

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
WHITLEY COUNTY WATER DISTRICT)	2019-00234

ORDER

On July 2, 2019, Whitley County Water District No. 1 (Whitley District #1) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2017 Annual Report, Whitley District #1 reported a water loss of 23.8095 percent.² Whitley District #1'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. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2017 Annual Report,³ Whitley District #1's unaccounted-for water loss is determined to be 28.40 percent for the updated period.⁴

¹ KRS 278.015; 807 KAR 5:068.

² 2017 Annual Report at 56.

³ *Id.*, line 21 (15,244) divided by line 4 (242,097) equals 6.297 percent.

⁴ Total Purchases (Application, Exhibit B)	254,234,300
Less Total Sales (Application, Exhibit B)	166,022,800
Less Plant Use (% determined from 2017 AR)	<u>16,009,134</u>
Water Loss – Gallons	72,202,366
Water Loss – Percent	28.40%

Reduction of Whitley District #1's unaccounted-for water loss to 15 percent would result in an approximate \$87,107⁵ decrease to purchased water expense. Potentially, Whitley District #1 is paying \$0.52 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 Whitley District #1 to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Whitley District #1 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:

1. Whitley District #1 purchases water from the city of Jellico, Tennessee (Jellico), the city of Corbin (Corbin), the city of Williamsburg (Williamsburg), and McCreary County Water District (McCreary District).
2. Jellico notified Whitley District #1 that its wholesale rate would increase from \$3.00 per 1,000 gallons to \$3.50 per 1,000 gallons, effective July 1, 2019. Whitley District #1 proposes to increase the water rates to its customers effective August 1, 2019, to reflect the increased cost of purchased water from Jellico.

⁵ Water loss above 15 percent is 13.40 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$87,107.

⁶ Potential purchased water expense reduction divided by sales (\$87,107/ (166,022,800/1,000)) equals \$0.52 per 1,000 gallons.

3. Whitley District #1 proposed a purchased water adjustment factor of \$0.16 per 1,000 gallons in its application.

4. During the 12 months ended March 31, 2019, Whitley District #1 purchased 51,952,200 gallons of water from Jellico; 155,957,000 gallons of water from Corbin; 36,829,000 gallons of water from Williamsburg; and 9,496,100 gallons of water from McCreary District, with a total of 254,234,300 gallons of water purchased from all sources.⁷ During the same period, Whitley District #1 sold 166,022,800 gallons of water. The increase in the cost of purchased water is \$25,976.10, resulting in a purchased water adjustment factor of \$0.16 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.16 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable, and should be approved.

6. Whitley District #1'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 Whitley District #1 on and after August 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.16 per 1,000 gallons is approved.

2. The rates proposed by Whitley District #1 are approved.

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

⁷ Application at 2.

4. Within 20 days of the date of entry of this Order, Whitley District #1 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, Whitley District #1 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.

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By the Commission

ENTERED
JUL 23 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director *for*
Wanda R. Tinsion

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00234 DATED **JUL 23 2019**

	New Rate	Base Rate
City of Jellico, TN		
Purchases in Gallons	51,952,200	51,952,200
Wholesale rate	<u>\$ 3.50/1,000</u>	<u>\$ 3.00/1,000</u>
Total	\$181,832.70	\$155,856.60
		Increased water cost \$25,976.10
City of Corbin		
Purchases in Gallons	155,957,000	
NO RATE CHANGE		
City of Williamsburg		
Purchases in Gallons	36,829,000	
NO RATE CHANGE		
McCreary County Water District		
Purchases in Gallons	9,496,100	
NO RATE CHANGE		
Increased water cost		\$ 25,976.10
Divided by Gallons sold/1,000		<u>166,022,800</u>
Purchased water adjustment factor		\$ 0.16 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00234 DATED **JUL 23 2019**

The following rates and charges are prescribed for the customers in the area served by Whitley County Water District No. 1. 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

First	1,000 Gallons	\$19.51 Minimum Bill
Next	4,000 Gallons	6.97 Per 1,000 Gallons
Next	95,000 Gallons	6.55 Per 1,000 Gallons
Over	100,000 Gallons	6.00 Per 1,000 Gallons

*Mr. Kenneth Taylor
Kenvirons, Inc.
452 Versailles Road
Frankfort, KENTUCKY 40602

*Andy Meadors
Chairman
Whitley County Water District #1
19 S Highway 25W
Williamsburg, KY 40769

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