

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|--------------------------------|---|------------|
| ELECTRONIC PURCHASED WATER |) | CASE NO. |
| ADJUSTMENT FILING OF LEDBETTER |) | 2021-00238 |
| WATER DISTRICT |) | |

ORDER

On June 25, 2021, Ledbetter Water District (Ledbetter District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ Ledbetter District was notified by letter dated June 28, 2021, that the application was rejected due to certain deficiencies in the application. On July 5, 2021, Ledbetter District submitted additional information with its response to the deficiency letter, and the application was accepted for filing as of that date.

The Commission notes that in Ledbetter District's 2020 Annual Report a water loss of 15.7865 percent was reported.² Ledbetter District's application provides updated purchases and sales information for a more current period than the 2020 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

¹ KRS 278.015; 807 KAR 5:068.

² *Annual Report of Ledbetter Water District for the Year Ended December 31, 2020* at 57.

by the utility in its 2020 Annual Report.³ Ledbetter District’s unaccounted-for water loss is determined to be 21.1175 percent for the updated period.⁴ Reduction of Ledbetter District’s unaccounted-for water loss to 15 percent would result in an approximate \$6,556.24⁵ decrease to purchased water expense. Potentially, Ledbetter District is paying \$0.12 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁶ threshold. Ledbetter District’s annual expense due to 21.1175 percent water loss is \$33,906.47.⁷

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Ledbetter District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Ledbetter District 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:

³ *Id.*, line 22 (6,338) divided by line 4 (76,901) equals 8.2418 percent.

| | |
|------------------------------------------------------------|------------------|
| ⁴ Total Purchases (application PWA Form 1 at 2) | 32,074,300 |
| Total Produced (application cover letter) | 45,552,000 |
| Less Total Sales (application PWA Form 1 at 2) | 54,835,781 |
| Less Plant Use (% determined from 2020 AR) | <u>6,397,804</u> |
| Water Loss – Gallons | 16,392,715 |
| Water Loss – Percent | 21.1175% |

⁵ Water loss above 15 percent is 6.12 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$107,128.16 times water loss above 15 percent) = \$6,556.24.

⁶ Potential purchased water expense reduction divided by sales (\$6,556.24/ (54,835,781/1000)) equals \$0.1196 per 1000 gallons.

⁷ *Annual Report of Ledbetter Water District for the Year Ended December 31, 2020* at 50.(Purchased Water + Purchased Power + Chemicals times updated water loss percentage) (\$104,110+20,621+35,830x0.21175) equals \$33,906.47.

1. Ledbetter District purchases water from the Crittenden-Livingston Water District (Crittenden-Livingston District).

2. Crittenden-Livingston District notified Ledbetter District that its wholesale rate will increase from \$3.08 per 1,000 gallons to \$3.34 per 1,000 gallons, effective May 23, 2021. Ledbetter District proposes to increase the water rates to its customers effective May 23, 2021, to reflect the increased cost of purchased water from Crittenden-Livingston District.

3. Ledbetter District proposed a purchased water adjustment factor of \$0.16 per 1,000 gallons in its application.

4. During the 12 months ended May 31, 2021, Ledbetter District purchased 32,074,300 gallons of water from Crittenden-Livingston District, and Ledbetter District produced 45,552,000 gallons of water. During the same period, Ledbetter District sold 54,835,781 gallons of water. The increase in the cost of purchased water is \$8,339.32, resulting in a purchased water adjustment factor of \$0.16 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.16 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

6. Ledbetter District applied the \$0.16 per 1,000 gallon factor to incorrect current rates stated in the application. The factor should be applied to the rates approved in Case No. 2021-00158.⁸ Ledbetter District's proposed rates should be denied.

7. Ledbetter district proposed an effective date of May 23, 2021, for its proposed rates. Commission regulation 807 KAR 5:068, Section 4(2)(b), allows a utility

⁸ Case No. 2021-00158, *Electronic Purchased Water Adjustment Filing Of Ledbetter Water District* (Ky. PSC May 4, 2021).

to file its application no later than 20 days after it adjusts its rates, without prior Commission approval, to reflect the change in the suppliers changed rate. The filed date of this application is July 5, 2021, well beyond the 20 days of the proposed effective date. The May 23, 2021 effective date should be 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 Ledbetter District on and after the date of this Order.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.16 per 1,000 gallons is approved.

2. The rates proposed by Ledbetter District are denied.

3. Ledbetter District's proposed effective date for the rates is denied.

4. The rates as set forth in Appendix B to this Order are approved for water service rendered by Ledbetter District on and after the date of this Order.

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

6. The Commission directs Ledbetter District to the Commission's July 22, 2021 Order in Case No. 2020-00085⁹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

⁹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).


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

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By the Commission

ENTERED
AUG 04 2021 ^{rcs}
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director for

Case No. 2021-00238

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00238 DATED AUG 04 2021

| | Base Rate | New Rate |
|-----------------------------------------------|-----------------------------|----------------------|
| Crittenden-Livingston Purchases in Gallons | 32,074,300 | 32,074,300 |
| Wholesale rate | <u>\$ 3.08/1,000</u> | <u>\$ 3.34/1,000</u> |
| | \$ 98,788.84 | \$ 107,128.16 |
| | | |
| Ledbetter District produced | 45,552,000 gallons of water | |
| | | |
| Increased water cost | \$8,339.32 | |
| | | |
| Increased water cost | \$ 8,339.32 | |
| Divided by Gallons sold/1,000 | <u>54,835,781</u> | |
| Purchased water adjustment factor | \$ 0.1521 per 1,000 Gallons | |

or \$ 0.16 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00238 DATED AUG 04 2021

The following rates and charges are prescribed for the customers in the area served by Ledbetter 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 | | \$7.74 Minimum Bill |
| First | 25,000 Gallons | .00714 per gallon |
| Over | 25,000 Gallons | .00498 per gallon |

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