

807 KAR 5:011. Tariffs.

RELATES TO: KRS 65.810, Chapter 74, 278.010, 278.030, 278.160, 278.170, 278.180, 278.190, 369.102

STATUTORY AUTHORITY: KRS 278.160(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 278.160(1) requires the commission to promulgate an administrative regulation to establish requirements for each utility to file schedules showing all rates and conditions established by it and collected or enforced. This administrative regulation establishes requirements for utility tariffs.

Section 1. Definitions.

- (1) "Commission" is defined by KRS 278.010(15).
- (2) "Date of issue" means the date the tariff sheet is signed by the representative of the utility authorized to issue tariffs.
- (3) "Electronic signature" is defined by KRS 369.102(8).
- (4) "Nonrecurring charge" means a charge or fee assessed to a customer to recover the specific cost of an activity, which:
 - (a) Is due to a specific request for a service activity for which, once the activity is completed, additional charges are not incurred; and
 - (b) Is limited to recovery of an amount no greater than the cost of the specific service.
- (5) "Person" is defined by KRS 278.010(2).
- (6) "Rate" is defined by KRS 278.010(12).
- (7) "Signature" means any manual, facsimile, conformed, or electronic signatures.
- (8) "Statutory notice" means notice made in accordance with KRS 278.180.
- (9) "Tariff" means the schedules of a utility's rates, charges, regulations, rules, tolls, terms, and conditions of service over which the commission has jurisdiction.
- (10) "Tariff filing" means the revised or new tariff sheets and all supporting documents that a utility submits to revise its rate schedules.
- (11) "Utility" is defined by KRS 278.010(3).
- (12) "Utility's office or place of business" means a location at which the utility regularly employs and stations one (1) or more employees and is open to the public for customer service.
- (13) "Water district" means a special district formed pursuant to KRS 65.810 and KRS Chapter 74.
- (14) "Web site" means an identifiable site on the internet, including social media, which is accessible by the public.

Section 2. General.

- (1) Each tariff sheet and supporting document filed with the commission shall be electronically submitted to the commission using the commission's electronic Tariff Filing System located at https://psc.ky.gov/psc_portal.
- (2) Each utility shall maintain a complete tariff with the commission.
- (3) A utility furnishing more than one (1) type of service (water and electricity for example) shall file a separate tariff for each type of service.
- (4) A utility shall make available a paper or electronic copy of the utility's current tariff for public inspection in the utility's office or place of business.
- (5) A utility that maintains a Web site for its utility operations shall:
 - (a) Make available on that Web site for public viewing and downloading a copy of the utility's current tariff for each type of service that it provides; or
 - (b) Place on that Web site a hyperlink to the location on the commission's Web site where the tariff has been posted.

Section 3. Format.

- (1) A new tariff or revised sheet of an existing tariff filed with the commission shall be:
 - (a) Printed or typewritten;
 - (b) Eight and one-half (8 1/2) by eleven (11) inches in size; and
 - (c) In type no smaller than nine (9) point font, except headers and footers, which shall be in type no smaller than eight (8) point font.
- (2) Tariff Form-1. The first sheet of a tariff shall be on Tariff Form-1, shall be used as the tariff's cover page, and shall contain:
 - (a) The utility's name, mailing address, street address of the utility's principal office if different from the mailing address, and Web site if applicable;
 - (b) In the upper right-hand corner, the commission tariff number and, if applicable, the cancelled commission tariff number (Example: PSC Tariff No. 2, Cancelling PSC Tariff No. 1);
 - (c) A statement of the type of service offered;
 - (d) A statement of the area served;
 - (e) The date of issue and date on which the tariff is to become effective;
 - (f) The signature of the representative of the utility authorized to issue tariffs; and
 - (g) The signatory's title or position.
- (3) Tariff Form-2. With the exception of the first sheet of the tariff, which shall be on Tariff Form-1, all other tariff sheets shall be on Tariff Form-2 and shall contain:
 - (a) The utility's name and territory served;
 - (b) In the upper right-hand corner, the commission tariff number and, if applicable, the cancelled commission tariff number (Example: PSC Tariff No. 2, Cancelling PSC Tariff No. 1);
 - (c) In the upper right-hand corner, the tariff sheet number and, if applicable, the cancelled tariff sheet number (Example: First Revised Sheet No. 1, Cancelling Original Sheet No. 1);
 - (d) The date of issue and date on which the tariff is to become effective;
 - (e) The signature of the utility representative authorized to issue tariffs;
 - (f) The signatory's title or position; and
 - (g) If applicable, a statement that the tariff is "Issued by authority of an Order of the Public Service Commission in Case No. _____ Dated _____, 20____".
- (4) Each tariff sheet shall contain a blank space at its bottom right corner that measures at least three and one-half (3.5) inches from the right of the tariff sheet by two and one-half (2.5) inches from the bottom of the tariff sheet to allow space for the commission to affix the commission's stamp.

Section 4. Contents of Schedules.

- (1) In addition to a clear statement of all rates, each rate schedule shall state the city, town, village, or district in which rates are applicable.
 - (a) If a schedule is applicable in a large number of communities, the schedule shall be accompanied by an accurate index so that each community in which the rates are applicable may be readily ascertained.
 - (b) If a utility indicates the applicability of a schedule by reference to the index sheet, the utility shall use language indicating "Applicable within the corporate limits of the City of _____," or "see Tariff Sheet No. ____ for applicability."
- (2) The following information shall be shown in each rate schedule, if applicable, under the following captions in the order listed:
 - (a) Applicable: show the territory covered;
 - (b) Availability of service: show the classification of customers affected;
 - (c) Rates: list all rates offered;
 - (d) Minimum charge: state the amount of the minimum charge, the quantity allowed (if volumetrically based), and if it is subject to a late payment charge;

- (e) Late payment charge: state the amount or reference the tariff section containing the amount;
 - (f) Term: if a tariff provision or a contract will be effective for a limited period, state the term; and
 - (g) Special rules: list special rules or requirements that are in effect covering this tariff.
- (3) Each rate schedule shall state the type or classification of service available pursuant to the stated rates, by using language similar to "available for residential lighting" or "available for all purposes."
- (4) For a tariff in which a number of rate schedules are shown available for various uses, each rate schedule shall be identified either by:
- (a) A number in the format "Schedule No. ____"; or
 - (b) A group of letters, with a designation indicating the type or classification of service for which the rate schedule is available. (Example: Tariff R.S. for residential service rates.)
- (5) A tariff may be further divided into sections.

Section 5. Filing Requirements.

- (1) Each tariff filing shall include a cover letter and conform to the requirements established in this subsection.
- (a) With the exception of supporting documents, which may be submitted in an Excel spreadsheet in.xls format, each document shall be submitted in portable document format ("PDF") capable of being viewed with Adobe Acrobat Reader.
 - (b) Each document shall be search-capable and optimized for viewing over the internet.
 - (c) Each scanned document shall be scanned at a resolution of 300 dots per inch (dpi).
 - (d) A document may be bookmarked to distinguish different sections of the filing.
- (2) A document shall be considered filed with the commission if it has:
- (a) Been successfully transmitted using the commission's electronic tariff filing system; and
 - (b) Met all other requirements established in this administrative regulation.

Section 6. Tariff Addition, Revision, or Withdrawal.

- (1) A tariff, tariff sheet, or tariff provision shall not be changed, cancelled, or withdrawn except as established by this section and Section 9 of this administrative regulation.
- (2) A new tariff or revised sheet of an existing tariff shall be issued and placed into effect by:
- (a) Order of the commission; or
 - (b) Issuing and filing with the commission a new tariff or revised sheet of an existing tariff and providing notice to the public in accordance with Section 8 of this administrative regulation and statutory notice to the commission.
- (3) The following symbols shall be placed in the margin to indicate a change:
- (a) "(D)" to signify deletion;
 - (b) "(I)" to signify increase;
 - (c) "(N)" to signify a new rate or requirement;
 - (d) "(R)" to signify reduction; or
 - (e) "(T)" to signify a change in text.

Section 7. Tariff Filings Pursuant to Orders. If the commission has ordered a change in the rates or rules of a utility, the utility shall file a new tariff or revised sheet of an existing tariff establishing:

- (1) The revised rate, classification, charge, or rule;
- (2) The applicable case number;
- (3) The date of the commission order; and

(4) The margin symbols required by Section 6(3) of this administrative regulation.

Section 8. Notice. A utility shall provide notice if a charge, fee, condition of service, or rule regarding the provision of service is changed, revised, or initiated and the change will affect the amount that a customer pays for service or the quality, delivery, or rendering of a customer's service.

(1) Public postings.

(a) A utility shall post at its place of business a copy of the notice no later than the date the tariff filing is submitted to the commission.

(b) A utility that maintains a Web site shall, within five (5) business days of the date the tariff filing is submitted to the commission, post on its Web sites:

1. A copy of the public notice; and

2. A hyperlink to the location on the commission's Web site where the tariff filing is available.

(c) The information required in subsection (1)(a) and (b) of this section shall not be removed until the tariff filing has become effective or the commission issues a final decision on the tariff filing.

(2) Customer Notice.

(a) If a utility has twenty (20) or fewer customers, it shall mail a written notice to each customer no later than the date the tariff filing is submitted to the commission.

(b) If a utility has more than twenty (20) customers, it shall provide notice by:

1. Including notice with customer bills mailed no later than the date the tariff filing is submitted to the commission;

2. Mailing a written notice to each customer no later than the date the tariff filing is submitted to the commission;

3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the tariff filing is submitted to the commission; or

4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the tariff filing is submitted to the commission.

(c) A utility that provides service in more than one (1) county may use a combination of the notice methods established in paragraph (b) of this subsection.

(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the tariff filing was initially submitted to the commission:

(a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing;

(b) If notice is published in a newspaper of general circulation in a utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or

(c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.

(4) Notice Content. Each notice issued in accordance with this section shall contain:

(a) The proposed effective date and the date the proposed rates are expected to be filed with the commission;

(b) The present rates and proposed rates for each customer classification to which the proposed rates will apply;

(c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;

- (d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply;
 - (e) A statement that a person may examine this tariff filing at the offices of (utility name) located at (utility address);
 - (f) A statement that a person may examine this tariff filing at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>;
 - (g) A statement that comments regarding this tariff filing may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;
 - (h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;
 - (i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and
 - (j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of the initial publication or mailing of the notice, the commission may take final action on the tariff filing.
- (5) Compliance by electric utilities with rate schedule information required by 807 KAR 5:051. Notice given pursuant to subsection (2)(a) or (b) of this section shall substitute for the notice required by 807 KAR 5:051, Section 2, if the notice contained a clear and concise explanation of the proposed change in the rate schedule applicable to each customer.
- (6) Periodic recalculation of a formulaic rate that does not involve a revision of the rate and that is performed in accordance with provisions of an effective rate schedule, special contract, or administrative regulation does not require notice in accordance with this section.

Section 9. Statutory Notice to the Commission.

- (1) The proposed rates on a new tariff or revised sheet of an existing tariff shall become effective on the date stated on the tariff sheet if:
- (a) Proper notice was provided to the public in accordance with Section 8 of this administrative regulation;
 - (b) Statutory notice was provided; and
 - (c) The commission does not suspend the proposed rates pursuant to KRS 278.190.
- (2) All information and notices required by this administrative regulation shall be furnished to the commission with the filing of the proposed rate. If a substantial omission occurs, which is prejudicial to full consideration by the commission or to the public, the statutory notice period to the commission shall not commence until the omitted information and notice is filed.

Section 10. Nonrecurring Charges. A utility may revise a nonrecurring charge. The revision shall be performed pursuant to this section and Sections 6 and 9 of this administrative regulation.

- (1) Each request to revise a current nonrecurring charge or to implement a new nonrecurring charge shall be accompanied by:
- (a) A specific cost justification for the proposed nonrecurring charge, including all supporting documentation necessary to determine the reasonableness of the proposed non-recurring charge;
 - (b) A copy of the public notice of each requested nonrecurring charge and verification that it has been made pursuant to Section 8 of this administrative regulation;

- (c) A detailed statement explaining why the proposed revisions were not included in the utility's most recent general rate case and why current conditions prevent deferring the proposed revisions until the next general rate case;
 - (d) A statement identifying each classification of potential or existing customers affected by the rate revision; and
 - (e) A copy of the utility's income statement and balance sheet for a recent twelve (12) month period or an affidavit from an authorized representative of the utility attesting that the utility's income statement and balance sheet are on file with the commission.
- (2) The proposed rate 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.
- (3)
- (a) If the revenue to be generated from the proposed rate revision exceeds by five (5) percent the total revenues provided by all nonrecurring charges for a recent period of twelve (12) consecutive calendar months ending within ninety (90) days of submitting the tariff filing, the utility shall, in addition to the information established in subsection (1) of this section, file an absorption test.
 - (b) The absorption test shall show that the additional net income generated by the tariff filing shall not result in an increase in the rate of return (or other applicable valuation method) to a level greater than that allowed in the most recent general rate case.
 - (c) As part of the absorption test, a general rate increase received during the twelve (12) month period shall be annualized.
- (4) Upon a utility submitting the tariff filing to the commission, the utility shall transmit by electronic mail a copy in PDF to rateintervention@ag.ky.gov or mail a paper copy to the Attorney General's Office of Rate Intervention, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.

Section 11. Adoption Notice.

- (1) A utility shall file an adoption notice on Tariff Form-3 if:
 - (a) A change of ownership or control of a utility occurs;
 - (b) A utility or a part of its business is transferred from the operating control of one (1) company to that of another;
 - (c) A utility's name is changed; or
 - (d) A receiver or trustee assumes possession and operation of a utility.
- (2) Unless otherwise authorized by the commission, the person operating the utility business going forward shall adopt, ratify, and make as its own the predecessor's rates, classifications, and requirements on file with the commission and effective at the time of the change of ownership or control.
- (3) An adoption notice may be filed and made effective without previous notice.
- (4) An adoption notice filed with the commission shall be in consecutive numerical order, beginning with Public Service Commission adoption notice No. 1.
- (5) Within ten (10) days after the filing of an adoption notice by a utility that had no tariff on file with the commission, the utility shall issue and file in its own name the tariff of the predecessor utility then in effect and adopted by it, or a tariff it proposes to place into effect in lieu thereof, in the form established in Sections 2 through 4 of this administrative regulation with proper identifying designation.
- (6) Within ten (10) days after the filing of an adoption notice by a utility that had other tariffs on file with the commission, the utility shall issue and file one (1) of the following:
 - (a) A complete reissue of its existing tariff that establishes the rates and requirements:
 - 1. Of the predecessor utility then in effect and adopted by the successor utility; or
 - 2. The utility proposes to place into effect for the customers served by the predecessor utility; or
 - (b) New or revised tariff sheets that establish the rates and requirements:

1. Of the predecessor utility then in effect and adopted by the successor utility; or
2. The utility proposes to place into effect for the customers served by the predecessor utility.

(7)

- (a) If a new tariff or a revised sheet of an existing tariff states the rates and requirements of the predecessor utility without change, the successor utility shall not be required to provide notice of the filing.
- (b) If a new tariff or a revised sheet of an existing tariff changes or amends the rates or requirements of the predecessor utility, the successor utility shall provide notice pursuant to KRS 278.180 and Section 8 of this administrative regulation.

Section 12. Posting Tariffs, Administrative Regulations, and Statutes.

- (1) Each utility shall display a suitable placard, in large type, that states that the utility's tariff and the applicable administrative regulations and statutes are available for public inspection.
- (2) Each utility shall provide a suitable table or desk in its office or place of business on which it shall make available for public viewing:
 - (a) A copy of all effective tariffs and supplements establishing its rates, classifications, charges, rules, and requirements, together with forms of contracts and applications applicable to the territory served from that office or place of business;
 - (b) A copy of all proposed tariff revisions that the utility has filed and are pending before the commission and all documents filed in a commission proceeding initiated to review the proposed tariff revisions;
 - (c) A copy of KRS Chapter 278; and
 - (d) A copy of 807 KAR Chapter 5.
- (3) The information required in subsection (2) of this section shall be made available in an electronic or nonelectronic format.

Section 13. Special Contracts. Each utility shall file a copy of each special contract that establishes rates, charges, or conditions of service not contained in its tariff.

Section 14. Confidential Materials. A utility may request confidential treatment for materials filed pursuant to this administrative regulation. Requests for confidential treatment shall be made and reviewed in accordance with 807 KAR 5:001, Section 13(3).

Section 15. Deviations from Rules. In special cases, for good cause shown, the commission shall permit deviations from this administrative regulation.

Section 16. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) "Tariff Form-1", July 2013;
 - (b) "Tariff Form-2", July 2013; and
 - (c) "Tariff Form-3", Adoption Notice, July 2013.
 - (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <http://psc.ky.gov>.
- (8 Ky.R. 797; 1148; eff. 6-2-1982; 11 Ky.R. 69; eff. 8-4-1984; 39 Ky.R. 312; 1032; 1152; eff. 1-4-2013; 40 Ky.R. 447; 812; eff. 10-18-2013; 41 Ky.R. 143; 775; eff. 10-31-2014; Crt eff. 3-27-2019.)