

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF LARUE COUNTY)	2022-00339
WATER DISTRICT NO. 1)	

ORDER

On October 12, 2022, LaRue County Water District No. 1 (LaRue District No. 1) 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 rate 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

LaRue District No. 1 purchases water from Campbellsville Municipal Water and Sewer System (Campbellsville), the city of Bardstown (Bardstown), the city of Hodgenville (Hodgenville), the city of New Haven (New Haven), Green River Valley Water District (Green River Valley District), and Green-Taylor Water District (Green-Taylor District). LaRue District No. 1 was notified that Campbellsville proposed to increase its

wholesale rate from \$2.54 per 1,000 gallons to \$2.95 per 1,000 gallons, effective August 19, 2022. In Case No. 2022-00278, the Commission initially suspended Campbellsville's proposed increase in the wholesale rate charged to LaRue District No. 1, but it ultimately approved the proposed rate increase to be effective September 28, 2022.¹ LaRue District No. 1 proposes to increase the water rates to its customers effective September 28, 2022, to reflect the increased cost of purchased water from Campbellsville.

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 2021 Annual Report filed with the Commission, LaRue District No. 1 reported a water loss of 7.9431 percent.² LaRue District No. 1'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, LaRue District No. 1's

¹ Case No 2022-00278, *Electronic Tariff Filing of Campbellsville Municipal Water and Sewer System Revising Its Wholesale Water Service Rates* (Ky. PSC Sept. 28, 2022), Order.

² *Annual Report of LaRue District No. 1 to the Public Service Commission for the Year Ended December 31, 2021* at 57.

unaccounted-for water loss is 4.2986 percent for the updated period.³ The cost of LaRue District No. 1's total water loss is \$21,158.05.⁴

Financial Condition and Rates

Based on a review of Commission records, LaRue District No. 1's most recent rate case was filed in 2021. An 8.13 percent rate increase was approved in the Alternative Rate Filing (ARF) as of March 18, 2022.⁵

Purchased Water Adjustment Factor

In its application, LaRue District No. 1 proposed a purchased water adjustment factor of \$0.04 per 1,000 gallons. During the 12 months ended August 31, 2022, LaRue District No. 1 purchased 14,187,500 gallons of water from Campbellsville, 33,164,100 gallons of water from Bardstown, 40,542,100 gallons of water from Hodgenville, 4,380,000 gallons of water from New Haven, 98,000,000 gallons of water from Green River Valley District and 3,562,300 gallons of water from Green-Taylor District. During the same period, LaRue District No. 1 sold 178,521,815 gallons of water to its customers. The increase in the cost of purchased water from Campbellsville is \$5,816.88, resulting in a purchased water adjustment factor of \$0.04 per 1,000 gallons, the calculation of which is shown in Appendix A. No rate changes occurred from Bardstown, Hodgenville, New Haven, Green River Valley District, or Green-Taylor District.

³ Total Purchases (application PWA Form 1 at 2)	193,836,000
Less Total Sales (application PWA Form 1 at 2)	178,521,815
Less Plant Use (0.03602 determined from 2021 Annual Report)	6,981,973
Water Loss – Gallons	8,332,212
Water Loss – Percent	4.2986%

⁴ Total water cost at new wholesale rate of \$492,208.01 times 4.2986 percentage water loss equals \$21,158.05.

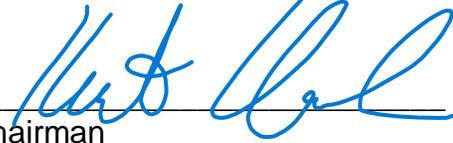
⁵ Case No. 2021-00285, *Electronic Application of Larue County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 18, 2022).

The purchased water adjustment factor of \$0.04 per 1,000 gallons, as calculated in Appendix A, and the rates set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by LaRue District No. 1 on and after September 28, 2022, because the rates are supported by evidence of the increase in rates from LaRue District No. 1'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 \$0.04 per 1,000 gallons is approved.
2. The rates proposed by LaRue District No. 1 are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by LaRue District No. 1 on and after September 28, 2022.
4. Within 20 days of the date of service of this Order, LaRue District No. 1 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



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00339 DATED NOV 07 2022

	Base Rate	New Rate	Change
<u>Campbellsville</u>			
Purchases in Gallons	14,187,500	14,187,500	
Wholesale rate	<u>\$2.54/1000</u>	<u>\$2.95/1000</u>	
Sub-total	\$ 36,036.25	\$ 41,853.13	\$ 5,816.88
Total Gallons Purchased		193,836,000	
Total Cost of Water from All Suppliers	\$ 486,391.14	\$ 492,208.01	\$ 5,816.88
Increased water cost		\$ 5,816.88	
Divided by Gallons sold/1,000		<u>178,521,815.00</u>	
Purchased water adjustment factor		\$ 0.03258 per 1,000 gallons	
		or \$0.04 per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00339 DATED NOV 07 2022

The following rates and charges are prescribed for the customers in the area served by LaRue County Water District No. 1. 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	1,000 Gallons	\$18.63	Minimum Bill
Next	4,000 Gallons	0.00866	Per Gallon
Next	5,000 Gallons	0.00774	Per Gallon
Over	10,000 Gallons	0.00633	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$35.90	Minimum Bill
Next	2,000 Gallons	0.00866	Per Gallon
Next	5,000 Gallons	0.00774	Per Gallon
Over	10,000 Gallons	0.00633	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$53.18	Minimum Bill
Next	5,000 Gallons	0.00774	Per Gallon
Over	10,000 Gallons	0.00633	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$91.79	Minimum Bill
Over	10,000 Gallons	0.00633	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$154.98	Minimum Bill
Over	20,000 Gallons	0.00633	Per Gallon

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