

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF	)	CASE NO.
HENDERSON COUNTY WATER DISTRICT	)	2020-00071

ORDER

On March 5, 2020, Henderson County Water District (Henderson District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2018 Annual Report, Henderson District reported a water loss of 27.5189 percent.<sup>2</sup> Henderson District's application provides updated purchases 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,<sup>3</sup> Henderson District's unaccounted-for water loss is determined to be 26.9864 percent for the updated period.<sup>4</sup> Reduction of Henderson

---

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

<sup>2</sup> 2018 Annual Report at 57.

<sup>3</sup> 2018 Annual Report, Water Statistics, line 21, divided by line 4, (4,236 divided by 484,591) equals 0.8741 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	464,364,947
Less Total Sales (application PWA Form 1 at 2)	334,990,394
Less plant use (% determined from 2018 Annual Report)	4,059,196
Water loss - gallons	125,315,357
Water loss - percent	26.9864

District's unaccounted-for water loss to 15 percent would result in an approximate \$172,892.37<sup>5</sup> decrease to purchased water expense. Potentially, Henderson District is paying approximately \$0.52 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.<sup>6</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Henderson District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Henderson District 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 sufficiently advised, the Commission finds that:

1. Henderson District purchases water from Henderson Water Utility (HWU). HWU provides water to Henderson District in two separate areas: Henderson Water Utility North (HWU-North) and Henderson Water Utility South (HWU-South).

2. HWU notified Henderson District that on March 31, 2020, it would be decreasing its wholesale water rate for HWU-North from \$3.1509 per 1,000 gallons to \$3.0029 per 1,000 gallons and increasing its wholesale rate for HWU-South from \$2.5039 per 1,000 gallons to \$2.6818 per 1,000 gallons. Henderson District proposes to decrease the water rates to its customers effective March 31, 2020.

---

<sup>5</sup> Water loss above 15 percent is 11.9864 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$172,892.37.

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$172,892.37/(334,990,394/1,000) equals \$0.52/1,000.

3. Henderson District proposed a purchased water adjustment factor of (\$0.1739) per 1,000 gallons.

4. During the 12 months ended December 31, 2019, Henderson District purchased 432,274,750 gallons from HWU-North and 32,090,197 gallons from HWU-South. Henderson District sold 334,990,394 gallons of water during the same 12 months. The decrease in the cost of purchased water is (\$58,267.82), resulting in a purchased water adjustment factor of (\$0.1700) per 1,000 gallons.

5. The purchased water adjustment factor of (\$0.1700) per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Henderson District's proposed rates, as set forth in Appendix B to this Order are fair, just, and reasonable, and should be approved for water service rendered by Henderson on and after March 31, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of (\$0.1700) 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 Henderson District on and after March 31, 2020.

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

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

By the Commission

ENTERED  
MAR 27 2020 TCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:



\_\_\_\_\_  
Executive Director

Case No. 2020-00071

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00071 DATED MAR 27 2020

	Base Rate	New Rate	Increased Cost
HWU-North			
Purchases in Gallons	432,274,750	432,274,750	
Wholesale rate	<u>\$3.1509/1,000</u>	<u>\$3.0029/1,000</u>	
	\$1,298,077.85	\$1,362,054.51	(\$63,976.66)
HWU-South			
Purchases in Gallons	32,090,197	32,090,197	
Wholesale rate	<u>\$2.5039/1,000</u>	<u>\$2.6818/1,000</u>	
	\$86,059.49	\$80,350.64	\$5,708.85
Decreased water cost		(\$58,267.82)	
Divided by Gallons sold/1,000		<u>334,990,394</u>	
Purchased water adjustment factor		(\$ 0.1739) per 1,000 Gallons	
		Or (\$ 0.1700) per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00071 DATED MAR 27 2020

The following rates and charges are prescribed for the customers in the area served by Henderson 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

5/8 X 3/4-Inch Meter

First	2,000 Gallons	\$19.92	Minimum Bill
Next	8,000 Gallons	7.27	per 1,000 Gallons
Next	20,000 Gallons	6.74	per 1,000 Gallons
Over	30,000 Gallons	6.21	per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$41.73	Minimum Bill
Next	5,000 Gallons	7.27	per 1,000 Gallons
Next	20,000 Gallons	6.74	per 1,000 Gallons
Over	30,000 Gallons	6.21	per 1,000 Gallons

2-Inch Meter

First	16,000 Gallons	\$118.52	Minimum Bill
Next	14,000 Gallons	6.74	per 1,000 Gallons
Over	30,000 Gallons	6.21	per 1,000 Gallons

3-Inch Meter

First	30,000 Gallons	\$212.88	Minimum Bill
Over	30,000 Gallons	6.21	per 1,000 Gallons

4-Inch Meter

First	50,000 Gallons	\$337.08	Minimum Bill
Over	50,000 Gallons	6.21	per 1,000 Gallons

6-Inch Meter

First	100,000 Gallons	\$647.58	Minimum Bill
Over	100,000 Gallons	6.21	per 1,000 Gallons

Volunteer Fire Department Rate	\$19.92	per month
--------------------------------	---------	-----------

Henderson County Water District  
655 South Main Street  
P. O. Box 655  
Henderson, KY 42419-0655

\*J. Christopher Hopgood  
Dorsey, Gray, Norment & Hopgood  
318 Second Street  
Henderson, KENTUCKY 42420

\*Pete Conrad  
Superintendent  
Henderson County Water District  
655 South Main Street  
P. O. Box 655  
Henderson, KY 42419-0655