

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED WATER ADJUSTMENT FILING OF)	CASE NO.
LEDBETTER WATER DISTRICT)	2019-00196

O R D E R

On June 11, 2019, Ledbetter Water District (Ledbetter District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ Ledbetter District was notified by letter dated June 25, 2019, that the application was rejected due to certain deficiencies in the application. On July 2, 2019, Ledbetter District submitted additional information with its response to the deficiency letter, and the application was accepted for filing as of that date.

The Commission notes that in its 2017 Annual Report Ledbetter District reported a water loss of 16.3001 percent.² Ledbetter District's application provides updated purchases and sales information for a more current period than the 2017 Annual Report. Commission regulation 807 KAR 5:066, Section 6(3), states that for ratemaking purposes a utility's water loss shall not exceed 15 percent of the 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

¹ KRS 278.015; 807 KAR 5:068.

² 2017 Annual Report at 56.

the utility in its 2017 Annual Report,³ Ledbetter District's water loss is determined to be 17.3672 percent for the updated period.⁴

Reduction of Ledbetter District's water loss to 15 percent would result in an approximate \$2,401⁵ decrease to purchased water expense. Potentially, Ledbetter District is paying \$0.04 per 1,000 gallons sold for expenses associated with water loss in excess of the allowable 15 percent⁶ threshold.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent water loss threshold and strongly encourages Ledbetter District to pursue reasonable actions to reduce its water loss. Failure by Ledbetter District to make significant progress towards reducing 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. Ledbetter District produces water and purchases water from Crittenden-Livingston Water District (Crittenden-Livingston District) for resale.
2. Crittenden-Livingston District notified Ledbetter District that its wholesale rate would increase from \$2.58 per 1,000 gallons to \$2.83 per 1,000 gallons effective May

³ 2017 Annual Report, line 21, divided by line 4, (6,738 divided by 81,472) equals 8.27 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	35,832,900
Less Total Sales (application PWA Form 1 at 2)	60,419,432
Less plant use (% determined from 2017 AR)	<u>6,719,632</u>
Water loss - gallons	14,110,836
Water loss - percent	17.3672

⁵ Water loss above 15 percent is 2.3672 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$2,401.

⁶ Potential purchased water expense reduction divided by sales (\$2,401/(60,419,432/1,000)) equals \$0.04/1,000.

23, 2019.⁷ Ledbetter District proposes to increase the water rates to its customers effective May 23, 2019, to reflect the increased cost of purchased water from Crittenden-Livingston District.

3. Ledbetter District proposed a purchased water adjustment factor of \$0.15 per 1,000 gallons.

4. During the 12 months ended April 30, 2019, Ledbetter District purchased 35,832,900 gallons of water from Crittenden-Livingston District. During the same period, Ledbetter District sold 60,419,432 gallons of water. The increase in the cost of purchased water is \$8,958.23, resulting in a purchased water adjustment factor of \$0.15 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.15 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Ledbetter District's proposed rates, as set forth in Appendix B to this Order, are fair, just and reasonable and should be approved for water service rendered by Ledbetter District on and after May 23, 2019.

IT IS THEREFORE ORDERED that:

1. The rates proposed in the application by Ledbetter District are approved.
2. The purchased water adjustment factor of \$0.15 per 1,000 gallons is approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Ledbetter District on and after May 23, 2019.

⁷ TFS 2019-00311 (Ky. PSC filed May 30, 2019); the tariff was accepted for filing by the Commission by letter dated June 24, 2019.

4. Within 20 days of the date of this Order, Ledbetter 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 hereby closed and will be removed from the Commission's docket.

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By the Commission

ENTERED
JUL 23 2019
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director
William R. Pearson

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2019-00196 DATED **JUL 23 2019**

	New Rate	Base Rate
Crittenden-Livingston Purchases in Gallons	35,832,900	35,832,900
Wholesale rate	<u>\$ 2.83/1,000</u>	<u>\$ 2.58/1,000</u>
Total	\$101,407.11	\$ 92,448.88
Increased water cost		\$ 8,958.23
Increased water cost		\$ 8,958.23
Divided by Gallons sold/1,000		<u>60,419,432</u>
Purchased water adjustment factor		\$ 0.1483 per 1,000 Gallons
		or \$ 0.15 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2019-00196 DATED **JUL 23 2019**

The following rates and charges are prescribed for the customers in the area served by Ledbetter Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

Customer Charge	\$ 7.74 Minimum Bill
First 25,000 Gallons	6.83 Per 1,000 Gallons
Over 25,000 Gallons	4.67 Per 1,000 Gallons

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