

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING)	CASE NO.
OF GARRARD COUNTY WATER)	2019-00441
ASSOCIATION, INC.)	

ORDER

On December 6, 2019, Garrard County Water Association, Inc., (Garrard County Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ By letter dated December 11, 2019, the Commission notified Garrard County Water that its application was rejected because it contained certain filing deficiencies. On December 11, 2019, Garrard County Water submitted additional information to correct the filing deficiencies, and the application was accepted for filing as of that date.

The Commission notes that in its 2018 Annual Report Garrard County Water reported a water loss of 19.7927 percent.² Garrard County Water'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 the 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

¹ KRS 278.012; 807 KAR 5:068.

² 2018 Annual Report at 57.

consumed by the utility in its 2018 Annual Report,³ Garrard County Water's unaccounted-for water loss is determined to be 18.5034 percent for the updated period.⁴ Reduction of Garrard County Water's unaccounted-for water loss to 15 percent would result in an approximate \$36,318.18⁵ decrease to purchased water expense. Potentially, Garrard County Water is paying approximately \$0.09 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 Garrard County Water to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Garrard County Water to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

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

³ 2018 Annual Report, Water Statistics (Ref Page: 30), line 21, divided by line 4, (5,759 divided by 397,358) equals 0.0145 percent.

4 Total Purchases (application PWA Form 1 at 2)	416,323,702
Less Total Sales (application PWA Form 1 at 2)	333,252,782
Less plant use (% determined from 2016 Annual Report)	<u>6,036,694</u>
Water loss - gallons	77,034,226
Water loss - percent	18.5034

⁵ Water loss above 15 percent is 3.5034 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$36,318.18.

⁶ Potential purchased water expense reduction divided by sales (\$36,318.18/(416,323,702/1,000)) equals \$0.09/1,000.

1. Garrard County Water purchases water from the city of Lancaster (Lancaster), the city of Danville (Danville), and the city of Berea (Berea).

2. Berea notified Garrard County Water that its wholesale rate would increase from \$2.65 per 1,000 gallons to \$2.78 per 1,000 gallons effective October 31, 2019. Garrard County Water proposes to increase the water rates to its customers effective January 10, 2020, to reflect the increased cost of purchased water from Berea.

3. Garrard County Water proposed a purchased water adjustment factor of \$0.01 per 1,000 gallons in its application; however, in their letter received by the Commission on December 11, 2019, Garrard County Water revised the purchase water adjustment factor to \$0.02.⁷

4. During the 12 months ended November 30, 2019, Garrard County Water purchased 382,895,060 gallons of water from Lancaster, 5,514,405 gallons of water from Danville, and 27,915,237 gallons of water from Berea. During the same period, Garrard County Water sold 333,252,782 gallons of water. The increase in the cost of purchased water is \$3,628.85, resulting in a purchased water adjustment factor of \$0.02 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.02 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Garrard County Water's proposed rates should be approved as stated in their revised comparison of rates filed with the Commission on December 11, 2019.

⁷ Sean Smith, General Manager, Garrard County Association letter received December 11, 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 Garrard County Water on and after January 10, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.02 per 1,000 gallons is approved.

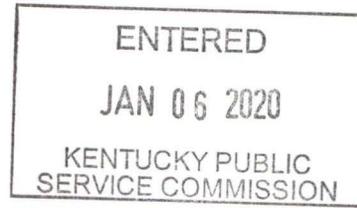
2. The rates proposed by Garrard County Water as revised are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Garrard County Water on and after January 10, 2020.

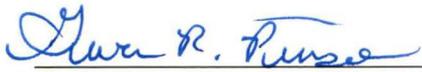
4. Within 20 days of the date of entry of this Order, Garrard County Water shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

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

By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00441 DATED **JAN 06 2020**

	Base Rate	New Rate	Increased Cost
Lancaster			
Purchases in Gallons	382,895,060	382,895,060	
Wholesale rate	<u>\$2.47/1,000</u>	<u>\$2.47/1,000</u>	
	\$945,750.80	\$945,750.80	No Change
Danville			
Purchases in Gallons	5,514,405	5,514,405	
Wholesale rate	<u>\$2.41/1,000</u>	<u>\$2.41/1,000</u>	
	\$13,289.72	\$13,289.72	No Change
Berea			
Purchases in Gallons	27,914,237	27,914,237	
Wholesale rate	<u>\$2.78/1,000</u>	<u>\$2.65/1,000</u>	
	\$77,601.58	\$73,972.73	\$ 3,628.85
Total Gallons Purchased		416,323,702	
Total	\$1,036,642.09	\$1,033,013.24	
Increased water cost		\$ 3,628.85	
Divided by Gallons sold/1,000		<u>416,323,702</u>	
Purchased water adjustment factor		\$ 0.0108 per 1,000 Gallons	
		or \$ 0.02 per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00441 DATED **JAN 06 2020**

The following rates and charges are prescribed for the customers in the area served by Garrard County Water Association, Inc. 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 Inch X 3/4 Inch - Meter

First	1,000	Gallons	\$ 11.80	Minimum bill
Next	1,000	Gallons	6.41	per 1,000 Gallons
Next	1,000	Gallons	5.20	per 1,000 Gallons
Next	2,000	Gallons	4.98	per 1,000 Gallons
All Over	5,000	Gallons	4.65	per 1,000 Gallons

1 Inch - Meter

First	5,000	Gallons	\$ 33.37	Minimum bill
All Over	5,000	Gallons	4.65	per 1,000 Gallons

1-1/2 Inch - Meter

First	10,000	Gallons	\$ 56.62	Minimum bill
All Over	10,000	Gallons	4.65	per 1,000 Gallons

2 Inch - Meter

First	25,000	Gallons	\$ 127.24	Minimum bill
All Over	25,000	Gallons	4.65	per 1,000 Gallons

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