

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF U.S. 60 WATER)	2022-00227
DISTRICT)	

ORDER

On July 20, 2022, U.S. 60 Water District of Shelby and Franklin Counties (U.S. 60 District) tendered an application requesting approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068. On July 22, 2022, the Commission notified U.S. 60 District that its application was rejected for certain filing deficiencies. On July 26, 2022, U.S. 60 District submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of July 26, 2022.

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 AND FINDINGS

U.S. 60 District purchases water from Shelbyville Municipal Water and Sewer Commission (Shelbyville) and Frankfort Electric and Water Plant Board (Frankfort). Shelbyville notified U.S. 60 District that Shelbyville's wholesale rate would increase from \$2.29 per 1,000 gallons to \$2.35 per 1,000 gallons, effective June 19, 2022.¹ U.S. 60 District proposed to increase the water rates to its customers effective August 1, 2022, to reflect the increased cost of purchased water from Shelbyville. No rate changes were proposed by Frankfort.

Unaccounted-for Water Loss

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 2021 Annual Report filed with the Commission, U.S. 60 District reported a water loss of 10.1742 percent.² U.S. 60 District's application provides updated purchase and sales information for a more current period than the 2021 Annual Report. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, U.S. 60 District's unaccounted-for water

¹ TFS 2022-00295 (Ky. PSC June 9, 2022); the tariff was accepted for filing by the Commission by letter dated July 12, 2022, with an effective date of July 19, 2022.

² *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

loss is 11.85 percent for the updated period.³ The cost of U.S. 60 District's total water loss is \$50,165.45.⁴

Financial Condition and Rates

Based on a review of Commission records, U.S. 60 District last sought a general base rate adjustment in 2017,⁵ 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.⁶

Based upon a review of the annual⁷ and audit reports⁸ filed with the Commission, U.S. 60 District's financial condition is acceptable and does not warrant the utility filing a

³ 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 2021 Annual Report)	11,267,584
Water Loss – Gallons	21,044,116
Water Loss – Percent	11.8500%

⁴ Total water cost at new wholesale rate of \$423,337.16 times 11.85% (total water loss percentage) equals \$50,165.45.

⁵ 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).

⁶ Case No. 2017-00432, *Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC Dec. 08, 2017); Case No. 2018-00245, *Purchased Water Adjustment Filing of U.S. 60 Water District* (Ky. PSC Aug. 06, 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).

⁷ *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2018*, net income \$148,732; *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2019*, net income \$258,366; *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2020*, net income \$258,687; *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2021*, net income \$351,728.

⁸ *Audit Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2018*, *Audit Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2019*, *Audit Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2020*.

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.

Purchase Water Rate Increase

In its application, U.S. 60 District proposed a purchased water adjustment factor of \$0.07 per 1,000 gallons in its application. 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 from Shelbyville is \$8,849.16, resulting in a purchased water adjustment factor of \$0.07 per 1,000 gallons.

Based upon the case record, the Commission finds that the purchased water adjustment factor of \$0.07 per 1,000 gallons, as calculated in Appendix A to this Order and 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 August 1, 2022. The rate 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.

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 August 1, 2022.

4. Within 20 days of the date of service 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.

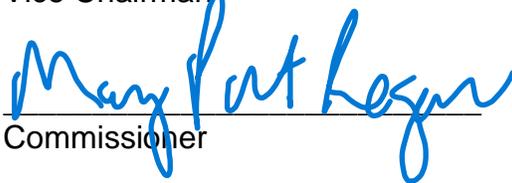
5. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ENTERED
AUG 22 2022
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00227 DATED AUG 22 2022

	Base Rate	New Rate	Increase
<u>Shelbyville</u>			
Purchases	147,486,000	147,486,000	
Wholesale rate	<u>\$ 2.29/1000</u>	<u>\$ 2.35/1,000</u>	
	\$337,742.94	\$346,592.10	\$8,849.16
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. 2022-00227 DATED AUG 22 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 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	0.00811 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

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