

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF BRONSTON WATER)	2023-00326
ASSOCIATION, INC.)	

ORDER

On October 6, 2023, Bronston Water Association, Inc. (Bronston Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.012 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.012, when a wholesale supplier selling water to a water association increases its rates, the water association has the authority to increase its rate commensurate with the wholesale supplier. The water association must file, within the statutory and regulatory deadlines, a copy of the notice from the wholesale supplier showing the increase in the wholesale rate, and a statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

DISCUSSION AND FINDINGS

Bronston Water purchases water from Monticello Utility Commission (Monticello). Monticello notified Bronston Water that its wholesale rate would increase from \$2.795 per

1,000 gallons to \$3.50 per 1,000 gallons, effective November 6, 2023.¹ Bronston Water proposes to increase the water rates to its customers effective November 6, 2023, to reflect the increased cost of purchased water from Monticello.

Unaccounted-for Water Loss

Commission regulation 807 KAR 5:066, Section 6(3) states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of the total water produced and purchased, excluding water consumed by a utility in its own operations. In its 2022 Annual Report filed with the Commission, Bronston Water reported a water loss of 15.0253 percent.² Bronston Water's application provides updated purchase and sales information for the period of September 2022 through August 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2022 Annual Report, Bronston Water's unaccounted-for water loss is 14.63 percent for the updated period.³ The cost of Bronston Water's total water loss is \$14,081.65.⁴

¹ TFS2023-00457 (Ky. PSC Oct. 6, 2023); Monticello submitted the tariff on October 6, 2023, and the tariff was accepted for filing by the Commission by letter dated October 30, 2023, with an effective date of November 6, 2023.

² *Annual Report of Bronston Water to the Public Service Commission for the Year Ended December 31, 2022* at 58.

³ Total Purchases (application PWA Form 1 at 2)	88,041,500
Less Total Sales (application PWA Form 1 at 2)	68,630,270
Less Plant Use (% determined from 20XX Annual Report)	6,528,453
Water Loss – Gallons	12,882,777
Water Loss – Percent	14.63%

⁴ Total water cost at new wholesale rate of \$308,145.25 times 14.63% water loss equals \$45,081.65.

Financial Condition and Rates

Based on a review of Commission records, Bronston Water filed its most recent rate adjustment (Case No. 2022-00117) pursuant to the final order in Case No. 2020-00416.⁵ In its recent rate case,⁶ Bronston Water required a revenue increase in rates of \$83,978 or 10.15 percent. In that case, the Commission recommended that Bronston Water's Board of Commissioners consider filing periodic rate cases with the Commission every three to five years and implement a written policy to that effect to maintain a regular review of the utility's finances.

Purchased Water Adjustment Factor

In its application, Bronston Water proposed a purchased water adjustment factor of \$0.91 per 1,000 gallons. During the 12 months ended August 31, 2023, Bronston Water purchased 88,041,500 gallons of water from Monticello and sold 68,630,270 gallons of water to its customers. The increase in the cost of purchased water from Monticello is \$62,069.26, resulting in a purchased water adjustment factor of \$0.91 per 1,000 gallons.

The purchased water adjustment factor of \$0.91 per 1,000 gallons, as calculated in Appendix A, and the rates set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Bronston Water on and after November 6, 2023, because the rates are supported by evidence of the

⁵ Case No. 2020-00416, *Electronic Application of Bronston Water Association, Inc. for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Apr. 30, 2021), final Order.

⁶ Case No. 2022-00117, *Electronic Application of Bronston Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 12, 2022), final Order.

increase in rates from Bronston Water's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.012.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.91 per 1,000 gallons is approved.
2. The rates proposed by Bronston Water are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Bronston Water on and after November 6, 2023.
4. Within 20 days of the date of service of this Order, Bronston Water 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.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
NOV 03 2023 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00326 DATED NOV 03 2023

	Base Rate	New Rate	Change
<u>Monticello</u>			
Purchases in Gallons	88,041,500	88,041,500	
Rate per 1,000 Gallons	<u>\$2.795/1,000</u>	<u>\$3.50/1,000</u>	
Subtotal	\$246,075.99	\$308,145.25	\$62,069.26
Total	\$246,075.99	\$308,145.25	
Increased water cost			\$62,069.26
Increased water cost	\$62,069.26		
Divided by Gallons sold/1,000	<u>68,630,270</u>		
Purchased water adjustment			
factor	\$0.9044	per 1,000 Gallons	
	or \$ 0.00091	per Gallon	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00326 DATED NOV 03 2023

The following rates and charges are prescribed for the customers in the area served by Bronston Water Association, Inc. 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	1,500 Gallons	25.81	Minimum Bill
Over	1,500 Gallons	0.00904	Per Gallon

1-Inch Meter

First	5,000 Gallons	55.27	Minimum Bill
Over	5,000 Gallons	0.00904	Per Gallon

2-Inch Meter

First	20,000 Gallons	152.50	Minimum Bill
Over	20,000 Gallons	0.00904	Per Gallon

4-Inch Meter

First	50,000 Gallons	356.26	Minimum Bill
Over	50,000 Gallons	0.00904	Per Gallon

*Bronston Water Association, Inc.
2013 Highway 90
P. O. Box 243
Bronston, KY 42518

*Jennifer Tucker
Bronston Water Association, Inc.
P. O. Box 243
Bronston, KY 42518

*Jason Pennell
Kentucky Rural Water Association
Post Office Box 1424
1151 Old Porter Pike
Bowling Green, KENTUCKY 42102-1424