

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF ) CASE NO.  
CORINTH WATER DISTRICT ) 2017-00242

ORDER

On June 16, 2017, Corinth Water District (“Corinth”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup> By letter dated June 19, 2017 and again on July 13, 2017, the Commission notified Corinth that its application was rejected because it contained certain filing deficiencies. On August 2, 2017, Corinth submitted additional information to correct the filing deficiencies, and the application was accepted for filing as of that date.

The Commission notes that in its 2016 Annual Report Corinth reported a water loss of 17.9249 percent.<sup>2</sup> Corinth’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

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

<sup>2</sup> 2016 Annual Report at 61, line 33.

the utility as reported in its 2016 Annual Report,<sup>3</sup> Corinth's unaccounted-for water loss is determined to be 22.55 percent for the updated period.<sup>4</sup> Reduction of Corinth's unaccounted-for water loss to 15 percent would result in an approximate \$19,639.69<sup>5</sup> decrease to purchased water expense. Potentially, Corinth is paying approximately \$0.40 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 Corinth to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Corinth 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. Corinth purchases water from the city of Williamstown ("Williamstown").
2. Williamstown notified Corinth on March 28, 2017, that its wholesale rate would increase from \$3.10 per 1,000 gallons to \$3.19 per 1,000 gallons effective June

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<sup>3</sup> 2016 Annual Report, line 21, divided by line 4, (12,958 divided by 75,716) equals 17.11 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	81,584,244
Less Total Sales (application PWA Form 1 at 2)	49,230,900
Less plant use (% determined from 2016 AR)	<u>13,959,064</u>
Water loss - gallons	18,394,280
Water loss - percent	22.55
Water loss above 15 percent	7.55

<sup>5</sup> Potential purchased water expense reduction (cost at new wholesale rate times water loss above 15 percent) = \$ 19,639.69

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$19,639.69/(81,584,244/1,000)) equals \$0.40/1,000.

15, 2017.<sup>7</sup> Corinth proposed to increase the water rates to its customers effective August 1, 2017, to reflect the increased cost of purchased water from Williamstown.

3. Corinth proposed a purchased water adjustment factor of \$0.15 per 1,000 gallons in its application.

4. During the 12 months ended May 31, 2016, Corinth purchased 81,584,244 gallons of water from Williamstown. During the same period, Corinth sold 49,230,900 gallons of water. The increase in the cost of purchased water is \$7,342.58, resulting in a purchased water adjustment factor of \$0.15 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.15 per 1,000 gallons, as calculated in Appendix A to this Order, permits Corinth to pass through the increase in its wholesale rates from Williamstown; it is fair, just and reasonable and should be approved.

6. Corinth's proposed rates should as set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Corinth on and after August 1, 2017.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.15 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 Corinth on and after August 1, 2017.

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<sup>7</sup> TFS 2017-00246 (Ky. PSC filed May 12, 2017). The tariff was accepted for filing by the Commission by letter dated June 15, 2017.

3. Within 20 days of the date of this Order, Corinth 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  
AUG 17 2017  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



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Acting Executive Director

Case No. 2017-00242

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2017-00242 DATED **AUG 17 2017**

	New Rate	Base Rate
Corinth		
Williamstown		
Purchases in gallons	81,584,244	81,584,244
	<u>\$ 3.19/1,000</u>	<u>\$ 3.10/1,000</u>
Total	\$260,253.74	\$ 252,911.16
Increased water cost		\$ 7,342.58
Increased water cost		\$ 7,342.58
Divided by gallons sold/1,000		<u>49,230,900</u>
Purchased water adjustment factor		\$ 0.1491 per 1,000 gallons
		or \$ 0.15 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2017-00242 DATED **AUG 17 2017**

The following rates and charges are prescribed for the customers in the area served by Corinth 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	1,000 gallons	\$ 18.34 Minimum Bill
Next	4,000 gallons	13.49 per 1,000 gallons
Next	5,000 gallons	12.07 per 1,000 gallons
Over	10,000 gallons	10.64 per 1,000 gallons
Loading Station		7.25 per 1,000 gallons

\*Corinth Water District  
215 Thomas Lane  
P. O. Box 218  
Corinth, KY 41010

\*William Hill  
Manager  
Corinth Water District  
P. O. Box 218  
Corinth, KY 41010