

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF WEST MCCRACKEN)	2020-00197
COUNTY WATER DISTRICT)	

ORDER

On June 18, 2020, West McCracken County Water District (West McCracken District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in West McCracken District's 2018 Annual Report a water loss of 9.5311 percent was reported.² West McCracken 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 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 consumed by the utility in its 2018 Annual Report,³ West McCracken District's unaccounted-for water loss is determined to be 22.8339 percent for the updated

¹ KRS 278.015; 807 KAR 5:068.

² 2018 Annual Report at 57.

³ 2018 Annual Report, Water Statistics (Ref Page: 57), line 21, divided by line 4, (17,149 divided by 144,779) equals 11.84 percent.

period.⁴ Reduction of West McCracken District's unaccounted-for water loss to 15 percent would result in an approximate \$26,028.42⁵ decrease to purchased water expense. Potentially, West McCracken District is paying approximately \$0.26 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 West McCracken District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by West McCracken District 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:

1. West McCracken District purchases water from the Paducah Water Works (Paducah).
2. Paducah notified West McCracken District that its wholesale rate would increase from \$2.157 per 1,000 gallons to \$2.185 per 1,000 gallons, effective July 1, 2020.

⁴ Total Purchases (application PWA Form 1 at 2)	152,061,200
Less Total Sales (application PWA Form 1 at 2)	99,328,186
Less plant use (% determined from 2018 Annual Report)	<u>18,011,573</u>
Water loss - gallons	34,721,441
Water loss - percent	22.8339

⁵ Water loss above 15 percent is 7.8339 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$332,253.72 X .078339 = \$26,028.42.

⁶ Potential purchased water expense reduction divided by sales (\$26,028.42/(99,328,186/1,000) equals \$0.26/1,000.

West McCracken District proposes to increase the water rates to its customers effective July 1, 2020, to reflect the increased cost of purchased water from Paducah.

3. West McCracken District proposed a purchased water adjustment factor of \$0.04 per 1,000 gallons in its application.

4. During the 12 months ended May 31, 2020, West McCracken District purchased 152,061,200 gallons of water from Paducah. During the same period, West McCracken District sold 99,328,186 gallons of water. The increase in the cost of purchased water is \$4,257.71, resulting in a purchased water adjustment factor of \$0.05 per 1,000 gallons.

5. West McCracken District's proposed purchased water adjustment factor of \$0.04 per 1,000 gallons is denied.

6. The purchased water adjustment factor of \$0.05 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

7. West McCracken District's proposed rates are denied.

8. 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 McCracken District on and after July 1, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.05 per 1,000 gallons is approved.

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

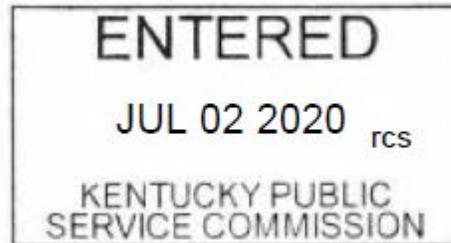
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West McCracken District on and after July 1, 2020.

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

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By the Commission



ATTEST:

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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00197 DATED JUL 02 2020

	New Rate	Base Rate
Paducah		
Purchases in gallons	152,061,200	152,061,200
Wholesale rate	<u>\$2.185/1,000</u>	<u>\$2.157/1,000</u>
	\$332,253.72	\$327,996.01
Increased water cost		\$ 4,257.71
Increased water cost		\$ 4,257.71
Divided by Gallons sold/1,000		<u>99,328,186</u>
Purchased water adjustment factor		\$ 0.0429 per 1,000 Gallons
		or \$ 0.05 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00197 DATED JUL 02 2020

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

All Water Usage

First 100,000 Gallons
Over 100,000 Gallons

\$7.59 Minimum Bill
5.41 Per 1,000 Gallons

Bulk Sales

\$8.14 Per 1,000 Gallons

*April Reed-Warriner
Superintendent
West McCracken County Water District
8020 Ogden Landing Road
West Paducah, KY 42086

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