

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TREATED SEWAGE)	CASE NO.
ADJUSTMENT FILING OF WARREN COUNTY)	2022-00233
WATER DISTRICT)	

ORDER

On August 5, 2022, Warren County Water District (Warren District) applied for approval to adjust its rates pursuant to the treated sewer adjustment procedure set forth in KRS 278.015 and 807 KAR 5:075.

LEGAL STANDARD

In accordance with KRS 278.015 and 807 KAR 5:075, which govern treated sewage adjustment filings, a jurisdictional utility may increase its rates to pass through a wholesale supplier's rate increase. Commission regulation 807 KAR 5:075 authorizes a water district to file a treated sewage adjustment no earlier than 30 days prior to the proposed effective date of a wholesale supplier's changed rate or no later than 20 days after the wholesale supplier changes its rate. KRS 278.015 requires the Commission to approve a treated sewage adjustment no later than 30 days after a water district files notice of a rate increase from its wholesale supplier and the volume of sewage treated used to calculate the increase in rates.

DISCUSSION AND FINDINGS

Warren District purchases sewage treatment services from Bowling Green Municipal Utilities (Bowling Green). Bowling Green notified Warren District that, effective

for sewage services rendered on and after September 1, 2022, Bowling Green's wholesale sewage treatment rate to Warren District would increase from \$3.0148 per 1,000 gallons to \$3.1285 per 1,000 gallons.¹ Warren District proposes to increase the sewer service rates to its customers effective September 1, 2022, to reflect the increased cost of treated sewage from Bowling Green.

1. Financial Condition and Rates. Based on a review of Commission records, Warren District's only rate increases have occurred as a condition for federal financing of a construction project in accordance with KRS 278.023, other financing cases, nonrecurring charges, or wholesale rate adjustment cases. As a result, Warren District has avoided comprehensive review by the Commission of Warren District's financial records and operational structure for many years. In Case No. 2021-00007,² the Commission ordered Warren District to file a general rate case application pursuant to KRS 278.180 and 807 KAR 5:001, Section 16, within three years of the date of filing of the Order, or, in the alternative, file a formal motion with a detailed analysis of its rates and state the reasons why no modifications are necessary by March 24, 2024.³

In Case No. 2019-00041, the Commission discussed the problems that can occur when utilities intentionally avoid a review of their financial records by relying solely on

¹ TFS 2022-00387 (Ky. PSC July 27, 2022); Bowling Green submitted the tariff on July 27 2022, and the tariff was accepted for filing by the Commission by letter dated August 8, 2022, with an effective date of September 1, 2022.

² Case No. 2021-00007, *Electronic Application of Warren County Water District to Issue Securities in the Approximate Principal Amount of \$3,735,000 for the Purpose of Refunding and Reamortizing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Mar. 24, 2021), final Order.

³ Case No. 2021-00007, March 24, 2021 final Order.

financing cases to increase rates.⁴ A key recommendation from that proceeding was that water districts should monitor the sufficiency of their base rates closely and, in general, apply for base rate adjustments on a more frequent basis.⁵

2. Treated Sewer Adjustment. In its application, Warren District proposed a treated sewage adjustment factor of \$0.09 per 1,000 gallons. Warren District bills for sewage collection and treatment services based upon a customer's water usage. During the 12 months ended May 31, 2022, Warren District sold 1,288,364,093 gallons of water and Bowling Green treated 993,847,000 gallons of sewage from Warren District. The increase in the cost of sewage treatment from Bowling Green is \$113,000.40 resulting in a treated sewer adjustment factor of \$0.09 per 1,000 gallons.

The treated sewage adjustment factor of \$0.09 per 1,000 gallons, as calculated in Appendix A and the rates as set forth in Appendix B to this Order are fair, just and reasonable and shall be approved for sewer service rendered by Warren District on and after September 1, 2022, because the rates are supported by evidence of the increase in rates from Warren District's wholesale water supplier and the volume of treated sewage used to calculate the rates in accordance with KRS 278. 015.

IT IS THEREFORE ORDERED that:

1. The treated sewage adjustment factor of \$0.09 per 1,000 gallons is approved.
2. The rates proposed by Warren District are approved.

⁴ See Case No. 2019-00041, *Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Nov. 22, 2019), final order.

⁵ See Case No. 2019-00041, Nov. 22, 2019 final Order.

3. The rates as set forth in Appendix B to this Order are approved for sewer service rendered by Warren District on and after September 1, 2022.

4. Within 20 days of the date of service of this Order, Warren 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.

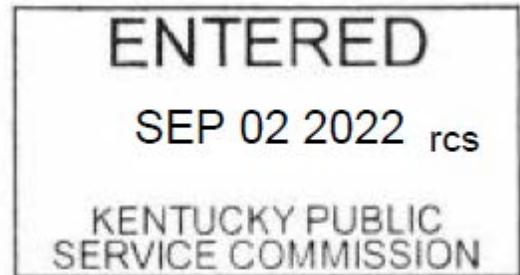
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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00233 DATED SEP 02 2022

	Base Rate	New Rate	Increased Cost
Warren County Water District Wastewater Treatment in Gallons			
Bowling Green	993,847,000	993,847,000	
Volumetric Rate	<u>\$ 3.0148/1,000</u>	<u>\$ 3.1285/1,000</u>	
	\$ 2,996,249.94	\$3,109,250.34	\$113,000.40
Increased treatment cost		\$113,000.40	
Divided by Gallons sold/1,000		<u>1,288,364,093</u>	
Treated Sewage adjustment factor		\$ 0.0877 per 1,000 Gallons	
		or \$ 0.09 per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00233 DATED SEP 02 2022

The following rates and charges are prescribed for the customers in the area served by Warren County Water District – Sewer Division. 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 Sewer Rates for All Areas Outside the City of Smiths Grove:

5/8- X 3/4-Inch Meter

First	2,000 Gallons	\$12.25	Minimum Bill
Next	6,000 Gallons	0.00530	Per Gallon
Next	12,000 Gallons	0.00416	Per Gallon
Next	80,000 Gallons	0.00386	Per Gallon
Over	100,000 Gallons	0.00336	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$28.14	Minimum Bill
Next	3,000 Gallons	0.00530	Per Gallon
Next	12,000 Gallons	0.00416	Per Gallon
Next	80,000 Gallons	0.00386	Per Gallon
Over	100,000 Gallons	0.00336	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$52.17	Minimum Bill
Next	10,000 Gallons	0.00416	Per Gallon
Next	80,000 Gallons	0.00386	Per Gallon
Over	100,000 Gallons	0.00336	Per Gallon

2-Inch Meter

First	16,000 Gallons	\$76.50	Minimum Bill
Next	4,000 Gallons	0.00416	Per Gallon
Next	80,000 Gallons	0.00386	Per Gallon
Over	100,000 Gallons	0.00336	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$129.29	Minimum Bill
Next	70,000 Gallons	0.00386	Per Gallon

Over	100,000 Gallons	0.00336	Per Gallon
<u>4-Inch Meter</u>			
First	50,000 Gallons	\$202.39	Minimum Bill
Next	50,000 Gallons	0.00386	Per Gallon
Over	100,000 Gallons	0.00336	Per Gallon
<u>6-Inch Meter</u>			
First	100,000 Gallons	\$385.14	Minimum Bill
Over	100,000 Gallons	0.00336	Per Gallon

Monthly Sewer Rates for All Areas Inside the City of Smiths Grove:

<u>5/8- X 3/4-Inch Meter</u>			
First	2,000 Gallons	\$18.94	Minimum Bill
Next	6,000 Gallons	0.00547	Per Gallon
Next	12,000 Gallons	0.00526	Per Gallon
Next	80,000 Gallons	0.00464	Per Gallon
Over	100,000 Gallons	0.00424	Per Gallon

<u>1-Inch Meter</u>			
First	5,000 Gallons	\$35.35	Minimum Bill
Next	3,000 Gallons	0.00547	Per Gallon
Next	12,000 Gallons	0.00526	Per Gallon
Next	80,000 Gallons	0.00464	Per Gallon
Over	100,000 Gallons	0.00424	Per Gallon

<u>1 1/2-Inch Meter</u>			
First	10,000 Gallons	\$62.29	Minimum Bill
Next	10,000 Gallons	0.00526	Per Gallon
Next	80,000 Gallons	0.00464	Per Gallon
Over	100,000 Gallons	0.00424	Per Gallon

<u>2-Inch Meter</u>			
First	16,000 Gallons	\$92.84	Minimum Bill
Next	4,000 Gallons	0.00526	Per Gallon
Next	80,000 Gallons	0.00464	Per Gallon
Over	100,000 Gallons	0.00424	Per Gallon

<u>3-Inch Meter</u>			
First	30,000 Gallons	\$161.34	Minimum Bill
Next	70,000 Gallons	0.00464	Per Gallon

Over 100,000 Gallons 0.00424 Per Gallon

4-Inch Meter

First 50,000 Gallons \$254.17 Minimum Bill

Next 50,000 Gallons 0.00464 Per Gallon

Over 100,000 Gallons 0.00424 Per Gallon

6-Inch Meter

First 100,000 Gallons \$486.22 Minimum Bill

Over 100,000 Gallons 0.00424 Per Gallon

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