

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF EAST DAVIESS	)	
COUNTY WATER ASSOCIATION, INC. FOR A	)	CASE NO.
PURCHASED WATER ADJUSTMENT	)	2018-00380

ORDER

On November 26, 2018, East Daviess County Water Association, Inc. (East Daviess Association) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2017 Annual Report, East Daviess Association reported a water loss of 13.1884 percent.<sup>2</sup> East Daviess Association's application provides updated purchase and sales information for a more current period than the 2017 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 2017 Annual Report,<sup>3</sup> East Daviess Association's unaccounted-for water loss is determined to be 19.3205 percent for the updated period.<sup>4</sup>

---

<sup>1</sup> KRS 278.012; 807 KAR 5:068.

<sup>2</sup> 2017 Annual Report at 56.

<sup>3</sup> 2017 Annual Report, Water Statistics, line 21, divided by line 4, (4,285 divided by 300,279) equals 0.0143 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	313,716,200
Less Total Sales (application PWA Form 1 at 2)	248,628,052

Reduction of East Daviess Association’s unaccounted-for water loss to 15 percent would result in an approximate \$21,279.95<sup>5</sup> decrease to purchased water expense. Potentially, East Daviess Association is paying approximately \$0.09 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.<sup>6</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages East Daviess Association to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by East Daviess Association to make significant progress 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 otherwise sufficiently advised, finds that:

1. East Daviess Association purchases water from Owensboro Municipal Utilities (Owensboro).
2. Owensboro notified East Daviess Association that its wholesale rate would increase from \$1.28 per 1,000 gallons to \$1.57 per 1,000 gallons effective December 1, 2018. East Daviess Association proposes to increase the water rates to its customers,

---

Less plant use (% determined from 2017 Annual Report)	<u>4,476,750</u>
Water loss - gallons	60,611,398
Water loss - percent	19.3205

<sup>5</sup> Water loss above 15 percent is 4.3205 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$21,279.95

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$21,279.95/(248,628,052) equals \$0.09/1,000.

effective December 11, 2018, to reflect the increased cost of purchased water from Owensboro.

3. East Daviess Association proposed a purchased water adjustment factor of \$0.37 per 1,000 gallons in its application.

4. During the 12 months ended October 31, 2018, East Daviess Association purchased 313,716,200 gallons of water from Owensboro. During the same period, East Daviess Association sold 248,628,052 gallons of water. The increase in the cost of purchased water is \$90,977.70, resulting in a purchased water adjustment factor of \$0.37 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.37 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. East Daviess Association'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 East Daviess Association on and after December 11, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.37 per 1,000 gallons is approved.

2. The rates proposed by East Daviess Association are approved.

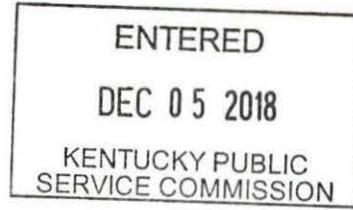
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Daviess Association on and after December 11, 2018.

4. Within 20 days of the date of entry of this Order, East Daviess Association 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00380 DATED **DEC 05 2018**

	New Rate	Base Rate
Owensboro		
Purchases in Gallons	313,716,200	313,716,200
Wholesale rate	<u>\$1.57/1,000</u>	<u>\$1.28/1,000</u>
	\$492,534.44	\$401,556.74
Increased water cost		\$ 90,977.70
Increased water cost		\$ 90,977.70
Divided by Gallons sold/1,000		<u>248,628,052</u>
Purchased water adjustment factor		\$ 0.3659 per 1,000 Gallons
		or \$ 0.37 per 1,000 Gallons

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00380 DATED **DEC 05 2018**

The following rates and charges are prescribed for the customers in the area served by East Daviess County 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" Meter

First 2,000 Gallons	\$16.98 Minimum Bill
Next 4,000 Gallons	5.82 Per 1,000 Gallons
Next 44,000 Gallons	4.73 Per 1,000 Gallons
Over 50,000 Gallons	3.93 Per 1,000 Gallons

##### 3/4" Meter

First 3,000 Gallons	\$22.80 Minimum Bill
Next 3,000 Gallons	5.82 Per 1,000 Gallons
Next 44,000 Gallons	4.73 Per 1,000 Gallons
Over 50,000 Gallons	3.93 Per 1,000 Gallons

##### 1" Meter

First 6,000 Gallons	\$40.26 Minimum Bill
Next 44,000 Gallons	4.73 Per 1,000 Gallons
Over 50,000 Gallons	3.93 Per 1,000 Gallons

##### 1 1/2" Meter

First 10,000 Gallons	\$59.18 Minimum Bill
Next 40,000 Gallons	4.73 Per 1,000 Gallons
Over 50,000 Gallons	3.93 Per 1,000 Gallons

##### 2" Meter

First 20,000 Gallons	\$106.48 Minimum Bill
Next 30,000 Gallons	4.73 Per 1,000 Gallons
Over 50,000 Gallons	3.93 Per 1,000 Gallons

LEAK ADJUSTMENT RATE: \$2.83 Per 1,000 Gallons

WHOLESALE WATER RATE: \$2.13 Per 1,000 Gallons

\*East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366

\*Agnes Johnson  
East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366

\*Kasey Emmick  
East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366

\*Mary Edge  
East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366