

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF U.S. 60 WATER	)	2026-00134
DISTRICT	)	

ORDER

On May 20, 2026, U.S. 60 Water District of Shelby and Franklin Counties, KY (U.S. 60 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

U.S. 60 District purchases water from Shelbyville Municipal Water & Sewer Commission (Shelbyville) and the Frankfort Electric and Water Plant Board (Frankfort Plant Board). Shelbyville notified U.S. 60 District that its wholesale rate would increase \$0.06 per 1,000 gallons, or 2.37 percent, from \$2.53 per 1,000 gallons to \$2.59 per 1,000

gallons effective June 19, 2026.<sup>1</sup> Frankfort Plant Board is not changing its rates. U.S. 60 District proposed to increase the water rates to its customers effective June 19, 2026, to reflect the increased cost of purchased water from Shelbyville.

#### 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, U.S. 60 District reported unaccounted for water loss of 12.0271 percent.<sup>2</sup> In its 2023 Annual Report filed with the Commission, U.S. 60 District reported unaccounted for water loss of 13.4869 percent.<sup>3</sup> In its 2024 Annual Report filed with the Commission, U.S. 60 District reported unaccounted for water loss of 14.2977 percent.<sup>4</sup> U.S. 60 District's three-year water loss average is 13.2706 percent.<sup>5</sup> The cost of U.S. 60 District's total water loss using a three-year water loss average is \$74,141.15.<sup>6</sup> The Commission commends U.S. 60 District for

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<sup>1</sup> TFS2026-00206 (Ky. PSC May 7, 2026); the tariff was accepted for filing by the Commission by letter dated Jun. 12, 2026.

<sup>2</sup> *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2022*, at 57.

<sup>3</sup> *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2023*, at 57.

<sup>4</sup> *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2024*, at 57.

<sup>5</sup> 12.0271 percent + 13.4869 percent + 14.2977 percent = 39.8117 percent / 3 years = 13.2706 percent.

<sup>6</sup> Total water cost at new wholesale rate of \$558,687.23 times 13.2706 percent water loss equals \$74,141.15.

keeping unaccounted for water loss below 15 percent and encourages it to continue to pursue actions to reduce its unaccounted-for water loss.

### Financial Condition and Rates

U.S. 60 District's financial snapshot for 2020 through 2024 is presented below. Based on a review of Commission records, U.S. 60 District has not sought a base rate adjustment since Case No. 2017-00338 (2016 test year), which became final on March 21, 2018, and reflected a revenue increase of \$217,834, or 18.90 percent.<sup>7</sup> U.S. 60 District's other rate increases during the period were due to purchased water adjustments and Case No. 2023-00340<sup>8</sup>, which occurred as a condition for federal financing of a construction project in accordance with KRS 278.023. Both rate-based income (adjusted net income minus debt service) and cash-based income (rate-based income plus depreciation) were positive in each of the five years presented below.

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<sup>7</sup> Case No. 2017-00338, *Electronic Application of U.S. 60 Water District of Shelby and Franklin Counties for an Alternative Rate Adjustment* (Ky. PSC March 21, 2018), Order at 4.

<sup>8</sup> Case No. 2023-00340, *Electronic Application of the U.S. 60 Water District for A Certificate Of Public Convenience And Necessity To Construct A System Improvements Project And An Order Approving A Change In Rates And Authorizing The Issuance Of Securities Pursuant To KRS 278.023*.

Description / Year	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
<i>Adjusted Net Income</i>					
Net Income / (Loss)	\$ 258,687	\$ 351,728	\$ 350,909	\$ 360,208	\$ 366,173
Other Non-recurring Items ( )	-	-	-	-	21,142
Interest Expense	83,684	54,844	51,181	46,793	84,960
<b>Adjusted Net Income / (Loss)</b>	<b>342,371</b>	<b>406,572</b>	<b>402,090</b>	<b>407,001</b>	<b>472,275</b>
Interest Expense ( )	(83,684)	(54,844)	(51,181)	(46,793)	(84,960)
Principal Payments ( )	(192,746)	(171,809)	(174,213)	(181,660)	(184,151)
Subtract: Total Debt Service ( )	(276,430)	(226,653)	(225,394)	(228,453)	(269,111)
<b>Rate Based Income (Excludes Working Capital of 20%)</b>	<b>65,941</b>	<b>179,919</b>	<b>176,696</b>	<b>178,548</b>	<b>203,164</b>
Add: Depreciation Expense	224,104	225,009	226,588	230,650	251,146
<b>Cash Basis Income</b>	<b>\$ 290,045</b>	<b>\$ 404,928</b>	<b>\$ 403,284</b>	<b>\$ 409,198</b>	<b>\$ 454,310</b>
Cash Basis Income as Percent of Depreciation	129%	180%	178%	177%	181%
Capital Spending	\$ 71,423	\$ 47,527	\$ 389,104	\$ 701,621	\$ 1,356,403
<i>Cash and Investments</i>					
Unrestricted Cash and Investments	\$ 1,170,961	\$ 1,182,170	\$ 1,183,614	\$ 1,183,376	\$ 1,195,629
Restricted Funds	666,100	1,060,246	1,905,740	3,391,474	2,614,979
Adjusted Cash Balances	1,837,061	2,242,416	3,089,354	4,574,850	3,810,608
Net Increase (Decrease) in Cash	\$ (753,472)	\$ 405,355	\$ 846,938	\$ 1,485,496	\$ (764,242)
<i>Selected Statistical Information (PSC Annual Reports)</i>					
Customer Count	2,526	2,562	2,599	2,626	2,666
Gallons Purchased	176,497	173,527	187,277	190,793	204,739
Gallons Sold	147,110	144,862	148,761	149,200	159,220
Gallons Used for Internal Use	13,714	11,010	15,992	15,861	11,110
Water Loss Gallons	15,673	17,655	22,524	25,732	29,273
System Use Percentage	7.7701%	6.3448%	8.5392%	8.3132%	5.4264%
Water Loss Percentage	8.8800%	10.1742%	12.0271%	13.4869%	14.2977%
Gallons Sold Per Customer Per Month	4,853	4,712	4,770	4,735	4,977
Revenues from the Sale of Water	\$ 1,437,736	\$ 1,486,183	\$ 1,513,159	\$ 1,537,293	\$ 1,673,422
Purchased Water Expense	466,606	416,133	442,842	473,025	521,643
Purchased Water Expense Over 15% Water Loss	0	0	0	0	0
Water Loss Expense Over 15% as Percentage of Water Revenue	0.00%	0.00%	0.00%	0.00%	0.00%

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 financing cases to increase rates.<sup>9</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>10</sup>

<sup>9</sup> See Case No. 2019-00041, Electronic Investigation into Excessive Water Loss by Kentucky's Jurisdictional Water Utilities (Ky. PSC Nov. 22, 2019) Order. Note that U.S. 60 District was not a party to that case.

<sup>10</sup> See Case No. 2019-00041, Nov. 22, 2019, Order.

Given this information, the Commission recommends U.S. 60 District continue to monitor its operating performance annually and consider filing future rate cases no less than every three to five years, depending on operating performance, to ensure that its revenue is sufficient to support adequate and reliable service.

Purchased Water Adjustment Factor

In its application, U.S. 60 District proposed a purchased water adjustment factor of \$0.08 per 1,000 gallons. During the 12 months ended April 30, 2026, U.S. 60 District purchased 197,313,100 gallons of water from Shelbyville, and 16,776,866 gallons of water from Frankfort Plant Board. U.S. 60 District sold 164,771,443 gallons of water to its customers. The increase in the cost of purchased water from Shelbyville is \$11,838.79, resulting in a purchased water adjustment factor of \$0.08 per 1,000 gallons. No rate changes occurred from Frankfort Plant Board.

The purchased water adjustment factor of \$0.08 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 U.S. 60 District on and after June 19, 2026, because the rates are supported by evidence of the increase in rates from U.S. 60 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 \$0.08 per 1,000 gallons is approved.
2. The rates proposed by U.S. 60 District are approved.


3. The rates as set forth in Appendix B to this Order are approved for water service rendered by U.S. 60 District on and after June 19, 2026.

4. Within 20 days of the date of service of this Order, U.S. 60 District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

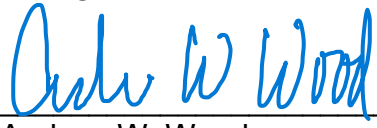
5. This case is closed and removed from the Commission's docket.

Entered on this 18th day of June, 2026.

PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Angie Hatton  
Chair

  
\_\_\_\_\_  
Mary Pat Regan  
Vice Chair

  
\_\_\_\_\_  
Andrew W. Wood  
Commissioner

  
\_\_\_\_\_  
Barry L. Mayfield  
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. 2026-00134 DATED JUN 18 2026

	Base Rate	New Rate	Change
<u>Shelbyville</u>			
Purchases in Gallons	197,313,100	197,313,100	
Rate per 1,000 Gallons	<u>\$2.53/1,000</u>	<u>\$2.59/1,000</u>	
Subtotal	\$499,202.14	\$511,040.93	\$11,838.79
 <u>Frankfort</u>			
Purchases in Gallons	16,776,866	16,776,866	
Rate per 1,000 Gallons	<u>\$2.84/1,000</u>	<u>\$2.84/1,000</u>	
Sub-total	\$47,646.30	\$47,646.30	no change
 Total	 \$546,848.44	 \$558,687.23	
 Increased water cost			 \$11,838.79
 Increased water cost		\$11,838.79	
Divided by Gallons sold/1,000		<u>164,771,443</u>	
Purchased water adjustment factor		\$0.08	per 1,000 Gallons
			or \$ 0.00008 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2026-00134 DATED JUN 18 2026

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District of Shelby and Franklin Counties, KY. 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	1,000 Gallons	\$18.80	Minimum Bill
Next	2,000 Gallons	0.01020	Per Gallon
Next	2,000 Gallons	0.00870	Per Gallon
Over	5,000 Gallons	0.00800	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$56.60	Minimum Bill
Over	5,000 Gallons	0.00800	Per Gallon

1 1/2-Inch Meter

First	15,000 Gallons	\$136.60	Minimum Bill
Over	15,000 Gallons	0.00800	Per Gallon

2-Inch Meter

First	25,000 Gallons	\$216.60	Minimum Bill
Over	25,000 Gallons	0.00800	Per Gallon

Bulk User Rate

First	1,000 Gallons	\$15.20	Minimum Bill
Over	1,000 Gallons	0.01020	Per Gallon

Wholesale Rates

First	25,000 Gallons	\$192.00	Minimum Bill
Over	25,000 Gallons	0.00700	Per Gallon

## Service List for 2026-00134

\* Lee Mudd, P.E.  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, KY 40342

\* U.S. 60 Water District of Shelby and Franklin Counties, KY  
4596 Bagdad Road  
P. O. Box 97  
Bagdad, KY 40003