

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING)	CASE NO.
OF GREEN-TAYLOR WATER DISTRICT)	2019-00219

ORDER

On June 21, 2019, Green-Taylor Water District (Green-Taylor District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ By letter dated July 10, 2019, the Commission notified Green-Taylor District that its application was rejected because it contained certain filing deficiencies. On August 9, 2019, Green-Taylor District submitted additional information to correct the filing deficiencies, and the application was accepted for filing as of that date.

On July 22, 2019, Green-Taylor District supplemented the filing by letter requesting the purchased water adjustment factor to be \$0.12 per 1,000 gallons.

The Commission notes that in its 2017 Annual Report, Green-Taylor District reported a water loss of 13.8976 percent.² Green-Taylor District's application provides updated purchases and sales information for a more current period than the 2017 Annual Report. 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 total water produced and purchased, excluding water consumed by a utility in its own operations.

¹ KRS 278.015; 807 KAR 5:068.

² 2017 Annual Report at 57.

Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2017 Annual Report,³ Green-Taylor District's unaccounted-for water loss is determined to be 19.8835 percent for the updated period.⁴

Reduction of Green-Taylor District's unaccounted-for water loss to 15 percent would result in an approximate \$38,963.87⁵ decrease to purchased water expense. Potentially, Green-Taylor District is paying \$0.14 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 Green-Taylor District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Green-Taylor 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 *Id.*, line 21 (5,087) divided by line 4 (352,104) equals 1.445 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	363,398,000
Less Total Sales (application PWA Form 1 at 2)	285,890,685
Less Plant Use (% determined from 2017 AR)	<u>5,251,101</u>
Water Loss – Gallons	72,256,214
Water Loss – Percent	19.8835%

⁵ Water loss above 15 percent is 4.8835 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$38,963.87.

⁶ Potential purchased water expense reduction divided by sales in gallons (\$38,963.87/ (285,890,685/1000)) equals \$0.14 per 1000 Gallons.

1. Green-Taylor District purchases water from Campbellsville Municipal Water and Sewer System (Campbellsville), Greensburg Water Works Facility (Greensburg), Green River Valley Water District (Green River Valley District) and on an emergency basis from Adair County Water District (Adair District).

2. Campbellsville notified Green-Taylor District that its wholesale water rate would increase from \$1.97 per 1,000 gallons to \$2.20 per 1,000 Gallons, effective July 1, 2019.⁷ Green-Taylor District proposes to increase the water rates to its customers effective July 1, 2019, to reflect the increased cost of purchased water from Campbellsville.

3. Green-Taylor District initially proposed a purchased water adjustment factor of \$0.117 per 1,000 gallons in its application, but in its July 22, 2019 letter requested for the purchased water adjustment factor to be increased to \$0.12 per 1,000 gallons.

4. During the 12 months ended May 31, 2019, Green-Taylor District purchased 144,986,000 gallons of water from Campbellsville, purchased 174,194,000 gallons of water from Greensburg, purchased 44,218,000 gallons of water from Green River Valley District, and purchased no water from Adair District. During the same period, Green-Taylor District sold 285,890,685 gallons of water. The increase in the cost of purchased water is \$33,346.78, resulting in a purchased water adjustment factor of \$0.12 per 1,000 gallons.

⁷ TFS 2019-00318 (Ky. PSC filed May 31, 2019); the tariff was accepted for filing by the Commission by letter dated July 1, 2019.

5. The purchased water adjustment factor of \$0.12 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Green-Taylor 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 Green-Taylor District on and after July 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.12 per 1,000 gallons is approved.

2. The rates proposed by Green-Taylor District are denied.

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

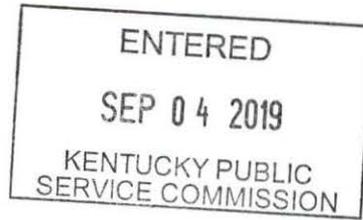
4. Within 20 days of the date of entry of this Order, Green-Taylor District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. Within 30 days of the date of entry of this Order, Green-Taylor District shall file with the Commission proof of notice pursuant to 807 KAR 5:068, Section 5(3).

6. Any document filed pursuant to ordering paragraph 5 of this Order shall reference the number of this case and shall be retained in the post-case correspondence file.

7. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00219 DATED **SEP 04 2019**

The following rates and charges are prescribed for the customers in the area served by Green-Taylor 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.

	Base Rate	New Rate	Increased Cost
Campbellsville			
Purchases in Gallons	144,986,000	144,986,000	
Wholesale Rate	<u>\$ 1.97/1000</u>	<u>\$ 2.20/1000</u>	
	\$285,622.42	\$318,969.20	\$33,346.78
Greensburg			
Purchases in Gallons	174,194,000	174,194,000	
Wholesale Rate	<u>\$2.206/1000</u>	<u>\$2.206/1000</u>	
	\$384,271.96	\$384,271.96	No Change
Green River Valley District			
Purchases in Gallons	44,218,000	44,218,000	
Wholesale Rate	<u>\$2.14/1000</u>	<u>\$2.14/1000</u>	
	\$94,626.52	\$94,626.52	No Change
Total Gallons Purchased		363,398,000	
Total	\$764,520.90	\$797,867.68	
Increased water cost		\$ 33,346.78	
Divided by Gallons sold/1,000		<u>285,890,685</u>	
Purchased water adjustment factor		\$ 0.1166 per 1,000 Gallons	

or \$ 0.12 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00219 DATED **SEP 04 2019**

The following rates and charges are prescribed for the customers in the area served by Green-Taylor 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

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$22.45 Minimum Bill
Next	3,000 Gallons	9.38 per 1,000 Gallons
Next	5,000 Gallons	7.52 per 1,000 Gallons
Over	10,000 Gallons	4.83 per 1,000 Gallons

3/4-Inch Meter

First	3,000 Gallons	\$ 31.83 Minimum Bill
Next	2,000 Gallons	9.38 per 1,000 Gallons
Next	5,000 Gallons	7.52 per 1,000 Gallons
Over	10,000 Gallons	4.83 per 1,000 Gallons

1-Inch Meter

First	5,000 Gallons	\$ 50.59 Minimum Bill
Next	5,000 Gallons	7.52 per 1,000 Gallons
Over	10,000 Gallons	4.83 per 1,000 Gallons

1 1/2-Inch Meter

First	10,000 Gallons	\$ 88.19 Minimum Bill
Over	10,000 Gallons	4.83 per 1,000 Gallons

2-Inch Meter

First	20,000 Gallons	\$ 136.49 Minimum Bill
Over	20,000 Gallons	4.83 per 1,000 Gallons

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