

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF WEST SHELBY)	2026-00135
WATER DISTRICT)	

ORDER

On May 22, 2026, West Shelby Water District (West Shelby 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

West Shelby District purchases water from Louisville Water Company (Louisville Water) and Shelbyville Municipal Water & Sewer Commission (Shelbyville). Louisville Water notified West Shelby District that its wholesale rate would increase by \$0.09 per 1,000 gallons, or 2.3 percent, from \$2.79 per 1,000 gallons to \$2.88 per 1,000 gallons,

and its monthly service charge¹ would increase by \$27.41, or 4.25 percent, from \$644.95 to \$672.36 effective July 1, 2026.² Shelbyville notified West Shelby District that its wholesale rate for the Shelbyville Master Meters would increase by \$0.07 per 1,000 gallons, or 2.7 percent, from \$2.62 per 1,000 gallons to \$2.69 per 1,000 gallons, and the minimum bill would increase by \$4.03, or 2.51 percent, from \$161.04 to \$165.07 for the first 1,000 gallons, effective June 19, 2026. Shelbyville also notified West Shelby District that its wholesale rate for the Finchville Master Meter would increase by \$0.09 per 1,000 gallons, or 3.11 percent, from \$2.89 per 1,000 gallons to \$2.98 per 1,000 gallons, and the minimum bill would increase by \$5.12, or 2.5 percent, from \$204.69 to \$209.81 for the first 1,000 gallons, effective June 19, 2026.³ West Shelby District proposed to increase the water rates to its customers effective July 15, 2026, to reflect the increased cost of purchased water from Louisville Water and Shelbyville.⁴

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 2023 Annual Report filed with the Commission, West Shelby District

¹ Louisville Water monthly service charge consists of 3 different Meters (3, 4, and 6-Inches) which increased from \$96.06, \$164.67, \$384.22 to \$100.14, \$171.67, and 400.55 respectively. All 3 increases result on an aggregate increase of \$27.41 for the monthly service charge.

² TFS2026-00118 (Ky. PSC Mar. 24, 2026), the tariff was accepted for filing by the Commission by letter dated Jun. 12, 2026.

³ TFS2026-00206 (Ky. PSC May 7, 2026), the tariff was accepted for filing by the Commission by letter dated Jun. 12, 2026.

⁴ Application (filed May 22, 2026).

reported unaccounted for water loss of 9.0839 percent.⁵ In its 2024 Annual Report filed with the Commission, West Shelby District reported unaccounted for water loss of 8.4301 percent.⁶ In its 2025 Annual Report filed with the Commission, West Shelby District reported unaccounted for water loss of 7.9751 percent.⁷ West Shelby District's three-year unaccounted for water loss average is 8.4964 percent.⁸ The cost of West Shelby District's total unaccounted for water loss, using a three-year average, is \$88,012.48.⁹ The Commission commends West Shelby District for 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

West Shelby District's financial snapshot for 2021 through 2025 is presented below. Based on a review of Commission records, West Shelby District last sought a base rate adjustment in Case No. 2021-00241¹⁰ (2020 test year), which became final on February 24, 2022, and reflected a revenue increase of \$162,049 or 10.09 percent. West Shelby District's other rate increases during the period were due to purchased water

⁵ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

⁶ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2024* at 58.

⁷ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2025* at 58.

⁸ $9.0839 \text{ percent} + 8.4301 \text{ percent} + 7.9751 = 25.4891 / 3 \text{ years} = 8.4964 \text{ percent}$.

⁹ Total water cost at new wholesale rate of \$1,035,879.64 times 8.4964 percent water loss equals \$88,012.48.

¹⁰ Case No. 2021-00241 *Electronic Application of West Shelby Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Feb. 24, 2022), final Order.

adjustments.¹¹ Both rate-based income (adjusted net income minus debt service) and cash basis income (rate-based income plus depreciation) were positive in each of the five years. Unaccounted for water loss percentage averaged 10.11 percent over the five-year period and was below 15 percent each year.

Description / Year	2021-00241 ARF FO 2/24/2022				
	Audited 2021	Audited 2022	Audited 2023	Audited 2024	Audited 2025
<i>Adjusted Net Income</i>					
Net Income / (Loss)	\$ (47,436)	\$ 79,133	\$ 303,512	\$ 280,989	\$ 129,181
Other Non-recurring Items ()	1,825	1,822	-	-	18,955
Non-Cash Pension and OPEB Expense / (Income)	25,145	3,665	(76,883)	(71,709)	(78,337)
Interest Expense	30,382	26,834	23,088	25,700	24,500
Adjusted Net Income / (Loss)	9,916	111,454	249,717	234,980	94,299
Interest Expense ()	(30,382)	(26,834)	(23,088)	(25,700)	(24,500)
Principal Payments ()	(80,000)	(40,000)	(51,000)	(23,000)	(24,000)
Subtract: Total Debt Service ()	(110,382)	(66,834)	(74,088)	(48,700)	(48,500)
Rate Based Income (Excludes Working Capital of 20%)	(100,466)	44,620	175,629	186,280	45,799
Add: Depreciation Expense	210,093	213,824	216,494	248,002	274,819
Cash Basis Income	\$ 109,627	\$ 258,444	\$ 392,123	\$ 434,282	\$ 320,618
Cash Basis Income as Percent of Depreciation	52%	121%	181%	175%	117%
Capital Spending	\$ 636,852	\$ 1,368,828	\$ 2,272,308	\$ 1,055,148	\$ 2,259,708
<i>Cash and Investments</i>					
Unrestricted Cash and Investments	\$ 1,649,644	\$ 1,728,148	\$ 1,934,023	\$ 2,141,950	\$ 2,394,496
Restricted Funds	1,594,892	2,717,035	1,558,094	1,498,530	1,101,197
Adjusted Cash Balances	3,244,536	4,445,183	3,492,117	3,640,480	3,495,693
Net Increase (Decrease) in Cash	\$ 580,083	\$ 1,200,647	\$ (953,066)	\$ 148,363	\$ (144,787)
<i>Selected Statistical Information (PSC Annual Reports)</i>					
Customer Count	2,733	2,959	2,777	2,955	3,078
Gallons Purchased	312,758	306,612	328,792	355,832	352,947
Gallons Sold	268,837	271,385	294,377	320,503	323,169
Gallons Used for Internal Use	630	854	4,548	5,332	1,630
Water Loss Gallons	43,291	34,373	29,867	29,997	28,148
System Use Percentage	0.20%	0.28%	1.38%	1.50%	0.46%
Water Loss Percentage	13.8417%	11.2106%	9.0839%	8.4301%	7.9751%
Gallons Sold Per Customer Per Month	8,197	7,643	8,834	9,038	8,749
Revenues from the Sale of Water	\$ 1,647,747	\$ 1,860,487	\$ 2,013,132	\$ 2,230,390	\$ 2,292,082
Purchased Water Expense	791,546	767,013	849,940	960,327	971,601
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%

¹¹ Case No. 2022-00198 *Electronic Purchased Water Adjustment Filing of West Shelby Water District* (Ky. PSC Jul. 26, 2022), Final Order. Case No. 2023-00193 *Electronic Purchased Water Adjustment Filing of West Shelby Water District* (Ky. PSC Jun. 30, 2022), Final Order. Case No. 2024-00154 *Electronic Purchased Water Adjustment Filing of West Shelby Water District* (Ky. PSC Jun. 17, 2024), Final Order. Case No. 2024-00207 *Electronic Purchased Water Adjustment Filing of West Shelby Water District* (Ky. PSC Jun. 25, 2024), Final Order. Case No. 2025-00170 *Electronic Purchased Water Adjustment Filing of West Shelby Water District* (Ky. PSC Aug. 7, 2025), final Order.

Given this information, the Commission finds that West Shelby 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.

Purchased Water Adjustment Factor

In its application, West Shelby District proposed a purchased water adjustment factor of \$0.10 per 1,000 gallons. During the 12 months ended April 30, 2026, West Shelby District purchased 268,915,000 gallons of water from Louisville Water, 86,826,700 gallons of water from Shelbyville Master Meters, and 6,509,200 gallons of water from Finchville Master Meter and sold 327,184,210 gallons of water to its customers. The increase in the cost of purchased water from Louisville Water and Shelbyville's Master Meters as calculated by West Shelby District is \$31,194.97, resulting in a purchased water adjustment factor of \$0.10 per 1,000 gallons.

During the review of the calculations, the Commission discovered that West Shelby District did not include the minimum bill increases for both Shelbyville Master Meters as part of its calculations. As a result, the Commission's calculated increase in the cost of water purchases is \$31,204.12. The differences between the Commission's and West Shelby District's calculated increase in cost of water purchases does not result in a different PWA factor, and thus, West Shelby District's proposed rates remain correct.

The purchased water adjustment factor of \$0.10 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 West Shelby District on and after July 15, 2026, because the rates are supported by evidence of the increase

in rates from West Shelby 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 \$0.10 per 1,000 gallons is approved.
2. The rates proposed by West Shelby District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Shelby District on and after July 15, 2026.
4. Within 20 days of the date of service of this Order, West Shelby 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:



Linda C. Bridwell, PE
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00135 DATED JUN 18 2026

	Base Rate	New Rate	Change
<u>Louisville Water Company</u>			
Purchases in Gallons	268,915,000	268,915,000	
Rate per 1,000 Gallons	<u>\$2.79/1,000</u>	<u>\$2.88/1,000</u>	
Subtotal	\$750,272.85	\$774,475.20	\$24,202.35
<u>Louisville (Monthly Charges)</u>			
Months	12	12	
Monthly Service Charge	<u>\$644.95</u>	<u>\$672.36</u>	
Subtotal	\$7,739.40	\$8,068.32	\$328.92
<u>Shelbyville Meter</u>			
Purchases in Gallons	86,826,700	86,826,700	
Rate per 1,000 Gallons	<u>\$2.62/1,000</u>	<u>\$2.69/1,000</u>	
Subtotal	\$227,485.95	\$233,563.82	\$6,077.87
Minimum Bill-First 1,000 Gallons	\$161.04	\$165.07	\$4.03
<u>Finchville Meter</u>			
Purchases in Gallons	6,509,200	6,509,200	
Rate per 1,000 Gallons	<u>\$2.89/1,000</u>	<u>\$2.98/1,000</u>	
Subtotal	\$18,811.59	\$19,397.42	\$585.83
Minimum Bill-First 1,000 Gallons	\$204.69	\$209.81	\$5.12
Total Water Cost	\$1,004,675.52	\$1,035,879.64	
Increased water cost			\$31,204.12
Increased water cost		\$31,204.12	
Divided by Gallons sold/1,000		<u>327,184,210</u>	
Purchased water adjustment factor		\$0.0954	per 1,000 Gallons
		or	
		\$0.00010	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00135 DATED JUN 18 2026

The following rates and charges are prescribed for the customers in the area served by West Shelby 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	2,500 Gallons	21.42 Minimum Bill
Next	7,500 Gallons	0.00654 Per Gallon
Next	20,000 Gallons	0.00619 Per Gallon
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

3/4-Inch Meter

First	3,500 Gallons	27.95 Minimum Bill
Next	6,500 Gallons	0.00654 Per Gallon
Next	20,000 Gallons	0.00619 Per Gallon
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

1-Inch Meter

First	5,000 Gallons	37.73 Minimum Bill
Next	5,000 Gallons	0.00654 Per Gallon
Next	20,000 Gallons	0.00619 Per Gallon
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	70.42 Minimum Bill
Next	20,000 Gallons	0.00619 Per Gallon
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

2-Inch Meter

First	16,000 Gallons	107.53 Minimum Bill
Next	14,000 Gallons	0.00619 Per Gallon
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

3-Inch Meter

First	30,000 Gallons	194.14 Minimum Bill
Next	200,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

4-Inch Meter

First	50,000 Gallons	308.83 Minimum Bill
Next	180,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

6-Inch Meter

First	100,000 Gallons	595.55 Minimum Bill
Next	130,000 Gallons	0.00574 Per Gallon
Over	230,000 Gallons	0.00529 Per Gallon

Service List for 2026-00135

* West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067

* Lisa M Didier
West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067

* Melvin Phenix
West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067