

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF BUFFALO TRAIL	)	2023-00026
WATER ASSOCIATION, INC.	)	

ORDER

On January 25, 2023, Buffalo Trail Water Association, Inc. (Buffalo Trail) 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

Buffalo Trail purchases water from Western Fleming County Water District (Western Fleming District) and Maysville Utility Commissioner (Maysville). Western Fleming District notified Buffalo Trail that its wholesale rate would increase from \$2.14

per 1,000 gallons to \$2.19 per 1,000 gallons, effective October 5, 2022.<sup>1</sup> Buffalo Trail proposes to increase the water rates to its customers effective January 15, 2023, to reflect the increased cost of purchased water from Western Fleming District.

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, Buffalo Trail reported a water loss of 15.0323 percent. Buffalo Trail's application provides updated purchase and sales information for the period of January 2022 through December 2022. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, Buffalo Trail's unaccounted-for water loss is 10.9722 percent for the updated period.<sup>2</sup>

Financial Condition and Rates

Buffalo Trail filed an application for a rate adjustment in Case No. 2021-00205.<sup>3</sup> A final Order was issued by the Commission on December 10, 2021. Because a complete financial review was undertaken by Commission Staff during the pendency of that case a financial review of the utility was not completed as part of this case.

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<sup>1</sup> Case No. 2021-00406, *Electronic Application of Western Fleming County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 5, 2022).

<sup>2</sup> Total Purchases (application PWA Form 1 at 2)	146,321,119
Less Total Sales (application PWA Form 1 at 2)	110,334,290
Less Plant Use (% determined from 2021 Annual Report)	19,932,146
Water Loss – Gallons	16,054,683
Water Loss – Percent	10.9722%

<sup>3</sup> Case No. 2021-00205, *Electronic Application of Buffalo Trail Water Association, Inc. For a Rate Adjustment Pursuant to 807 KAR 5:076*.

### Purchased Water Adjustment Factor

In its application, Buffalo Trail proposed a purchased water adjustment factor of \$0.07 per 1,000 gallons. During the 12 months ended December 2022, Buffalo Trail purchased 139,499,119 gallons of water from Western Fleming and 6,822,000 gallons of water from Maysville and sold 110,334,290 gallons of water to its customers. The increase in the cost of purchased water from Western Fleming is \$6,974.96, resulting in a purchased water adjustment factor of \$0.07 per 1,000 gallons. No rate changes occurred from Maysville.

Buffalo Trail misapplied the purchased water adjustment factor of \$0.07 per 1,000 gallons to its 3/4-inch through 4-inch meter minimum bills. This results in a larger than necessary increase for the minimum bills on those size meters. This error has been remedied by correctly applying the \$0.07 per 1,000 gallon increase to Buffalo Trail's minimum bills for these meter sizes, as seen in Appendix B. The purchased water adjustment factor of \$0.07 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 should be approved for water service rendered by Buffalo Trail on and after January 15, 2023, because the rates are supported by evidence of the increase in rates from Buffalo Trail'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 Buffalo Trail are denied.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Buffalo Trail on and after January 15, 2023.

4. Within 20 days of the date of service of this Order, Buffalo Trail shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

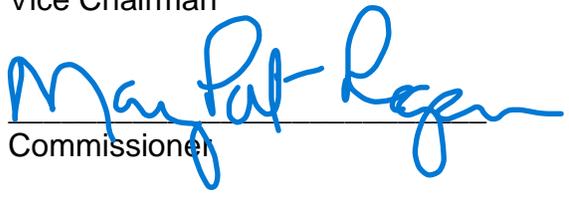
5. This case is closed and removed from the Commission's docket.

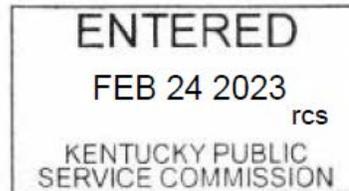
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PUBLIC SERVICE COMMISSION

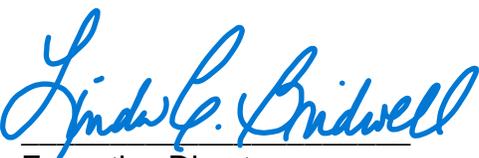
  
Chairman

\_\_\_\_\_  
Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00026 DATED FEB 24 2023

	Base Rate	New Rate	Increased Cost
<u>Western Fleming</u>			
Purchases in Gallons	139,499,119	139,499,119	
Wholesale Rate	<u>\$ 2.14/1,000</u>	<u>\$ 2.19/1,000</u>	
	\$298,528.11	\$305,503.07	\$ 6,974.96
Total Gallons Purchased		146,321,119	
Total	\$298,528.11	\$305,503.07	
Increased water cost		\$ 6,976.96	
Divided by Gallons sold/1000		<u>110,334,290</u>	
Purchased water adjustment factor		\$ 0.0632 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. 2023-00026 DATED FEB 24 2023

Monthly Water Rates

5/8" x 3/4" Meter

First 1,000 Gallons	\$17.50 Minimum Bill
Next 4,000 Gallons	0.00785 Per Gallon
Next 5,000 Gallons	0.00582 Per Gallon
Over 10,000 Gallons	0.00531 Per Gallon

3/4" Meter

First 5,000 Gallons	\$48.88 Minimum Bill
Next 5,000 Gallons	0.00582 Per Gallon
Over 10,000 Gallons	0.00531 Per Gallon

1" Meter

First 10,000 Gallons	\$77.96 Minimum Bill
Over 10,000 Gallons	0.00531 Per Gallon

1 1/2" Meter

First 15,000 Gallons	\$104.49 Minimum Bill
Over 15,000 Gallons	0.00531 Per Gallon

2" Meter

First 20,000 Gallons	\$131.02 Minimum Bill
Over 20,000 Gallons	0.00531 Per Gallon

Wholesale Rates

Mt. Olivet Water Company	\$0.00311 Per Gallon
Nicholas County Water District	\$0.00379 Per Gallon

\*Buffalo Trail Water Association, Inc.  
41135 Highway 62  
Mayslick, KY 41055

\*Lori Johnson  
Buffalo Trail Water Association, Inc.  
41135 Highway 62  
Mayslick, KY 41055