

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TREATED SEWAGE	)	CASE NO.
ADJUSTMENT FILING OF WARREN COUNTY	)	2026-00199
WATER DISTRICT	)	

ORDER

On August 12, 2026, Warren County Water District (Warren District) applied for approval to adjust its rates pursuant to the treated sewage adjustment procedure set forth in KRS 278.015 and 807 KAR 5:075.

LEGAL STANDARD

In accordance with KRS 278.015 and 807 KAR 5:075, which govern treated sewage adjustment filings, a jurisdictional utility may increase its rates to pass through a wholesale provider's rate increase. Commission regulation 807 KAR 5:075 authorizes a water district to file a treated sewage adjustment no earlier than 30 days prior to the proposed effective date of a wholesale provider's changed rate or no later than 20 days after the wholesale provider changes its rate. KRS 278.015 requires the Commission to approve a treated sewage adjustment no later than 30 days after a district files notice of a rate increase from its wholesale provider and the volume of sewage treated used to calculate the increase in rates.

DISCUSSION AND FINDINGS

Warren District purchases water from Bowling Green Municipal Utilities (Bowling Green). Bowling Green notified Warren District that its wholesale sewage treatment rate

would increase by \$0.5215 per 1,000 gallons from \$3.1285 per 1,000 gallons to \$3.65 per 1,000 gallons, effective September 1, 2026.¹ Warren District proposes to increase the water rates to its customers effective September 1, 2026, to reflect the increased cost of wastewater treatment from Bowling Green.

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. 2024-00201 (2023 test year), which became final May 20, 2025, and reflected a revenue increase of \$630,799, or 10.14 percent.² Rate-based income (adjusted net income minus debt service) was negative all five years. Approximately seven months, or \$367,966, of the revenue increase from Case No. 2024-00201 is reflected in 2025 results. The remaining \$262,833 of the revenue increase will be realized in 2026 results. Cash basis income (rate-based income plus depreciation) was positive all five years. On September 2, 2026, Warren District filed a Notice of Intent to file an application for a general adjustment for sewer service no later than October 17, 2026.³

¹ TFS2026-00356 (Ky. PSC July 17, 2026); Warren District 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.

² Case No. 2024-00201, *Electronic Application of Warren County Water District for an Adjustment of Rates for Sewer Service* (Ky. PSC May 20, 2025), final Order at 33.

³ Case No. 2026-00252, *Electronic Application of Warren County Water District for a General Adjustment of Sewer Rates* (filed Sept. 1, 2026), Notice of Intent and Election - Sewer.

Description / Year	2024-00201 Rates FO 05/20/2025				
	Audited 2021	Audited 2022	Audited 2023	Audited 2024	Audited 2025
Adjusted Net Income					
Net Income / (Loss) before Contributions	\$ 262,249	\$ (483,632)	\$ (84,388)	\$ (276,842)	\$ (765,876)
Other Non-recurring Items ()	43,455	121,315	(46,761)	41,234	266,931
Interest Expense	110,313	159,917	371,570	376,279	495,120
Adjusted Net Income / (Loss) before Contributions	\$ 416,017	\$ (202,400)	\$ 240,421	\$ 140,671	\$ (3,825)
Interest Expense ()	\$ (110,313)	\$ (159,917)	\$ (371,570)	\$ (376,279)	\$ (495,120)
Principal Payments ()	(319,841)	(251,325)	(267,005)	(278,149)	(287,020)
Subtract: Total Debt Service	(430,154)	(411,242)	(638,575)	(654,428)	(782,140)
Rate Based Income	\$ (14,137)	\$ (613,642)	\$ (398,154)	\$ (513,757)	\$ (785,965)
Add: Depreciation Expense	1,433,883	2,122,217	1,918,276	2,278,125	2,431,610
Cash Basis Income	\$ 1,419,746	\$ 1,508,575	\$ 1,520,122	\$ 1,764,368	\$ 1,645,645
Rate Based Income as Percent of Sewer Revenue	0%	-11%	-7%	-8%	-11%
Cash Basis Income as Percent of Depreciation	99%	71%	79%	77%	68%
Capital Spending	\$ 2,484,565	\$ 6,981,788	\$ 8,040,858	\$ 11,473,207	\$ 1,469,437
Cash and Investments					
Unrestricted Cash and Investments	\$ 7,933,846	\$ 7,316,736	\$ 8,392,914	\$ 10,030,841	\$ 13,387,230
Restricted Funds	1,345,854	9,461,768	8,307,027	7,930,477	3,071,444
Adjusted Cash Balances	9,279,700	16,778,504	16,699,941	17,961,318	16,458,674
Net Increase (Decrease) in Cash	\$ 1,017,685	\$ 7,498,804	\$ (78,563)	\$ 1,261,377	\$ (1,502,644)
Selected Statistical Information (PSC Annual Reports)					
Sewer Revenues	\$ 5,455,083	\$ 5,814,365	\$ 6,097,840	\$ 6,554,128	\$ 7,053,474
Customer Count	8,880	9,528	10,241	10,929	11,419
Per Customer Revenue	\$ 614	\$ 610	\$ 595	\$ 600	\$ 618

Treated Sewage Adjustment Factor

In its application, Warren District proposed a purchased water adjustment factor of \$0.40 per 1,000 gallons. Warren District bills for sewage collection and treatment services based upon a customer's water usage. During the 12 months ended June 30, 2026, Warren District sold 1,523,635,529 gallons of water, and Warren District's sewer customers receiving sewage treatment service from Bowling Green used 1,161,717,060 gallons of water.⁴ The increase in the cost of treated sewage from Bowling Green is \$605,835.45, resulting in a treated sewage adjustment factor of \$0.40 per 1,000 gallons.⁵

⁴ Application, Treated Sewage Adjustment Form 1, at 2 and Exhibit B.

⁵ Application, Treated Sewage Adjustment Form 1, at 2.

The purchased water adjustment factor of \$0.40 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 sewer 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 in treating sewage to calculate the rates in accordance with KRS 278.015.

IT IS THEREFORE ORDERED that:

1. The treated sewage adjustment factor of \$0.40 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 sewer 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 10th 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

Case No. 2026-00199

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00199 DATED SEP 10 2026

	Base Rate	New Rate	Change
Bowling Green			
Gallons of water			
treated	1,161,717,060	1,161,717,060	
Volumetric Rate	<u>\$3.8215/1000</u>	<u>\$3.65/1000</u>	
Total	\$3,634,431.82	\$4,240,267.27	\$605,835.45
Increased water cost			\$605,835.45
Increased water cost		\$605,835.45	
Divided by Gallons sold/1,000		<u>1,523,635,529</u>	
Treated Sewage adjustment factor		\$0.3977	per 1,000 Gallons
		or \$ 0.00040	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00199 DATED SEP 10 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.

General Service Sewer Rates

5/8 X 3/4-Inch Meter

First	2,000 Gallons	\$14.01	Minimum Bill
Next	8,000 Gallons	0.00607	Per Gallon
Next	90,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$32.22	Minimum Bill
Next	5,000 Gallons	0.00607	Per Gallon
Next	90,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$62.87	Minimum Bill
Next	90,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$110.77	Minimum Bill
Next	80,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$158.97	Minimum Bill
Next	70,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

4-Inch Meter

First	50,000 Gallons	\$255.37	Minimum Bill
Next	50,000 Gallons	0.00482	Per Gallon
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

6-Inch Meter

First	100,000 Gallons	\$496.37	Minimum Bill
Next	900,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

8-Inch Meter

First	150,000 Gallons	\$721.37	Minimum Bill
Next	850,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

10-Inch Meter

First	250,000 Gallons	\$1,171.37	Minimum Bill
Next	750,000 Gallons	0.00450	Per Gallon
Over	1,000,000 Gallons	0.00415	Per Gallon

Service List for Case 2026-00199

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