

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SANDY HOOK)	CASE NO.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2024-00196
PURSUANT TO 807 KAR 5:076)	

ORDER

This matter arises upon Sandy Hook Water District's (Sandy Hook District) acceptance of Commission Staff's recommendation regarding the amount of a rate increase, in turn amending Sandy Hook District's application to request an increase in rates higher than initially proposed. Sandy Hook District requested an increase in its revenue requirement of \$90,485, or 9.53 percent, over test-year normalized revenues.¹ When Commission Staff performed the limited financial review of test-year operations, Commission Staff determined Sandy Hook District would require an increase of \$121,618, or 13.43 percent.

Commission Staff's recommended increase is 140.92 percent of Sandy Hook District's request. On April 7, 2025, Sandy Hook District filed with the Commission its comments² in response to Commission Staff's March 24, 2025, report (Commission Staff's Report)³ that accepted the amount of the revenue increase, the allocation to the

¹ Application, Attachment #5, Revenue Requirement Chart.

² Sandy Hook District's Response to Commission Staff's Report (filed April 7, 2025).

³ Commission Staff's Report at 22.

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 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 original application filing unless the Commission orders otherwise.

DISCUSSION AND FINDINGS

As an initial matter, when Sandy Hook District accepted Commission Staff's proposed increase of \$121,618, Sandy Hook District accepted rates that produced a total increase exceeding the revenue initially proposed of \$90,485, which is 140.92 percent of the originally proposed rates.⁴ Consistent with 807 KAR 5:076, Section 11(3)(f), because Sandy Hook District amended its application on April 7, 2025, when it accepted the

⁴ 13.43 % / 9.53 % = 140.92 %

revenue increase proposed by Commission Staff that exceeded the 110 percent threshold, and because the amended application does not relate to the original application, Sandy Hook District should 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.

Because Sandy Hook District accepted rates that exceed the regulatory threshold for renote, the Commission finds that Sandy Hook District should provide notice of the proposed rate increase to its customers. Within 14 days of the date of service of this Order, Sandy Hook District should notify its customers of the proposed increase in 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 should contain the information set forth in the Appendix to this Order.

IT IS THEREFORE ORDERED that:

1. Sandy Hook District's amended application is accepted as filed as of March 24, 2025.
2. Sandy Hook District shall not implement the proposed rates 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, Sandy Hook 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.

4. The customer notice shall contain the information set forth in the Appendix to this Order.

5. Sandy Hook District shall provide proof of publication of the notice to the Commission no later than 30 days from the date of this Order.


6. 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. 2024-00196 DATED MAY 06 2025

On August 30, 2024, the Kentucky Public Service Commission (PSC) accepted for filing Sandy Hook Water District's (Sandy Hook District) application requesting to increase its revenue from water sales by \$90,485, an approximate increase of 9.53 percent. On March 24, 2025, Commission Staff determined Sandy Hook District would require an increase of \$121,618 or 13.43 percent in revenue from water sales. Sandy Hook District requests the PSC approve its recommended revenue requirements and that Sandy Hook 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	\$37.14	\$42.14	Minimum Bill	13.46%
Next	8,000 Gallons	0.01455	0.01650	Per Gallon	13.40%
Next	40,000 Gallons	0.01300	0.01475	Per Gallon	13.46%
Over	50,000 Gallons	0.01145	0.01299	Per Gallon	13.45%
<u>1-Inch</u>					
First	5,000 Gallons	\$80.78	\$91.63	Minimum Bill	13.43%
Next	5,000 Gallons	0.01455	0.01650	Per Gallon	13.40%
Next	40,000 Gallons	0.01300	0.01475	Per Gallon	13.46%
Over	50,000 Gallons	0.01145	0.01299	Per Gallon	13.45%
<u>1 1/2-Inch</u>					
First	10,000 Gallons	\$153.52	\$174.14	Minimum Bill	13.43%
Next	40,000 Gallons	0.01300	0.01475	Per Gallon	13.46%
Over	50,000 Gallons	0.01145	0.01299	Per Gallon	13.45%
<u>2-Inch</u>					
First	20,000 Gallons	\$283.52	\$321.60	Minimum Bill	13.43%
Next	30,000 Gallons	0.01300	0.01475	Per Gallon	13.46%
Over	50,000 Gallons	0.01145	0.01299	Per Gallon	13.45%
<u>3-Inch</u>					
First	30,000 Gallons	\$413.52	\$469.06	Minimum Bill	13.43%
Next	20,000 Gallons	0.01300	0.01475	Per Gallon	13.46%
Over	50,000 Gallons	0.01145	0.01299	Per Gallon	13.45%

Nonrecurring Charges

Returned Check Charge	\$3.00
Meter Turn-On Charge	\$13.00
Meter Relocation Charge	Actual Cost
Meter Re-read Charge	\$13.00
Meter Test Charge	\$193.00
Service Call/Investigation Charge	\$13.00
Service Call/Investigation Charge – After Hours	\$40.00

Service Reconnection Charge	\$13.00
Service Reconnection Charge – After Hours	\$40.00
Damage to Meter	Actual Cost
<u>Tap-On Fee</u>	
5/8-Inch x 3/4-Inch Meter	\$1,731.00

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 2,936 gallons a month from \$50.76 to \$57.58, an increase of \$6.82, or approximately 13.44 percent. This filing may be examined at the offices of Sandy Hook District located at 1000 Howard's Creek Road P. O. Box 726 Sandy Hook, 41171, Kentucky; telephone (606) 738-6282.

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/2024%20Cases/2024-00196//20250324_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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