

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF KIRKSVILLE WATER)	2020-00177
ASSOCIATION, INC.)	

ORDER

On June 2, 2020, Kirksville Water Association, Inc. (Kirksville Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹

The Commission notes that in its 2019 Annual Report, Kirksville Water reported a water loss of 21.0734 percent.² Kirksville Water's application provides updated purchases and sales information for a more current period than the 2019 Annual Report. 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 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 2019 Annual Report,³ Kirksville Water's unaccounted-for water loss is determined to be 17.1380 percent for the updated period.⁴ Reduction of Kirksville Water's

¹ KRS 278.012; 807 KAR 5:068.

² 2019 Annual Report at 57.

³ *Id.*, line 21 (40,875) divided by line 4 (117,711,264) equals 0.0347 percent.

⁴ Total Purchases (application PWA Form 1 at 2)	116,393,288
Less Total Sales (application PWA Form 1 at 2)	96,405,414
Less Plant Use (% determined from 2018 AR)	<u>40,417</u>
Water Loss – Cubic Feet	19,947,457
Water Loss – Percent	17.1380%

unaccounted-for water loss to 15 percent would result in an approximate \$9,232.86⁵ decrease to purchased water expense. Potentially, Kirksville Water is paying \$0.09 per 1,000 gallons sold for expenses associated with unaccounted-for 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 unaccounted-for water loss threshold and strongly encourages Kirksville Water to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Kirksville Water to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

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

1. Kirksville Water purchases water from Richmond Utilities (Richmond).
2. Richmond notified Kirksville Water that its wholesale volumetric water rate would increase from \$2.49239 per 100 cubic feet to \$2.53725 per 100 cubic feet and the Kentucky River Authority Fee would increase from \$0.23200 per 100 cubic feet to \$0.23800 per 100 cubic feet effective July 1, 2020. Kirksville Water proposes to increase the water rates to its customers effective July 1, 2020, to reflect the increased cost of purchased water from Richmond.

⁵ Water loss above 15 percent is 2.1380 percent, potential purchased water expensed reduction (total water cost at new wholesale rate times water loss above 15 percent = \$431,845.55 X 2.1380% = \$9,232.86).

⁶ Potential purchased water expense reduction divided by sales in gallons (\$9,232.86/ (96,405,414/1000)) equals \$0.09 per 1,000 gallons.

3. Kirksville Water proposed a purchased water adjustment factor of \$0.09 per 1,000 gallons in its application.

4. During the 12 months ended April 1, 2020, Kirksville Water purchased 15,560,600 cubic feet of water from Richmond.⁷ During the same period, Kirksville Water sold 96,405,414 gallons of water. The increase in the cost of purchased water is \$7,914.12, resulting in a purchased water adjustment factor of \$0.09 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.09 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just, and reasonable and should be approved.

6. Kirksville Water's proposed rates are 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 Kirksville Water on and after July 1, 2020.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.09 per 1,000 gallons is approved.

2. The rates proposed by Kirksville Water are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Kirksville Water on and after July 1, 2020.

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

⁷ 116,393,288 gallons / 7.48 = 15,560,600 cubic feet.

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

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By the Commission

ENTERED
JUN 16 2020 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

Case No. 2020-00177

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00177 DATED JUN 16 2020

	New Rate	Base Rate
Richmond		
Purchases in cubic feet	15,560,600	15,560,600
KY River Authority	\$0.238/100	\$0.232/100
Volumetric rate	\$2.53725/100	\$2.49239/100
Total Volumetric rate	<u>\$ 2.77525/100</u>	<u>\$ 2.72439/100</u>
	\$431,845.55	\$423,931.43
Increased water cost		\$ 7,914.12
Increased water cost		\$ 7,914.12
Divided by Gallons sold/1,000		<u>96,405,414</u>
Purchased water adjustment factor		\$ 0.0821 per 1,000 Gallons
		or \$ 0.09 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2020-00177 DATED JUN 16 2020

The following rates and charges are prescribed for the customers in the area served by Kirksville 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	\$ 20.45 Minimum Bill
Next	3,000 Gallons	\$ 9.87 per 1,000 Gallons
Next	5,000 Gallons	\$ 8.40 per 1,000 Gallons
Over	10,000 Gallons	\$ 7.18 per 1,000 Gallons

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