

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF DEXTER-ALMO HEIGHTS)	
WATER DISTRICT REQUESTING DEVIATION)	CASE NO.
FROM REQUIREMENTS OF 807 KAR 5:066,)	2016-00114
SECTION 4(4))	

ORDER

On March 8, 2016, Dexter-Almo Heights Water District ("Dexter-Almo") filed for a deviation from 807 KAR 5:066, Section 4(4). This section of the regulation states:

Storage. The minimum storage capacity for systems shall be equal to the average daily consumption.

Dexter-Almo seeks to use storage belonging to the city of Murray ("Murray") to fulfill this requirement of the regulation.

No party sought intervention into this case. Dexter-Almo responded to one round of requests for information issued by Commission Staff. Dexter-Almo has not requested a hearing. The matter now stands submitted to the Commission for a decision.

Dexter-Almo serves approximately 800 customers in Calloway County,¹ with an average daily consumption of 125,000 gallons per day.² Dexter-Almo does not have

¹ *Annual Report of Dexter-Almo Heights Water District to the Kentucky Public Service Commission for the Year Ended December 31, 2014* ("2014 Annual Report") at 12 and 43.

² Application at 3. The *2014 Annual Report*, at 45, indicates annual consumption at 41,898,000 gallons, or an average daily consumption of approximately 115,000 gallons per day (41,898,000/365=114,789, rounded to 115,000). The response to Commission Staff's Initial Request for Information ("Staff's Initial Request"), Item 2.b., reflects 118,000 gallons per day (43,040,000 gallons annually/365 days=117,918 gallons, rounded to 118,000 gallons) from Division of Water Sanitary Survey data and 137,000 per day (50,024,000 gallons annually/366 days=136,678 gallons, rounded to 137,000 gallons) for fiscal year 2016. (FY 2016 is a leap year.)

any water storage tanks in its system. Dexter-Almo purchases all of its water from Murray.³ Murray has a water treatment plant that is designed to treat 7.0 million gallons per day (“mgd”).⁴ Murray averages water usage of 3.47 mgd, including sales of water to other water systems.⁵ Murray has 2.925 million gallons of elevated water storage in its system and 1.0 million gallons of storage before its high service pumping.⁶

Murray provided Dexter-Almo a letter dated February 10, 2016, stating that it agrees to provide potable water to Dexter-Almo “in sufficient quantity and pressure.” The agreement is for a period of three years beginning January 1, 2016, through December 31, 2018, at which time the terms of the agreement may be reviewed and extended, if agreed to by both parties. The letter does not mention allocating storage specifically for Dexter-Almo in the Murray system.⁷

Dexter-Almo has no plans to construct any water storage tanks within the next five years. Dexter-Almo does not have the financial means to take on a project of such magnitude without assistance from outside funding sources. Dexter-Almo has seen no need for a water storage project because storage available from Murray has been sufficient in the past.⁸

³ Application at 4.

⁴ Application, Attachment.

⁵ Dexter-Almo’s response to Staff’s Initial Request, Item 2.a. The application, at 8, states a daily average range of 3.0 to 4.5 mgd.

⁶ *Id.*, Item 2.d.

⁷ Application, Attachment.

⁸ Dexter-Almo’s response to Staff’s Initial Request, Item 1.

Dexter-Almo has provided adequate maintenance for its system. Dexter-Almo has experienced 13 line-break incidents in the past three years. All but two water outages have lasted no more than four hours.⁹

In the past, this Commission has allowed utilities to comply with 807 KAR 5:066, Section 4(4), by obtaining an allocation of storage capacity from an interconnected water utility. In Case No. 2014-00306, Beech Grove Water System, Inc. (“Beech Grove”) had a written agreement with the city of Henderson (“Henderson”) to allocate 100,000 gallons of storage in its “Four Star Tank for the exclusive use of Beech Grove in the event of an emergency.”¹⁰ The Commission found that this allocated storage capacity, plus Beech Grove’s storage capacity on its own system, satisfied 807 KAR 5:066, Section 4(4).

A similar situation exists with Rowan Water, Inc. (“Rowan”) and the city of Morehead (“Morehead”) in Case No. 10416.¹¹ In that case, Morehead allocated 180,000 gallons of its 600,000-gallon water storage tank to Rowan. Rowan had 585,000 gallons of water storage capacity and needed 651,304 gallons.

Previously, Dexter-Almo has twice been granted variances for water storage. On March 11, 1994, the Commission granted Dexter-Almo a deviation from 807 KAR 5:066,

⁹ Application, Attachment. One of the more prolonged outages resulted from a planned overnight replacement of valves, resulting in a seven-hour disruption of service. The second stemmed from a line break in which septic leach lines were discovered near the water line, resulting in a three-day outage.

¹⁰ Case No. 2014-00306, *Application of Beech Grove Water System, Inc. Requesting Deviation from Requirements of 807 KAR 5:066, Section 4 (4)* (Ky. PSC Dec. 5, 2014), Final Order at 3.

¹¹ Case No. 10416, *The Application of Rowan Water, Inc. for a Deviation from 807 KAR 5:066, Section 5(4), Regarding Water Storage* (Ky. PSC Jan. 16, 1989), Final Order.

Section 4(4), in Case No. 94-011.¹² That deviation was based on a letter from Murray stating that it would provide Dexter-Almo's needed storage. A similar approval was granted in Case No. 91-399¹³ on January 7, 1992.

The Murray tank located closest to Dexter-Almo's two connections with Murray is the Murray Hwy 641 Tank. This tank has a capacity of 475,000 gallons. It is located approximately 1,000 feet from Dexter-Almo's connection with Murray on US 641 and located approximately three miles from Dexter-Almo's connection with Murray on Brinn Road.¹⁴

Having reviewed the application and being otherwise sufficiently advised, the Commission finds that:

1. The Commission finds the record for this case complete.
2. Dexter-Almo has no water storage tanks in its system
3. Dexter-Almo has an average daily water consumption of approximately 125,000 gallon per day.
4. Murray has the ability to provide Dexter-Almo with needed storage capacity until December 31, 2018.
5. Murray would meet the Commission's minimum storage requirements if it were subject to Commission regulation.

¹² Case No. 94-011, *The Application of Dexter-Almo Heights Water District for a Deviation Pursuant to 807 KAR 5:066, Section 5(4), Regarding Water Storage* (Ky. PSC Mar. 11, 1994), Final Order.

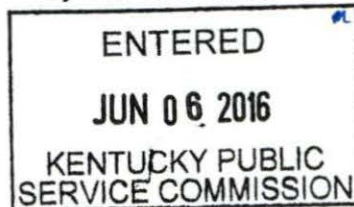
¹³ Case No. 91-399, *The Application of Dexter-Almo Heights Water District for a Deviation Pursuant to 807 KAR 5:066, Section 5(4), Regarding Water Storage* (Ky. PSC Jan. 7, 1992), Final Order.

¹⁴ Dexter-Almo's response to Staff's Initial Request, Item 3.b.

IT IS THEREFORE ORDERED that:

1. Dexter-Almo's request to deviate from the water storage requirements of 807 KAR 5:066, Section 4(4), is approved through December 31, 2018.
2. Dexter-Almo shall inform the Commission if changes occur in either system that would cause Murray to have insufficient storage for Dexter-Almo.
3. Any documents filed in the future pursuant to this Order shall reference this case number and shall be retained in Dexter-Almo's general correspondence file.

By the Commission



ATTEST:


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