

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF OHIO COUNTY)	
WATER DISTRICT TO ESTABLISH NEW)	
CHARGES AND REVISED CONDITIONS OF)	CASE NO.
SERVICE AND ELECTRONIC APPLICATION OF)	2024-00124
OHIO COUNTY WATER DISTRICT FOR A)	
DEVIATION FROM 807 KAR 5:011, SECTION 8(2))	
FOR TARIFF FILING TFS 2024-00151)	

ORDER

On April 1, 2024, Ohio County Water District (Ohio District) filed a revised tariff to establish new charges and revised conditions of service. Ohio District proposed an effective date of May 1, 2024. On April 30, 2024, the Commission entered an Order granting Ohio District's motion for deviation from certain conditions of 807 KAR 5:011, Section 8(2), and suspended the effective date of the proposed tariff for five months, up to and including October 31, 2024. By Order dated August 9, 2024, the Commission granted Ohio District's motion for leave to substitute its originally proposed tariff with a tariff that contained revised provisions based on Commission Staff's requests for information and provisions regarding water main extensions to real estate developments and governmental units. Ohio District timely responded to four requests for information from Commission Staff. There are no intervenors in this matter.

This matter stands submitted for a decision on the written record.

LEGAL STANDARD

The Commission has exclusive jurisdiction over the regulation of rates and service of utilities in Kentucky.¹ Kentucky law provides that a utility may demand, collect and receive fair, just and reasonable rates² and that the service it provides must be adequate, efficient and reasonable.³ Kentucky law also provides that a utility must file with the Commission schedules of all rates and conditions for service established by it and collected or enforced.⁴ KRS 278.190 permits the Commission to investigate any schedule of new rates to determine its reasonableness.

A utility may make special nonrecurring charges to recover customer-specific costs incurred that would otherwise result in monetary loss to the utility or increased rates to other customers to whom no benefits accrue from the service provided or action taken.⁵ A nonrecurring charge shall relate directly to the service performed or action taken and shall yield only enough revenue to pay the expenses incurred in rendering the service.⁶

BACKGROUND

Along with revisions to Ohio District's rules and regulations pertaining to service, Ohio District proposed to add the following rates to its tariff: (1) Unmetered Fire Sprinkler Monthly Charge of \$12.78; (2) Unmetered Fire Sprinkler Water Usage Charge of \$0.00639 per gallon; (3) Fire Sprinkler/Private Fire Protection Line Connection Fee of

¹ KRS 278.040(2).

² KRS 278.030(1).

³ KRS 278.030(2).

⁴ KRS 278.160.

⁵ 807 KAR 5:006, Section 9(2).

⁶ 807 KAR 5:006, Section 7(1)(a).

Actual Cost; (4) Damage to Lid or Meter Equipment/Meter Lock of Actual Cost; and Water Main Extension/Service Line Connection Estimate of Actual Cost. In addition, Ohio District proposed to delete its existing Field Collection Charge and to increase its customer deposit amount from \$90 to \$104. Finally, Ohio District also proposed to revise how it calculates leak adjustments.⁷

DISCUSSION AND FINDINGS

Having reviewed the proposed tariff and being otherwise sufficiently advised, the Commission finds that the tariff, as modified below, is fair, just and reasonable and should be approved.

Nonrecurring Charges.

As noted above, Ohio District proposed to establish three nonrecurring charges at actual cost and to remove the field collection charge from its tariff. Ohio District indicated that specific cost justification could not be provided for the three nonrecurring charges that it was proposing at actual cost as each one is dependent on the facts of the specific incident or request that results in their assessment.⁸ The Commission finds that the Fire Sprinkler/Private Fire Protection Line Connection Fee, Damage to Lid or Meter Equipment/Meter Lock Fee, and Water Main Extension/Service Line Connection Estimate Fees are reasonable and should be approved at actual cost. As Ohio District noted, these fees will be dependent on the individual circumstances, therefore, setting the fees at a specific dollar amount would not be reasonable.

⁷ April 1, 2024 Letter from Gerald E. Wuetcher to Linda C. Bridwell, P.E.

⁸ April 1, 2024 Letter from Gerald E. Wuetcher to Linda C. Bridwell, P.E., Attachment 4, Statement of Compliance with 807 KAR 5:011, Section 10.

Ohio District indicated that it was proposing to remove the Field Collection Fee from its tariff due to the fact that field employees are no longer allowed to collect bills.⁹ Ohio District further stated that all bills must be paid at its office, by telephone, or online. As Ohio District field employees are no longer allowed to collect bills, the Commission finds that the removal of the Field Collection Fee from the tariff is reasonable and should be approved.

Deposit Policy.

Ohio District's proposed deposit policy would allow Ohio District to require a deposit, in addition to a customer's initial deposit, if the customer's usage changes substantially or the deposit is recalculated at the customer's request in accordance with Commission regulations.¹⁰ Per 807 KAR 5:006, Section 8(3)(b), a utility can require an additional deposit if a customer's usage substantially changes. However, 807 KAR 5:006, Section (8)(3)(c), states that an additional deposit cannot be required of a residential customer if the customer maintains a satisfactory payment record, unless the customer's classification of service changes, except as established in 807 KAR 5:006, Section 8(1)(d)3.

Ohio District confirmed that it would not charge an additional deposit to a residential customer unless the customer fails to maintain a satisfactory payment record.¹¹ Ohio District indicated that it considered customers to have a satisfactory

⁹ April 1, 2024 Letter from Gerald E. Wuetcher to Linda C. Bridwell, P.E.

¹⁰ PSC KY No. 2, Original Sheet No. 9.

¹¹ Ohio District's Response to Commission Staff's First Request for Information, Item 3(b).

payment record if the customer has paid their bill for at least six (6) consecutive months without having water service disconnected for non-payment.

The Commission finds that Ohio District should add language to its deposit policy defining satisfactory payment record and specifically state that residential customers who maintain satisfactory payment records will not be charged an additional deposit unless the customer requests that their deposit be recalculated in accordance with Commission regulations.

Customer Deposit Amount.

As justification for its proposal to increase the customer deposit amount to \$104, Ohio District referenced Case No. 2020-00167¹², in which the Commission stated that the average residential customer's monthly water bill under the approved rates would be \$52.66 based on 4,417 gallons of water usage. In the instant case, Ohio District indicated that the average monthly usage for a residential customer was 3,900 gallons in calendar year 2022 and 4,000 gallons in calendar year 2023 and during the first four months of 2024.¹³

Per 807 KAR 5:006, Section 8(1)(d)2a, a utility can establish an equal deposit amount for each class based on the average bill of customers in that class. Commission regulation 807 KAR 5:006, Section 8(1)(d)2b, requires that an equal deposit not exceed two-twelfths (2/12) of the average bill of customers in the class if bills are rendered monthly. Ohio District bills its customers monthly.¹⁴ As Ohio District indicated, the

¹² Case No. 2020-00167, *Electronic Application of Ohio County Water District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2020) Order at 11.

¹³ Ohio District's Response to Commission Staff's First Request for Information, Item 3(a).

¹⁴ PSC KY No. 2, Original Sheet No. 6.

residential average monthly usage for 2023 and 2024 to date has been 4,000 gallons; as such, this is the usage that should be used to determine the appropriate deposit amount. Based on a usage of 4,000 gallons, a residential customer's bill would be \$47.55.¹⁵ Based on the revised calculation, the Commission finds that Ohio District's proposed customer deposit should be rejected, and that the customer deposit be set at \$96, which is two (2) times the average residential monthly bill.

Leak Adjustment Rate.

Ohio District currently offers leak adjustments to customers who experience a hidden underground leak. Under the current tariff, a customer requesting a leak adjustment would be charged for their average usage over the past six months at the regular rate schedule, plus the volume of the hidden underground leak charged at a specific leak adjustment rate, which is currently \$0.00329 per gallons.¹⁶ Ohio District is proposing to revise the calculation to bill customers in accordance with the regular rate schedule for a volume of water equal to the customer's monthly average usage for the past 12 billing periods plus fifty percent (50%) of the water usage caused by the leak.¹⁷ Ohio District stated that the proposed methodology would eliminate the need for a separate leak adjustment rate.¹⁸ As an initial matter, it should be noted that water districts are not required to provide leak adjustments to customers. Therefore, the Commission commends Ohio District for offering leak adjustments as it provides some relief to

¹⁵ Minimum bill of \$25.97 plus \$21.58 (2,000 gallons times \$0.01079) = \$47.55.

¹⁶ PSC KY No. 1, Original Sheet No. 9 and Original Sheet No.

¹⁷ PSC KY No. 1, Original Sheet No. 40.

¹⁸ April 1, 2024 Letter from Gerald E. Wuetcher to Linda C. Bridwell, P.E.

customers who experience hidden underground leaks. The Commission finds Ohio District's proposed leak adjustment rate methodology reasonable and that it should be approved. The proposed methodology should ensure that customers experiencing hidden underground leaks receive some form of relief and that Ohio District is not harmed financially due to the leak adjustment.

Termination of Service without Advance Notice.

Ohio District's proposed tariff includes a section pertaining to termination of service without advance notice. The tariff indicates that Ohio District can terminate service under certain circumstances without advance notice, but subject to post-termination notice within two business days. The reasons listed include, but are not limited to, fraudulent use of water, existence of a dangerous condition on the customer's premises related to water service, unauthorized use by illegal use or theft, and resale of water without Ohio District's approval.¹⁹

For service disconnected for dangerous conditions, 807 KAR 5:006, Section 15(1)(b) requires a utility to notify the customer immediately in writing, and, if possible, orally of the reasons for the termination. For service disconnected for illegal use or theft of service, 807 KAR 5:006, Section 15(1)(g) requires a utility to send written notification to the customer within twenty-four (24) hours after termination.

The Commission finds that Ohio District should revise its Termination of Service Without Advance Notice section of its tariff to comply with 807 KAR 5:006, Section 15 as it relates to disconnection for dangerous conditions and illegal use or theft of services. For the other reasons listed in this section of the proposed tariff, the Commission finds

¹⁹ PSC KY No. 2, Original Sheet Nos. 13–14.

that Ohio District should provide written notice within twenty-four (24) hours after termination.

Bill Format.

Ohio District included a revised bill format in its proposed tariff.²⁰ The utility is required by 807 KAR 5:006, Section 7(1), that the following information be included on customer bills: the date the bill was issued; class of service; present and last preceding meter readings; date of the present reading; number of units consumed; meter constant, if applicable; net amount for service rendered; all taxes; adjustments, if applicable; the gross amount of the bill; the date after which a penalty may apply to the gross amount; and if the bill is estimated or calculated. Ohio District's bill format contains all of the required information except for the class of service. Ohio District did indicate that the bill format could be modified to show the class of service. The Commission finds that Ohio District should modify its bill format to include the class of service in order to fully comply with 807 KAR 5:006, Section 7(1).

IT IS THEREFORE ORDERED that:

1. Ohio District's proposed tariff is approved, as modified herein, as of the date of this Order.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after the date of this Order.
3. Ohio District shall revise its deposit policy to define satisfactory payment record and state that residential customers who maintain a satisfactory payment record

²⁰ PSC KY No. 2, Original Sheet No. 41.

will not be charged an additional deposit unless the customer requests that their deposit be recalculated in accordance with Commission regulations.

4. Ohio District shall revise the Termination of Service without Advance Notice section of the tariff to comply with 807 KAR 5:006, Section 15(1)(b) and Section 15(1)(g), when service is terminated for the presence of a dangerous condition or illegal use or theft.

5. Ohio District shall revise the Termination of Service Without Advance Notice section of the tariff to comply with 807 KAR 5:006, Section 15(1), when service is terminated for the other reasons listed in the proposed tariff.

6. Ohio District shall modify its bill format to include the class of service.

7. Within 20 days of the date of service of this Order, Ohio District shall file with the Commission, using the Commission's electronic Tariff Filing System, its revised tariff sheets setting forth the rates, charges, and modifications approved or as required herein and reflecting the effective date and that they were authorized by this Order.

8. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chair



Commissioner



Commissioner

ENTERED
OCT 31 2024 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00124 DATED OCT 31 2024

The following rates and charges are prescribed for the customers in the area served by Ohio County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Unmetered Fire Sprinkler Monthly Charge	\$12.78
Unmetered Fire Sprinkler Water Usage Charge	\$0.00639 per gallon
Fire Sprinkler/Private Fire Protection Line Connection Fee	Actual Cost
Damage to Lid or Meter Equipment/Meter Lock	Actual Cost
Water Main Extension/Service Line Connection Estimate	Actual Cost
Customer Deposit	\$96.00
Field Collection Charge	\$0.00
Leak Adjustment Rate:	
Customer billed in accordance with Ohio District's current rate schedule for a volume of water equal to 12 month average usage plus 50 percent of the water usage caused by the leak	

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