

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF) CASE NO.
FLEMING COUNTY WATER ASSOCIATION, INC.) 2019-00033

ORDER

On January 22, 2019, Fleming County Water Association, Inc. (Fleming County Water), applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2017 Annual Report, Fleming County Water reported a water loss of 9.1372 percent.² Fleming County Water's application provides updated purchase and sales information for a more current period than the 2017 Annual Report. Commission regulation 807 KAR 5:066(6)(3) states that for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of total water produced and purchased, excluding water consumed by a utility in its own operations. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2017 Annual Report,³ Fleming County Water's unaccounted-for water

¹ KRS 278.015; 807 KAR 5:068.

² 2017 Annual Report at 56.

³ 2017 Annual Report, Water Statistics, line 21, divided by line 4, (41,495,000 divided by 293,603,000) equals 14.13 percent.

loss is determined to be 17.4166 percent for the updated period.⁴ Reduction of Fleming County Water’s unaccounted-for water loss to 15 percent would result in an approximate \$15,659.57⁵ decrease to the purchased water expense. Potentially, Fleming County Water is paying approximately \$0.07 per 1,000 gallons sold, for expenses associated with unaccounted-for water loss in excess of the allowable 15 percent threshold.⁶

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold and strongly encourages Fleming County Water to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Fleming County Water to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

The Commission, having reviewed the record and being sufficiently advised, finds that:

1. Fleming County Water purchases water from the Greater Fleming County Regional Water Commission (Greater Fleming), Rowan Water, Inc. (Rowan) and Vanceburg Electric Plant Board (Vanceburg).

⁴ Total Purchases (application PWA Form 1 at 2)	334,739,100
Less Total Sales (application PWA Form 1 at 2)	229,130,220
Less plant use (% determined from 2017 Annual Report)	<u>47,308,777</u>
Water loss - gallons	58,300,103
Water loss - percent	17.4166

⁵ Water loss above 15 percent is 2.4166 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$15,659.57.

⁶ Potential purchased water expense reduction divided by sales (\$15,659.57/(229,130,220/1,000) equals \$0.07/1,000.

2. Greater Fleming notified Fleming County Water that its wholesale volumetric water rate would increase from \$1.86 per 1,000 gallons to \$2.00 effective February 1, 2019. Fleming County Water proposes to increase the water rates to its customers effective February 1, 2019, to reflect the increased cost of purchased water from Greater Fleming.

3. Fleming County Water proposed a purchased water adjustment factor of \$0.20 per 1,000 gallons in its application.

4. During the 12 months ended December 31, 2018, Fleming County Water purchased 324,000,000 gallons of water from Greater Fleming, 9,513,600 gallons of water from Rowan, and 1,226,100 gallons of water from Vanceburg. During the same period, Fleming County Water sold 229,130,220 gallons of water. The increase in the cost of purchased water is \$45,360.00, resulting in a purchased water adjustment factor of \$0.20 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.20 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable, and should be approved.

6. Fleming County Water's proposed rates should be approved.

7. The rates as set forth in Appendix B to this Order, are fair, just, and reasonable, and should be approved for water service rendered by Fleming County Water on and after February 1, 2019.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.20 per 1,000 gallons is approved.


2. The rates proposed by Fleming County Water are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Fleming County Water on and after February 1, 2019.
4. Within 20 days of the date of entry of this Order, Fleming County Water 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 hereby closed and will be removed from the Commission's docket.

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By the Commission

ENTERED
FEB 01 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2019-00033

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00033 DATED FEB 01 2019

	New Rate	Base Rate
Greater Fleming		
Purchases in Gallons	324,000,000	324,000,000
Wholesale rate	<u>\$2.00/1,000</u>	<u>\$1.86/1,000</u>
	\$648,000.00	\$602,640.00
Rowan Water		
Purchases in Gallons	9,513,600	9,513,600
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Vanceburg EPB		
Purchases in Gallons	1,226,100	1,226,100
Wholesale rate	<u>NO CHANGE</u>	<u>NO CHANGE</u>
Total	\$648,000.00	\$602,640.00
Increased water cost		\$ 45,360.00
Increased water cost		\$ 45,360.00
Divided by Gallons sold/1,000		<u>229,130,220</u>
Purchased water adjustment factor		\$ 0.1979 per 1,000 Gallons
		or \$ 0.20 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00033 DATED FEB 01 2019

The following rates and charges are prescribed for the customers in the area served by Fleming County Water Association, Inc. 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

First 2,000 Gallons	\$18.70 Minimum Bill
Next 8,000 Gallons	6.95 Per 1,000 Gallons
Next 40,000 Gallons	5.50 Per 1,000 Gallons
Over 50,000 Gallons	4.30 Per 1,000 Gallons

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