

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF CUMBERLAND	)	2025-00072
COUNTY WATER DISTRICT	)	

ORDER

On March 19, 2025, Cumberland County Water District (Cumberland District) 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, within the statutory and regulatory deadlines, 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

Cumberland District purchases water from the city of Burkesville (Burkesville), the city of Albany (Albany), and Columbia/Adair Utilities District (Columbia/Adair District). Burkesville notified Cumberland District that its wholesale rate would increase \$0.37 from

\$2.47 per 1,000 gallons to \$2.84 per 1,000 gallons, effective April 15, 2025.<sup>1</sup> Cumberland District proposed to increase the water rates to its customers effective April 15, 2025, to reflect the increased cost of purchased water from Burkesville. Albany and Columbia/Adair District proposed no changes to wholesale rates.

### 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, Cumberland District reported a water loss of 35.2088 percent.<sup>2</sup> In its 2022 Annual Report filed with the Commission, Cumberland District reported a water loss of 39.0535 percent.<sup>3</sup> In its 2023 Annual Report filed with the Commission, Cumberland District reported a water loss of 38.1290 percent.<sup>4</sup> Cumberland District's three-year water loss average is 37.4638 percent.<sup>5</sup> The approximate cost of Cumberland District's total water loss, at the new wholesale rate, using a three-year average is \$220,504.17.<sup>6</sup>

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<sup>1</sup> TFS2024-00092 (Ky. PSC Mar. 1, 2024) Cumberland District submitted the tariff on March 1, 2024, and the tariff was suspended into Case No. 2024-00075 by the Commission on March 25, 2024; Case No. 2024-00075 *Electronic Tariff Filing of the City of Burkesville to Increase Its Wholesale Rate to Cumberland County Water District* (Ky. PSC Apr. 8, 2024), Order.

<sup>2</sup> *Annual Report of Cumberland District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

<sup>3</sup> *Annual Report of Cumberland District to the Public Service Commission for the Year Ended December 31, 2022* at 57.

<sup>4</sup> *Annual Report of Cumberland District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

<sup>5</sup>  $35.2088\% + 39.0535\% + 38.1290\% = 112.3913 / 3 \text{ years} = 37.4638\%$ .

<sup>6</sup> Total water cost at new wholesale rate of \$588,579.29 times 37.4638% water loss equals \$220,504.17.

In Cumberland District's recent rate case,<sup>7</sup> the Commission approved a monthly water loss reduction surcharge of \$2.85 per meter per month for 48 months to help fund repairs and upgrades to reduce system losses to more acceptable levels.<sup>8</sup> On October 5, 2023, Case No. 2023-00228<sup>9</sup> was established in order for the Commission to monitor the progress of the water loss reduction surcharge plan established by Cumberland District and consider any requests for surcharge funds.

#### Financial Condition and Rates

Cumberland District last sought an alternative rate adjustment in 2022.<sup>10</sup> Cumberland District's most recent alternative rate adjustment case used 2021 as the test year and the Commission approved a revenue increase of \$178,901 or 12.53 percent.<sup>11</sup> The final Order issued on October 5, 2023, approved rates which increased the monthly bill of a typical customer from \$37.25 to \$41.92, an increase of \$4.67 or approximately 12.53 percent.<sup>12</sup>

Cumberland District's rate-based income was negative in 2023. As a result of the timing of the rate case, only 25 percent, or \$44,725, of the rate increase approved in Case No. 2022-00291 was realized during 2023. However, even if the entire rate increase had been in effect for the entire 2023 calendar year, Cumberland District still would have

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<sup>7</sup> Case No. 2022-00291, *Electronic Application of Cumberland County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 5, 2023), final Order.

<sup>8</sup> Case No. 2022-00291, Oct. 5, 2023 final Order at 25, ordering paragraph 10.

<sup>9</sup> Case No. 2023-00228, *Electronic Cumberland County Water District Unaccounted-for Water Loss Reduction Plan, Surcharge and Monitoring* (Ky. PSC Oct. 5, 2023), opening Order.

<sup>10</sup> Case No. 2022-00291, Oct. 5, 2023 final Order.

<sup>11</sup> Case No. 2022-00291, Oct. 5, 2023 final Order.

<sup>12</sup> Case No. 2022-00291, Oct. 5, 2023 final Order.

reflected a rate-based loss of \$98,000. In general, the Commission recommends that utilities file rate cases every three to five years depending on financial performance. In view of Cumberland District's 2023 performance and given that its last increase was based on a 2021 test year, which is now three years old, the Commission concludes that Cumberland District may need to make further adjustments in its rates. Therefore, on or before August 31, 2026, Cumberland District should file an application for a general rate adjustment pursuant to Section 16 of 807 KAR 5:001, an application for an alternative rate adjustment pursuant to 807 KAR 5:076, or in the alternative, file a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary.

#### Purchased Water Adjustment Factor

In its application, Cumberland District proposed a purchased water adjustment factor of \$0.48 per 1,000 gallons.<sup>13</sup> During the 12 months ended January 31, 2025, Cumberland District purchased 172,009,500 gallons of water from Burkesville, 45,687,100 gallons of water from Albany and 1,501,600 gallons of water from Columbia/Adair District. Cumberland District sold 133,667,500 gallons of water to its customers in the same 12-month period. The increase in the cost of purchased water from Burkesville is \$63,643.51, resulting in a purchased water adjustment factor of \$0.48 per 1,000 gallons. No rate changes occurred from Albany or Columbia/Adair District.

The purchased water adjustment factor of \$0.48 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

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<sup>13</sup> Application, CCWD\_-\_2025\_Purchased\_Water\_Adjustment\_(Burkesville).pdf, (filed Mar. 19, 2025) at Exhibit A-2.

reasonable and should be approved for water service rendered by Cumberland District on and after April 15, 2025, because the rates are supported by evidence of the increase in rates from Cumberland 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 \$0.48 per 1,000 gallons is approved.
2. The rates proposed by Cumberland District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Cumberland District on and after April 15, 2025.
4. Within 20 days of the date of service of this Order, Cumberland District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.
5. On or before August 31, 2026, Cumberland District shall file an application for a general rate adjustment pursuant to Section 16 of 807 KAR 5:001, an application for an alternative rate adjustment pursuant to 807 KAR 5:076, or in the alternative, a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary. Any filing for a rate adjustment filed under KRS 278.023 does not relieve Cumberland District from this requirement.
6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
Chairman

Vice Chairman

  
Commissioner

ATTEST:

  
Executive Director

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# APPENDIX A

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00072 DATED APR 14 2025

	Base Rate	New Rate	Change
Burkesville			
Purchases in Gallons	172,009,500	172,009,500	
Rate per 1,000 Gallons	<u>\$2.47/1,000</u>	<u>\$2.84/1,000</u>	
Subtotal	\$424,863.47	\$488,506.98	\$63,643.51
Albany			
Purchases in Gallons	45,687,100	45,687,100	
Rate per 1,000 Gallons	<u>\$2.10/1,000</u>	<u>\$2.10/1,000</u>	
Sub-total	\$95,942.91	\$95,942.91	no change
Columbia/Adair			
Purchases in Gallons	1,501,600	1,501,600	
Rate per 1,000 Gallons	<u>\$2.75/1,000</u>	<u>\$2.75/1,000</u>	
Sub-total	\$4,129.40	\$4,129.40	no change
Total	\$524,935.78	\$588,579.29	
Increased water cost			\$63,643.51
Increased water cost		\$63,643.51	
Divided by Gallons sold/1,000		<u>133,667,500</u>	
Purchased water adjustment factor		\$0.4761	per 1,000 Gallons
		or \$ 0.00048	per Gallon

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00072 DATED APR 14 2025

The following rates and charges are prescribed for the customers in the area served by Cumberland County Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the 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	\$34.63	Minimum Bill
Next	3,000 Gallons	0.00960	Per Gallon
Next	5,000 Gallons	0.00849	Per Gallon
Over	10,000 Gallons	0.00735	Per Gallon

##### 1-Inch Meter

First	5,000 Gallons	\$63.78	Minimum Bill
Next	5,000 Gallons	0.00849	Per Gallon
Over	10,000 Gallons	0.00735	Per Gallon

##### 1 1/2-Inch Meter

First	12,500 Gallons	\$124.22	Minimum Bill
Over	12,500 Gallons	0.00735	Per Gallon

##### 2-Inch Meter

First	25,000 Gallons	\$216.15	Minimum Bill
Over	25,000 Gallons	0.00735	Per Gallon

##### Dale Hollow State Park

First	300,000 Gallons	\$2,238.56	Minimum Bill
Over	300,000 Gallons	0.00735	Per Gallon



\*Cumberland County Water District  
133 Lower River Street  
Burkesville, KY 42717-9622

\*James L Mudd Jr.  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, KY 40342