

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF MARION COUNTY	)	2021-00306
WATER DISTRICT	)	

ORDER

On July 26, 2021, Marion County Water District (Marion District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup>

The Commission notes that in its 2020 Annual Report, Marion District reported a water loss of 19.6695 percent.<sup>2</sup> Marion District's application provides updated purchases and sales information for a more current period than the 2020 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for rate making 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 2020 Annual Report,<sup>3</sup> Marion District's unaccounted-for water loss is determined to be 21.082 percent<sup>4</sup> for the updated period. Reduction of Marion District's

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> *Annual Report of Marion County Water District to the Public Service Commission for the Year Ended December 31, 2020* at 57.

<sup>3</sup> *Id.*, line 22 (6,390) divided by line 4 (466,403) equals 1.370%.

<sup>4</sup> Total Purchases (application PWA Form 1 at 2)	481,732,205
Less Total Sales (application PWA Form 1 at 2)	373,573,629
Less Plant Use (% determined from 2019 AR)	6,599,731
Water Loss – Gallons	9,546,068

unaccounted-for water loss to 15 percent would result in an approximate \$126,996.68<sup>5</sup> decrease to purchased water expense. Potentially, Marion District is paying \$0.34 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.<sup>6</sup> Marion District's annual expense due to 21.0820 percent water loss is \$440,214.10.<sup>7</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Marion District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Marion District to make significant process 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. Marion District purchases water from city of Lebanon (Lebanon) and city of Campbellsville (Campbellsville).
2. Campbellsville notified Marion District that its wholesale rate would increase from \$2.35 per 1,000 gallons to \$2.54 per 1,000 gallons, effective August 1, 2021. Marion

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Water Loss – Percent	21.0820%
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<sup>5</sup> Water loss above 15% is 6.0820%, potential purchased water expensed reduction (Total water cost at new wholesale rate of \$2,088,102.83, times water loss above 15%) = \$126,998.68.

<sup>6</sup> Potential purchased water expense reduction divided by sales (\$126,998.68/ (373,573,629/1000)) equals \$0.34 per 1000 gallons.

<sup>7</sup> Total water cost at new wholesale rate of \$2,088,102.83, times water loss of 21.0820% = \$440,214.10.

District proposes to increase the water rates to its customers effective August 1, 2021, to reflect the increased cost of purchased water from Campbellsville.

3. Marion District proposed a purchased water adjustment factor of \$0.01 per 1,000 gallons in its application.

4. During the 12 months ended June 30, 2021, Marion District purchased 478,429,605 gallons of water from Lebanon and 3,302,600 gallons of water from Campbellsville. During the same period, Marion District sold 373,573,629 gallons of water. The increase in the cost of purchased water is \$627.49, resulting in a purchased water adjustment factor of \$0.01 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.01 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

6. 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 Marion District on and after August 1, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.01 per 1,000 gallons is approved.

2. The rates proposed by Marion District are approved.

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

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

5. The Commission directs Marion District to the Commission's July 22, 2021 Order in Case No. 2020-000859<sup>8</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

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<sup>8</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19*. (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

By the Commission



ATTEST:

  

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Executive Director

Case No. 2021-00306

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00306 DATED AUG 11 2021

	Base Rate	New Rate
<u>Lebanon</u>		
Purchases in Gallons	478,429,605	478,429,605
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Meter Charge	12 Months	12 Months
Monthly Rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
<u>Campbellsville</u>		
Purchases in Gallons	3,302,600	3,302,600
Wholesale rate	<u>\$ 2.35/1,000</u>	<u>\$ 2.54/1,000</u>
	\$ 7,761.11	\$ 8,388.60
Increased water cost		\$627.49
Increased water cost		\$627.49
Divided by Gallons sold/1,000		<u>373,573.629</u>
Purchased water adjustment factor		\$0.0017 per 1,000 Gallons
		or \$0.01 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00306 DATED AUG 11 2021

The following rates and charges are prescribed for the customers in the area served by Marion 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	\$	7.45	Minimum Bill
1-Inch Meter	\$	16.20	Minimum Bill
2-Inch Meter	\$	25.68	Minimum Bill
3-Inch Meter	\$	40.73	Minimum Bill
4-Inch Meter	\$	64.60	Minimum Bill
6-Inch Meter	\$	162.59	Minimum Bill
<u>Water Charge</u>			
All usage	\$	0.00688	Per Gallon

\*Lee Mudd, P.E.  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, KENTUCKY 40342

\*Marion County Water District  
1835 Campbellsville Road  
P. O. Box 528  
Lebanon, KY 40033