

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CANNONSBURG)	Case. No.
WATER DISTRICT FOR A RATE ADJUSTMENT)	2024-00155
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

RESPONSE OF CANNONSBURG WATER DISTRICT
TO THE COMMISSION STAFF'S THIRD REQUEST
FOR INFORMATION DATED JULY 31, 2024

**Cannonsburg Water District
Case No. 2024-00155
Commission Staff's Third Request
for Information Dated August 19, 2024**

Witness: Tim Webb

1. Confirm that Cannonsburg District has ceased collection of the water loss surcharge.

Response: Cannonsburg Water District has ceased billing of the water loss surcharge.

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2. Explain how the Cannonsburg District plans to spend its remaining water loss surcharge funds. Include in the explanation a timeline, specific cost estimates, approximate impact to the reduction in water loss percentage, and a correlated list of the planned projects.

Response: Cannonsburg Water currently have the Shopes Creek Water Line Replacement that we intend to use with the Commission's approval. This project is currently estimated at \$2.6 million with funding coming from 2 grants, 1 KIA loan and the use of the remaining surcharge funds. The long-term water loss reduction for the project looks to be about 1-2% since this is a high leak area for water mains and service lines and one of the oldest lines within the system. This project is scheduled to be bid within the next 2 months.

Other projects that Cannonsburg Water has is a 4 phased project of replacing the 12" water main that feeds about 90% of the system. This is the oldest line in the system with many connections over 40 years old. At this time, each phase is broken into \$1.5-2.5 million projects.

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3. Confirm that Cannonsburg District is still charging a leak adjustment rate as listed in its Tariff on the 16th Revised Sheet page 5. If not, explain why not.

Response: Cannonsburg District still charges its leak adjustment rate.

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4. Provide a copy or a citation to the Commission Order allowing Cannonsburg District to collect the leak adjustment rate.

Response: In reviewing the cases listed in the docket report for Cannonsburg Water District, the following is the first reference discovered by Cannonsburg Water District to its "Leak Adjustment Rate" (Case No. 2003-00341, *The Application of Cannonsburg Water District to Increase Certain Non-Recurring Charges*, Order dated Oct. 17, 2003).

On September 22, 2003, Cannonsburg amended its application to adjust for Unaccounted Water Loss in the Leak Adjustment charge, which raised the charge from \$1.20 to \$1.30 per 1,000 gallons.

The existing Leak Adjustment Rate was authorized by the Commission in Case No. 2018-00376, *Application Of Cannonsburg Water District For Rate Adjustment For Small Utilities Pursuant To 807 Kar 5:076*, Order dated May 13, 2019.

See files:

4_Case_No_2003-00341_Order_Oct_17_2003_Leak_Adjustment_Rate

4_Case_No_2018-00376_Order_May_13,_2019_Leak_Adjustment_Rate

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5. Provide the cost justification calculations for the proposed leak adjustment rate.

Response: In Case No. 2018-00376, (*Application Of Cannonsburg Water District For Rate Adjustment For Small Utilities Pursuant To 807 Kar 5:076*, Order dated May 13, 2019 at 9), the Commission found that, in the absence of a cost-of-service study, the across the-board method is an appropriate and equitable method to allocate the increased cost to Cannonsburg District's customers. In that Case the Commission applied the across-the-board increase to the retail, wholesale, and Leak Adjustment rates. In calculating its proposed water rates, Cannonsburg District applied the across the board increase of 16.77 percent to the Leak Adjustment rate. The calculation of the Leak Adjustment Rate can be found in Cannonsburg District's response to the Commission Staff's First Request for Information, Item 3, Excel Workbook: 3_Cannonsburg_Rate_Model; Tab: Rates Comp.

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6. Provide the water loss reports for the months of January 2024 through July 2024.

Response: See file: 6_January_thru_July_Monthly_and_Annual_Water_Loss

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Witness: Tim Webb and Mark Frost

7. Confirm that Cannonsburg District has provided individual notice to its wholesale customers, pursuant to 807 KAR 5:076. If not, explain why not.

Response: Cannonsburg District confirms that the cities of Compton and Frenchburg received proper notification of the increase in the wholesale water rate. Cannonsburg District published customer notification once a week for three (3) consecutive as required by 807 KAR 5:0076. In reviewing 807 KAR 5:076, Cannonsburg District did not find a requirement that its wholesale customers should receive written notification. Below is customer notice required by 807 KAR 5:076, the rate schedule contained in the published customer notice and the average bill impacts. After receiving the Commission Staff's Third Request for Information, Cannonsburg District Hand Delivered to each Wholesale Customer notice of the proposed increase.

See files: 7_Customer_Notice_Newspaper_Affidavits

7_Hand_Delivered_Wholesale_Customer_Notice

7_Newspaper_Customer_Notice

807 KAR 5:076. Alternative rate adjustment procedure for small utilities.

(2) Customer Notice.

(a) If a utility has twenty (20) or fewer customers, it shall mail a written notice to each customer no later than the date on which the application is submitted to the commission.

(b) If a utility has more than twenty (20) customers, it shall provide notice by:

1. Including notice with customer bills mailed no later than the date the application is submitted to the commission;

2. Mailing a written notice to each customer no later than the date the application is submitted to the commission;

3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or

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4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission.

(c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.

			Current Monthly Rates		Proposed Monthly Rates		Differences	
							Dollar	Percentage
<u>3/4-Inch x 5/8-Inch Meter</u>								
First	2,000	Gallons	\$ 25.33	Min. Bill	\$ 29.58	Min. Bill	\$ 4.25	16.78%
Next	3,000	Gallons	0.00954	per Gallon	0.01114	per Gallon	0.00160	16.77%
Next	15,000	Gallons	0.00877	per Gallon	0.01024	per Gallon	0.00147	16.76%
Next	30,000	Gallons	0.00809	per Gallon	0.00944	per Gallon	0.00135	16.69%
Next	50,000	Gallons	0.00772	per Gallon	0.00901	per Gallon	0.00129	16.71%
Over	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	0.00113	16.69%
<u>1-Inch Meter</u>								
First	5,000	Gallons	\$ 53.96	Min. Bill	\$ 62.99	Min. Bill	\$ 9.03	16.73%
Next	15,000	Gallons	0.00877	per Gallon	0.01024	per Gallon	0.00147	16.76%
Next	30,000	Gallons	0.00809	per Gallon	0.00944	per Gallon	0.00135	16.69%
Next	50,000	Gallons	0.00772	per Gallon	0.00901	per Gallon	0.00129	16.71%
Over	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	0.00113	16.69%
<u>2-Inch Meter</u>								
First	20,000	Gallons	\$ 185.42	Min. Bill	\$ 216.43	Min. Bill	\$ 31.01	16.72%
Next	30,000	Gallons	0.00809	per Gallon	0.00944	per Gallon	0.00135	16.69%
Next	50,000	Gallons	0.00772	per Gallon	0.00901	per Gallon	0.00129	16.71%
Over	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	0.00113	16.69%
<u>3-Inch Meter</u>								
First	20,000	Gallons	\$ 185.42	Min. Bill	\$ 216.43	Min. Bill	\$ 31.01	16.72%
Next	30,000	Gallons	0.00809	per Gallon	0.00944	per Gallon	\$ 0.00135	16.69%
Next	50,000	Gallons	0.00772	per Gallon	0.00901	per Gallon	\$ 0.00129	16.71%
Over	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	\$ 0.00113	16.69%
<u>6-Inch Meter</u>								
First	50,000	Gallons	\$ 428.03	Min. Bill	\$ 499.61	Min. Bill	\$ 71.58	16.72%
Next	50,000	Gallons	0.00772	per Gallon	0.00901	per Gallon	\$ 0.00129	16.71%
Over	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	\$ 0.00113	16.69%
<u>12-Inch Meter</u>								
First	100,000	Gallons	\$ 814.17	Min. Bill	\$ 950.31	Min. Bill	\$ 136.14	16.72%
Next	100,000	Gallons	0.00677	per Gallon	0.00790	per Gallon	\$ 0.00113	16.69%
<u>Wholesale</u>								
Over	100,000	Gallons	\$ 0.004600	per Gallon	\$ 0.005370	per Gallon	\$ 0.00077	16.74%
<u>Leak Adjustment:</u>								
Rate			\$ 0.004560	per Gallon	\$ 0.005320	per Gallon	\$ 0.00076	16.67%

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Current and Proposed Customer Bills					
	Average Monthly Usage	Current Monthly Bills	Current Monthly Bills	Differences	
				Dollar	Percentage
3/4-Inch x 5/8-Inch Meter	3,382	\$ 38.51	\$ 44.98	\$ 6.47	16.80%
5/8-Inch x 3/4_Inch Meter Greenup	3,626	\$ 40.84	\$ 47.69	\$ 6.85	16.77%
1-Inch Meter	7,759	\$ 78.16	\$ 91.24	\$ 13.08	16.73%
2-Inch Meter	10,988	\$ 185.42	\$ 216.43	\$ 31.01	16.72%
3-Inch Meter	54,092	\$ 459.71	\$ 536.50	\$ 76.79	16.70%
6-Inch Meter	240,728	\$ 1,766.76	\$ 2,061.86	\$ 295.10	16.70%
12-Inch Meter	3,900	\$ 814.17	\$ 950.31	\$ 136.14	16.72%
Wholesale	4,104,381	\$18,880.15	\$22,040.53	\$ 3,160.38	16.74%