

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF BRACKEN)	2021-00228
COUNTY WATER DISTRICT)	

ORDER

On June 8, 2021, Bracken County Water District (Bracken District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in Bracken District's 2019 Annual Report a water loss of 11.2899 percent was reported.² Bracken District's application provides updated purchases 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 Bracken District's unaccounted-for water loss is determined to be 17.3988 percent for the updated period.⁴ Reduction of Bracken District's

¹ KRS 278.015; 807 KAR 5:068.

² *Annual Report of Bracken County Water District to the Public Service Commission for the Year Ended December 31, 2019*, at 57.

³ *Id.*, line 22 , (3,616) divided by line 4 (162,995) equals 2.2185%.

⁴ Total Purchases (application PWA Form 1 at 2)	172,384,779
Less Total Sales (application PWA Form 1 at 2)	138,567,500
Less Plant Use (% determined from 2019 AR)	<u>3,824,356</u>
Water Loss – Gallons	29,992,923

unaccounted-for water loss to 15 percent would result in an approximate \$9,548.21⁵ decrease to purchased water expense. Potentially, Bracken District is paying \$0.0689 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 Bracken District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Bracken District 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 sufficiently advised, finds that:

1. Bracken District purchases water from the city of Augusta (Augusta) and the Western Mason Water District (Western Mason District).
2. Augusta and Bracken District reached a settlement agreement that the rate for wholesale service that Augusta provides to Bracken District will decrease from \$2.50 per 1,000 gallons to \$2.36 per 1,000 gallons, as approved by the Commission, effective

Water Loss – Percent	17.3988%
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⁵ Water loss above 15 % is 2.3988%, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$398,041.25 times water loss above 15%) = \$9,548.21.

⁶ Potential purchased water expense reduction divided by sales (\$9,548.21/ (138,567,500/1,000)) equals \$0.0689 per 1,000 gallons.

May 1, 2020.⁷ Bracken District proposes to decrease the water rates to its customers effective June 13, 2021, to reflect the decreased cost of purchased water from Augusta.

3. Bracken District proposed a purchased water adjustment factor of (\$0.16) per 1,000 gallons in its application.

4. During the 12 months ended April 30, 2021, Bracken District purchased 163,853,879 gallons of water from Augusta and 8,530,900 gallons of water from Western Mason District. During the same period, Bracken District sold 138,567,500 gallons of water. The decrease in the cost of purchased water is (\$22,939.54), resulting in a purchased water adjustment factor of (\$0.16) per 1,000 gallons.

5. The purchased water adjustment factor of (\$0.16) per 1,000 gallons, as calculated in Appendix A to this Order is fair, just and reasonable, and should be approved.

6. Bracken District's proposed rates are 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 Bracken District on and after June 13, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of (\$0.16) per 1,000 gallons is approved.

2. The rates proposed by Bracken District are approved.

⁷ Case No. 2020-00277, *Electronic Tariff Filing of City of Augusta Revising Its Wholesale Water Service Rates* (Ky. PSC May 27, 2021).

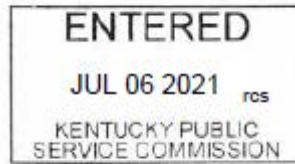
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Bracken District on and after June 13, 2021.

4. Within 20 days of the date of entry of this Order, Bracken 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



ATTEST:


Executive Director

Case No. 2021-00228

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00228 DATED JUL 06 2021

	Base Rate	New Rate	Decrease
City of Augusta			
Purchases in Gallons	163,853,879	163,853,879	
Wholesale rate	<u>\$ 2.50/1,000</u>	<u>\$ 2.36/1,000</u>	
	\$409,634.70	\$386,695.15	(\$22,939.54)
Western Mason District			
Purchases in Gallons	8,530,900	8,530,900	
Wholesale rate	<u>\$1.33/1000</u>	<u>\$1.33/1000</u>	
	\$11,346.10	\$11,346.10	\$0.00
Decreased water cost			(\$22,939.54)
Decreased water cost		(\$ 22,939.54)	
Divided by Gallons sold/1,000		<u>138,567,500</u>	
Purchased water adjustment factor		(\$ 0.1655) per 1,000 Gallons	

or (\$ 0.16) per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00228 DATED JUL 06 2021

The following rates and charges are prescribed for the customers in the area served by Bracken County 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	2,000 Gallons	\$27.89 Minimum Bill
Next	38,000 Gallons	0.01065 per gallon
Over	40,000 Gallons	0.00845 per gallon
Wholesale Rate		0.00406 per gallon
Bulk Sales Loading Station		0.00950 per gallon

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