

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
SOUTH HOPKINS WATER DISTRICT) 2019-00091

ORDER

On March 14, 2019, South Hopkins Water District (South Hopkins District) applied for approval to adjust its rates pursuant to the purchased water adjustment (PWA) procedure.¹

The Commission notes that in its 2017 Annual Report South Hopkins District reported a water loss of 17.6850 percent.² South Hopkins District's application provides updated purchases and sales information for a more current period than the 2017 Annual Report. Section 6(3) of 807 KAR 5:066 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. Based upon the updated information in the application and the percentage of other water consumed by

¹ KRS 278.015; 807 KAR 5:068.

² *Annual Report of South Hopkins Water District to the Public Service Commission for the Calendar Year Ended December 31, 2017* (Annual Report) at 58.

the utility in its 2017 Annual Report,³ South Hopkins District's unaccounted-for water loss is determined to be 26.0536 percent for the updated period.⁴

Reduction of South Hopkins District's unaccounted-for water loss to 15 percent would result in an approximate \$89,525⁵ decrease to the purchased water expense. Potentially, South Hopkins District is paying \$0.31 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 South Hopkins District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by South Hopkins 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. South Hopkins District purchases water from the city of Madisonville (Madisonville) and the city of Dawson Springs (Dawson Springs).

³ Annual Report, line 21, divided by line 4, (19,073 divided by 367,838) equals 5.19 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	424,342,390
Less Total Sales (application PWA Form 1 at 2)	291,783,207
Less plant use (% determined from 2017 AR)	<u>22,002,845</u>
Water loss - gallons	110,556,338
Water loss - percent	26.0536

⁵ Water loss above 15 percent is 11.0536 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$89,525.

⁶ Potential purchased water expense reduction divided by sales (\$89,525/(291,783,207/1,000)) equals \$0.31/1,000.

2. Madisonville notified South Hopkins District that its wholesale rate would increase from \$3.97 per 1,000 gallons to \$4.52 per 1,000 gallons effective March 31, 2019.⁷ South Hopkins District proposes to increase the water rates to its customers effective March 31, 2019, to reflect the increased cost of purchased water from Madisonville.

3. South Hopkins District proposed a purchased water adjustment factor of \$0.02 per 1,000 gallons.

4. During the 12 months ended December 31, 2017, South Hopkins District purchased 6,190,000 gallons of water from Madisonville and 418,152,390 gallons of water from Dawson Springs. During the same period, South Hopkins District sold 291,783,207 gallons of water. The increase in the cost of purchased water is \$3,404.50, resulting in a purchased water adjustment factor of \$0.02 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.02 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. South Hopkins District'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 South Hopkins District on and after March 31, 2018.

IT IS THEREFORE ORDERED that:

1. The rates proposed in the application by South Hopkins District are approved.

⁷ TFS 2019-00071 (Ky. PSC filed Feb. 7, 2019); the tariff was accepted for filing by the Commission by letter dated March 25, 2019.

2. The purchased water adjustment factor of \$0.02 per 1,000 gallons is approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by South Hopkins District on and after March 31, 2019.

4. Within 20 days of the date of this Order, South Hopkins District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. Within 30 days of the date of entry of this Order, South Hopkins District shall file with the Commission Proof of Notice pursuant to 807 KAR 5:068, Section 5(3).

6. Any document filed pursuant to ordering paragraph 5 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.

7. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

Case No. 2019-00091

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00091 DATED **APR 10 2019**

	New Rate	Base Rate
Madisonville		
Purchases in Gallons	6,190,000	6,190,000
Wholesale rate	<u>\$ 4.52/1,000</u>	<u>\$ 3.97/1,000</u>
Total	\$27,978.80	\$ 24,574.30
Dawson Springs		
Purchases in Gallons	418,152,390	418,152,390
Wholesale rate	<u>\$ 1.87/1,000</u>	<u>\$ 1.87/1,000</u>
Total	\$781,944.97	\$781,944.97
Total Cost	\$809,923.77	\$ 806,519.27
Increased water cost		\$ 3,404.50
Increased water cost		\$ 3,404.50
Divided by Gallons sold/1,000		<u>291,783,207</u>
Purchased water adjustment factor		\$ 0.0117 per 1,000 Gallons
		or \$ 0.02 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00091 DATED **APR 10 2019**

The following rates and charges are prescribed for the customers in the area served by South Hopkins District Water District. 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 – Inch Meter

First	1,000 Gallons	\$ 11.76 Minimum Bill
Next	9,000 Gallons	6.28 Per 1,000 Gallons
Next	10,000 Gallons	5.84 Per 1,000 Gallons
Next	30,000 Gallons	5.40 Per 1,000 Gallons
Over	50,000 Gallons	4.57 Per 1,000 Gallons

1 – Inch Meter

First	10,000 Gallons	\$ 68.26 Minimum Bill
Next	10,000 Gallons	5.84 Per 1,000 Gallons
Next	30,000 Gallons	5.40 Per 1,000 Gallons
Over	50,000 Gallons	4.57 Per 1,000 Gallons

2 – Inch Meter

First	20,000 Gallons	\$ 126.70 Minimum Bill
Next	30,000 Gallons	5.40 Per 1,000 Gallons
Over	50,000 Gallons	4.57 Per 1,000 Gallons

3 – Inch Meter

First	50,000 Gallons	\$ 288.64 Minimum Bill
Over	50,000 Gallons	4.57 Per 1,000 Gallons

Wholesale Customers

2.71 Per 1,000 Gallons

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