

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF BATH COUNTY)	2022-00239
WATER DISTRICT)	

ORDER

On July 28, 2022, Bath County Water District (Bath District) tendered its application requesting Commission approval to adjust Bath District’s rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.¹

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

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Bath District purchases water from Morehead Utility Plant Board

¹ Bath District tendered an application on July 26, 2022 that was rejected for filing due to certain filing deficiencies. On July 28, 2022, Bath District submitted information to cure the filing deficiencies and the application was deemed filed as of July 28,2022.

(Morehead) and Mount Sterling Water & Sewer (Mount Sterling). The Commission finds that Mount Sterling notified Bath District that its wholesale rate would increase from \$3.17 per 1,000 gallons to \$3.40 per 1,000 gallons, effective August 1, 2022.² Bath District proposed to increase the water rates to its customers effective August 15, 2022, to reflect the increased cost of purchased water from Mount Sterling.

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 operations. In its 2021 Annual Report filed with the Commission, Bath District reported a water loss of 12.1047 percent.³ Bath 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, Bath District's unaccounted-for water loss is 7.2527 percent for the updated period.⁴ Bath District's total water loss expense equals \$75,584.12.⁵

² TFS 2022-00336 (Ky. PSC filed July 1, 2022); the tariff was accepted for filing by the Commission by letter dated July 26, 2022, with an effective date of August 1, 2022.

³ *Annual Report of Bath District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

⁴ Total Purchases (application PWA Form 1 at 2)	471,809,000
Less Total Sales (application PWA Form 1 at 2)	425,007,000
Less Plant Use (% determined from 2021 Annual Report)	12,583,146
Water Loss – Gallons	34,218,854
Water Loss – Percent	7.2527%

⁵ Total water cost at new wholesale rate of \$1,042,151.41 times 0.072527 (total water loss percentage) equals \$75,584.12.

Financial Condition and Rates

Based on a review of Commission records, Bath District has not sought a general base rate adjustment since 2012.⁶ Bath District's only rate increases since then have occurred when a Bath District supplier has increased its rates. As a result, Bath District has not received a comprehensive review of Bath District's financial records and operational structure by the Commission for more than nine years. In Case No. 2022-00067,⁷ the Commission found that Bath District should file an application for a general base rate adjustment or an alternative rate adjustment within six months of the final Order to ensure that its revenue is sufficient to support adequate and reliable service. On June 30, 2022, Bath District requested an extension of time to file the rate case.⁸ On July 28, 2022, Case No. 2022-00067 was reopened in order for Commission Staff to issue a request for information pertaining to Bath District's extension request. Bath District responded on August 2, 2022, to the Post Case Request for Information,⁹ and the Commission has the request under review.

PWA Application

In its application, Bath District proposed a purchased water adjustment factor of \$0.01 per 1,000 gallons in its application. During the 12 months ended June 30, 2022, Bath District purchased 452,993,000 gallons of water from Morehead, 18,816,000 gallons

⁶ Case No. 2012-00537, *Alternative Rate Filing for Bath County Water District* (Ky. PSC May 17, 2013).

⁷ Case No. 2022-00067, *Electronic Purchased Water Adjustment Filing of Bath County Water District* (Ky. PSC March 30, 2022).

⁸ Case No. 2022-00067, Motion for Extension of Time (filed June 30, 2022).

⁹ Case No. 2022-00067, Bath District's Response to Commission Staff's Request for Information, (filed Aug. 2, 2022).

of water from Mount Sterling, and sold 425,007,000 gallons of water to its customers. The increase in the cost of purchased water is \$4,327.68, resulting in a purchased water adjustment factor of \$0.01 per 1,000 gallons. The purchased water adjustment factor of \$0.01 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 water service rendered by Bath District on and after August 15, 2022. The water adjustment factor is supported by evidence of the increase in rates from Bath 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 \$0.01 per 1,000 gallons is approved.
2. The rates proposed by Bath District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Bath District on and after August 15, 2022.
4. Within 20 days of the date of entry of this Order, Bath 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.

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. 2022-00239 DATED AUG 22 2022

	Base Rate	New Rate	Increase
<u>Mount Sterling Water</u>			
Purchases in Gallons	18,816,000	18,816,000	
	<u>\$ 3.17/1,000</u>	<u>\$ 3.40/1,000</u>	
	\$59,646.72	\$ 63,974.40	\$4,327.68
Increased water cost			\$ 4,327.68
Increased water cost		\$ 4,327.68	
Divided by Gallons sold/1,000		<u>425,007,000</u>	
Purchased water adjustment factor		\$ 0.0102 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. 2022-00239 DATED AUG 22 2022

The following rates and charges are prescribed for the customers in the area served by Bath County Water District. 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 Meter

First	2,000 Gallons	\$16.92 Minimum Bill
Next	3,000 Gallons	0.00661 per gallon
Next	5,000 Gallons	0.00518 per gallon
Next	10,000 Gallons	0.00452 per gallon
Next	30,000 Gallons	0.00430 per gallon
Over	50,000 Gallons	0.00418 per gallon

1-Inch Meter

First	10,000 Gallons	\$62.65 Minimum Bill
Next	10,000 Gallons	0.00452 per gallon
Next	30,000 Gallons	0.00430 per gallon
Over	50,000 Gallons	0.00418 per gallon

2-Inch Meter

First	50,000 Gallons	\$236.85 Minimum Bill
Over	50,000 Gallons	0.00418 per gallon

<u>Leak Adjustment Rate</u>	0.00341 per gallon
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Wholesale Rates

Sharpsburg Water District	0.00389 per gallon
City of Frenchburg	0.00344 per gallon
City of Owingsville	0.00303 per gallon
Monthly debt service payment	\$4,733.91 Minimum Bill

<u>Bulk Sales</u>	0.00897 per gallon
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