

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF MEADE COUNTY	)	2026-00258
WATER DISTRICT	)	

ORDER

On September 15, 2026, Meade County Water District (Meade 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

Meade District purchases water from Hardin County Water District No. 1 (Hardin District No. 1). Hardin District No. 1 notified Meade District that its wholesale rate would increase by \$0.02 per 1,000 gallons from \$3.41 per 1,000 gallons to \$3.43 per 1,000

gallons, effective August 1, 2026.¹ Meade District proposes to increase the water rates to its customers effective September 1, 2026, to reflect the increased cost of purchased water from Hardin District No. 1.

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, Meade District reported a water loss of 17.2079 percent.² In its 2024 Annual Report filed with the Commission, Meade District reported a water loss of 14.6525 percent.³ In its 2025 Annual Report filed with the Commission, Meade District reported a water loss of 14.4187 percent.⁴ Meade District's three-year water loss average is 15.4264 percent.⁵ The approximate cost of Meade District's total water loss using a three-year average is \$222,288.04.⁶

The Commission encourages Meade District to continue to pursue reasonable actions to reduce its unaccounted-for water loss.

¹ See Case No. 2026-00209, *Electronic Purchased Water Adjustment Filing of Hardin County Water District #1* (Ky. PSC Aug. 26, 2026), final Order.

² *Annual Report of Meade District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

³ *Annual Report of Meade District to the Public Service Commission for the Year Ended December 31, 2024* at 57.

⁴ *Annual Report of Meade District to the Public Service Commission for the Year Ended December 31, 2025* at 57.

⁵ $17.2079\% + 14.6525\% + 14.4187\% = 46.2791 / 3 \text{ years} = 15.4264\%$.

⁶ Total water cost at new wholesale rate of \$1,440,958.62 times 15.4264% water loss equals \$222,288.04.

Financial Condition and Rates

Meade District's financial snapshot for 2021 through 2025 is presented below. Meade District's last rate adjustment resulted from an application for a Certificate of Public Convenience and Necessity (CPCN) and federal financing approval in accordance with KRS 278.023, in Case No. 2026-00063, which became final April 24, 2026 and reflected a revenue increase of \$422,143 or 12.6 percent.⁷ Meade District also recently received a base rate adjustment in Case No. 2025-00293, filed pursuant to 807 KAR 5:076, the Alternative Rate Filing procedure using a 2024 test year, which became final March 10, 2026, and reflected a revenue increase of \$355,030 or 9.71 percent.⁸ The effects of these rate increases on financial performance are shown in the Pro Forma column. The Commission notes that in Case No. 2025-00293, approximately \$183,000 of depreciation expense was disallowed for recovery for ratemaking purposes.⁹ Meade District's other rate increases during the review period were due to PWAs, in Case No. 2023-00039 and Case No. 2021-00087.¹⁰ Rate-based income (adjusted net income minus debt service)

⁷ Case No. 2026-00063, *Electronic Application of Meade County Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving Change in Rates and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC Apr. 24, 2026), final Order at 4-5.

⁸ Case No. 2025-00293, *Electronic Application of Meade County Water District for an Alternative Rate Filing Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 10, 2026), final Order at 27.

⁹ Case No. 2025-00293, Mar. 10, 2026 final Order at 21-24.

¹⁰ Case No. 2022-00409, *Electronic Purchased Water Adjustment Filing of Meade County Water District* (Ky. PSC Dec. 20, 2022); Case No. 2023-00330, *Electronic Purchased Water Adjustment Filing of Meade County Water District* (Ky. PSC Nov. 9, 2023); Case No. 2025-00029, *Electronic Purchased Water Adjustment Filing of Meade County Water District* (Ky. PSC Mar. 11, 2025); Case No. 2023-00039, *Electronic Application of Meade County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Jan. 5, 2024); Case No. 2021-00087, *Electronic Application of Meade County Water District for a Certificate of Public Convenience and Necessity to Construct a System Improvements Project and an Order Approving a Change in Rate and Authorizing the Issuance of Securities Pursuant to KRS 278.023* (Ky. PSC July 15, 2021).

was negative for all five years. Cash basis income (rate-based income plus depreciation) was positive for all five years.

Description / Year	Audited 2021	Audited 2022	Audited 2023	Audited 2024	Audited 2025	Pro Forma
<i>Adjusted Net Income</i>						
Net Income / (Loss)	\$ (109,166)	\$ (143,320)	\$ (390,016)	\$ (279,484)	\$ (246,905)	\$ 82,216
Other Non-recurring Items ()	43,464	(2,664)	(8,065)	-	627	627
Interest Expense	146,403	170,588	155,949	157,380	150,166	475,674
Adjusted Net Income / (Loss)	80,701	24,604	(242,132)	(122,104)	(96,112)	558,517
Interest Expense ()	(146,403)	(170,588)	(155,949)	(157,380)	(150,166)	(475,674)
Principal Payments ()	(194,953)	(161,571)	(330,222)	(251,852)	(197,743)	(273,708)
Subtract: Total Debt Service ()	(341,356)	(332,159)	(486,171)	(409,232)	(347,909)	(749,382)
Rate-Based Income (Excludes Working Capital of 20%)	(260,655)	(307,555)	(728,303)	(531,336)	(444,021)	(190,865)
Add: Depreciation Expense	685,991	735,527	763,342	762,769	770,421	892,965
Cash Basis Income	\$ 425,336	\$ 427,972	\$ 35,039	\$ 231,433	\$ 326,400	\$ 702,100
Rate Based Income as Percent of Water Sales	-9%	-10%	-21%	-15%	-12%	
Cash Basis Income as Percent of Depreciation	62%	58%	5%	30%	42%	
Capital Spending	\$ 2,298,914	\$ 422,144	\$ 350,240	\$ 1,882,746	\$ 971,918	
<i>Cash and Investments</i>						
Unrestricted Cash and Investments	\$ 440,470	\$ 543,870	\$ 484,553	\$ 670,701	\$ 707,021	
Restricted Funds	778,617	1,074,494	976,985	625,320	773,957	
Adjusted Cash Balances	\$ 1,219,087	\$ 1,618,364	\$ 1,461,538	\$ 1,296,021	\$ 1,480,978	
Net Increase (Decrease) in Cash	\$ 842,231	\$ 399,277	\$ (156,826)	\$ (165,517)	\$ 184,957	
<i>Selected Statistical Information (PSC Annual Reports)</i>						
Customer Count	5,371	5,521	5,632	5,767	5,878	
Gallons Purchased	379,296	411,287	426,676	426,768	426,835	
Gallons Sold	310,878	317,820	316,580	323,262	345,782	
Gallons Used for Internal Use	8,013	24,797	36,674	40,974	19,509	
Water Loss Gallons	60,405	68,670	73,422	62,532	61,544	
System Use Percentage	2.11%	6.03%	8.60%	9.60%	4.57%	
Water Loss Percentage	15.9256%	16.6964%	17.2079%	14.6525%	14.4187%	
Gallons Sold Per Customer Per Month	4,823	4,797	4,684	4,671	4,902	
Revenues from the Sale of Water	\$ 2,753,026	\$ 3,063,947	\$ 3,424,589	\$ 3,654,067	\$ 3,772,111	
Purchased Water Expense	909,331	982,573	1,431,969	1,472,835	1,467,778	
Purchased Water Expense Over 15% Water Loss	8,416	16,668	31,617	0	0	
Water Loss Expense Over 15% as Percentage of Water Revenue	0.31%	0.54%	0.92%	0.00%	0.00%	

Meade District should continue to monitor its operating performance to determine whether a rate adjustment application should be submitted. Future rate cases should be filed at least every three to five years depending on financial performance.

Purchased Water Adjustment Factor

In its application, Meade District proposed a purchased water adjustment factor of \$0.03 per 1,000 gallons. During the 12 months ended July 31, 2026, Meade District purchased 420,104,553 gallons of water from Hardin District No. 1 and sold

336,928,156 gallons of water to its customers. The increase in the cost of purchased water from Hardin District No. 1 is \$8,402.09, resulting in a purchased water adjustment factor of \$0.03 per 1,000 gallons.

The purchased water adjustment factor of \$0.03 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 Meade District on and after September 1, 2026, because the rates are supported by evidence of the increase in rates from Meade 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 \$0.03 per 1,000 gallons is approved.
2. The rates proposed by Meade District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Meade District on and after September 1, 2026.
4. Within 20 days of the date of service of this Order, Meade 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 15th day of October, 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. 2026-00258

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00258 DATED OCT 15 2026

	Base Rate	New Rate	Change
<u>Hardin District No. 1</u>			
Purchases in Gallons	420,104,553	420,104,553	
Rate per 1,000 Gallons	<u>\$3.41/1000</u>	<u>\$3.43/1,000</u>	
Subtotal	\$1,432,556.53	\$1,440,958.62	\$8,402.09
 Total	 \$1,432,556.53	 \$1,440,958.62	
 Increased water cost			 \$8,402.09
 Increased water cost		\$8,402.09	
Divided by Gallons sold/1,000		336,928,156	
Purchased water adjustment factor		\$0.0249	per 1,000 Gallons
		\$0.03	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00258 DATED OCT 15 2026

The following rates and charges are prescribed for the customers in the area served by Meade 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

All Meter Sizes

First	2,000 Gallons	\$32.56	Minimum Bill
Next	5,000 Gallons	0.01368	Per Gallon
Next	10,000 Gallons	0.01323	Per Gallon
Next	20,000 Gallons	0.01220	Per Gallon
Over	37,000 Gallons	0.01075	Per Gallon

Bulk Station Rates

0.00976 Per Gallon

Wholesale Rates

Doe Valley Water	0.00722	Per Gallon
Otter Creek Water	0.00739	Per Gallon

Service List for Case 2026-00258

* Meade County Water District
1003 Armory Place
P. O. Box 367
Brandenburg, KY 40108

* Brett Pyles
Manager
Meade County Water District
1003 Armory Place
P. O. Box 367
Brandenburg, KY 40108

* Richard Shufelt
Skeeters, Bennett, Wilson & Humphrey
550 W. Lincoln Trail Boulevard
Radcliff, KY 40160