

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING)	CASE NO.
OF WEST DAVIESS COUNTY WATER)	2020-00150
DISTRICT)	

ORDER

On May 5, 2020, West Daviess County Water District (West Daviess District) tendered an application to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that West Daviess District reported a water loss of 17.5398 percent in its 2019 Annual Report.² West Daviess District's application provides updated purchase and sales information for a more current period than the 2019 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 2019 Annual Report,³ West Daviess District's unaccounted-for water loss is determined to be 16.0923 percent for the updated period.⁴ Reduction of West

¹ KRS 278.015; 807 KAR 5:068.

² 2019 Annual Report at 57.

³ 2019 Annual Report, Water Statistics, line 22, divided by line 4, (12,333 divided by 449,463) equals 2.7439 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	439,916,900
Less Total Sales (application PWA Form 1 at 2)	357,053,310

Daviess District's unaccounted-for water loss to 15 percent would result in an approximate \$13,454.59⁵ decrease to purchased water expense. West Daviess District is paying approximately \$0.04 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.⁶

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages West Daviess District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by West Daviess 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. West Daviess District purchases water from Owensboro Municipal Utilities (OMU).
2. OMU notified West Daviess District that its wholesale volumetric water rate would increase from \$2.27 per 1,000 gallons to \$2.80 effective June 1, 2020. West Daviess District proposes to increase the water rates to its customers effective June 1, 2020, to reflect the overall increase in the cost of purchased water from OMU.

Less plant use (% determined from 2017 Annual Report)	<u>12,071,061</u>	
Water loss - gallons		70,792,529
Water loss - percent		16.0923%

⁵ Water loss above 15 percent is 1.0923 percent, so the cost of water loss is shown below:

$$(439,916,900 \times 0.010923 \times 2.80) / 1,000 = \$13,454.59$$

⁶ Potential purchased water expense reduction divided by sales (\$13,454.59/(357,053,310/1,000)) equals \$0.04 per 1,000 gallons.

3. West Daviess District proposed a purchased water adjustment factor of \$0.65 per 1,000 gallons in its application.

4. During the 12 months ended March 31, 2020, West Daviess District purchased 439,916,900 gallons of water from OMU. During the same period, West Daviess District sold 357,053,310 gallons of water. The increase in the cost of purchased water is \$233,155.96, resulting in a purchased water adjustment factor of \$0.66 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.66 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. West Daviess District's proposed rates are denied.

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 West Daviess District on and after June 1, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.66 per 1,000 gallons is approved.

2. The rates proposed by West Daviess District are denied.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Daviess District on and after June 1, 2020.

4. Within 20 days of the date of entry of this Order, West Daviess 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
MAY 14 2020 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00150 DATED MAY 14 2020

	Base Rate	New Rate
Owensboro Municipal Utilities		
Purchases in Gallons	439,916,900	439,916,900
Wholesale rate	<u>\$ 2.27/1,000</u>	<u>\$ 2.80/1,000</u>
	\$ 998,611.36	\$ 1,231,767.32
Increased water cost		\$ 233,155.96
Increased water cost		\$ 233,155.96
Divided by Gallons sold/1,000		<u>357,053,310</u>
Purchased water adjustment factor		\$ 0.6530 per 1,000 Gallons
		or \$ 0.66 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00150 DATED MAY 14 2020

The following rates and charges are prescribed for the customers in the area served by West Daviess County 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

Customer Charge

5/8- X 3/4-Inch Meter	\$3.25 Per Month
1-Inch Meter	\$4.55 Per Month
1 1/2-Inch Meter	\$5.85 Per Month
2-Inch Meter	\$9.43 Per Month
3-Inch Meter	\$35.75 Per Month
4-Inch Meter	\$45.50 Per Month
6-Inch Meter	\$68.25 Per Month
8-Inch Meter	\$94.25 Per Month

Usage Charges

First 20,000 Gallons	\$5.51 Per 1,000 Gallons
Over 20,000 Gallons	\$4.43 Per 1,000 Gallons

Wholesale Water Rate

McLean County Water District	\$3.85 Per 1,000 Gallons
Beech Grove Water Association	\$3.85 Per 1,000 Gallons

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