

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER ADJUSTMENT )	CASE NO.
FILING OF WEST CARROLL WATER DISTRICT )	2019-00207

ORDER

On June 14, 2019, West Carroll Water District (West Carroll District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2018 Annual Report West Carroll District reported a water loss of 32.9874 percent.<sup>2</sup> West Carroll District's application provides updated purchase and sales information for a more current period than the 2018 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 2018 Annual Report,<sup>3</sup> West Carroll District's unaccounted-for water loss is determined to be 38.2977 percent for the updated period.<sup>4</sup> Reduction of West Carroll

---

<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> 2018 Annual Report at 57.

<sup>3</sup> 2018 Annual Report, Water Statistics (Ref Page: 30), line 21, divided by line 4, (235 divided by 69,963) equals 0.34 percent.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	72,110,925
Less Total Sales (application PWA Form 1 at 2)	44,248,900
Less plant use (% determined from 2018 Annual Report)	<u>245,177</u>
Water loss - gallons	27,616,848
Water loss - percent	38.2977

District's unaccounted-for water loss to 15 percent would result in an approximate \$34,936.45<sup>5</sup> decrease to purchased water expense. Potentially, West Carroll District is paying approximately \$0.79 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent<sup>6</sup> threshold.

As a result of West Carroll District's continued failure to address its excessive water loss, the Commission has made West Carroll District a party to an open case at the Commission for utilities with unacceptably high unaccounted-for water loss.<sup>7</sup>

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. West Carroll District purchases water from the Carrollton Utilities (Carrollton), Trimble County Water District No. 1 (Trimble District No. 1), Henry County Water District No. 2 (Henry District No. 2) and the city of Milton Water (Milton).

2. Carrollton notified West Carroll District that its wholesale rate would increase from \$1.84 per 1,000 gallons to \$2.14 per 1,000 gallons effective July 1, 2019. West Carroll District proposes to increase the water rates to its customers effective July 1, 2019, to reflect the increased cost of purchased water from Carrollton.

3. West Carroll District proposed a purchased water adjustment factor of \$0.53 per 1,000 gallons in its application. West Carroll District had a calculation error in its application and calculated an incorrect purchase water adjustment.

---

<sup>5</sup> Water loss above 15 percent is 23.2977 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$34,936.45.

<sup>6</sup> Potential purchased water expense reduction divided by sales ( $\$34,936.45 / (44,248,900 / 1,000)$ ) equals \$0.79/1,000.

<sup>7</sup> 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC filed Mar. 12, 2019).

4. During the 12 months ended April 30, 2019, West Carroll District purchased 70,073,100 gallons of water from Carrollton and 595,498 gallons of water from Henry District No. 2 and 1,442,327 gallons of water from Milton; they did not make any purchases during the time of this application from Trimble District No. 1. During the same period, West Carroll District sold 44,248,900 gallons of water. The increase in the cost of purchased water is \$23,407.51, resulting in a purchased water adjustment factor of \$0.48 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.48 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. West Carroll District's proposed rates should be denied.

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 West Carroll District on and after July 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.48 per 1,000 gallons is approved.

2. The rates proposed by West Carroll District are denied.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Carroll District on and after July 1, 2019.

4. Within 20 days of the date of entry of this Order, West Carroll 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 removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission

ENTERED  
JUL 0 8 2019  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2019-00207

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00207 DATED **JUL 08 2019**

	New Rate	Base Rate
Carrollton		
Purchases in Gallons	70,073,100	70,073,100
Wholesale rate	<u>\$2.14/1,000</u>	<u>\$1.84/1,000</u>
	\$149,956.43	\$128,934.50
Henry District No. 2		
Purchases in Gallons	595,498	595,498
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Milton		
Purchases in Gallons	1,442,327	1,442,327
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Trimble District No. 1		
Purchases in Gallons	0	0
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Total	\$149,956.43	\$ 128,934.50
Increased water cost		\$ 21,021.93
Increased water cost		\$ 21,021.93
Divided by Gallons sold/1,000		<u>44,248,900</u>
Purchased water adjustment factor		\$ 0.475 per 1,000 Gallons
		or \$ 0.48 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2019-00207 DATED **JUL 08 2019**

The following rates and charges are prescribed for the customers in the area served by West Carroll 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

First 2,000 Gallons	30.33 Minimum Bill
Next 3,000 Gallons	10.72 Per 1,000 Gallons
Next 5,000 Gallons	9.71 Per 1,000 Gallons
Next 10,000 Gallons	8.69 Per 1,000 Gallons
Over 20,000 Gallons	7.71 Per 1,000 Gallons

\*Amy Dermon  
West Carroll Water District  
900 Clay Street  
P. O. Box 45  
Carrollton, KY 41008

\*Bill Osborne  
General Manager  
West Carroll Water District  
900 Clay Street  
P. O. Box 45  
Carrollton, KY 41008

\*West Carroll Water District  
900 Clay Street  
P. O. Box 45  
Carrollton, KY 41008

\*Sarah Hudgins  
West Carroll Water District  
900 Clay Street  
P. O. Box 45  
Carrollton, KY 41008