

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF	)	CASE NO.
WEST DAVIESS COUNTY WATER DISTRICT	)	2019-00106

ORDER

On May 1, 2019, West Daviess County Water District (West Daviess District) tendered an application to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that West Daviess District reported a water loss of 15.9621 percent in its 2017 Annual Report.<sup>2</sup> West Daviess District's application provides updated purchase and sales information for a more current period than the 2017 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking 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.<sup>3</sup> West Daviess District's unaccounted-for water loss is determined to be 19.2219 percent for the updated period.<sup>4</sup> Reduction of West Daviess

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> 2017 Annual Report at 56.

<sup>3</sup> 2017 Annual Report, Water Statistics, line 21, divided by line 4, (3,195 divided by 434,924) equals 0.7346 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	436,588,000
Less Total Sales (application PWA Form 1 at 2)	349,460,470
Less plant use (% determined from 2017 Annual Report)	<u>3,207,224</u>

District's unaccounted-for water loss to 15 percent would result in an approximate \$41,841.34<sup>5</sup> decrease to purchased water expense. West Daviess District is paying approximately \$0.12 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.<sup>6</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages West Daviess District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by West Daviess 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. West Daviess District purchases water from Owensboro Municipal Utilities (Owensboro).
2. Owensboro notified West Daviess District that its wholesale volumetric water rate would increase from \$2.20 per 1,000 gallons to \$2.27 effective June 1, 2019.<sup>7</sup>

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Water loss - gallons	83,920,306
Water loss - percent	19.2219%

<sup>5</sup> Water loss above 15 percent is 4.2219 percent, so the cost of water loss is shown below:

$$(436,588,000 \times 0.042219 \times 2.27) / 1,000 = \$41,841.34$$

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$41,841.34 / (349,460,470 / 1,000)) equals \$0.12 per 1,000 gallons.

<sup>7</sup> TFS 2019-00039 (Ky. PSC filed Jan. 29, 2019); the tariff was accepted for filing by the Commission by letter dated Feb. 19, 2019.

West Daviess District proposes to increase the water rates to its customers effective June 1, 2019, to reflect the overall increase in the cost of purchased water from Owensboro.

3. West Daviess District proposed a purchased water adjustment factor of \$0.09 per 1,000 gallons in its application.

4. During the 12 months ended February 28, 2019, West Daviess District purchased 436,588,000 gallons of water from Owensboro. During the same period, West Daviess District sold 349,460,470 gallons of water. The increase in the cost of purchased water is \$30,561.16, resulting in a purchased water adjustment factor of \$0.09 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.09 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. West Daviess District's proposed rates should be approved.

7. 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 West Daviess District on and after June 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.09 per 1,000 gallons is approved.

2. The rates proposed by West Daviess District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Daviess District on and after June 1, 2019.

4. Within 20 days of the date of entry of this Order, West Daviess District 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 hereby closed and will be removed from the Commission's docket.

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By the Commission

ENTERED  
MAY 16 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

*For [Signature]*  
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Executive Director

Case No. 2019-00106

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00106 DATED **MAY 16 2019**

	New Rate	Base Rate
Owensboro		
Purchases in Gallons	436,588,000	436,588,000
Wholesale rate	<u>\$2.27/1,000</u>	<u>\$2.20/1,000</u>
	\$991,054.76	\$960,493.60
Increased water cost		\$ 30,561.16
Increased water cost		\$ 30,561.16
Divided by Gallons sold/1,000		<u>349,460,470</u>
Purchased water adjustment factor		\$ 0.0875 per 1,000 Gallons
		or \$ 0.09 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00106 DATED **MAY 16 2019**

The following rates and charges are prescribed for the customers in the area served by West Daviess County 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

Customer Charge

5/8" X 3/4" Meter	\$3.25 Per Month
1"	\$4.55 Per Month
1 1/2"	\$5.85 Per Month
2"	\$9.43 Per Month
3"	\$35.75 Per Month
4"	\$45.50 Per Month
6"	\$68.25 Per Month
8"	\$94.25 Per Month

Usage Charges

First 20,000 Gallons	\$4.85 Per 1,000 Gallons
Over 20,000 Gallons	\$3.77 Per 1,000 Gallons

Wholesale Water Rate

McLean County Water District	\$3.19 Per 1,000 Gallons
Beech Grove Water Association	\$3.19 Per 1,000 Gallons

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