

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
GARRARD COUNTY WATER ASSOCIATION, INC.)	2018-00202

ORDER

On June 18, 2018, Garrard County Water Association, Inc. (“Garrard County”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2017 Annual Report, Garrard County reported a water loss of 18.7647 percent.² Garrard County’s application provides updated purchase and sales information for a period more current than the 2017 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 2017 Annual Report,³ Garrard County’s unaccounted-for water loss is

¹ KRS 278.012; 807 KAR 5:068.

² 2017 Annual Report at 58.

³ 2017 Annual Report, Water Statistics, line 21, divided by line 4, (3,737 divided by 378,364) equals 0.99 percent.

determined to be 17.3653 percent for the updated period.⁴ Reduction of Garrard County’s unaccounted-for water loss to 15 percent would result in an approximate \$22,047.56⁵ decrease to purchased water expense. Potentially, Garrard County is paying approximately \$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 Garrard County to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Garrard County 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 otherwise sufficiently advised, finds that:

1. Garrard County purchases water from the city of Lancaster (“Lancaster”), the city of Danville (“Danville”), and the city of Berea (“Berea”).
2. Lancaster notified Garrard County that its wholesale rate would increase from \$2.26 per 1,000 gallons to \$2.37 per 1,000 gallons effective July 1, 2018.⁷ Garrard

4 Total Purchases (application PWA Form 1 at 2)	388,328,600
Less Total Sales (application PWA Form 1 at 2)	317,058,662
Less plant use (% determined from 2017 Annual Report)	<u>3,835,418</u>
Water loss - gallons	67,434,520
Water loss - percent	17.3653

⁵ Water loss above 15 percent is 2.3653 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$22,047.56

⁶ Potential purchased water expense reduction divided by sales (\$22,047.56/(388,328,600/1,000) equals \$0.06/1,000.

⁷ TFS 2018-00266 (Ky. PSC filed May 30, 2018); the tariff was accepted for filing by the Commission by letter dated June 19, 2018.

County proposes to increase the water rates to its customers effective August 10, 2018, to reflect the increased cost of purchased water from Lancaster.

3. Garrard County proposed a purchased water adjustment factor of \$0.08 per 1,000 gallons in its application.

4. During the 12 months ended May 31, 2018, Garrard County purchased 265,657,806 gallons of water from Lancaster, 94,004,667 gallons of water from Danville, and 28,666,127 gallons of water from Berea. During the same period, Garrard County sold 317,058,662 gallons of water. The increase in the cost of purchased water is \$29,222.36, resulting in a purchased water adjustment factor of \$0.10 per 1,000 gallons.

5. In its application, Garrard County miscalculated the purchased water adjustment factor.

6. The purchased water adjustment factor of \$0.10 per 1,000 gallons, as calculated in Appendix A to this Order, permits Garrard County to pass through the increase in its wholesale rates from Lancaster and is fair, just, and reasonable and should be approved.

7. Garrard County's proposed rates are denied.

8. 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 Garrard County on and after August 10, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.10 per 1,000 gallons is approved.
2. The rates proposed by Garrard County are denied.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Garrard County on and after August 10, 2018.
4. Within 20 days of the date of entry of this Order, Garrard County shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

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By the Commission

ENTERED
JUL 05 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2018-00202

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2018-00202 DATED **JUL 05 2018**

	New Rate	Base Rate
Lancaster		
Purchases in Gallons	265,657,806	265,657,806
	<u>\$ 2.37/1,000</u>	<u>\$ 2.26/1,000</u>
Total	\$629,609.01	\$ 600,386.65
Danville		
Purchases in Gallons	94,004,667	94,004,667
	<u>\$ 2.41/1,000</u>	<u>\$ 2.41/1,000</u>
Total	\$226,551.25	\$ 226,551.25
Berea		
Purchases in Gallons	28,666,127	28,666,127
	<u>\$ 2.65/1,000</u>	<u>\$ 2.65/1,000</u>
Total	\$75,965.24	\$ 75,965.24
Increased water cost		\$ 29,222.36
Increased water cost		\$ 29,222.36
Divided by Gallons sold/1,000		<u>317,058,662</u>
Purchased water adjustment factor		\$ 0.0921 per 1,000 Gallons
		or \$ 0.10 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00202 DATED **JUL 05 2018**

The following rates and charges are prescribed for the customers in the area served by Garrard County Water Association, Inc. 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

5/8-Inch X 3/4-Inch Meter

First 1,000 Gallons	\$11.78 Minimum Bill
Next 1,000 Gallons	6.39 Per 1,000 Gallons
Next 1,000 Gallons	5.18 Per 1,000 Gallons
Next 2,000 Gallons	4.96 Per 1,000 Gallons
Over 5,000 Gallons	4.63 Per 1,000 Gallons

1-Inch Meter

First 5,000 Gallons	\$33.27 Minimum Bill
Over 5,000 Gallons	4.63 Per 1,000 Gallons

1 1/2-Inch Meter

First 10,000 Gallons	\$56.42 Minimum Bill
Over 10,000 Gallons	4.63 Per 1,000 Gallons

2-Inch Meter

First 25,000 Gallons	\$125.87 Minimum Bill
Over 25,000 Gallons	4.63 Per 1,000 Gallons

Bulk Sales	\$5.85 Per 1,000 Gallons
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