

the utility in its 2017 Annual Report,³ Henderson District's unaccounted-for water loss is determined to be 27.1594 percent for the updated period.⁴ Reduction of Henderson District's unaccounted-for water loss to 15 percent would result in an approximate \$182,593.4111⁵ decrease to purchased water expense. Henderson District is paying approximately \$0.5262 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.⁶

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

³ 2017 Annual Report, Water Statistics, line 21, divided by line 4, (4,809 divided by 388,416) equals 1.2381 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	484,622,122
Less Total Sales (application PWA Form 1 at 2)	347,001,607
Less plant use (% determined from 2017 Annual Report)	<u>6,000,133</u>
Water loss - gallons	131,620,382
Water loss - percent	27.1594%

⁵ Water loss above 15 percent is 12.1594 percent, so the cost of water loss is shown below:

(445,470,350 x 0.271594 x 3.1509)/1,000	= \$170,673.2933
(39,151,772 x 0.271594 x 2.5039)/1,000	= <u>\$11,920.1178</u>
	\$182,593.4111

⁶ Potential purchased water expense reduction divided by sales (\$182,593.4111/(347,001,607/1,000)) equals \$0.5262 per 1,000 gallons.

1. Henderson District purchases water from Henderson Water Utilities North (Henderson North) and Henderson Water Utilities South (Henderson South).

2. Henderson North notified Henderson District that its wholesale volumetric water rate would decrease from \$3.2064 per 1,000 gallons to \$3.1509 effective March 31, 2019. Henderson South notified Henderson District that its wholesale volumetric water rate would decrease from \$2.5708 per 1,000 gallons to \$2.5039 effective March 31, 2019.⁷ Henderson District proposes to decrease the water rates to its customers effective March 31, 2019, to reflect the overall decrease in cost of purchased water from Henderson Water Utilities.

3. Henderson District proposed a purchased water adjustment factor of (\$0.0700) per 1,000 gallons in its application.

4. During the 12 months ended December 31, 2018, Henderson District purchased 445,470,350 gallons of water from Henderson North and 39,151,772 gallons of water from Henderson South. During the same period, Henderson District sold 347,001,607 gallons of water. The decrease in the cost of purchased water is (\$27,342.8580), resulting in a purchased water adjustment factor of (\$0.0700) per 1,000 gallons.

5. The purchased water adjustment factor of (\$0.0700) per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Henderson District's proposed rates should be approved.

⁷ TFS 2019-00039 (Ky. PSC filed Jan. 29, 2019); the tariff was accepted for filing by the Commission by letter dated Feb. 19, 2019.

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 Henderson District on and after March 31, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of (\$0.0700) per 1,000 gallons is approved.

2. The rates proposed by Henderson District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Henderson District on and after March 31, 2019.

4. Within 20 days of the date of entry of this Order, Henderson 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 hereby closed and will be removed from the Commission's docket.

By the Commission

ENTERED
MAR 13 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2019-00050

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00050 DATED ~~MAR 13~~ 2019

	New Rate	Base Rate
Henderson North		
Purchases in Gallons	445,470,350	445,470,350
Wholesale rate	<u>\$3.1509/1,000</u>	<u>\$3.2064/1,000</u>
	\$1,403,632.5258	\$1,428,356.1302
Henderson South		
Purchases in Gallons	39,151,772	39,151,772
Wholesale rate	<u>\$2.5039/1,000</u>	<u>\$2.5708/1,000</u>
	\$98,032.1219	\$100,651.3755
Total	\$1,501,664.6477	\$1,529,007.5057
Decreased water cost		(\$ 27,342.8580)
Decreased water cost		(\$ 27,342.8580)
Divided by Gallons sold/1,000		<u>347,001,607</u>
Purchased water adjustment factor		(\$ 0.07880) per 1,000 Gallons
		or (\$ 0.0700) per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00050 DATED **MAR 13 2019**

The following rates and charges are prescribed for the customers in the area served by Henderson County 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

5/8X3/4-Inch Meter

First	2,000 Gallons	\$20.26	Minimum Bill
Next	8,000 Gallons	7.44	per 1,000 Gallons
Next	20,000 Gallons	6.91	per 1,000 Gallons
Over	30,000 Gallons	6.38	per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$42.58	Minimum Bill
Next	5,000 Gallons	7.44	per 1,000 Gallons
Next	20,000 Gallons	6.91	per 1,000 Gallons
Over	30,000 Gallons	6.38	per 1,000 Gallons

2-Inch Meter

First	16,000 Gallons	\$121.24	Minimum Bill
Next	14,000 Gallons	6.91	per 1,000 Gallons
Over	30,000 Gallons	6.38	per 1,000 Gallons

3-Inch Meter

First	30,000 Gallons	\$217.98	Minimum Bill
Over	30,000 Gallons	6.38	per 1,000 Gallons

4-Inch Meter

First	50,000 Gallons	\$345.58	Minimum Bill
Over	50,000 Gallons	6.38	per 1,000 Gallons

6-Inch Meter

First	100,000 Gallons	\$664.58	Minimum Bill
Over	100,000 Gallons	6.38	per 1,000 Gallons

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