

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
EAST CASEY COUNTY WATER DISTRICT)	2018-00324

ORDER

On September 25, 2018, East Casey County Water District (East Casey District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2017 Annual Report, East Casey District reported a water loss of 25.3281 percent.² East Casey District's application provides updated purchases and sales information for a more current period than the 2017 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 2017 Annual Report,³ East Casey District's unaccounted-for water loss

¹ KRS 278.015; 807 KAR 5:068.

² 2017 Annual Report at 56.

³ 2017 Annual Report, line 21, divided by line 4, (20,632 divided by 306,565) equals 0.0673 percent.

is determined to be 29.1881 percent for the updated period.⁴

Reduction of East Casey District's unaccounted-for water loss to 15 percent would result in an approximate \$125,676⁵ decrease to purchased water expense. Potentially, East Casey District is paying \$0.57 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 East Casey District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by East Casey 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. East Casey District purchases water from the city of Russell Springs (Russell Springs).
2. Russell Springs notified East Casey District that its wholesale rate would increase from \$1.68 per 1,000 gallons to \$2.98 per 1,000 gallons effective October 16,

⁴ Total Purchases (application PWA Form 1 at 2; attachment)	341,196,300
Less Total Sales (application PWA Form 1 at 2; Exhibit B)	218,645,000
Less Plant Use (% determined from 2017 AR)	<u>22,962,706</u>
Water Loss – Gallons	99,588,594
Water Loss – Percent	29.1881

⁵ Water loss above 15 percent is 14.1881 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$125,676.

⁶ Potential purchased water expense reduction divided by sales (\$125,676/ (215,645,000/1,000)) equals \$0.57/1,000.

2018.⁷ East Casey District proposes to increase the water rates to its customers effective October 16, 2018, to reflect the increased cost of purchased water from Russell Springs.

3. East Casey District proposed a purchased water adjustment factor of \$0.32 per 1,000 gallons in its application.

4. During the 12 months ended June 30, 2018, East Casey District purchased 341,196,300 gallons of water from all sources.⁸ During the same period, East Casey District sold 218,645,000 gallons of water. The increase in the cost of purchased water is \$70,499.00 resulting in a purchased water adjustment factor of \$0.32 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.32 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. East Casey 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 East Casey District on and after October 16, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.32 per 1,000 gallons is approved.

2. The rates proposed by East Casey District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Casey District on and after October 16, 2018.

⁷ TFS 2018-00424 (Ky. PSC filed Sept. 12, 2018); the tariff was accepted for filing by the Commission by letter dated October 16, 2018.

⁸ Application at 3.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Casey District on and after October 16, 2018.

4. Within 20 days of the date of entry of this Order, East Casey District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. This case is closed and removed from the Commission's docket.

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By the Commission

ENTERED
OCT 24 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2018-00324

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00324 DATED **OCT 24 2018**

	New Rate	Base Rate
Russell Springs		
Purchases in Gallons	54,230,000	54,230,000
Wholesale rate	<u>\$ 2.98/1,000</u>	<u>\$ 1.68/1,000</u>
Total	\$161,605.40	\$91,106.40
Increased water cost		\$ 70,499.00
Increased water cost		\$ 70,499.00
Divided by Gallons sold/1,000		<u>218,645,000</u>
Purchased water adjustment factor		\$ 0.32 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00324 DATED **OCT 24 2018**

The following rates and charges are prescribed for the customers in the area served by East Casey County 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

First	2,000 Gallons	\$ 17.24 Minimum Bill
Next	3,000 Gallons	7.42 per 1,000 Gallons
Next	5,000 Gallons	7.12 per 1,000 Gallons
Next	5,000 Gallons	6.82 per 1,000 Gallons
Next	5,000 Gallons	6.52 per 1,000 Gallons
Over	20,000 Gallons	5.92 per 1,000 Gallons

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