whether or not it is part of a procedural schedule or Order.

6. Kentucky-American shall continue to maintain its records in such a manner as will allow it, the Commission, or any customer to determine the amounts to be refunded, and to whom, in the event a refund is ordered upon final resolution of this matter.

7. The remainder of the May 3, 2024 Order, as amended *nunc pro tunc* by the May 17, 2024 and May 28, 2024 Order, not in conflict with this Order shall remain in effect.

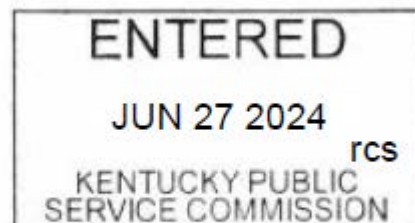
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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00191 DATED JUN 27 2024

COMMISSION STAFF'S SECOND REHEARING REQUEST FOR INFORMATION TO KENTUCKY-AMERICAN WATER COMPANY

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 1, 2024. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky-American shall make timely amendment to any prior response if Kentucky-American obtains information that indicates the response was incorrect or

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky-American fails or refuses to furnish all or part of the requested information, Kentucky-American shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky-American shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the date Kentucky-American began charging the rates as set in the final Order issued in this matter on May 3, 2024.

2. Provide the date Kentucky-American began charging the rates as set in the final Order issued in this matter on May 3, 2024, as amended by the Order issued by May 17, 2024.

3. Provide the date Kentucky-American began charging the rates as set in the final Order issued in this matter on May 3, 2024 as amended by the Order issued May 17, 2024, and the Order issued May 28, 2024.

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