

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT)	
FILING OF WEST DAVIESS COUNTY WATER)	CASE NO.
DISTRICT)	2018-00364

ORDER

On October 30, 2018, West Daviess County Water District (West Daviess District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2017 Annual Report, West Daviess District reported a water loss of 15.9621 percent.² West Daviess District's application provides updated purchase and sales information for a more current period than the 2017 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2017 Annual Report,³ West Daviess District's unaccounted-for water

¹ KRS 278.012; 807 KAR 5:068.

² 2017 Annual Report at 56.

³ 2017 Annual Report, Water Statistics, line 21, divided by line 4, (3,195 divided by 434,924) equals 0.735 percent.

loss is determined to be 17.6757 percent for the updated period.⁴ Reduction of West Daviess District's unaccounted-for water loss to 15 percent would result in an approximate \$25,822.43⁵ decrease to purchased water expense. Potentially, West Daviess District is paying approximately \$0.07 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.⁶

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages West Daviess District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by West Daviess District to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

The Commission, having reviewed the record and being otherwise sufficiently advised, finds that:

1. West Daviess District purchases water from Owensboro Municipal Utilities (Owensboro).

⁴ Total Purchases (application PWA Form 1 at 2)	438,669,100
Less Total Sales (application PWA Form 1 at 2)	357,907,050
Less plant use (% determined from 2017 Annual Report)	<u>3,224,218</u>
Water loss - gallons	77,537,832
Water loss - percent	17.6757

⁵ Water loss above 15 percent is 2.6757 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$25,822.43

⁶ Potential purchased water expense reduction divided by sales (\$25,822.43/(357,907,050/1,000) equals \$0.07/1,000.

2. Owensboro notified West Daviess District that its wholesale rate would increase from \$1.64 per 1,000 gallons to \$2.20 per 1,000 gallons effective December 1, 2018. West Daviess District proposes to increase the water rates to its customers effective December 1, 2018, to reflect the increased cost of purchased water from Owensboro.

3. West Daviess District proposed a purchased water adjustment factor of \$0.69 per 1,000 gallons in its application.

4. During the 12 months ended September 30, 2018, West Daviess District purchased 438,669,100 gallons of water from Owensboro. During the same period, West Daviess District sold 357,907,050 gallons of water. The increase in the cost of purchased water is \$245,654.70, resulting in a purchased water adjustment factor of \$0.69 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.69 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. West Daviess District's proposed rates should be approved.

7. 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 West Daviess District on and after December 1, 2018.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.69 per 1,000 gallons is approved.

2. The rates proposed by West Daviess District are approved.

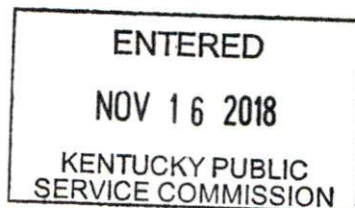
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Daviess District on and after December 1, 2018.

4. Within 20 days of the date of entry of this Order, West Daviess 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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By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00364 DATED **NOV 16 2018**

	New Rate	Base Rate
Owensboro		
Purchases in Gallons	438,699,100	438,669,100
Wholesale rate	<u>\$2.20/1,000</u>	<u>\$1.64/1,000</u>
	\$965,072.02	\$719,417.32
Increased water cost		\$ 245,654.70
Increased water cost		\$ 245,654.70
Divided by Gallons sold/1,000		<u>357,907,050</u>
Purchased water adjustment factor		\$ 0.6864 per 1,000 Gallons
		or \$ 0.69 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2018-00364 DATED **NOV 16 2018**

The following rates and charges are prescribed for the customers in the area served by West Daviess District 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

Customer Charge

5/8" X 3/4" Meter	\$3.25 Per Month
1"	4.55 Per Month
1 1/2"	5.85 Per Month
2"	9.43 Per Month
3"	35.75 Per Month
4"	45.50 Per Month
6"	68.25 Per Month
8"	94.25 Per Month

Usage Charges

First 20,000 Gallons	4.76 Minimum Bill
Over 20,000 Gallons	3.68 Per 1,000 Gallons

Wholesale Water Rate

McLean County Water District	3.10 Per 1,000 Gallons
Beech Grove Water Association	3.10 Per 1,000 Gallons

*West Daviess County Water District
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Owensboro, KY 42301

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