

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF BREATHITT COUNTY)	2023-00216
WATER DISTRICT)	

ORDER

On June 27, 2023, Breathitt County Water District (Breathitt 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. On June 29, 2023, the Commission notified Breathitt District that its application was rejected for certain deficiencies. On June 30, 2023, Breathitt District submitted further documentation to correct the filing deficiency, and the application was deemed filed as of June 30, 2023.

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

Breathitt District purchases water from the city of Jackson (Jackson) and the city of Campton (Campton). Jackson notified Breathitt District that its wholesale rate would

increase from \$4.04 per 1,000 gallons to \$4.16 per 1,000 gallons, effective July 1, 2023.¹ Breathitt District proposes to increase the water rates to its customers effective July 1, 2023, to reflect the increased cost of purchased water from Jackson. Campton had no wholesale rate adjustments.

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 2021 Annual Report filed with the Commission, Breathitt District reported a water loss of 12.0241 percent.² Breathitt 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 2021 Annual Report, Breathitt District's unaccounted-for water loss is 12.3697 percent for the updated period.³ The cost of Breathitt District's total water loss is \$42,634.10.⁴

¹ TFS2023-00264 (Ky. PSC June 26, 2023); Jackson submitted the tariff on May 31, 2023, and the tariff was accepted for filing by the Commission by letter dated June 26, 2023, with an effective date of July 1, 2023.

² *Annual Report of Breathitt District to the Public Service Commission for the Year Ended December 31, 2021* (2021 Annual Report) at 57.

³ Total Purchases (application PWA Form 1 at 2)	82,871,600
Less Total Sales (application PWA Form 1 at 2)	68,467,000
Less Plant Use (% determined from 2021 Annual Report)	4,143,607
Water Loss – Gallons	10,250,993
Water Loss – Percent	12.3697%

⁴ Total water cost at new wholesale rate of \$344,665.56 times 12.3697% water loss equals \$42,634.10.

Financial Condition and Rates

Based on a review of Commission records, Breathitt District submitted an application seeking a rate adjustment on June 6, 2023 in Case No. 2022-00136.⁵ The Commission entered an Order to Breathitt District on June 30, 2023, to provide notice of the proposed rate increase to its customers and proof of the publication of the notice in the rate adjustment case within 45 days of June 6, 2023 or before July 21, 2023.⁶ On July 12, 2023, the Commission entered an Order establishing a procedural schedule in Breathitt District's rate case.⁷ The financial condition of Breathitt District will be reviewed during Case No. 2022-00136 and has not been reviewed as part of this adjustment.

Purchased Water Adjustment Factor

In its application, Breathitt District proposed a purchased water adjustment factor of \$0.15 per 1,000 gallons. During the 12 months ended May 31, 2023, Breathitt District purchased 82,776,000 gallons of water from Jackson and 95,600 gallons of water from Campton and sold 68,467,000 gallons of water to its customers. The increase in the cost of purchased water from Jackson is \$9,933.12, resulting in a purchased water adjustment factor of \$0.15 per 1,000 gallons. No rate changes occurred from Campton.

The purchased water adjustment factor of \$0.15 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

⁵ Case No. 2022-00136, *Electronic Application of Breathitt County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed June 6, 2023). Breathitt District tendered its application on June 13, 2022. By letter dated June 20, 2022, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on June 6, 2023.

⁶ Case No. 2022-00136, *Electronic Application of Breathitt County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*, (Ky. PSC June 30, 2023).

⁷ Case No. 2022-00136, *Electronic Application of Breathitt County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*, (Ky. PSC July 12, 2023).

reasonable and should be approved for water service rendered by Breathitt District on and after July 1, 2023, because the rates are supported by evidence of the increase in rates from Breathitt District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278. 015.

IT IS THEREFORE ORDERED that:

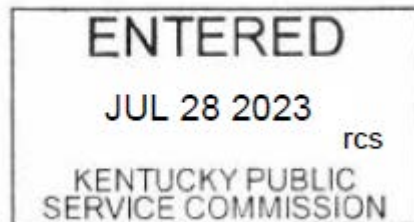
1. The purchased water adjustment factor of \$0.15 per 1,000 gallons is approved.
2. The rates proposed by Breathitt District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Breathitt District on and after July 1, 2023.
4. Within 20 days of the date of service of this Order, Breathitt 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. 2023-00216 DATED JUL 28 2023

	Base Rate	New Rate	Increase
Jackson			
Purchases in gallons	82,776,000	82,776,000	
Wholesale rate	<u>\$ 4.04/1,000</u>	<u>\$ 4.16/1,000</u>	
Subtotal	\$334,415.04	\$344,348.16	\$9,933.12
Campton			
Purchases in gallons	95,600	95,600	
Wholesale rate	<u>\$ 3.32/1,000</u>	<u>\$ 3.32/1,000</u>	
Subtotal	\$ 317.40	\$ 317.40	no change
Total	\$334,732.44	\$344,665.56	
Increased water cost		\$ 9,933.12	
Increased water cost		\$ 9,933.12	
Divided by gallons sold/1,000		<u>68,467,000</u>	
Purchased water adjustment factor		\$ 0.1451 per 1,000 Gallons	

or \$ 0.00015 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00216 DATED JUL 28 2023

The following rates and charges are prescribed for the customers in the area served by Breathitt County Water District. 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	2,000 Gallons	\$ 30.25	Minimum Bill
Over	2,000 Gallons	0.01513	per gallon

<u>Leak Adjustment Rate</u>	0.00923	per gallon
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Wholesale Rates

Village of Buckhorn	0.00633	per gallon
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Kentucky Mountain Bible College

First	10,000 Gallons	\$ 151.26	Minimum Bill
Next	190,000 Gallons	0.00926	per gallon
Over	200,000 Gallons	0.00787	per gallon

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