

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF)	
FALMOUTH TO INCREASE THE WHOLESALE)	CASE NO.
WATER RATES CHARGED TO EAST)	2024-00244
PENDLETON WATER DISTRICT AND)	
PENDLETON COUNTY WATER DISTRICT)	

ORDER

On August 12, 2024, the Commission suspended the city of Falmouth’s (Falmouth) proposed adjustment to its existing wholesale water service rate to East Pendleton Water District (East Pendleton District) and Pendleton County Water District (Pendleton District) for five months and initiated an investigation into the reasonableness of the proposed rate. In the same Order in which the Commission suspended the proposed rate, a procedural schedule was established, and Falmouth was ordered to file responses to Commission Staff’s First Request for Information (Staff’s First Request), attached as Appendix B to the Order, no later than August 30, 2024, to support its proposed rate.¹

The rates that a municipal utility assesses a public utility for utility service are subject to Commission review and regulation.² KRS 278.180 requires that no change in these rates may occur without 30 days’ notice to the Commission. KRS 278.190 provides that the Commission may suspend any proposed rate change before it becomes effective to investigate the reasonableness of that rate, and the burden of proof in such

¹ Order (Ky. PSC Aug. 12, 2024) at 5, ordering paragraph 4; and at 10, Appendix A (Procedural Schedule).

² See *Simpson County Water Dist. v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994).

proceedings is upon the utility “to show that the increased rate or charge is just and reasonable.” KRS 278.200 grants the Commission jurisdiction to regulate and supervise any rate or service standard that has been or may be fixed by any contract, franchise, or agreement between a utility and any city.

In the present proceeding, Falmouth bears the burden of demonstrating that its proposed wholesale water service rate is fair, just and reasonable. The Commission directed that Falmouth provide, *inter alia*, financial statements, its current retail ordinance, and pension amounts.³ To date, the Commission has not received any responses to Staff’s First Request nor any motions requesting an extension of time to respond to Staff’s First Request.

The Commission finds that, in light of Falmouth’s lack of responsiveness to the Commission’s Order and Staff’s First Request, and the relative absence of supporting evidence in the existing record to support the proposed wholesale rate adjustment, Falmouth should be required to show cause as to why this case should not be dismissed for Falmouth’s failure to meet its burden of demonstrating the reasonableness of its proposed wholesale rate.

IT IS THEREFORE ORDERED that Falmouth shall file a response within ten days of the service date of this Order to show cause as to why its proposed wholesale rate adjustment should not be denied and dismissed for failure to provide information necessary to support that its proposed wholesale rate is fair, just and reasonable.

³ Order (Ky. PSC Aug. 12, 2024) at 11–13, Appendix B, Commission Staff’s First Request for Information to the City of Falmouth.

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner



ATTEST:



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