

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF SOUTH LOGAN)	2020-00237
WATER ASSOCIATION, INC.)	

ORDER

On July 21, 2020, South Logan Water Association, Inc. (South Logan) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2019 Annual Report, South Logan reported a water loss of 18.8979 percent.² South Logan's application provides updated purchases and sales information for a more current period than the 2019 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 2019 Annual Report,³ South Logan's unaccounted-for water loss is determined to be 22 percent for the updated period.⁴

¹ KRS 278.012; 807 KAR 5:068.

² 2019 Annual Report at 57.

³ *Id.*, line 22 (1,307) divided by line 4 (147,932) equals 0.884 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	151,163,000
Less Total Sales (application PWA Form 1 at 2)	116,569,510
Less Plant Use (% determined from 2019 AR)	<u>1,335,546</u>
Water Loss – Gallons	33,257,944
Water Loss – Percent	22.00%

Reduction of South Logan's unaccounted-for water loss to 15 percent would result in an approximate \$35,243.03⁵ decrease to purchased water expense. Potentially, South Logan is paying \$0.30 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 Logan to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by South Logan to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

Having reviewed the record and being sufficiently advised, the Commission finds that:

1. South Logan purchases water from the Logan-Todd Regional Water Commission (Logan-Todd Regional).
2. Logan-Todd Regional notified South Logan that its wholesale volumetric water rate would decrease from \$3.91 per 1,000 gallons to \$3.33 per 1,000 gallons, effective April 1, 2020. South Logan proposes to decrease the water rates to its customers effective September 1, 2020, to reflect the decreased cost of purchased water from Logan-Todd Regional.

⁵ Water loss above 15 percent is 7 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$35,243.03

⁶ Potential purchased water expense reduction divided by sales in gallons (\$35,243/ (116,569,510/1,000)) equals \$0.30 per 1,000 gallons.

3. South Logan proposed a purchased water adjustment factor of (\$0.75) per 1,000 gallons in its application.

4. During the 12 months ended April 1, 2020, South Logan purchased 151,163,000 gallons of water from Logan-Todd Regional. During the same period, South Logan sold 116,569,510 gallons of water. The decrease in the cost of purchased water is \$87,674.54, resulting in a purchased water adjustment factor of (\$0.75) per 1,000 gallons.

5. The purchased water adjustment factor of (\$0.75) per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable, and should be approved.

6. South Logan'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 South Logan on and after September 1, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of (\$0.75) per 1,000 gallons is approved.

2. The rates proposed by South Logan are approved.

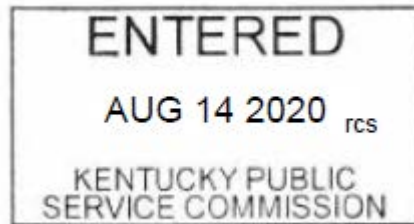
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by South Logan on and after September 1, 2020.

4. Within 20 days of the date of entry of this Order, South Logan 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 closed and removed from the Commission's docket.

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By the Commission



ATTEST:



Acting Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00237 DATED AUG 14 2020

	Base Rate	New Rate
Logan-Todd Regional Purchases in gallons	151,163,000	151,163,000
Volumetric rate	<u>\$ 3.91/1,000</u>	<u>\$ 3.33/1,000</u>
	\$591,047.33	\$503,372.79
Decreased water cost		(\$ 87,674.54)
Decreased water cost		(\$ 87,674.54)
Divided by gallons sold/1000		<u>116,569,510</u>
Purchased water adjustment factor		(\$ 0.75) per 1000 gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00237 DATED AUG 14 2020

The following rates and charges are prescribed for the customers in the area served by South Logan Water Association. 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- x 3/4-Inch Meter

First	2,000 Gallons	\$22.39 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

1-Inch Meter

First	2,000 Gallons	\$42.40 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

1 1/2-Inch Meter

First	2,000 Gallons	\$60.38 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

2-Inch Meter

First	2,000 Gallons	\$92.91 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

3-Inch Meter

First	2,000 Gallons	\$125.01 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

4-Inch Meter

First	2,000 Gallons	\$161.71 Minimum Bill
Next	8,000 Gallons	7.77 per 1,000 Gallons
Next	40,000 Gallons	7.50 per 1,000 Gallons
Next	50,000 Gallons	7.22 per 1,000 Gallons
All Over	100,000 Gallons	6.95 per 1,000 Gallons

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