

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING )	CASE NO.
OF KIRKSVILLE WATER ASSOCIATION, INC. )	2017-00229

ORDER

On June 1, 2017, Kirksville Water Association, Inc. ("Kirksville") 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 Kirksville reported a water loss of 15.3344 percent.<sup>2</sup> Kirksville's application provides updated purchases and sales information for a more current period than the 2015 Annual Report. 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 consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2015 Annual Report<sup>3</sup>, Kirksville's unaccounted-for water loss is determined to be 15.8486 percent for the updated period.<sup>4</sup> Reduction of

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

<sup>2</sup> 2015 Annual Report at 61, line 33.

<sup>3</sup> 2015 Annual Report, at 61, line 21, divided by line 4, (535,250 divided by 106,778,496) equals 0.005 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 pg. 2)	111,520,816
Less Total Sales (application PWA Form 1 pg. 2)	93,287,316
Less plant use (% determined from 2015 AR)	<u>559,054</u>
Water loss - gallons	17,674,446
Water loss - percent	15.8486

Kirksville's unaccounted-for water loss to 15 percent would result in an approximate \$3,016<sup>5</sup> decrease to purchased water expense. Potentially, Kirksville is paying \$0.03 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent<sup>6</sup> threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the fifteen (15) percent unaccounted-for water loss threshold and strongly encourages Kirksville to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Kirksville to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

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

1. Kirksville purchases water from Richmond Utilities ("Richmond").
2. Richmond notified Kirksville that on July 1, 2017, its wholesale water rate to Kirksville would increase from \$2.35332 per 100 cubic feet to \$2.38391 per 100 cubic feet.<sup>7</sup> Kirksville proposes to increase the water rates to its customers effective July 1, 2017, to reflect the increased cost of purchased water.

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<sup>5</sup> Water loss above 15 percent 0.8486. Potential purchased water expense reduction (cost at new wholesale rate times water loss above 15 percent) = \$ 3,016.

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$3,016/(93,287,316/1,000) equals \$0.0323/1,000.

<sup>7</sup> TFS 2017-00231 (Ky. PSC filed May 15, 2017); the tariff was accepted for filing by the Commission by letter dated June 6, 2017.

3. During the 12 months ending March 30, 2017, Kirksville purchased 14,909,200 cubic feet of water from Richmond and sold 93,287,316 gallons of water during the same 12 months. The increase in the cost of purchased water is \$4,560.72 resulting in a purchased water adjustment factor of \$0.05 per 1,000 gallons.

4. The purchased water adjustment of \$0.05 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

5. Kirksville's rates proposed rates in the application should be approved.

6. The rates as set forth in Appendix B to this Order, are fair, just, and reasonable and should be approved for water service rendered by Kirksville on and after July 1, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment of \$0.05 per 1,000 gallons is approved.

2. The rates in Appendix B, attached hereto and incorporated herein, are fair, just, and reasonable and are approved for services on or after July 1, 2017.

3. Within 20 days of the date of this Order, Kirksville 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  
JUN 20 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
 COMMISSION IN CASE NO. 2017-00229 DATED **JUN 20 2017**

	New Rate	Base Rate
Richmond		
Purchases in cubic feet	14,909,200	14,909,200
Volumetric rate	<u>\$2.38391/100</u>	<u>\$2.35332/100</u>
	\$ 355,421.91	\$ 350,861.19
	Increased water cost	\$4,560.72
Increased water cost	\$ 4,560.72	
Divided by gallons sold/1,000	<u>93,287.316</u>	
	0.04889	
Purchased water adjustment factor	\$0.05 per 1,000 gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2017-00229 DATED **JUN 20 2017**

The following rates and charges are prescribed for the customers in the area served by Kirksville Water Association, Inc. 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.

RATES AND CHARGES

First	2,000 gallons	\$ 19.59	Minimum Bill
Next	3,000 gallons	9.44	per 1,000 gallons
Next	5,000 gallons	7.97	per 1,000 gallons
Over	10,000 gallons	6.75	per 1,000 gallons

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