

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER ADJUSTMENT) CASE NO.
FILING OF MONROE COUNTY WATER DISTRICT) 2017-00404

ORDER

On October 13, 2017, Monroe County Water District (“Monroe County”) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2015 Annual Report Monroe County reported a water loss of 18.6367 percent.² Monroe County’s application provides updated purchases and sales information for a more current period than the 2015 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

¹ KRS 278.015; 807 KAR 5:068.

² 2015 Annual Report at 61.

the utility in its 2015 Annual Report,³ Monroe County's unaccounted-for water loss is determined to be 15.9389 percent for the updated period.⁴

Reduction of Monroe County's unaccounted-for water loss to 15 percent would result in an approximate \$8,031⁵ decrease to purchased water expense. Potentially, Monroe County is paying \$0.04 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 Monroe County to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Monroe County to make significant process 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. Monroe County purchases water from the city of Tompkinsville ("Tompkinsville"). Tompkinsville's dramatic wholesale rate increases to Monroe County over the past few years appear to be due in part to the city's excessive line loss of 71

³ 2015 Annual Report, line 21, divided by line 4, (11,531 divided by 272,452) equals 0.0423 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	285,122,100
Less Total Sales (application PWA Form 1 at 2)	227,609,430
Less plant use (% determined from 2015 AR)	<u>12,067,237</u>
Water loss - gallons	45,445,433
Water loss - percent	15.9389

⁵ Water loss above 15 percent = 0.9389. Potential purchased water expense reduction (water cost at new wholesale rate times water loss above 15 percent) = \$ 8,031.

⁶ Potential purchased water expense reduction divided by sales (\$8,031/(227,609,430/1,000)) equals \$0.04/1,000.

percent, as reported in the 2012 - 2013 fiscal year audit.⁷ Tompkinsville has increased its wholesale rate to Monroe County from \$1.88 per 1,000 gallons in 2014 to \$3.00 per 1,000 gallons in 2017, an increase of approximately 60 percent. The Commission anticipates Monroe County's customers will gain some relief once the construction of its treatment plant is complete and operational in March 2018 the district will not have to rely solely on Tompkinsville as its water source.

2. Tompkinsville notified Monroe County that its wholesale rate would increase from \$2.25 per 1,000 gallons to \$3.00 per 1,000 gallons effective September 1, 2017.⁸ Monroe County proposes to increase the water rates to its customers effective October 1, 2017, to reflect the increased cost of purchased water from Tompkinsville.

3. Monroe County proposed a purchased water adjustment factor of \$0.94 per 1,000 gallons.

4. During the 12 months ended July 31, 2017, Monroe County purchased 285,122,100 gallons of water from Tompkinsville. During the same period, Monroe County sold 227,609,430 gallons of water. The increase in the cost of purchased water is \$213,841.57, resulting in a purchased water adjustment factor of \$0.94 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.94 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

⁷ Gina Kinslow, *Tompkinsville talks about raising water rates*, Glasgow Daily Times, Nov. 22, 2013.

⁸ TFS 2017-00431 (Ky. PSC filed Aug. 8, 2017). The tariff was accepted for filing by the Commission by letter dated Sept. 8, 2017.

6. Monroe County's proposed rates, as set forth in Appendix B to this Order, are fair, just and reasonable and should be approved for water service rendered by Monroe County on and after October 1, 2017.

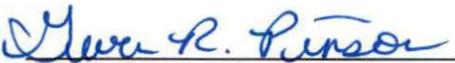
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.94 per 1,000 gallons is approved.
2. The rates as set forth in Appendix B to this Order are approved for water service rendered by Monroe County on and after October 1, 2017.
3. Within 20 days of the date of this Order, Monroe County shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 2017-00404 DATED **NOV 08 2017**

	New Rate	Base Rate
Monroe County Tompkinsville Purchases in Gallons	285,122,100	285,122,100
	<u>\$ 3.00/1,000</u>	<u>\$ 2.25/1,000</u>
Total	\$855,366.30	\$641,524.73
Increased water cost		\$ 213,841.57
Increased water cost		\$ 213,841.57
Divided by Gallons sold/1,000		<u>227,609,430</u>
Purchased water adjustment factor		\$ 0.939 per 1,000 Gallons
		or \$ 0.94 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2017-00404 DATED **NOV 08 2017**

The following rates and charges are prescribed for the customers in the area served by Monroe 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-Inch x 3/4 Meter

First	2,000 Gallons	\$23.31 Minimum Bill
Next	3,000 Gallons	9.76 per 1,000 Gallons
Next	5,000 Gallons	8.40 per 1,000 Gallons
Over	10,000 Gallons	7.38 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$52.58 Minimum Bill
Next	5,000 Gallons	8.40 per 1,000 Gallons
Over	10,000 Gallons	7.38 per 1,000 Gallons

2-Inch Meter

First	20,000 Gallons	\$168.39 Minimum Bill
Over	20,000 Gallons	7.38 per 1,000 Gallons

Wholesale Rate

\$4.34 per 1,000 Gallons

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