

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
MADISON COUNTY UTILITIES DISTRICT)	2019-00202

ORDER

On June 13, 2019, Madison County Utilities District (Madison District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2018 Annual Report, Madison District reported a water loss of 19.43 percent.² Madison District's application provides updated purchases and sales information for a more current period than the 2018 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 2018 Annual Report,³ Madison District's unaccounted-for water loss is determined to be 19.38 percent for the updated period.⁴

¹ KRS 278.015; 807 KAR 5:068.

² 2018 Annual Report at 57.

³ *Id.*, line 21 (2,485) divided by line 4 (707,057) equals 0.351 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	93,603,600 cf
Less Total Sales (application PWA Form 1 at 2)	75,134,127 cf
Less Plant Use (% determined from 2018 AR)	<u>328,549</u> cf
Water Loss – Cubic Feet	18,140,924
Water Loss – Percent	19.38%

Reduction of Madison District's unaccounted-for water loss to 15 percent would result in an approximate \$111,710.46⁵ decrease to purchased water expense. Potentially, Madison District is paying \$0.15 per 100 cubic feet 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 Madison District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Madison 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. Madison District purchases water from the Richmond Utilities (Richmond).
2. Richmond notified Madison District that its wholesale volumetric water rate would increase from \$2.43398 per 100 cubic feet to \$2.49239 per 100 cubic feet, effective July 1, 2019.⁷ The Kentucky River Authority Fee would not change. Madison District proposes to increase the water rates to its customers effective July 1, 2019, to reflect the increased cost of purchased water from Richmond.

⁵ Water loss above 15 percent is 4.38 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$111,710.46.

⁶ Potential purchased water expense reduction divided by sales (\$111,710.46/ (75,134,127/100)) equals \$0.15 per 100 Cubic Feet.

⁷ TFS 2019-00266 (Ky. PSC filed May 1, 2019); the tariff was accepted for filing by the Commission by letter dated June 27, 2019.

3. Madison District proposed a purchased water adjustment factor of \$0.08 per 100 cubic feet in its application.

4. During the 12 months ended April 2, 2019, Madison District purchased 93,603,600 cubic feet of water from Richmond. During the same period, Madison District sold 75,134,127 cubic feet of water. The increase in the cost of purchased water is \$54,673.86, resulting in a purchased water adjustment factor of \$0.08 per 100 cubic feet.

5. The purchased water adjustment factor of \$0.08 per 100 cubic feet, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Madison'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 Madison District on and after July 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.08 per 100 cubic feet is approved.

2. The rates proposed by Madison District are approved.

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

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

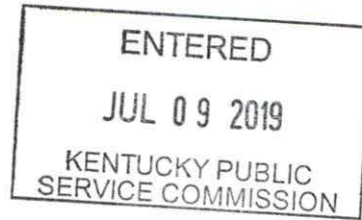
5. Within 30 days of the date of entry of this Order, Madison District shall file with the Commission Proof of Notice pursuant to 807 KAR 5:068, Section 5(3).

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.

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By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00202 DATED **JUL 09 2019**

	New Rate	Base Rate
Richmond		
Purchases in cubic feet	93,603,600	93,603,600
KY River Authority	\$0.232/100	\$0.232/100
Volumetric rate	\$2.49239/100	\$2.43398/100
Total Volumetric rate	<u>\$ 2.7244/100</u>	<u>\$ 2.6659/100</u>
	\$2,550,127.12	\$2,495,453.26
Increased water cost		\$ 54,673.86
Increased water cost		\$ 54,673.86
Divided by cubic feet sold/100		<u>75,134,127</u>
Purchased water adjustment factor		\$ 0.0728 per 100 cubic feet
		or \$ 0.08 per 100 cubic feet

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00202 DATED **JUL 09 2019**

The following rates and charges are prescribed for the customers in the area served by Madison County Utilities 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

First	280 Cubic Ft	\$ 16.98 Minimum Bill
Next	720 Cubic Ft	5.40 per 100 Cubic Ft
Next	3,000 Cubic Ft	5.18 per 100 Cubic Ft
Next	8,000 Cubic Ft	4.99 per 100 Cubic Ft
Next	88,000 Cubic Ft	4.80 per 100 Cubic Ft
Over	100,000 Cubic Ft	4.49 per 100 Cubic Ft

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