

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF ) CASE NO.  
DEXTER-ALMO HEIGHTS WATER DISTRICT ) 2018-00199

ORDER

On June 15, 2018, Dexter-Almo Heights Water District (Dexter-Almo Heights District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2016 Annual Report, Dexter-Almo Heights District reported a water loss of 16.4455 percent.<sup>2</sup> Dexter-Almo Heights District's application provides updated purchases 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 the 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,<sup>3</sup> Dexter-Almo Heights

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> 2016 Annual Report at 45.

<sup>3</sup> 2016 Annual Report, line 21, divided by line 4, (96 divided by 45,733) equals 0.21 percent.

District's unaccounted-for water loss is determined to be 22.5273 percent for the updated period.<sup>4</sup>

Reduction of Dexter-Almo Heights District's unaccounted-for water loss to 15 percent would result in an approximate \$11,205<sup>5</sup> decrease to purchased water expense. Potentially, Dexter-Almo Heights District is paying \$0.32 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 15 percent unaccounted-for water loss threshold and strongly encourages Dexter-Almo Heights District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Dexter-Almo Heights 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 sufficiently advised, finds that:

1. Dexter-Almo Heights District purchases water from the Murray Municipal Utilities (Murray).

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<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	46,086,500
Less Total Sales (application PWA Form 1 at 2)	35,607,700
Less Plant Use (% determined from 2016 AR)	<u>96,742</u>
Water Loss – Gallons	10,382,058
Water Loss – Percent	22.5273

<sup>5</sup> Water loss above 15 percent is 7.5273 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$11,205.

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$11,205/(35,607,700/1,000)) equals \$0.32/1,000.

2. Murray notified Dexter-Almo Heights District that its wholesale rate would increase from \$2.94 per 1,000 gallons to \$3.23 per 1,000 gallons effective July 1, 2018.<sup>7</sup> Dexter-Almo Heights District proposes to increase the water rates to its customers effective July 1, 2018, to reflect the increased cost of purchased water from Murray.

3. Dexter-Almo Heights District proposed a purchased water adjustment factor of \$0.38 per 1,000 gallons in its application.

4. During the 12 months ended April 30, 2018, Dexter-Almo Heights District purchased 46,086,500 gallons of water from Murray. During the same period, Dexter-Almo Heights District sold 35,607,700 gallons of water. The increase in the cost of purchased water is \$13,365.09, resulting in a purchased water adjustment factor of \$0.38 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.38 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Dexter-Almo Heights District's proposed rates should be approved.

7. 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 Dexter-Almo Heights District on and after July 1, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.38 per 1,000 gallons is approved.

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<sup>7</sup> TFS 2015-00339 (Ky. PSC filed Mar. 28, 2015); the tariff was accepted for filing by the Commission by letter dated July 1, 2015.

2. The rates proposed by Dexter-Almo Heights District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Dexter-Almo District on and after July 1, 2018.
4. Within 20 days of the date of entry of this Order, Dexter-Almo Heights District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

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By the Commission

ENTERED  
JUL 10 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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Executive Director

Case No. 2018-00199

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00199 DATED **JUL 10 2018**

	New Rate	Base Rate
Murray		
Purchases in gallons	46,086,500	46,086,500
Wholesale rate	<u>\$ 3.23/1,000</u>	<u>\$ 2.94/1,000</u>
Total	\$148,859.40	\$135,494.31
Increased water cost		\$ 13,365.09
Increased water cost		\$ 13,365.09
Divided by gallons sold/1,000		<u>35,607,700</u>
Purchased water adjustment factor		\$ 0.3753 per 1,000 Gallons
		or \$ 0.38 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00199 DATED **JUL 10 2018**

The following rates and charges are prescribed for the customers in the area served by Dexter-Almo Heights Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 Gallons	\$ 16.56 Minimum Bill
Next	3,000 Gallons	6.53 per 1,000 Gallons
Next	5,000 Gallons	5.78 per 1,000 Gallons
Next	10,000 Gallons	5.45 per 1,000 Gallons
Over	20,000 Gallons	4.38 per 1,000 Gallons

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