

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF WARREN COUNTY	)	2026-00198
WATER DISTRICT	)	

ORDER

On August 3, 2026, Warren County Water District (Warren 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 August 6, 2026, the Commission notified Warren District that its application was rejected for certain filing deficiencies. On August 12, 2026, and August 20, 2026, Warren District submitted further documentation to correct the filing deficiencies, and the application met the minimum filing requirements as of August 20, 2026.¹

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.

¹ Warren District's Revisions Related to Wholesale Rate (filed Aug. 20, 2026), Exhibits A and E.

DISCUSSION AND FINDINGS

Warren District purchases water from Bowling Green Municipal Utilities (Bowling Green). Bowling Green notified Warren District that its wholesale rate would increase by \$0.8914 per 1,000 gallons, or 37.01 percent, from \$2.4086 per 1,000 gallons to \$3.30 per 1,000 gallons at the Morgantown Road Metering Point, by \$0.9269 per 1,000 gallons, or 39.06 percent, from \$2.3731 per 1,000 gallons to \$3.30 per 1,000 gallons at the Northside Metering Point, by \$0.7735 per 1,000 gallons, or 30.62 percent, from \$2.5265 per 1,000 gallons to \$3.30 per 1,000 gallons at the Southside East Pressure Zone, by \$0.7735 per 1,000 gallons, or 30.62 percent, from \$2.5265 per 1,000 gallons to \$3.30 per 1,000 gallons at the Southside South Pressure Zone and by \$0.8565 per 1,000 gallons, or 37.02 percent, from \$2.3135 per 1,000 gallons to \$3.17 per 1,000 gallons at the Cemetery Road Metering Point, effective September 1, 2026.² Warren District proposes to increase the water rates to its customers effective September 1, 2026, to reflect the increased cost of purchased water from Bowling Green.

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, Warren District reported a water loss of 12.6453 percent.³ In its 2024 Annual Report filed with the Commission,

² TFS2026-00356 (Ky. PSC July 17, 2026); Bowling Green submitted the tariff on July 17, 2026, and the tariff was accepted for filing by the Commission by letter dated August 31, 2026, with an effective date of September 1, 2026.

³ *Annual Report of Warren District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

Warren District reported a water loss of 10.3645 percent.⁴ In its 2025 Annual Report filed with the Commission, Warren District reported a water loss of 11.0737 percent.⁵ Warren District's three-year water loss average is 11.3612 percent.⁶ The cost of Warren District's total cost of water loss using a three-year average is \$1,354,062 and its total cost of water loss above 15 percent is \$0.00.⁷

Financial Condition and Rates

Warren District's financial snapshot for 2021 through 2025 is presented below. Based on a review of Commission records, Warren District last sought a general base rate adjustment in Case No. 2024-00200 (2023 test year), which became final May 20, 2025, and reflected a revenue increase of \$1,989,621, or 12.33 percent.⁸ Rate-based income (adjusted net income minus debt service) was positive in the years 2021 and 2025. Rate-based income was negative in all other years. Approximately seven months, or \$1,160,612, of the revenue increase from Case No. 2024-00200 is reflected in the 2025 results and was partially offset by a general increase in operating expenses.⁹ The remaining \$829,009 of the revenue increase will be realized in 2026 results. Cash basis

⁴ *Annual Report of Warren District to the Public Service Commission for the Year Ended December 31, 2024* at 58.

⁵ *Annual Report of Warren District to the Public Service Commission for the Year Ended December 31, 2025* at 59.

⁶ $12.6453\% + 10.3645\% + 11.0737\% = 34.0835 / 3 \text{ years} = 11.3612\%$.

⁷ Total water cost at new wholesale rate of \$11,918,300.89 times 11.3612% water loss equals \$1,354,062.

⁸ Case No. 2024-00200, *Electronic Application of Warrant County Water District for an Adjustment of Rates for Water Service* (Ky. PSC May 20, 2025), final Order at 40.

⁹ Audit Report of Warren County Water District to the Public Service Commission for the Year Ended December 31, 2025 (Statement of Revenues, Expenses, and Changes in Net Position by Division) at 61.

income (rate-based income plus depreciation) was positive in all five years. On September 1, 2026, Warren District filed a Notice of Intent to file an application for a general adjustment of water service rates no later than October 17, 2026.¹⁰

Description / Year			2024-00200 Test Year		2024-00200 ARF FO 05/20/2025	
	Audited 2021	Audited 2022	Audited 2023	Audited 2024	Audited 2025	
Adjusted Net Income						
Net Income / (Loss) before Contributions	\$ 1,021,243	\$ (400,243)	\$ (334,621)	\$ (797,417)	\$ (489,903)	
Other Non-recurring Items ()	(3,825)	53,146	(28,449)	(52,423)	128,518	
Non-Cash Pension and OPEB Expense / (Income)	97,962	(421,214)	76,000	17,062	95,560	
Interest Expense	233,446	227,649	304,961	359,382	387,299	
Adjusted Net Income / (Loss) before Contributions	1,348,826	(540,662)	17,891	(473,396)	121,474	
Interest Expense ()	(233,446)	(227,649)	(304,961)	(359,382)	(387,299)	
Principal Payments ()	(445,472)	(488,454)	(541,471)	552,164	569,773	
Subtract: Total Debt Service ()	(678,918)	(716,103)	(846,432)	192,782	182,474	
Rate Based Income	669,908	(1,256,765)	(828,541)	(280,614)	303,948	
Add: Depreciation Expense	3,005,374	4,283,988	3,763,349	4,094,156	4,238,177	
Cash Basis Income	\$ 3,675,282	\$ 3,027,223	\$ 2,934,808	\$ 3,813,542	\$ 4,542,125	
Rate Based Income as Percent of Water Sales	5%	-8%	-5%	-2%	2%	
Cash Basis Income as Percent of Depreciation	122%	71%	78%	93%	107%	
Capital Spending	\$ 9,917,673	\$ 7,789,274	\$ 7,963,041	\$ 15,242,037	\$ 12,820,464	
Cash and Investments						
Unrestricted Cash and Investments	\$ 3,731,897	\$ 2,216,095	\$ 2,143,878	\$ 6,124,979	\$ 4,654,565	
Restricted Funds	4,045,243	7,950,190	6,090,087	3,734,061	6,811,410	
Adjusted Cash Balances	7,777,140	10,166,285	8,233,965	9,859,040	11,465,975	
Net Increase (Decrease) in Cash	\$ (1,510,170)	\$ 2,389,145	\$ (1,932,320)	\$ 1,625,075	\$ 1,606,935	
Selected Statistical Information (PSC Annual Reports)						
Customer Count	31,754	32,345	33,873	34,802	35,469	
Gallons Purchased	3,322,850	3,461,707	3,513,788	3,548,268	3,568,720	
Gallons Sold	2,866,787	2,985,304	3,049,326	3,157,014	3,147,423	
Gallons Used for Internal Use	25,549	22,044	20,134	23,494	26,107	
Water Loss Gallons	430,514	454,359	444,328	367,760	395,190	
System Use Percentage	0.7689%	0.6368%	0.5730%	0.6621%	0.7316%	
Water Loss Percentage	12.9562%	13.1253%	12.6453%	10.3645%	11.0737%	
Gallons Sold Per Customer Per Month	7,523	7,691	7,502	7,559	7,395	
Revenues from Sale of Water Sales	\$ 13,826,750	\$ 15,148,426	\$ 15,925,794	\$ 16,744,185	\$ 18,112,490	
Purchased Water Expense	6,287,730	7,471,956	8,149,609	8,304,798	8,037,878	
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%	

¹⁰ Case No. 2026-00251, *Electronic Application of Warren County Water District for a General Adjustment of Water Rates* (filed Sept. 1, 2026), Notice of Intent and Election.

Purchased Water Adjustment Factor

In its application, Warren District proposed a purchased water adjustment factor of \$1.00 per 1,000 gallons. During the 12 months ending June 30, 2026, Warren District purchased 3,699,823,401 gallons of water from Bowling Green and sold 3,251,301,984 gallons of water to its customers. The increase in the cost of purchased water from Bowling Green is \$3,261,878.49, resulting in a purchased water adjustment factor of \$1.00 per 1,000 gallons.

The purchased water adjustment factor of \$1.00 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 Warren District on and after September 1, 2026, because the rates are supported by evidence of the increase in rates from Warren 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 \$1.00 per 1,000 gallons is approved.
2. The rates proposed by Warren District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Warren District on and after September 1, 2026.
4. Within 20 days of the date of service of this Order, Warren 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 September, 2026.

PUBLIC SERVICE COMMISSION



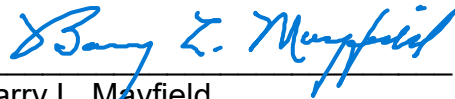
Angie Hatton
Chair



Mary Pat Regan
Vice Chair



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:


Justin McNeil
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00198 DATED SEP 18 2026

	Base Rate	New Rate	Change
<u>Bowling Green</u>			
Morgantown Road Metering Point			
Purchases in Gallons	276,199,236	276,199,236	
Rate per 1,000 Gallons	<u>\$2.4086/1,000</u>	<u>\$3.30/1,000</u>	
Subtotal	\$665,253.48	\$911,457.48	\$246,204.00
Northside Metering Point			
Purchases in Gallons	1,184,058,735	1,184,058,735	
Rate per 1,000 Gallons	<u>\$2.3731/1,000</u>	<u>\$3.30/1,000</u>	
Sub-total	\$2,809,889.78	\$3,907,393.83	\$1,097,504.05
Southside (East and South Pressure Zones)			
Purchases in Gallons	209,000	209,000	
Rate per 1,000 Gallons	<u>\$2.5265/1,000</u>	<u>\$3.30/1,000</u>	
Sub-total	\$528.04	\$689.70	\$161.66
Cemetery Road Metering Point			
Purchases in Gallons	2,239,356,430	2,239,356,430	
Rate per 1,000 Gallons	<u>\$2.3135/1,000</u>	<u>\$3.17/1,000</u>	
Sub-total	\$5,180,751.10	\$7,098,759.88	\$1,918,008.78
Total	\$8,656,422.40	\$11,918,300.89	
Increased water cost			\$3,261,878.49
Increased water cost		\$3,261,878.49	
Divided by Gallons sold/1,000		<u>3,251,301,984</u>	
Purchased water adjustment factor		\$1.0033	per 1,000 Gallons
		or \$ 0.00100	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00198 DATED SEP 18 2026

The following rates and charges are prescribed for the customers in the area served by Warren 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	\$17.97	Minimum Bill
Next	8,000 Gallons	0.00648	Per Gallon
Next	90,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$37.41	Minimum Bill
Next	5,000 Gallons	0.00648	Per Gallon
Next	90,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$69.81	Minimum Bill
Next	90,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$127.21	Minimum Bill
Next	80,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$184.61	Minimum Bill
Next	70,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

4-Inch Meter

First	50,000 Gallons	\$252.01	Minimum Bill
Next	50,000 Gallons	0.00574	Per Gallon
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

6-Inch Meter

First	100,000 Gallons	\$586.41	Minimum Bill
Next	900,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

8-Inch Meter

First	150,000 Gallons	\$849.41	Minimum Bill
Next	850,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

10-Inch Meter

First	250,000 Gallons	\$1,375.41	Minimum Bill
Next	750,000 Gallons	0.00526	Per Gallon
Over	1,000,000 Gallons	0.00489	Per Gallon

Wholesale Rate

0.00411 Per Gallon

Service List for Case 2026-00198

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