

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF PEAKS MILL	)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT	)	2023-00401
PURSUANT 807 KAR 5:076	)	

ORDER

This matter arises upon Peaks Mill Water District (Peaks Mill District) acceptance of Commission Staff's recommendation regarding the amount of a rate increase that amended Peaks Mill District's application to request higher rates than initially requested. Peaks Mill District requested an increase in its revenue requirement of \$151,691, or 20.86 percent, over test-year normalized revenues. Peaks Mill District also proposed a Water Loss Reduction Surcharge of \$3.59 per customer per month. When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Peaks Mill District would require an increase of \$203,877 or 28.28 percent. Commission Staff also recommended a Water Loss Reduction Surcharge of \$3.09 per customer per month. On June 11, 2024, Peaks Mill District filed with the Commission its comments in response to Commission Staff's May 28, 2024 report (Commission Staff's Report) that accepted the amount of the revenue increase, the allocation to the rate classes, the design of the proposed rates, and the Water Loss Reduction Surcharge 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 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

Peaks Mill District initially proposed an increase of \$151,691 in its revenue requirements and a new annual water loss surcharge of \$51,516,<sup>1</sup> \$3.59 per customer per month, for a total increase of \$203,387. Commission Staff proposed an increase of \$203,877<sup>2</sup> in Peaks Mill's revenue requirement and an annual water loss surcharge of \$44,941,<sup>3</sup> \$3.09 per customer, Commission Staff used the 2022 Annual Report customer count of 1,212 for this calculation, per month, for a total increase of \$248,818.

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<sup>1</sup> Peaks Mill District's Application, Reasons for Application at 12.

<sup>2</sup> The Commission has reviewed the Staff Report and this amount conflicts with the Staff Report. The amount in this Order is correct and will be addressed in the final Order of this matter.

<sup>3</sup> \$3.09 \* 1,212 \* 12 = \$44,941

Commission Staff's recommendation exceeds Peaks Mill District's request by \$45,431, or 22.34 percent, as shown in the table below.

Description	Peaks Mill District	Commission Staff	Change	Percent Increase
Revenue Requirement	\$ 151,691	\$ 203,877	\$ 52,186	34.40%
Water Loss Surcharge	51,696	44,941	(6,755)	-13.07%
Total	<u>\$ 203,387</u>	<u>\$ 248,818</u>	<u>\$ 45,431</u>	<u>22.34%</u>

Consistent with 807 KAR 5:076, Section 11(3)(f), because Peaks Mill District amended its application on June 11, 2024, when it accepted the revenue increase proposed by Commission Staff that exceeded the 110 percent threshold.<sup>4</sup> The amended application does not relate back to the original application, Peaks Mill District shall not place the proposed rates into effect until the Commission issues an Order approving the rates or December 11, 2024, which is six months from the date the application was amended, whichever comes first.

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

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<sup>4</sup> 110% of the initial proposed revenue increase is (110% x \$203,387 = \$223,726)

IT IS THEREFORE ORDERED that:

1. Peaks Mill District's amended application is accepted as filed as of June 11, 2024.
2. Peaks Mill 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, Peaks Mill 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. Peaks Mill 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.

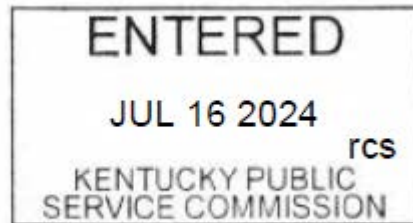
PUBLIC SERVICE COMMISSION

\_\_\_\_\_  
Chairman



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

\_\_\_\_\_  
Commissioner



ATTEST:

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

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00401 DATED JUL 16 2024

On December 6, 2023, the Kentucky Public Service Commission (PSC) accepted for filing Peaks Mill Water District’s (Peaks Mill District) application requesting to increase its revenue from water sales by \$151,691, an approximate increase of 20.86 percent. Peaks Mill District also proposed a Water Loss Reduction Surcharge of \$3.59 per customer per month. On May 28, 2024, Commission Staff determined Peaks Mill District would require an increase of \$203,877 or 28.28 percent in revenue from water sales. Commission Staff also included a revised Water Loss Reduction Surcharge of \$3.09 per customer per month. Peaks Mill District requests the PSC approve its recommended revenue requirements and that Peaks Mill District be allowed to implement the revised rates as follows:

<b>Meter Size</b>		<b>Current</b>	<b>Proposed</b>		<b>% Increase</b>
<u>5/8- x 3/4-Inch</u>					
First	2,000 Gallons	\$ 28.32	\$ 35.78	Minimum Bill	26.34%
Next	3,000 Gallons	0.00985	0.01272	Per Gallon	29.14%
Next	5 ,000 Gallons	0.00863	0.01272	Per Gallon	47.39%
Next	90,000 Gallons	0.00741	0.01081	Per Gallon	45.88%
Over	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
<u>1-Inch</u>					
First	2,000 Gallons	\$ 28.32	\$ 35.78	Minimum Bill	26.34%
Next	3,000 Gallons	0.00985	0.01272	Per Gallon	29.14%
Next	5,000 Gallons	0.00863	0.01272	Per Gallon	47.39%
Next	90,000 Gallons	0.00741	0.01081	Per Gallon	45.88%
Over	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
<u>1 1/2-Inch</u>					
First	2,000 Gallons	\$ 28.32	\$ 141.74	Minimum Bill	400.49%
Next	3,000 Gallons	0.00985	Included in Minimum Bill		
Next	5,000 Gallons	0.00863	Included in Minimum Bill		
Next	90,000 Gallons	0.00741	0.01081	Per Gallon	14.59%
Over	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
<u>2-Inch</u>					
First	2,000 Gallons	\$ 28.32	\$ 201.58	Minimum Bill	611.79%
Next	3,000 Gallons	0.00985	Included in Minimum Bill		
Next	5,000 Gallons	0.00863	Included in Minimum Bill		
Next	5,000 Gallons	0.00741	Included in Minimum Bill		
Next	85,000 Gallons	0.00741	0.01081	Per Gallon	14.59%
Over	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
<u>3-Inch</u>					
First	2,000 Gallons	\$ 28.32	\$ 298.21	Minimum Bill	953.00%
Next	3,000 Gallons	0.00985	Included in Minimum Bill		
Next	5,000 Gallons	0.00863	Included in Minimum Bill		
Next	10,000 Gallons	0.00741	Included in Minimum Bill		
Next	80,000 Gallons	0.00741	0.01081	Per Gallon	14.59%

Meter Size		Current	Proposed		% Increase
Over 4-Inch	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
First	2,000 Gallons	\$ 28.32	\$ 422.08	Minimum Bill	1390.40%
Next	3,000 Gallons	0.00985	Included in	Minimum Bill	
Next	5,000 Gallons	0.00863	Included in	Minimum Bill	
Next	20,000 Gallons	0.00741	Included in	Minimum Bill	
Next	70,000 Gallons	0.00741	0.01081	Per Gallon	14.59%
Over	100,000 Gallons	0.00741	0.00892	Per Gallon	20.38%
<u>Water Loss Reduction Surcharge</u>		\$ 0.00	\$ 3.09		

#### Nonrecurring Charges

Transfer Fee	\$ 42.00
Reconnection Fee	42.00
Service Line Inspection	59.00
Service Call/Investigation	59.00
Meter Test Fee	159.00
Meter Re-Read Charge	42.00
Meter/Service Relocation	Actual Cost
Returned Check Fee	12.00
Tap-On Fee 5/8 Inch x 3/4 Inch Meter	3,500.00
Tap-On Fee All Larger Meters	Actual Cost

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 \$48.02 to \$61.22, an increase of \$13.20, or approximately 27.49 percent. Additionally, including the Commission Staff's recommended surcharge of \$3.09, the rates will increase a typical residential customer's water bill from \$48.02 to \$64.31, an increase of \$16.29 or approximately 33.92 percent. This filing may be examined at the offices of Peaks Mill Water District located at 7165 US Highway 127 N, Frankfort, Kentucky 40601, Kentucky; telephone (502) 227-5740.

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/2023-00401//20240528\\_STAFF\\_REPORT.pdf](https://psc.ky.gov/pscscf/2023%20Cases/2023-00401//20240528_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](mailto: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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