

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF LARUE COUNTY)	2023-00365
WATER DISTRICT NO. 1)	

ORDER

On November 15, 2023, Larue County Water District #1 (Larue District #1) tendered an application requesting approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068. On November 16, 2023, the Commission notified Larue District #1 that its application was rejected for certain filing deficiencies. On November 16, 2023, Larue District #1 submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of November 16, 2023.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rate commensurate with the wholesale supplier. The water district 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

Larue District #1 purchases water from Green River Valley Water District (Green River Valley District), the city of Bardstown (Bardstown), Campbellsville Municipal Water and Sewer System (Campbellsville), the city of Hodgenville (Hodgenville), the city of New Haven (New Haven), and Green-Taylor Water District (Green-Taylor District). Green River Valley District notified Larue District #1 that its wholesale rate would increase from \$2.59 per 1,000 gallons to \$3.01 per 1,000 gallons, effective October 30, 2023.¹ Larue District #1 proposes to increase the water rates to its customers effective October 31, 2023, to reflect the increased cost of purchased water from Green River Valley District. No rate changes occurred from Bardstown, Campbellsville, Hodgenville, New Haven, or Green-Taylor District.

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, Larue District #1 reported a water loss of 8.2056 percent.² Larue District #1's application provides updated purchase and sales information for the period of October 2022 through September 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2022 Annual Report, Larue District #1's unaccounted-for

¹ Case No. 2023-00088, *Electronic Application of Green River Valley Water District for Adjustment of Rates* (Ky. PSC Oct. 30, 2023), final Order.

² *Annual Report of Larue District #1 to the Public Service Commission for the Year Ended December 31, 2022* (2022 Annual Report) at 57.

water loss is 2.175 percent for the updated period.³ The cost of Larue District #1's total water loss is \$12,618.69.⁴

Financial Condition and Rates

Based on a review of Commission records, Larue District #1's request for an 8.13 percent rate increase, which will provide an additional \$141,234 in revenues, was approved in an Alternative Rate Filing (ARF) effective March 18, 2022.⁵ Commission Staff reviewed Larue District #1's 2022 Annual Report,⁶ and verified that Larue District #1 realized a proportionate amount of the projected revenue and that there were no material expense increases to negate the revenue increase. Commission Staff recommends that Larue District #1 continue to regularly monitor its financial performance to determine the need and timing of future rate adjustments.

Purchased Water Adjustment Factor

In its application, Larue District #1 proposed a purchased water adjustment factor of \$0.20 per 1,000 gallons. During the 12 months ended September 30, 2023, Larue District #1 purchased 96,074,500 gallons of water from Green River Valley District, 60,406,840 gallons of water from Bardstown, 8,294,700 gallons of water from

³ Total Purchases (application PWA Form 1 at 2)	211,196,780
Less Total Sales (application PWA Form 1 at 2)	204,623,790
Less Plant Use (% determined from 2022 Annual Report)	1,978,914
Water Loss – Gallons	4,594,076
Water Loss – Percent	2.175%

⁴ Total water cost at new wholesale rate of \$580,169.63 times 2.175% water loss equals \$12,618.69.

⁵ Case No. 2021-00285, *Electronic Application of Larue County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 18, 2022).

⁶ See 2022 Annual Report.

Campbellsville, 41,129,800 gallons of water from Hodgenville, 1,745,740 gallons of water from New Haven, and 3,545,200 gallons of water from Green-Taylor District and sold 204,623,790 gallons of water to its customers. The increase in the cost of purchased water from Green River Valley District is \$40,351.29, resulting in a purchased water adjustment factor of \$0.20 per 1,000 gallons. No rate changes occurred from Bardstown, Campbellsville, Hodgenville, New Haven, or Green-Taylor District.

The purchased water adjustment factor of \$0.20 per 1,000 gallons, as calculated in Appendix A and 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 Larue District #1 on and after October 31, 2023, because the rates are supported by evidence of the increase in rates from Larue District #1's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.20 per 1,000 gallons is approved.
2. The rates proposed by Larue District #1 are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Larue District #1 on and after October 31, 2023.
4. Within 20 days of the date of service of this Order, Larue District #1 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
DEC 13 2023
KENTUCKY PUBLIC SERVICE COMMISSION ^{rCS}

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00365 DATED DEC 13 2023

	Base Rate	New Rate	Increase
<u>Green River Valley District</u>			
Purchases	96,074,500	96,074,500	
Wholesale rate	<u>\$2.59/1,000</u>	<u>\$3.01/1,000</u>	
	\$248,832.96	\$289,184.25	\$40,351.29
Increased water cost		\$40,351.29	
Increased water cost		\$40,351.29	
Divided by Gallons sold/1,000		<u>204,623,790</u>	
Purchased water adjustment factor		\$0.1972 per 1,000 Gallons	
		\$0.00020 per Gallon	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00365 DATED DEC 13 2023

The following rates and charges are prescribed for the customers in the area served by Larue County Water District #1. 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	1,000 Gallons	\$18.86	Minimum Bill
Next	4,000 Gallons	0.00889	Per Gallon
Next	5,000 Gallons	0.00797	Per Gallon
Over	10,000 Gallons	0.00656	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$36.59	Minimum Bill
Next	2,000 Gallons	0.00889	Per Gallon
Next	5,000 Gallons	0.00797	Per Gallon
Over	10,000 Gallons	0.00656	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$54.33	Minimum Bill
Next	5,000 Gallons	0.00797	Per Gallon
Over	10,000 Gallons	0.00656	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$94.09	Minimum Bill
Over	10,000 Gallons	0.00656	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$159.58	Minimum Bill
Over	20,000 Gallons	0.00656	Per Gallon

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