

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF BRACKEN)	2020-00262
COUNTY WATER DISTRICT)	

ORDER

On February 9, 2021, Bracken County Water District (Bracken District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

On February 24, 2021, the Commission received a letter from Bracken County clarifying the rate for bulk water loading stations, which are coin operated and are only capable of accepting payment in increments of \$0.25.² Bracken County can only increase the rate for bulk water loading stations in increments of \$0.25 per 1,000 gallons, resulting in a proposed increase of \$0.25 per 1,000 gallons, which is higher than the proposed purchased adjustment factor of \$0.18 per 1,000 gallons.

The Commission notes that in Bracken District's 2019 Annual Report a water loss of 11.2899 percent was reported.³ Bracken District's application provides updated purchases and sales information for a more current period than the 2019 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

¹ KRS 278.015; 807 KAR 5:068.

² Response to PSC Staff Telephonic Request for Information (filed Feb. 24, 2021).

³ *Annual Report of Bracken County Water District for the Year Ended December 31, 2019*, at 57.

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 2019 Annual Report,⁴ Bracken District's unaccounted-for water loss is determined to be 15.5599 percent for the updated period.⁵ Reduction of Bracken District's unaccounted-for water loss to 15 percent would result in an approximate \$2,274.93⁶ decrease to purchased water expense. Potentially, Bracken District is paying \$0.0168 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent⁷ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Bracken District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Bracken 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:

⁴ *Id.*, line 22, (3,616) divided by line 4 (162,995) equals 2.2180 percent.

⁵ Total Purchases (application PWA Form 1 at 2)	164,620,033
Less Total Sales (application PWA Form 1 at 2)	135,354,000
Less Plant Use (% determined from 2019 AR)	<u>3,651,272</u>
Water Loss – Gallons	25,614,761
Water Loss – Percent	15.5599%

⁶ Water loss above 15 percent is 0.5599 percent, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$406,309.89 times water loss above 15 percent) = \$2,274.93.

⁷ Potential purchased water expense reduction divided by sales (\$2,274.93/ (135,354,000/1,000)) equals \$0.0168 per 1,000 gallons.

1. Bracken District purchases water from the city of Augusta (Augusta) and the Western Mason Water District (Western Mason District).

2. Augusta notified Bracken District that its wholesale rate will increase from \$2.35 per 1,000 gallons to \$2.50 per 1,000 gallons, effective August 1, 2020; however, the Commission suspended the proposed increase up to and including February 1, 2020.⁸ Augusta notified the Commission on January 27, 2021, that Augusta intended to place the proposed wholesale rates into effect, subject to refund, on February 1, 2021.⁹ Bracken District proposes to increase the water rates to its customers effective February 13, 2021, to reflect the increased cost of purchased water from Augusta.

3. Bracken District proposed a purchased water adjustment factor of \$0.18 per 1,000 gallons in its application.

4. During the 12 months ended December 31, 2020, Bracken District purchased 160,141,233 gallons of water from Augusta and 4,478,800 gallons of water from Western Mason District. During the same period, Bracken District sold 135,354,000 gallons of water. The increase in the cost of purchased water is \$24,021.18, resulting in a purchased water adjustment factor of \$0.18 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.18 per 1,000 gallons, as calculated in Appendix A to this Order is fair, just and reasonable and should be approved.

7. Bracken District's proposed rates are approved.

⁸ Case No. 2020-00277, *Electronic Tariff Filing of City of Augusta Revising Its Wholesale Water Service Rates* (Ky. PSC Aug. 25, 2020).

⁹ Case No. 2020-00277, *Electronic Tariff Filing of City of Augusta Revising Its Wholesale Water Service Rates*, City of Augusta's Response to Bracken County Water District's Motion for Ruling and Establishment of Procedural Schedule (filed Jan. 27, 2021) at unnumbered page 8.

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 Bracken District on and after February 13, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.18 per 1,000 gallons is approved.

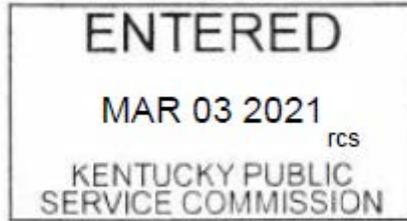
2. The rates proposed by Bracken District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Bracken District on and after February 13, 2021.

4. Within 20 days of the date of entry of this Order, Bracken 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.

By the Commission



ATTEST:


Executive Director

Case No. 2020-00262

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00262 DATED MAR 03 2021

	New Rate	Base Rate
City of Augusta		
Purchases in Gallons	160,141,233	160,141,233
Wholesale rate	<u>\$ 2.50/1,000</u>	<u>\$ 2.35/1,000</u>
	\$400,353.08	\$376,331.90
Western Mason District		
Purchases in Gallons	4,478,800	4,478,800
Wholesale rate	<u>\$1.33/1000</u>	<u>\$1.33/1000</u>
	\$5,956.80	\$5,956.80
Increased water cost		\$24,021.18
Increased water cost	\$ 24,021.18	
Divided by Gallons sold/1,000	<u>135,354,000</u>	
Purchased water adjustment factor	\$ 0.1775 per 1,000 Gallons	

or \$ 0.18 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00262 DATED MAR 03 2021

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

First	2,000 Gallons	\$28.21 Minimum Bill
Next	38,000 Gallons	.01081 per gallon
Over	40,000 Gallons	.00861 per gallon
Wholesale Rate		.00422 per gallon
Bulk Sales Loading Station		.00975 per gallon

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