

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF SIMPSON COUNTY)	2021-00003
WATER DISTRICT)	

ORDER

On January 12, 2021, Simpson County Water District (Simpson District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ On January 19, 2021, Simpson District submitted additional information to correct Exhibit C of the application.

The Commission notes that in Simpson District’s 2019 Annual Report a water loss of 20.1073 percent was reported.² Simpson 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 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,³ Simpson District’s unaccounted-for water loss is

¹ KRS 278.015; 807 KAR 5:068.

² *Annual Report of Simpson County Water District for the Year Ended December 31, 2019* at 57–58.

³ *Id.* at 57, line 22, (5,042) divided by line 4 (428,958) equals 1.175%.

determined to be 18.33 percent for the updated period.⁴ Reduction of Simpson District's unaccounted-for water loss to 15 percent would result in an approximate \$36,151.33⁵ decrease to purchased water expense. Potentially, Simpson District is paying \$0.1170 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 Simpson District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Simpson 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 sufficiently advised, the Commission finds that:

1. Simpson District purchases water from the White House Utility District (White House).
2. White House notified Simpson District that its wholesale rate will increase from \$2.665 per 1,000 gallons to \$2.827 per 1,000 gallons, effective January 1, 2021.

⁴ Total Purchases (application PWA Form 1 at 2)	384,020,304
Less Total Sales (application PWA Form 1 at 2)	309,104,519
Less Plant Use (% determined from 2019 AR)	<u>4,513,799</u>
Water Loss – Gallons	70,401,986
Water Loss – Percent	18.33%

⁵ Water loss above 15% is 3.33%, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$1,085,625.60 times water loss above 15%) = \$36,151.33.

⁶ Potential purchased water expense reduction divided by sales (\$36,151.33/ (309,104,519/1,000)) equals \$0.1170 per 1,000 gallons.

Simpson District proposes to increase the water rates to its customers effective January 1, 2021, to reflect the increased cost of purchased water from White House.

3. Simpson District proposed a purchased water adjustment factor of 21 cents per 1,000 gallons in its application.

4. During the 12 months ended November 30, 2020, Simpson District purchased 384,020,304 gallons of water from White House. During the same period, Simpson District sold 309,104,519 gallons of water. The increase in the cost of purchased water is \$62,211.29, resulting in a purchased water adjustment factor of 21 cents per 1,000 gallons.

5. The purchased water adjustment factor of 21 cents per 1,000 gallons, as calculated in Appendix A to this Order is fair, just and reasonable and should be approved.

7. Simpson District's proposed rates are approved.

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 Simpson District on and after January 1, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of 21 cents per 1,000 gallons is approved.

2. The rates proposed by Simpson District are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Simpson District on and after January 1, 2021.

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


Executive Director

Case No. 2021-00003

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00003 DATED FEB 09 2021

	New Rate	Base Rate
Simpson County Water District		
Purchases in Gallons	384,020,304	384,020,304
Wholesale rate	<u>\$ 2.827/1,000</u>	<u>\$ 2.665/1,000</u>
	\$1,085,625.40	\$1,023,414.11
Increased water cost		\$62,211.29
Increased water cost	\$ 62,211.29	
Divided by Gallons sold/1,000	<u>309,104,519</u>	
Purchased water adjustment factor	\$ 0.2013 per 1,000 Gallons	

or \$ 0.21 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00003 DATED FEB 09 2021

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

5/8- x 3/4-Inch Meter

First	2,000 Gallons	\$18.10 Minimum Bill
Next	8,000 Gallons	.00658 Per Gallon
Next	190,000 Gallons	.00591 Per Gallon
Next	400,000 Gallons	.00554 Per Gallon
Over	600,000 Gallons	.00414 Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$25.24 Minimum Bill
Next	7,000 Gallons	.00658 Per Gallon
Next	190,000 Gallons	.00591 Per Gallon
Next	400,000 Gallons	.00554 Per Gallon
Over	600,000 Gallons	.00414 Per Gallon

1-Inch Meter

First	5,000 Gallons	\$38.94 Minimum Bill
Next	5,000 Gallons	.00658 Per Gallon
Next	190,000 Gallons	.00591 Per Gallon
Next	400,000 Gallons	.00554 Per Gallon
Over	600,000 Gallons	.00414 Per Gallon

1-1/2 Inch Meter

First	10,000 Gallons	\$78.42 Minimum Bill
Next	190,000 Gallons	.00591 Per Gallon
Next	400,000 Gallons	.00554 Per Gallon
Over	600,000 Gallons	.00414 Per Gallon

2-Inch Meter

First	16,000 Gallons	\$115.51 Minimum Bill
Next	184,000 Gallons	.00591 Per Gallon
Next	400,000 Gallons	.00554 Per Gallon

Over 600,000 Gallons .00414 Per Gallon

3-Inch Meter

First 30,000 Gallons \$227.89 Minimum Bill
Next 170,000 Gallons .00591 Per Gallon
Next 400,000 Gallons .00554 Per Gallon
Over 600,000 Gallons .00414 Per Gallon

4-Inch Meter

First 50,000 Gallons \$352.60 Minimum Bill
Next 150,000 Gallons .00591 Per Gallon
Next 400,000 Gallons .00554 Per Gallon
Over 600,000 Gallons .00414 Per Gallon

6-Inch Meter

First 100,000 Gallons \$663.31 Minimum Bill
Next 100,000 Gallons .00591 Per Gallon
Next 400,000 Gallons .00554 Per Gallon
Over 600,000 Gallons .00414 Per Gallon

8-Inch Meter

First 160,000 Gallons \$1,039.69 Minimum Bill
Next 40,000 Gallons .00591 Per Gallon
Next 400,000 Gallons .00554 Per Gallon
Over 600,000 Gallons .00414 Per Gallon

10-Inch Meter

First 550,000 Gallons \$3,230.30 Minimum Bill
Next 50,000 Gallons .00554 Per Gallon
Over 600,000 Gallons .00414 Per Gallon

*Jeffrey Peebles
Manager of Administration & Finance
Warren County Water District
523 US Highway 31W Bypass
P. O. Box 10180
Bowling Green, KY 42102-4780

*Simpson County Water District
523 US Highway 31W Bypass
P. O. Box 10180
Bowling Green, KY 42102

*John Dix
PE
Warren County Water District
523 US Highway 31W Bypass
P. O. Box 10180
Bowling Green, KY 42102-4780

*Ryan Leisey
PE
Butler County Water System, Inc.
P. O. Box 10180
Bowling Green, KY 42102