

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF BATH COUNTY	)	2025-00187
WATER DISTRICT	)	

ORDER

On June 24, 2025, Bath County Water District (Bath District) tendered an application for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068. Thereafter, on June 27, 2025, Bath District submitted an amended application,<sup>1</sup> and thus the application for purchased water adjustment was deemed filed as of that date. Bath District's application proposed an effective date for its new rate of July 15, 2025.<sup>2</sup>

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

---

<sup>1</sup> A No Deficiency Letter was not filed until June 27, 2025. Prior to that date, no other letters were issued.

<sup>2</sup> Amended Application and Supporting Documents (Amended Application), (filed Jun. 27, 2025), amended\_pwa\_application.pdf at 2.

water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

### DISCUSSION AND FINDINGS

Bath District purchases water from Morehead Utility Plant Board (Morehead). Morehead notified Bath District that its wholesale rate would increase by \$1.326 per 1,000 gallons from \$2.284 per 1,000 gallons to \$3.61 per 1,000 gallons, effective July 15, 2025.<sup>3</sup> In its calculations,<sup>4</sup> Bath District used an incorrect base rate for Morehead of \$2.2894 per 1,000 gallons instead of the correct base rate of \$2.284 per 1,000 gallons, which also lead to Bath District reporting an incorrect total increase of \$677,080.86 in its application, instead of the correct total increase from Morehead of \$679,849.48. Bath District proposes to increase the water rates to its customers effective July 15, 2025, to reflect the increased cost of purchased water from Morehead.

#### 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 2022 Annual Report filed with the Commission, Bath District reported a water loss of 15.5428 percent.<sup>5</sup> In its 2023 Annual Report filed with the Commission,

---

<sup>3</sup> TFS2025-00118, (Ky. PSC Mar. 16, 2025); Morehead submitted the tariff on March 16, 2025, and the tariff was accepted for filing by the Commission by letter dated April 4, 2025, with an effective date of July 15, 2025.

<sup>4</sup> Amended Application, amended\_pwa\_application.pdf at 3.

<sup>5</sup> *Annual Report of Bath District to the Public Service Commission for the Year Ended December 31, 2022* at 58.

Bath District reported a water loss of 11.2640 percent.<sup>6</sup> In its 2024 Annual Report filed with the Commission, Bath District reported a water loss of 15.0567 percent.<sup>7</sup> Bath District's three-year water loss average is 13.9545 percent.<sup>8</sup> The approximate cost of Bath District's total water loss using a three-year average is \$258,280.<sup>9</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold. While Bath District averages less than 15 percent water loss, the Commission encourages Bath District to continue to pursue reasonable actions to reduce its unaccounted-for water loss.

#### Financial Condition and Rates

Based on a review of Commission records, Bath District filed for an alternative base rate adjustment pursuant to 807 KAR 5:076 in Case No. 2025-00132 on May 5, 2025.<sup>10</sup> A revenue requirements review is in process by Commission Staff and any rate adjustments will be dependent on the Commission's acceptance of Commission Staff's recommendations. Bath District should file future rate cases at least every three to five years depending on its financial performance.

In Case No. 2019-00041, the Commission discussed the problems that can occur when utilities intentionally avoid a review of their financial records by relying solely on

---

<sup>6</sup> *Annual Report of Bath District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

<sup>7</sup> *Annual Report of Bath District to the Public Service Commission for the Year Ended December 31, 2024* at 57.

<sup>8</sup>  $15.5428\% + 11.2640\% + 15.0567\% = 41.8635 / 3 \text{ years} = 13.9545 \text{ percent.}$

<sup>9</sup> Total water cost at new wholesale rate of \$1,850,872.27 times 13.9545% water loss equals \$258,279.97.

<sup>10</sup> Case No. 2025-00132, *Electronic Application of Bath County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed May 5, 2025).

financing cases to increase rates.<sup>11</sup> A key recommendation from that proceeding was that water districts should monitor the sufficiency of their base rates closely and, in general, apply for base rate adjustments on a more frequent basis.<sup>12</sup>

#### Purchased Water Adjustment Factor

In its application, Bath District proposed a purchased water adjustment factor of \$1.46 per 1,000 gallons. During the 12 months ended May 31, 2025, Bath District purchased 512,707,000 gallons of water from Morehead and sold 467,391,111 gallons of water to its customers. The increase in the cost of purchased water from Morehead is \$679,849.48, resulting in a purchased water adjustment factor of \$1.46 per 1,000 gallons.

The purchased water adjustment factor of \$1.46 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 Bath District on and after July 15, 2025, because the rates are 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 \$1.46 per 1,000 gallons is approved.
2. The rates proposed by Bath District are approved.

---

<sup>11</sup> See Case No. 2019-00041, Nov. 22, 2019 final Order.

<sup>12</sup> See Case No. 2019-00041, Nov. 22, 2019 final Order.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Bath District on and after July 15, 2025.

4. Within 20 days of the date of service 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.

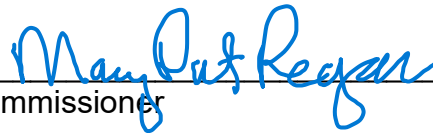
5. This case is closed and removed from the Commission's docket.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ATTEST:

 *RP*  
Executive Director



# APPENDIX A

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00187 DATED JUL 24 2025

	Base Rate	New Rate	Change
<u>Morehead</u>			
Purchases in Gallons	512,707,000	512,707,000	
Rate per 1,000 Gallons	<u>\$2.284/1,000</u>	<u>\$3.61/1,000</u>	
Subtotal	\$1,171,022.79	\$1,850,872.27	\$679,849.48
Increased water cost			\$679,849.48
Increased water cost		\$679,849.48	
Divided by Gallons sold/1,000		<u>467,391,011</u>	
Purchased water adjustment factor		\$1.4546	per 1,000 Gallons
		or \$ 0.00146	per Gallon

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00187 DATED JUL 24 2025

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 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	\$20.86	Minimum Bill
Next	3,000 Gallons	0.00851	Per Gallon
Next	5,000 Gallons	0.00703	Per Gallon
Next	10,000 Gallons	0.00634	Per Gallon
Next	30,000 Gallons	0.00612	Per Gallon
Over	50,000 Gallons	0.00599	Per Gallon

##### 1-Inch Meter

First	10,000 Gallons	\$81.54	Minimum Bill
Next	10,000 Gallons	0.00634	Per Gallon
Next	30,000 Gallons	0.00612	Per Gallon
Over	50,000 Gallons	0.00599	Per Gallon

##### 2-Inch Meter

First	50,000 Gallons	\$328.50	Minimum Bill
Over	50,000 Gallons	0.00599	Per Gallon

Bulk Sales	0.01063	Per Gallon
------------	---------	------------

Leak Adjustment Rate	0.00507	Per Gallon
----------------------	---------	------------

##### Wholesale Rates

Sharpsburg Water District	0.00570	Per Gallon
City of Frenchburg	0.00523	Per Gallon
City of Owingsville	\$4,906.70	Minimum Bill
	0.00485	Per Gallon



\*Bath County Water District  
21 Church Street  
P. O. Box 369  
Salt Lick, KY 40371

\*Christy Creech  
Manager  
Bath County Water District  
21 Church Street  
P. O. Box 369  
Salt Lick, KY 40371

\*Jack Scott Lawless  
17111 Mallet Hill Drive  
Louisville, KY 40245