

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF U.S. 60 WATER)	2022-00155
DISTRICT)	

ORDER

On June 1, 2022, U.S. 60 Water District of Shelby and Franklin Counties (U.S. 60 District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rates commensurate with the wholesale supplier. The water district must file a copy of the notice from the wholesale supplier showing the increase in the wholesale rate, and a statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

DISCUSSION

Unaccounted-for Water

Commission regulation 807 KAR 5:066, Section 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. In its 2020 Annual Report filed with the Commission, U.S. 60 District reported

a water loss of 8.88 percent.¹ U.S. 60 District’s application provides updated purchase and sales information for a more current period than the 2020 Annual Report. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2020 Annual Report, U.S. 60 District’s unaccounted-for water loss is 10.43 percent for the updated period.² The cost of U.S. 60 District’s total water loss is \$44,154.07.³

Financial Condition and Rates

Based on a review of Commission records, U.S. 60 District last sought a general base rate adjustment in 2017,⁴ at which time they received an 18.9 percent increase to generate an additional \$217,834 in annual base rate revenues. U.S. 60 District has adjusted its rates since the last general base rate adjustment through the completion of four purchased water adjustment cases.⁵

¹ *Annual Report of U. S. 60 District to the Public Service Commission for the Year Ended December 31, 2020* at 57.

² Total Purchases (application PWA Form 1 at 2)	177,582,100
Less Total Sales (application PWA Form 1 at 2)	145,270,400
Less Plant Use (% determined from 2020 Annual Report)	13,798,129
Water Loss – Gallons	18,513,571
Water Loss – Percent	10.4300%

³ Total water cost at new wholesale rate of \$423,337.16 times 10.43% (total water loss percentage) equals \$44,154.07.

⁴ See Case No. 2017-00338, *Electronic Application of U.S. 60 Water District of Shelby and Franklin Counties for an Alternative Rate Adjustment* (Ky. PSC Mar. 21, 2018).

⁵ Case No. 2017-00432, *Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC Dec. 8, 2017); Case No. 2018-00245, *Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC Aug. 6, 2018); Case No. 2018-00421, *Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC Jan. 15, 2019); and Case No. 2021-00179, *Electronic Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC May 13, 2021).

Based upon a review of the annual⁶ and audit reports⁷ filed with the Commission, U.S. 60 District's financial condition is acceptable and does not warrant the utility filing a general rate adjustment at this time because the utility's net income has remained stable since the last rate increase which became effective in March 2018.

FINDINGS

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

1. U.S. 60 District purchases water from Shelbyville Municipal Water and Sewer Commission (Shelbyville) and Frankfort Electric and Water Plant Board (Frankfort).
2. Shelbyville notified U.S. 60 District that its wholesale rate would increase from \$2.29 per 1,000 gallons to \$2.35 per 1,000 gallons, effective June 19, 2022. U.S. 60 District proposed to increase the water rates to its customers effective July 1, 2022, to reflect the increased cost of purchased water from Shelbyville.
3. U.S. 60 District proposed a purchased water adjustment factor of \$0.07 per 1,000 gallons in its application.

⁶ *Annual Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2018*, net income \$148,732; *Annual Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2019*, net income \$258,366; *Annual Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2020*, net income \$258,687; *Annual Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2021*, net income \$351,728.

⁷ *Audit Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2018*, *Audit Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2019*, *Audit Report of U.S. 60 District of Shelby and Franklin Counties to the Public Service Commission for the Year Ended December 31, 2020*.

4. During the 12 months ended April 30, 2022, U.S. 60 District purchased 147,486,000 gallons of water from Shelbyville and 30,096,100 gallons of water from Frankfort. During the same period, U.S. 60 District sold 145,270,400 gallons of water. The increase in the cost of purchased water is \$8,849.16, resulting in a purchased water adjustment factor of \$0.07 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.07 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and shall be approved, because the water adjustment factor is supported by evidence of the increase in rates from U.S. 60 District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

6. U.S. 60 District's proposed rates are approved.

7. The rates as set forth in Appendix B to this Order are fair, just and reasonable and shall be approved for water service rendered by U.S. 60 District on and after July 1, 2022, because the rates are supported by evidence of the increase in rates from U.S. 60 District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.07 per 1,000 gallons is approved.

2. The rates proposed by U.S. 60 District are approved.

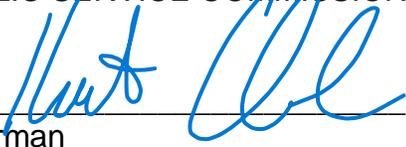
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by U.S. 60 District on and after July 1, 2022.

4. Within 20 days of the date of entry of this Order, U.S. 60 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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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman

Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00155 DATED JUN 24 2022

	Base Rate	New Rate	Increase
<u>Shelbyville</u>			
Purchases	147,486,000	147,486,000	
Wholesale rate	<u>\$ 2.29/1000</u>	<u>\$ 2.35/1000</u>	
	\$337,742.94	\$346,592.10	\$8,849.16
<u>Frankfort</u>			
Purchases	30,096,100	30,096,100	
Wholesale rate	<u>\$2.55/1000</u>	<u>\$2.55/1000</u>	no change
	\$76,745.06	\$76,745.06	
KRA Fee	\$0.29/1000	\$0.29/1,000	no change
Increased water cost			\$ 8,849.16
Increased water cost		\$ 8,849.16	
Divided by Gallons sold/1,000		<u>145,270,400</u>	
Purchased water adjustment factor		\$ 0.0609 per 1,000 Gallons	

or \$ 0.07 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00155 DATED JUN 24 2022

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District of Shelby and Franklin Counties. 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 Meters

First	1,000 Gallons	\$17.28 Minimum Bill
Next	2,000 Gallons	0.00961 per gallon
Next	2,000 Gallons	0.00814 per gallon
Over	5,000 Gallons	0.00739 per gallon

1-Inch Meter

First	5,000 Gallons	\$52.72 Minimum Bill
Over	5,000 Gallons	0.00739 per gallon

1 1/2-Inch Meter

First	15,000 Gallons	\$126.62 Minimum Bill
Over	15,000 Gallons	0.00739 per gallon

2-Inch Meter

First	25,000 Gallons	\$200.52 Minimum Bill
Over	25,000 Gallons	0.00739 per gallon

Bulk User Rate

First	1,000 Gallons	\$4.42 Minimum Bill
Over	1,000 Gallons	0.00442 per gallon

Wholesale Water Rates

First	25,000 Gallons	\$169.78 Minimum Bill
Over	25,000 Gallons	0.00626 per gallon

*Lee Mudd, P.E.
Monarch Engineering, Inc.
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Lawrenceburg, KENTUCKY 40342

*U. S. 60 Water District of Shelby and Franklin
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