

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF	)	CASE NO.
BIG SANDY WATER DISTRICT	)	2016-00423

ORDER

On December 6, 2016, Big Sandy Water District (“Big Sandy”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2015 Annual Report, Big Sandy reported a water loss of 32.7729 percent. Commission regulation 807 KAR 5:066(6)(3) states that “for rate making purposes a utility’s unaccounted-for water loss shall not exceed fifteen (15) percent of total water produced and purchased, excluding water used by a utility in its own operations.” Reduction of Big Sandy’s water loss to 15 percent would result in a potential annual reduction to purchased water expense of approximately \$192,105.<sup>2</sup>

The Commission strongly encourages Big Sandy to pursue reasonable actions to reduce its water loss.

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<sup>1</sup> KRS 278.012; 807 KAR 5:068.

<sup>2</sup>

Purchased Water from 2015 Annual Report	\$1,080,887
Times: Water Loss Above 15 Percent	17.7729%
Purchase Water Expense Reduction	\$192,105

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Big Sandy purchases water from the city of Kenova, West Virginia (“Kenova”), the city of Louisa (“Louisa”), the city of Ashland (“Ashland”), the Cannonsburg Water District (“Cannonsburg”), and the Rattlesnake Ridge Water District (“Rattlesnake Ridge”).

2. Ashland notified Big Sandy that its wholesale rate to Big Sandy would increase from \$2.08 per 1,000 gallons to \$2.19 per 1,000 gallons effective January 1, 2017,<sup>3</sup> and Cannonsburg notified Big Sandy that its wholesale rate to Big Sandy would increase from \$4.25 per 1,000 gallons to \$4.42 per 1,000 gallons effective January 1, 2017.<sup>4</sup> Big Sandy proposes to increase the water rates to its customers effective January 1, 2017, to reflect the increased cost of purchased water.

3. Big Sandy proposes a purchased water adjustment factor of \$0.08 per 1,000 gallons.

4. During the 12 months ended September 30, 2016, Big Sandy purchased 136,070,100 gallons of water from Kenova, 97,187,600 gallons of water from Louisa, 93,178,000 gallons of water from Ashland, 46,890,400 gallons of water from Cannonsburg and 5,739,700 gallons of water from Rattlesnake Ridge. During the

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<sup>3</sup> TFS 2016-00653 (Ky. PSC filed Nov. 15, 2016); the tariff was accepted for filing by the Commission by letter dated Dec.12, 2016.

<sup>4</sup> Case No. 2014-00415, Purchased Water Adjustment Filing of Cannonsburg Water District (Ky. PSC filed Dec. 22, 2016).

same period, Big Sandy sold 246,507,600 gallons of water. The increase in the cost of purchased water is \$18,220.95, resulting in a purchased water adjustment factor of \$0.08 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.08 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Big Sandy's proposed rates as set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Big Sandy on and after January 1, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.08 per 1,000 gallons is approved.

2. Big Sandy's proposed rates as set forth in Appendix B to this Order are approved for water service rendered by Big Sandy on and after January 1, 2017.

3. Within 20 days of the date of this Order, Big Sandy shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission

ENTERED  
JAN 04 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2016-00423 DATED **JAN 04 2017**

	New Rate	Base Rate
Kenova		
Purchases in gallons	136,070,100	136,070,100
Volumetric rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
 Louisa		
Purchases in gallons	97,187,600	97,187,600
Volumetric rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
 Ashland		
Purchases in gallons	93,178,000	93,178,000
Volumetric rate	<u>\$ 2.19/1,000</u> \$204,059.82	<u>\$ 2.08/1,000</u> \$193,810.24
 Cannonsburg		
Purchases in gallons	46,890,400	46,890,400
Volumetric rate	<u>\$ 4.42/1,000</u> \$207,255.57	<u>\$ 4.25/1,000</u> \$199,284.20
 Rattlesnake Ridge		
Purchases in gallons	5,739,700	5,739,700
Volumetric rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
 Total	 \$411,315.39	 \$393,094.44
 Increased water cost		 \$18,220.95
 Increased water cost		 \$ 18,220.95
Divided by gallons sold/1,000		<u>246,507,600</u>
Purchased water adjustment factor		\$ 0.0739 per 1,000 gallons
		or \$ 0.08 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2016-00423 DATED **JAN 04 2017**

The following rates and charges are prescribed for the customers in the area served by Big Sandy 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.

Monthly Water Rates

DIVISION 1

5/8- x 3/4-Inch Meter

First	1,000 gallons	\$ 17.02 Minimum Bill
Next	9,000 gallons	8.67 per 1,000 gallons
Next	10,000 gallons	6.07 per 1,000 gallons
Next	20,000 gallons	5.65 per 1,000 gallons
Over	40,000 gallons	5.42 per 1,000 gallons

1-Inch Meter

First	10,000 gallons	\$ 94.97 Minimum Bill
Next	10,000 gallons	6.07 per 1,000 gallons
Next	20,000 gallons	5.65 per 1,000 gallons
Over	40,000 gallons	5.42 per 1,000 gallons

1 1/2-Inch Meter

First	20,000 gallons	\$155.67 Minimum Bill
Next	20,000 gallons	5.65 per 1,000 gallons
Over	40,000 gallons	5.42 per 1,000 gallons

2-Inch Meter

First	40,000 gallons	\$268.67 Minimum Bill
Over	40,000 gallons	5.42 per 1,000 gallons

3-Inch Meter

First	100,000 gallons	\$593.87 Minimum Bill
Over	100,000 gallons	5.42 per 1,000 gallons

4-Inch Meter

First 200,000 gallons  
Over 200,000 gallons

\$1,135.87 Minimum Bill  
5.42 per 1,000 gallons

Wholesale Rate

5.12 per 1,000 gallons

DIVISION 2

5/8- x 3/4-Inch Meter

First 2,000 gallons  
Next 8,000 gallons  
Next 20,000 gallons  
Next 20,000 gallons  
Over 50,000 gallons

\$ 25.48 Minimum Bill  
10.01 per 1,000 gallons  
8.23 per 1,000 gallons  
7.29 per 1,000 gallons  
6.39 per 1,000 gallons

\*Big Sandy Water District  
18200 Kentucky Route #3  
Catlettsburg, KY 41129

\*Mr. Jimmy Blanton  
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