

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF NORTH HOPKINS	)	2026-00046
WATER DISTRICT	)	

ORDER

On February 23, 2026, North Hopkins Water District (North Hopkins District) tendered an application requesting approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068. On March 3, 2026, the Commission notified North Hopkins District that its application was rejected for certain filing deficiencies. On March 9, 2026, North Hopkins District submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of March 9, 2026.

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

North Hopkins District purchases water from Webster County Water District (Webster District) and the city of Madisonville (Madisonville). Webster District notified North Hopkins District that its wholesale rate would increase by \$1.22 per 1,000 gallons from \$3.70 per 1,000 gallons to \$4.92 per 1,000 gallons, effective December 23, 2025.<sup>1</sup> Madisonville did not propose an increase to its rates.<sup>2</sup> In the application, North Hopkins District proposed to increase the water rates to its customers effective December 23, 2025 to reflect the increased cost of purchased water from Webster District. North Hopkins District provided the water purchase contract with Webster District dated February 17, 2026, in its application.<sup>3</sup> North Hopkins District's application also included minutes from its Board of Directors approving the rate increase to its customers dated February 17, 2026.<sup>4</sup>

The Commission finds that February 17, 2026, should be the effective date to increase water rates to North Hopkins customers as this is the date the North Hopkins District's Board of Directors approved the rate increase be passed on to its customers. Additionally, pursuant to 807 KAR 5:068, Section 4(1)(b), February 17, 2026, is the

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<sup>1</sup> Webster District filed TFS 2026-00017 on January 12, 2026, a Commission letter approving the tariff was issued on February 12, 2026, granting effectiveness to the rates approved by the Commission in the final Order of Case No. 2024-00199, *Electronic Application of Webster County Water District for an Alternative Rate Filing Pursuant to 807 KAR 5:076* (Ky. PSC Dec. 23, 2025).

<sup>2</sup> Application, North\_Hopkins\_Amended\_PWA.pdf (filed Mar. 9, 2026).

<sup>3</sup> Application, Exhibit A (filed Feb. 23, 2026). The contract was not fully executed, nor has it been filed and approved by the Commission as of the date of the application.

<sup>4</sup> Application, Exhibit D (filed Feb. 23, 2026), and Amendment\_to\_February\_minutes.pdf (filed Mar. 9, 2026).

earliest North Hopkins District can adjust its rates to reflect the change in its purchased water cost due to Webster District's changed rate.

The Commission notes that a partially executed special contract between North Hopkins District and Webster District was included with the application, but as of the date of this Order, Webster District has not filed a copy with the Commission, as required by 807 KAR 5:011 Section 13. Therefore, the Commission, pursuant to KRS 278.250 and KRS 278.260, will open an investigation to determine the status of the special contract and if Webster District is charging its wholesale customers the rate approved by the Commission in Case No. 2024-00199.<sup>5</sup>

#### 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, North Hopkins District reported a water loss of 21.2974 percent.<sup>6</sup> In its 2023 Annual Report filed with the Commission, North Hopkins District reported a water loss of 17.0671 percent.<sup>7</sup> In its 2024 Annual Report filed with the Commission, North Hopkins District reported a water loss of 26.7070 percent.<sup>8</sup> North Hopkins District's three-year water loss average is 21.6905

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<sup>5</sup> Case No. 2024-00199 Electronic Application of Webster County Water District for an Alternative Rate Filing Pursuant to 807 KAR 5:076 (Ky. PSC Dec. 23, 2025).

<sup>6</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2022* at 58.

<sup>7</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

<sup>8</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2024* at 58.

percent.<sup>9</sup> The cost of North Hopkins District's total water loss using a three-year average is \$91,027.02.<sup>10</sup>

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

### Financial Condition and Rates

North Hopkins District's financial snapshot for 2020 through 2024 is presented below. Based on a review of Commission records, North Hopkins District last sought a general rate base adjustment in Case No. 2018-00118 (2016 test year), which became effective on August 16, 2018, and reflected a revenue increase of \$208,384 or 25.73 percent.<sup>11</sup> North Hopkins District's other rate increases during the review period were due to purchase water adjustment cases. Both Rate-Based Income (adjusted net income minus principal payments) and Cash-Basis Income (Rate-Based Income plus depreciation) were positive in each of the five years presented below. Rate-Based Income decreased in 2023 due to a small decrease in water sales and an increase in

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<sup>9</sup>  $21.2974\% + 17.0671\% + 26.7070\% = 65.0715 / 3 \text{ years} = 21.6905 \text{ percent.}$

<sup>10</sup> Total water cost at new wholesale rate of \$419,663.10 times 21.6905% water loss equals \$91,027.02.

<sup>11</sup> Case No. 2018-00118, *Application of North Hopkins Water District for Rate Adjustment for Small Utilities Pursuant to 8-7 KAR 5:076* (Ky PSC Aug. 16, 2018), final Order.

operating expenses.<sup>12</sup> Principal payments decreased by \$119,570 in 2024 and will remain in the \$17,000 range through 2028.<sup>13</sup>

Description / Year	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
<i>Adjusted Net Income</i>					
Net Income / (Loss)	\$ 112,824	\$ 192,784	\$ 206,815	\$ 165,723	\$ 87,034
Other Non-recurring Items (Tap Fees, Bond Costs, Asset Sales )	13,877	8,150	(600)	8,425	4,130
<b>Adjusted Net Income / (Loss)</b>	<b>\$ 126,701</b>	<b>\$ 200,934</b>	<b>\$ 206,215</b>	<b>\$ 174,148</b>	<b>\$ 91,164</b>
Subtract: Principal Payments ( )	(110,000)	(146,800)	(120,000)	(136,070)	(16,500)
<b>Rate Based Income</b>	<b>\$ 16,701</b>	<b>\$ 54,134</b>	<b>\$ 86,215</b>	<b>\$ 38,078</b>	<b>\$ 74,664</b>
Add: Depreciation Expense	107,131	128,447	136,476	135,675	139,729
<b>Cash Basis Income</b>	<b>\$ 123,832</b>	<b>\$ 182,581</b>	<b>\$ 222,691</b>	<b>\$ 173,753</b>	<b>\$ 214,393</b>
Cash Basis Income as Percent of Depreciation	116%	142%	163%	128%	153%
Capital Spending	\$ 1,019,108	\$ 151,229	\$ 40,077	\$ 12,583	\$ 275,253
<i>Cash and Investments</i>					
Unrestricted Cash and Investments	\$ 103,461	\$ 124,051	\$ 170,756	\$ 158,056	\$ 383,975
Restricted Funds	123,032	197,338	318,453	515,019	518,773
Adjusted Cash Balances	226,493	321,389	489,209	673,075	902,748
Net Increase (Decrease) in Cash	\$ 102,924	\$ 94,896	\$ 167,820	\$ 183,866	\$ 229,673
<i>Selected Statistical Information (PSC Annual Reports)</i>					
Customer Count	1,401	1,412	1,637	1,404	1,378
Gallons Purchased	89,930	84,104	85,328	90,241	92,822
Gallons Sold	62,911	65,896	68,396	68,076	67,163
Gallons Used for Internal Use	2,543	3,574	2,369	2,946	869
Water Loss Gallons	24,476	14,634	14,563	19,219	24,790
System Use Percentage	2.83%	4.25%	2.78%	3.26%	0.94%
Water Loss Percentage	27.2167%	17.3999%	17.0671%	21.2974%	26.7070%
Gallons Sold Per Customer Per Month	3,742	3,889	3,482	4,041	4,062
Revenues from the Sale of Water	\$ 977,806	\$ 1,069,589	\$ 1,084,179	\$ 1,070,615	\$ 1,082,352
Purchased Water Expense	401,322	352,664	344,485	358,542	380,797
Purchased Water Expense Over 15% Water Loss	49,028	8,464	7,121	22,579	44,580
Water Loss Expense Over 15% as Percentage of Water Revenue	5.01%	0.79%	0.66%	2.11%	4.12%

Given this information, the Commission finds that North Hopkins District should continue to monitor its operating performance annually to determine whether a rate adjustment application should be submitted. Future rate cases should be filed every three to five years depending on financial performance.

<sup>12</sup> Audit Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2023 (Statement of Revenues, Expenses, and Changes in Fund Net Position) at 10.

<sup>13</sup> Audit Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2024 (Debt Maturity) at 18.

### Purchased Water Adjustment Factor

In its application, North Hopkins District proposed a purchased water adjustment factor of \$1.06 per 1,000 gallons. During the 12 months ended December 31, 2025, North Hopkins District purchased 53,838,381 gallons of water from Webster District and 31,079,974 gallons of water from Madisonville and sold 62,143,480 gallons of water to its customers. The increase in the cost of purchased water from Webster District is \$65,682.82, resulting in a purchased water adjustment factor of \$1.06 per 1,000 gallons. No rate changes occurred from Madisonville.

The purchased water adjustment factor of \$1.06 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 North Hopkins District on and after February 17, 2026, because the rates are supported by evidence of the increase in rates from North Hopkins 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 \$1.06 per 1,000 gallons is approved.
2. The rates proposed by North Hopkins District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by North Hopkins District on and after February 17, 2026.
4. Within 20 days of the date of service of this Order, North Hopkins 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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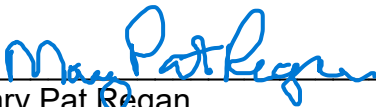
Entered on this 8th day of April, 2026.

PUBLIC SERVICE COMMISSION



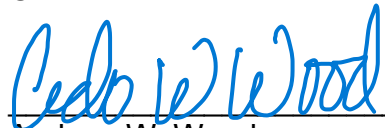
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Angie Hatton  
Chairman



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Mary Pat Regan  
Commissioner



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Andrew W. Wood  
Commissioner

ATTEST:



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Linda C. Bridwell, PE  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2026-00046 DATED APR 08 2026

	Base Rate	New Rate	Change
<u>Madisonville</u>			
Purchases in Gallons	31,079,974	31,079,974	
Rate per 1,000 Gallons	<u>\$4.98/1,000</u>	<u>\$4.98/1,000</u>	
Subtotal	\$154,778.27	\$154,778.27	\$0.00
<u>Webster District</u>			
Purchases in Gallons	53,838,381	53,838,381	
Rate per 1,000 Gallons	<u>\$3.70/1,000</u>	<u>\$4.92/1,000</u>	
Subtotal	\$199,202.01	\$264,884.83	\$65,682.82
Total	\$353,980.28	\$419,663.10	
Increased water cost			\$65,682.82
Increased water cost		\$65,682.82	
Divided by Gallons sold/1,000		<u>62,143,480</u>	
Purchased water adjustment factor		\$1.06	per 1,000 Gallons
		or \$ 0.00106	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2026-00046 DATED APR 08 2026

The following rates and charges are prescribed for the customers in the area served by North Hopkins 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	\$35.78	Minimum Bill
Next	2,000 Gallons	0.01751	Per Gallon
Next	3,000 Gallons	0.01456	Per Gallon
Next	3,000 Gallons	0.01311	Per Gallon
Over	10,000 Gallons	0.01085	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$85.36	Minimum Bill
Next	2,000 Gallons	0.01456	Per Gallon
Next	3,000 Gallons	0.01311	Per Gallon
Over	10,000 Gallons	0.01085	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$153.81	Minimum Bill
Over	10,000 Gallons	0.01085	Per Gallon

2-Inch Meter

First	15,000 Gallons	\$208.06	Minimum Bill
Over	15,000 Gallons	0.01085	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$370.81	Minimum Bill
Over	30,000 Gallons	0.01085	Per Gallon

## Service List for 2026-00046

\* Jason Pennell  
Kentucky Rural Water Association  
Post Office Box 1424  
1151 Old Porter Pike  
Bowling Green, KY 42102-1424

\* North Hopkins Water District  
316 Liberty Church Loop  
Madisonville, KY 42431

\* Tamara Hunter  
Office Manager  
North Hopkins Water District  
316 Liberty Church Loop  
Madisonville, KY 42431