

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF CANNONSBURG	)	2024-00395
WATER DISTRICT	)	

ORDER

On January 10, 2025, Cannonsburg Water District (Cannonsburg 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

Cannonsburg District purchases water from the city of Ashland (Ashland). Ashland notified Cannonsburg District that its wholesale rate would increase from \$2.94 per 1,000

gallons to \$3.64 per 1,000 gallons, effective February 1, 2025.¹ Cannonsburg District proposes to increase the water rates to its customers effective February 1, 2025, to reflect the increased cost of purchased water from Ashland.

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 2021 Annual Report filed with the Commission, Cannonsburg District reported a water loss of 21.1649 percent.² In its 2022 Annual Report filed with the Commission, Cannonsburg District reported a water loss of 17.5224 percent.³ In its 2023 Annual Report filed with the Commission, Cannonsburg District reported a water loss of 20.3365 percent.⁴ Cannonsburg District's three-year water loss average is 19.6746 percent.⁵ The approximate cost of Cannonsburg District's total water loss using a three-year average is \$284,906.15.⁶

¹ TFS2024-00584 (Ky. PSC Dec. 27, 2024); Ashland submitted the tariff on December 27, 2024, and the tariff was accepted for filing by the Commission by letter dated January 24, 2025, with an effective date of February 1, 2025.

² *Annual Report of Cannonsburg District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

³ *Annual Report of Cannonsburg District to the Public Service Commission for the Year Ended December 31, 2022* at 58.

⁴ *Annual Report of Cannonsburg District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

⁵ $21.1649\% + 17.5224\% + 20.3365\% = 59.0048 / 3 \text{ years} = 19.6746 \text{ percent.}$

⁶ Total water cost at new wholesale rate of \$1,448,091.21 times 19.6683% water loss equals \$284,814.92.

Cannonsburg District currently has an active case pertaining to its water loss reduction plan, in which the utility submits monthly activity reports to the Commission.⁷ A monthly water loss reduction surcharge of \$4.00 per meter was implemented on May 13, 2019, and ended on May 13, 2023.⁸ Cannonsburg District continues to submit monthly activity and surcharge reports to the Commission, most recently for the month of December 2024.⁹

Financial Condition and Rates

Based on a review of Commission records, Cannonsburg District filed for a general base rate adjustment on October 30, 2024, established as Case No. 2024-00155, which remains pending before the Commission.¹⁰

Purchased Water Adjustment Factor

In its application, Cannonsburg District proposed a purchased water adjustment factor of \$0.90 per 1,000 gallons. During the 12 months ended November 30, 2024, Cannonsburg District purchased 397,827,256 gallons of water from Ashland and sold 311,985,000 gallons of water to its customers. The increase in the cost of purchased water from Ashland is \$278,479.08, resulting in a purchased water adjustment factor of \$0.90 per 1,000 gallons.

⁷ Case No. 2014-00267, *Cannonsburg Water District's Unaccounted-For Water Loss Reduction Plan, Surcharge and Monitoring* (Ky. PSC May 13, 2019), Order.

⁸ Case No. 2014-00267, *Cannonsburg Water District's Unaccounted-For Water Loss Reduction Plan, Surcharge and Monitoring* (Ky. PSC May 13, 2019), Order, Appendix at 2.

⁹ Case No. 2014-00267, *Cannonsburg Water District's Unaccounted-For Water Loss Reduction Plan, Surcharge and Monitoring* (filed Jan. 30, 2025).

¹⁰ Case No. 2024-00155, *Electronic Application of Cannonsburg Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed Oct. 30, 2024).

The purchased water adjustment factor of \$0.90 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 Cannonsburg District on and after February 1, 2025, because the rates are supported by evidence of the increase in rates from Cannonsburg District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

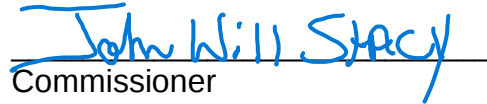
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.90 per 1,000 gallons is approved.
2. The rates proposed by Cannonsburg District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Cannonsburg District on and after February 1, 2025.
4. Within 20 days of the date of service of this Order, Cannonsburg 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.

PUBLIC SERVICE COMMISSION

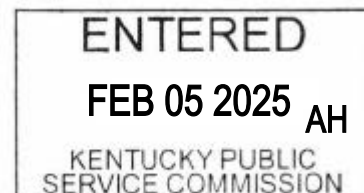

Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00395 DATED FEB 05 2025

	Base Rate	New Rate	Change
<u>Ashland</u>			
Purchases in Gallons	397,827,256	397,827,256	
Rate per 1,000 Gallons	<u>\$2.94/1,000</u>	<u>\$3.64/1,000</u>	
Subtotal	\$1,169,612.13	\$1,448,091.21	\$278,479.08
Increased water cost			\$278,479.08
Increased water cost		\$278,479.08	
Divided by Gallons sold/1,000		<u>311,985,000</u>	
Purchased water adjustment factor		\$0.90	per 1,000 Gallons
		or \$ 0.00090	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00395 DATED FEB 05 2025

The following rates and charges are prescribed for the customers in the area served by Cannonsburg 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	\$27.13	Minimum Bill
Next	3,000 Gallons	0.01044	Per Gallon
Next	15,000 Gallons	0.00967	Per Gallon
Next	30,000 Gallons	0.00899	Per Gallon
Next	50,000 Gallons	0.00862	Per Gallon
Over	100,000 Gallons	0.00767	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$58.46	Minimum Bill
Next	15,000 Gallons	0.00967	Per Gallon
Next	30,000 Gallons	0.00899	Per Gallon
Next	50,000 Gallons	0.00862	Per Gallon
Over	100,000 Gallons	0.00767	Per Gallon

2-Inch Meter & 3-Inch Meter

First	20,000 Gallons	\$203.42	Minimum Bill
Next	30,000 Gallons	0.00899	Per Gallon
Next	50,000 Gallons	0.00862	Per Gallon
Over	100,000 Gallons	0.00767	Per Gallon

6-Inch Meter

First	50,000 Gallons	473.03	Minimum Bill
Next	50,000 Gallons	0.00862	Per Gallon
Over	100,000 Gallons	0.00767	Per Gallon

12-Inch Meter

First	100,000 Gallons	904.17	Minimum Bill
Over	100,000 Gallons	0.00767	Per Gallon

Wholesale Rate

0.00550 Per Gallon

Leak Adjustment

0.00546 Per Gallon

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