

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
ELKHORN WATER DISTRICT)	2017-00421

ORDER

On October 27, 2017, Elkhorn Water District (“Elkhorn District”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2016 Annual Report Elkhorn District reported a water loss of 15.2238 percent.² Elkhorn District’s application provides updated purchase and sales information for a more current period than the 2016 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes a utility’s unaccounted-for water loss shall not exceed 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 2016 Annual Report,³ Elkhorn District’s unaccounted-for water loss is determined to be 15.78 percent for the updated period.⁴ Reduction of Elkhorn District’s

¹ KRS 278.015; 807 KAR 5:068.

² 2016 Annual Report at 56, line 33.

³ 2016 Annual Report, line 21, divided by line 4, (2,447 divided by 62,742) equals 3.90 percent.

⁴ Total Purchases (application, PWA Form 1 at 2)	63,362,200
Less Total Sales (application, PWA Form 1 at 2)	50,090,740
Less plant use (% determined from 2016 AR)	<u>2,432,187</u>
Water loss - gallons	9,839,273
Water loss - percent	15.78

unaccounted-for water loss to 15 percent would result in an approximate \$1,236.60⁵ decrease to purchased water expense. Potentially, Elkhorn District is paying approximately \$0.02 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁶ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Elkhorn District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Elkhorn District 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 otherwise sufficiently advised, finds that:

1. Elkhorn District purchases water from the Frankfort Electric and Water Plant Board ("Frankfort").
2. Frankfort, pursuant to a previous Commission Order, will increase its wholesale rate to Elkhorn District effective November 1, 2017, from \$2.45 per 1,000 gallons to \$2.55 per 1,000 gallons.⁷ Elkhorn District proposed to increase the water rates

⁵ Water loss above 15 percent

0.78

Potential purchased water expense reduction (cost at new wholesale rate times water loss above 15 percent) = \$ 1,236.60

⁶ Potential purchased water expense reduction divided by sales ($\$1,236.60 / (50,090,740 / 1,000)$) = \$0.02/1,000.

⁷ Case No. 2014-00254, *Proposed Adjustment of the Wholesale Water Service Rates of Frankfort Electric and Water Plant Board* (Ky. PSC Dec. 3, 2014).

to its customers effective November 12, 2017, to reflect the increased cost of purchased water from Frankfort.

3. Elkhorn District proposed a purchased water adjustment factor of \$0.13 per 1,000 gallons in its application.

4. During the 12 months ended August 31, 2017, Elkhorn District purchased 62,362,200 gallons of water from Frankfort. During the same period, Elkhorn District sold 50,090,740 gallons of water. The increase in the cost of purchased water is \$6,236.22, resulting in a purchased water adjustment factor of \$0.13 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.13 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Elkhorn District'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 Elkhorn District on and after November 12, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.13 per 1,000 gallons is approved.

2. The rates as set forth in Appendix B to this Order are approved for water service rendered by Elkhorn District on and after November 12, 2017.

3. Within 20 days of the date of this Order, Elkhorn District 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
NOV 16 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2017-00421

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00421 DATED **NOV 16 2017**

	New Rate	Base Rate
Corinth		
Williamstown		
Purchases in Gallons	62,362,200	62,362,200
	<u>\$ 2.55/1,000</u>	<u>\$ 2.45/1,000</u>
Total	\$159,023.61	\$152,787.39

Increased water cost \$ 6,236.22

Increased water cost \$ 6,236.22
Divided by Gallons sold/1,000 50,090,740
Purchased water adjustment factor \$ 0.1245 per 1,000 Gallons
or \$ 0.13 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00421 DATED **NOV 16 2017**

The following rates and charges are prescribed for the customers in the area served by Elkhorn 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

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$ 15.73 Minimum Bill
Next	3,000 Gallons	6.22 per 1,000 Gallons
Next	5,000 Gallons	5.64 per 1,000 Gallons
Over	10,000 Gallons	4.41 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$ 34.39 Minimum Bill
Next	5,000 Gallons	5.64 per 1,000 Gallons
Over	10,000 Gallons	4.41 per 1,000 Gallons

1 1/2-Inch Meter

First	10,000 Gallons	\$ 62.59 Minimum Bill
Over	10,000 Gallons	4.41 per 1,000 Gallons

Mobile Home Parks

South Creek	<u>Monthly Minimum Bills</u>
Elkhorn	\$117.98
Capital	\$597.74
	\$983.13

Emergency Wholesale Rate	\$4.41 per 1,000 Gallons
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