

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
DEXTER-ALMO HEIGHTS WATER DISTRICT)	2017-00465

ORDER

On December 14, 2017, Dexter-Almo Heights Water District (“Dexter-Almo”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2016 Annual Report Dexter-Almo reported a water loss of 16.4455 percent.² Dexter-Almo’s application provides updated purchases and sales information for a more current period than the 2016 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for rate making 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 2016 Annual Report,³ Dexter-Almo’s unaccounted-for water loss is determined to be 16.7924 percent for the updated period.⁴

¹ KRS 278.015; 807 KAR 5:068.

² 2016 Annual Report at 45.

³ 2016 Annual Report, line 21, divided by line 4, (96 divided by 45,733) equals 0.21 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	44,387,000
Less Total Sales (application PWA Form 1 at 2)	36,840,200

Reduction of Dexter-Almo’s unaccounted-for water loss to 15 percent would result in an approximate \$2,339⁵ decrease to purchased water expense. Potentially, Dexter-Almo is paying \$0.06 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 Dexter-Almo to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Dexter-Almo 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. Dexter-Almo purchases water from the Murray Municipal Utilities (“Murray”).
2. Murray notified Dexter-Almo that its wholesale rate would increase from \$2.67 per 1,000 gallons to \$2.94 per 1,000 gallons effective January 1, 2018.⁷ Dexter-Almo proposes to increase the water rates to its customers effective January 1, 2018, to reflect the increased cost of purchased water from Murray.

Less plant use (% determined from 2016 AR)	93,175
Water loss - gallons	7,453,625
Water loss - percent	16.7924

⁵ Water loss above 15 percent is 1.7924 percent, Potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$2,339

⁶ Potential purchased water expense reduction divided by sales (\$2,339/(36,840,200/1,000) equals \$0.06/1,000.

⁷ TFS 2015-00339 (Ky. PSC filed Mar. 28, 2015); The tariff was accepted for filing by the Commission by letter dated July 1, 2015.

3. Dexter-Almo proposed a purchased water adjustment factor of \$0.33 per 1,000 gallons.

4. During the 12 months ended October 31, 2017, Dexter-Almo purchased 44,387,000 gallons of water from Murray. During the same period, Dexter-Almo sold 36,840,200 gallons of water. The increase in the cost of purchased water is \$11,984.49, resulting in a purchased water adjustment factor of \$0.33 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.33 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Dexter-Almo'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 Dexter-Almo on and after January 1, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.33 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 Dexter-Almo on and after January 1, 2018.

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

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00465 DATED **JAN 09 2018**

	New Rate	Base Rate
Murray		
Purchases in gallons	44,387,000	44,387,000
Wholesale rate	<u>\$ 2.94/1,000</u>	<u>\$ 2.67/1,000</u>
Total	\$130,497.78	\$118,513.29
Increased water cost		\$ 11,984.49
Increased water cost		\$ 11,984.49
Divided by gallons sold/1,000		<u>36,840,200</u>
Purchased water adjustment factor		\$ 0.325 per 1,000 gallons
		or \$ 0.33 per 1,000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2017-00465 DATED **JAN 09 2018**

The following rates and charges are prescribed for the customers in the area served by Dexter-Almo 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	\$ 15.80 Minimum Bill
Next	3,000 Gallons	6.15 per 1,000 gallons
Next	5,000 Gallons	5.40 per 1,000 gallons
Next	10,000 Gallons	5.07 per 1,000 gallons
Over	20,000 Gallons	4.00 per 1,000 gallons

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