

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF U.S. 60 WATER	)	2023-00204
DISTRICT	)	

ORDER

On June 20, 2023, U.S. 60 Water District of Shelby and Franklin Counties (U.S. 60 District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rate commensurate with the wholesale supplier. The water district must file a copy of the notice from the wholesale supplier showing the increase in the wholesale rate, and a statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

DISCUSSION AND FINDINGS

U.S. 60 District purchases water from Shelbyville Municipal Water and Sewer Commission (Shelbyville) and Frankfort Electric and Water Plant Board (Frankfort). Shelbyville notified U.S. 60 District that its wholesale rate would increase from \$2.35 per

1,000 gallons to \$2.41 per 1,000 gallons, effective July 19, 2023.<sup>1</sup> Frankfort did not have any rate changes. U.S. 60 District proposes to increase the water rates to its customers effective July 19, 2023, to reflect the increased cost of purchased water from Shelbyville.

Unaccounted-for Water

Commission regulation 807 KAR 5:066, Section 6(3), 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. In its 2022 Annual Report filed with the Commission, U.S. 60 District reported a water loss of 12.0271 percent.<sup>2</sup> U.S. 60 District's application provides updated purchase and sales information for the period of June 2022 through May 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2022 Annual Report, U.S. 60 District's unaccounted-for water loss is 10.0571 percent for the updated period.<sup>3</sup> The cost of U.S. 60 District's total water loss is \$46,848.15.<sup>4</sup>

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<sup>1</sup> TFS2023-00220 (Ky. PSC June 26, 2023); Shelbyville submitted the tariff on April 26, 2023, and the tariff was accepted for filing by the Commission by letter dated June 26, 2023, with an effective date of July 19, 2023.

<sup>2</sup> *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2022* at 57.

<sup>3</sup> Total Purchases (application PWA Form 1 at 2)	183,883,226
Less Total Sales (application PWA Form 1 at 2)	149,687,700
Less Plant Use (% determined from 2022 Annual Report)	15,702,156
Water Loss – Gallons	18,493,370
Water Loss – Percent	10.0571%

<sup>4</sup> Total water cost at new wholesale rate of \$465,821.68 times 10.0571% water loss equals \$46,848.15.

### Financial Condition and Rates

Based on a review of Commission records, U.S. 60 District has not sought a general base rate adjustment since 2017.<sup>5</sup> U.S. 60 District has regularly adjusted its rates through the filing of purchased water adjustment cases.

Based upon a review of the annual and audit reports filed with the Commission, U.S. 60 District's financial condition is acceptable and does not warrant the utility filing a general rate adjustment at this time because the utility's net income has remained stable since the 2018 rate increase.

### Purchased Water Adjustment Factor

In its application, U.S. 60 District proposed a purchased water adjustment factor of \$0.07 per 1,000 gallons. During the 12 months ended May 31, 2023, U.S. 60 District purchased 165,902,000 gallons of water from Shelbyville and 17,981,226 gallons of water from Frankfort and sold 149,687,700 gallons of water to its customers. The increase in the cost of purchased water from Shelbyville is \$9,954.12, resulting in a purchased water adjustment factor of \$0.07 per 1,000 gallons. No rate changes occurred from Frankfort.

The purchased water adjustment factor of \$0.07 per 1,000 gallons, as calculated in Appendix A and 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 U.S. 60 District on and after July 19, 2023, because the rates are supported by evidence of the increase in rates from U.S. 60 District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278. 015.

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<sup>5</sup> Case No. 2017-00338, *Electronic Application of U.S. 60 Water District of Shelby and Franklin Counties for an Alternative Rate Adjustment* (Ky. PSC Mar. 21, 2018), final Order.

IT IS THEREFORE ORDERED that:

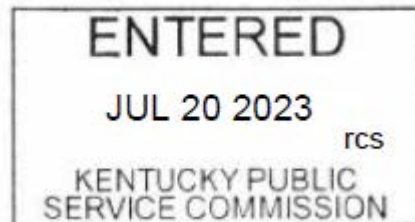
1. The purchased water adjustment factor of \$0.07 per 1,000 gallons is approved.
2. The rates proposed by U.S. 60 District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by U.S. 60 District on and after July 19, 2023.
4. Within 20 days of the date of service of this Order, U.S. 60 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 closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00204 DATED JUL 20 2023

	Base Rate	New Rate	Change
<u>Shelbyville</u>			
Purchases in Gallons	165,902,000	165,902,000	
Rate per 1,000 Gallons	<u>\$ 2.35/1,000</u>	<u>\$ 2.41/1,000</u>	
Subtotal	\$404,800.88	\$414,755.00	\$ 9,954.12
 <u>Frankfort Plant Board</u>			
Purchases in Gallons	17,981,226	17,981,226	
Rate per 1,000 Gallons	<u>\$2.84/1,000</u>	<u>\$2.84/1,000</u>	no change
Subtotal	\$ 51,066.68	\$ 51,066.68	

Increased water cost \$ 9,954.12

Increased water cost \$ 9,954.12  
Divided by Gallons sold/1,000 149,687,700  
Purchased water adjustment factor \$ 0.0665 per 1,000 Gallons

or \$ 0.00007 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00204 DATED JUL 20 2023

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District of Shelby and Franklin Counties. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8- X 3/4-Inch Meter

First	1,000 Gallons	\$17.35	Minimum Bill
Next	2,000 Gallons	0.00968	Per Gallon
Next	2,000 Gallons	0.00818	Per Gallon
Over	5,000 Gallons	0.00746	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$53.07	Minimum Bill
Over	5,000 Gallons	0.00746	Per Gallon

1 1/2-Inch Meter

First	15,000 Gallons	\$127.67	Minimum Bill
Over	15,000 Gallons	0.00746	Per Gallon

2-Inch Meter

First	25,000 Gallons	\$202.27	Minimum Bill
Over	25,000 Gallons	0.00746	Per Gallon

Bulk User Rate

First	1,000 Gallons	\$4.49	Minimum Bill
Over	1,000 Gallons	0.00449	Per Gallon

Wholesale Rates

First	25,000 Gallons	\$171.53	Minimum Bill
Over	25,000 Gallons	0.00633	Per Gallon

\*James L Mudd Jr.  
Monarch Engineering, Inc.  
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Lawrenceburg, KENTUCKY 40342

\*U.S. 60 Water District of Shelby and Franklin  
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P. O. Box 97  
Bagdad, KY 40003