

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF NICHOLAS	)	2020-00145
COUNTY WATER DISTRICT	)	

ORDER

On April 29, 2020, Nicholas County Water District (Nicholas District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.<sup>1</sup> On April 30, 2020, Nicholas County amended its application to revise the effective date to April 28, 2020.<sup>2</sup> On May 4, 2020, Nicholas County further amended its application to reflect the correct base rate of one of its suppliers as well as the correct amount of the increase in cost of purchased water.<sup>3</sup> The case now stands before the Commission for a decision.

The Commission notes that a review of its records from 1985 to the present indicates Nicholas District has never sought a general base rate adjustment. The lack of insight into Nicholas District's financial records indicates to the Commission that Nicholas District should file an application for a traditional adjustment in rates or an alternative rate adjustment within one year of the date of this Order to ensure its revenue is sufficient to support adequate and reliable service.

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<sup>1</sup> KRS 278.015; 807 KAR 5:068.

<sup>2</sup> Amendment to application, filed April 29, 2020.

<sup>3</sup> Amended Application, filed May 4, 2020.

Additionally, the Commission notes Nicholas District's response to the Commission's Division of Inspections' January 29, 2020 Periodic Compliance Inspection Report is more than 30 days past due. Given that the inspection revealed three deficiencies, including one repeat deficiency, the Commission is concerned Nicholas District may not be operating its facilities in a safe and adequate manner. Within ten days of the date of this Order, Nicholas District shall file a response to the January 29, 2020 Periodic Compliance Inspection Report with the Division of Inspections.

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that:

1. Nicholas District purchases water from the city of Carlisle (Carlisle), Western Fleming Water District (Western Fleming District), Kentucky-American Water District (Kentucky-American), and the Buffalo Trail Water Association (Buffalo Trail).

2. Western Fleming District notified Nicholas District that its wholesale rate would increase from \$1.63 per 1,000 gallons to \$2.14 per 1,000 gallons effective March 31, 2020. Nicholas District proposes to increase the water rates to its customers effective April 28, 2020, to reflect the increased cost of purchased water from Western Fleming District.

3. Nicholas District proposed a purchased water adjustment factor of \$0.35 per 1,000 gallons in its amended application.

4. During the 12 months ended March 31, 2020, Nicholas District purchased 69,748,900 gallons of water from Western Fleming District, 56,573,300 gallons of water from Carlisle, 232,051 gallons of water from Kentucky-American, and 2,305,000 gallons of water from Buffalo Trail. During the same period, Nicholas District sold 102,125,000

gallons of water. The increase in the cost of purchased water is \$35,572.94, resulting in a purchased water adjustment factor of \$0.35 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.35 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Nicholas District's proposed rates are denied.

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 Nicholas District on and after April 28, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.35 per 1,000 gallons is approved.

2. The rates proposed by Nicholas District are denied.

3. The rates, as set forth in Appendix B to this Order, are approved for water service rendered by Nicholas District on and after April 28, 2020.

4. Within 20 days of the date of entry of this Order, Nicholas District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. Nicholas District shall file an application for a traditional adjustment in rates or an alternative rate adjustment within one year of the date of entry of this Order.

6. Nicholas District shall file a response to the January 29, 2020 Periodic Compliance Inspection Report with the Commission's Division of Inspections within ten days of the date of this Order.

7. This case is hereby closed and removed from the Commission's docket.

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By the Commission



ATTEST:



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Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00145 DATED MAY 11 2020

	New Rate	Base Rate
Western Fleming		
Purchases in Gallons	69,748,900	69,748,900
Wholesale rate	<u>\$1.63/1,000</u>	<u>\$2.14/1,000</u>
	\$113,690.71	\$149,262.65
 Kentucky-American		
Purchases in Gallons	232,051	232,051
Wholesale rate	<u>No Change</u>	<u>\$2.890/1,000</u>
 Buffalo Trail		
Purchases in Gallons	2,305,000	2,305,000
Wholesale rate	<u>No Change</u>	<u>\$2.450/1,000</u>
 Carlisle		
Purchases in Gallons	56,573,300	56,573,300
Wholesale rate	<u>No Change</u>	First 1,000 Gallons \$11.21/1,000 Next 4,000 Gallons 3.82/1,000 Next 5,000 Gallons 2.95/1,000 Next 5,000 Gallons 2.05/1,000 Next 10,000 Gallons 1.90/1,000 Next 25,000 Gallons 1.58/1,000 <u>Over 50,000 Gallons 1.52/1,000</u>
 Total	\$113,690.71	\$ 149,262.65
 Increased water cost		\$ 35,571.94
 Increased water cost		\$35,571.94
Divided by Gallons sold/1,000		<u>102,125,000</u>
Purchased water adjustment factor		\$ 0.3483 per 1,000 Gallons
		or \$ 0.35 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2020-00145 DATED MAY 11 2020

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

5/8 x 3/4-inch Meter

First 1,000 Gallons	\$14.97 Minimum Bill
Next 2,000 Gallons	7.30 Per 1,000 Gallons
Next 2,000 Gallons	6.05 Per 1,000 Gallons
Next 5,000 Gallons	4.90 Per 1,000 Gallons
Next 15,000 Gallons	4.45 Per 1,000 Gallons
Over 25,000 Gallons	4.22 Per 1,000 Gallons

1-inch Meter

First 3,000 Gallons	\$29.57 Minimum Bill
Next 2,000 Gallons	6.05 Per 1,000 Gallons
Next 5,000 Gallons	4.90 Per 1,000 Gallons
Next 15,000 Gallons	4.45 Per 1,000 Gallons
Over 25,000 Gallons	4.22 Per 1,000 Gallons

1 1/2-inch Meter

First 5,000 Gallons	\$41.67 Minimum Bill
Next 5,000 Gallons	4.90 Per 1,000 Gallons
Next 15,000 Gallons	4.35 Per 1,000 Gallons
Over 25,000 Gallons	4.22 Per 1,000 Gallons

2-inch Meter

First 10,000 Gallons	\$66.17 Minimum Bill
Next 15,000 Gallons	4.45 Per 1,000 Gallons
Over 25,000 Gallons	4.22 Per 1,000 Gallons

3-inch Meter

First 15,000 Gallons	\$88.42 Minimum Bill
Next 10,000 Gallons	4.45 Per 1,000 Gallons
Over 25,000 Gallons	4.22 Per 1,000 Gallons

4-inch Meter

First 25,000 Gallons  
Over 25,000 Gallons

\$132.92 Minimum Bill  
4.22 Per 1,000 Gallons



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