

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
JUDY WATER ASSOCIATION, INC.)	2019-00212

ORDER

On June 17, 2019, Judy Water Association (Judy) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2018 Annual Report, Judy reported a water loss of 16.1879 percent.² Judy's application provides updated purchase and sales information for a more current period than the 2018 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 2018 Annual Report,³ Judy's unaccounted-for water loss is determined to be 15.2719 percent for the updated period.⁴ Reduction of Judy's unaccounted-for water loss to 15 percent would

¹ KRS 278.012; 807 KAR 5:068.

² 2018 Annual Report at 57.

³ 2018 Annual Report, Water Statistics (Ref Page: 30), line 21, divided by line 4, (0 divided by 155,554) equals 0.00 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	150,970,300
Less Total Sales (application PWA Form 1 at 2)	127,914,300
Less plant use (% determined from 2018 Annual Report)	<u>0.00</u>
Water loss - gallons	23,056,000
Water loss - percent	15.2719

result in an approximate \$1,021.83⁵ decrease to purchased water expense. Potentially, Judy is paying approximately \$0.01 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 Judy to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Judy to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

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

1. Judy purchases water from the Mount Sterling Water and Sewer Commission (Mount Sterling), and Kentucky-American Water Company (Kentucky-American).
2. Mount Sterling notified Judy that its wholesale rate would increase from \$3.11 per 1,000 gallons to \$3.17 per 1,000 gallons effective July 1, 2019. Judy proposes to increase the water rates to its customers effective July 1, 2019, to reflect the increased cost of purchased water from Mount Sterling.

⁵ Water loss above 15 percent is 0.2719 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$1,021.83.

⁶ Potential purchased water expense reduction divided by sales (\$1,021.83/(1217,914,300/1,000) equals \$0.01/1,000.

3. Judy proposed a purchased water adjustment factor of \$0.06 per 1,000 gallons in its application.

4. During the 12 months ended May 31, 2019, Judy purchased 118,562,300 gallons of water from Mount Sterling and 32,408,000 gallons of water from Kentucky-American. During the same period, Judy sold 127,914,300 gallons of water. The increase in the cost of purchased water is \$7,113.74, resulting in a purchased water adjustment factor of \$0.06 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.06 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Judy'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 Judy on and after July 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.06 per 1,000 gallons is approved.

2. The rates proposed by Judy are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Judy on and after July 1, 2019.

4. Within 20 days of the date of entry of this Order, Judy 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 hereby closed and removed from the Commission's docket.

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By the Commission

ENTERED
JUL 08 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00212 DATED **JUL 08 2019**

	New Rate	Base Rate
Mount Sterling		
Purchases in Gallons	118,562,300	118,562,300
Wholesale rate	<u>\$3.17/1,000</u>	<u>\$3.11/1,000</u>
	\$375,842.49	\$368,728.75
Kentucky-American		
Purchases in Gallons	32,408,000	32,408,000
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Total	\$375,842.49	\$ 368,728.75
Increased water cost		\$ 7,113.74
Increased water cost		\$ 7,113.74
Divided by Gallons sold/1,000		<u>127,941,300</u>
Purchased water adjustment factor		\$ 0.0556 per 1,000 Gallons
		or \$ 0.06 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00212 DATED **JUL 08 2019**

The following rates and charges are prescribed for the customers in the area served by Judy Water Association. 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 1,000 Gallons	13.28 Minimum Bill
Next 4,000 Gallons	8.91 Per 1,000 Gallons
Next 5,000 Gallons	8.01 Per 1,000 Gallons
Over 10,000 Gallons	7.11 Per 1,000 Gallons

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