

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	)	
COLUMBIA/ADAIR UTILITIES DISTRICT FOR A	)	
CERTIFICATE OF PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY FOR A SYSTEM IMPROVEMENTS	)	2024-00250
PROJECT AND AN ORDER AUTHORIZING THE	)	
ISSUANCE OF SECURITIES PURSUANT TO	)	
KRS 278.300	)	

ORDER

On August 3, 2026, Columbia/Adair Utilities District (Columbia/Adair District) filed a motion in the post-case correspondence folder of this proceeding requesting an extension of time to file an application for an adjustment of its rates for water services and a deviation from the requirements of 807 KAR 5:076, Section 2(1).¹ For the reasons outlined below, the Commission finds Columbia/Adair District's motion for extension should be granted.

BACKGROUND

By final Order issued October 17, 2024, the Commission approved Columbia/Adair District's application for a certificate of public convenience and necessity (CPCN) for a project related to its water service and a proposed financing plan.² When granting the CPCN, the Commission also ordered Columbia/Adair District, among other things, to file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, an

¹ Columbia/Adair District's Motion for Extension (Motion) (filed Aug. 3, 2026).

² Final Order (Ky. PSC Oct. 17, 2024) at 11, ordering paragraphs 1 and 2.

application for an alternative rate adjustment pursuant to 807 KAR 5:076, or in the alternative, a motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary by August 31, 2026.³ The Commission ordered that any application for a rate adjustment filed pursuant to that requirement be based on a test year of 2025.⁴

DISCUSSION AND FINDINGS

In its motion, Columbia/Adair District stated that it had not yet finished the project approved in the October 17, 2024 Order, which included (1) a water treatment plant improvement project that among other things, involved converting the disinfection system used at the water treatment plant to sodium hypochlorite from chlorine gas; (2) the rehabilitation of four water storage tanks; and (3) the extension of water lines to serve Bull Run Road.⁵ Columbia/Adair District argued that an extension of the time to make the required filings is appropriate to allow it to account for the depreciation expense, debt service, debt service coverage ratio, and operations and maintenance expense associated with the project in the rate application.⁶ Columbia/Adair District asserted that the impact on the sufficiency of rates has not yet been determined.⁷

Columbia/Adair District also reported that it hired a new accounting firm, and that its 2025 audit is underway, and that it only recently finished its 2025 Annual Report.⁸

³ Final Order (Ky. PSC Oct. 17, 2024) at 12, ordering paragraph 13.

⁴ Final Order (Ky. PSC Oct. 17, 2024) at 12, ordering paragraph 13.

⁵ Motion at 2.

⁶ Motion at 2.

⁷ Motion at 4.

⁸ Motion at 3.

Because it just received its 2025 Annual Report, Columbia/Adair District stated that it has not had the opportunity to fully analyze the optimal timing of its next application for a rate increase.⁹ However, because its Water Division experienced a positive Net Income in calendar year 2025, Columbia/Adair District does not believe it has an immediate need for increased water rates.¹⁰

Lastly, Columbia/Adair District requested a deviation from 807 KAR 5:076, Section 2(1) so that it may file an alternative rate filing (ARF) as opposed to a general rate filing pursuant to 807 KAR 5:001, Section 16, notwithstanding that its gross annual water revenues in calendar 2025 were \$5.9 million, and therefore, exceeded the \$5.0 million threshold in 807 KAR 5:076, Section 2(1).¹¹ Columbia/Adair District asserted that it has been 15 years since the \$5.0 million threshold was adjusted in 2011 and that \$5.0 million adjusted for inflation is the equivalent to about \$7.42 million today.¹² Columbia/Adair District argued that it has qualified for the simplified ARF process since at least 1988 and that its operations have not significantly changed since 2011 but that it now exceeds the threshold due to inflation in operating expenses.¹³ Thus, Columbia/Adair District asserts that good cause exists for granting a deviation from 807 KAR 5:076, Section 2(1) to allow it to request a rate adjustment pursuant to the ARF process.

Based on the record and being otherwise sufficiently advised, the Commission finds that good cause exists to grant Columbia/Adair District an extension until December

⁹ Motion at 3.

¹⁰ Motion at 3.

¹¹ Motion at 4-5.

¹² Motion at 6.

¹³ Motion at 6-7.

31, 2026, to file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, an alternative rate adjustment pursuant to 807 KAR 5:076, or a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modification of its rates was necessary.¹⁴ The Commission also finds that Columbia/Adair District provided good cause for a deviation from 807 KAR 5:076, Section 2(1), and therefore, finds that Columbia/Adair District's request for a deviation from that requirement should be granted such that Columbia/Adair District should be permitted to file its next general rate adjustment using the process set forth in 807 KAR 5:076, notwithstanding that its gross annual revenues exceed \$5.0 million threshold.

In order to more closely monitor the project approved in this case, the Commission on its own motion also finds that Columbia/Adair District should file, within 30 days of each milestone, notice in this case of when construction on the project is started, when the project has reached approximately 50 percent completion, and when the project has reached final completion. If any of these milestones have already been reached, Columbia/Adair District should include the dates each such milestone was reached when filing the next required notice.

IT IS THEREFORE ORDERED that:

1. Columbia/Adair District's request for an extension is granted.
2. Columbia/Adair District's request for a deviation from 807 KAR 5:076, Section 2(1) is granted as discussed above.

¹⁴ The Commission notes that Columbia/Adair District requested an extension of the time in which it is required to file a rate adjustment. However, the requirement for which Columbia/Adair District requests an extension could also be satisfied by filing a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modification of its rates is necessary. The Commission presumes that Columbia/Adair District is seeking an extension to comply with requirement using any alternative method it determines to be appropriate at the time it makes the filing.

3. On or before December 31, 2026, Columbia/Adair District shall file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, an application for an alternative rate adjustment pursuant to 807 KAR 5:076, or, in the alternative, a motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary based on a test year of 2025.

4. Columbia/Adair District shall file notice in this case of when construction on the project approved in this case is started, when the project has reached approximately 50 percent completion, and when the project has reached final completion. Each notice shall indicate the approximate date the milestone was reached and shall be filed within 30 days of each milestone, unless the milestone has already been reached, in which case, Columbia/Adair District shall include the date(s) such milestones were reached when filing the next notice required by this paragraph.

5. Any documents filed pursuant to ordering paragraph 4 of this Order shall reference this case number and shall be retained in the post-case correspondence file.

6. All provisions of the Commission's October 17, 2024 Order that are not in conflict with this Order shall remain in effect.

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

Entered on this 24th day of August, 2026.

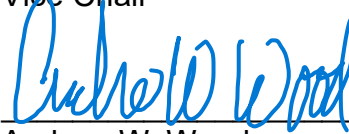
PUBLIC SERVICE COMMISSION



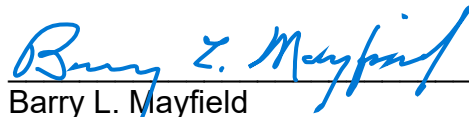
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