

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF EAST DAVIESS)	2021-00168
COUNTY WATER ASSOCIATION, INC.)	

ORDER

On May 3, 2021, East Daviess Water Association, Inc. (East Daviess Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure.¹ On May 4, 2021, East Daviess Water amended its application with updated Board Meeting Minutes.

The Commission notes that in East Daviess Water's 2020 Annual Report, a water loss of 15.5693 percent was reported.² East Daviess Water's application provides updated purchase and sales information for a more current period than the 2020 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 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 the utility in its 2020 Annual Report,³ East Daviess Water's unaccounted-

¹ KRS 278.012; 807 KAR 5:068.

² *Annual Report of East Daviess County Water Association, Inc. to the Public Service Commission for the Year Ended December 31, 2020* at 57.

³ *Id.*, Water Statistics (Ref Page: 30), line 22, divided by line 4 (9,046 divided by 310,611) equals 2.9123 percent.

for water loss is determined to be 16.0393 percent for the updated period.⁴ Reduction of East Daviess Water's unaccounted-for water loss to 15 percent would result in an approximate \$6,993.34⁵ decrease to purchased water expense. Potentially, East Daviess Water is paying approximately \$0.0277 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 East Daviess Water to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by East Daviess 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. East Daviess Water purchases water from Owensboro Municipal Utilities (Owensboro).
2. Owensboro notified East Daviess Water that its wholesale rate would increase from \$1.94 per 1,000 gallons to \$2.16 per 1,000 gallons, effective June 1, 2021.

⁴ Total Purchases (application PWA Form 1 at 2)	311,522,900
Less Total Sales (application PWA Form 1 at 2)	252,484,429
Less plant use (% determined from 2020 Annual Report)	<u>9,072,481</u>
Water loss - gallons	49,965,990
Water loss - percent	16.0393

⁵ Water loss above 15 percent is 1.0393 percent, potential purchased water expense reduction (Total water cost at new wholesale rate times water loss above 15 percent) = \$672,889.46 X 1.0393% = \$6,993.34.

⁶ Potential purchased water expense reduction divided by sales (\$6,993.34/(252,484,429/1,000) equals \$.0277/1,000.

East Daviess Water proposes to increase the water rates to its customers effective June 1, 2021, to reflect the increased cost of purchased water from Owensboro.

3. East Daviess Water proposed a purchased water adjustment factor of \$0.28 per 1,000 gallons in its application.

4. During the 12 months ended March 31, 2021, East Daviess Water purchased 311,522,900 gallons of water from Owensboro. During the same period, East Daviess Water sold 252,484,429 gallons of water. The increase in the cost of purchased water is \$68,535.03 resulting in a purchased water adjustment factor of \$0.28 per 1,000 gallons.

5. The purchased water adjustment factor of \$0.28 per 1,000 gallons, as calculated in Appendix A to this Order, is fair, just and reasonable and should be approved.

6. East Daviess 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 East Daviess Water on and after June 1, 2021.

IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.28 per 1,000 gallons is approved.

2. The rates proposed by East Daviess Water are approved.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Daviess Water on and after June 1, 2021.

4. Within 20 days of the date of entry of this Order, East Daviess 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 closed and removed from the Commission's docket.

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By the Commission



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2021-00168 DATED MAY 20 2021

	Base Rate	New Rate
<u>Owensboro Municipal Utilities</u>		
Purchases in Gallons	311,522,900	311,522,900
Wholesale rate	<u>\$1.94/1,000</u>	<u>\$ 2.16/1,000</u>
	\$604,354.43	\$672,889.46
Increased water cost		\$ 68,535.03
Increased water cost		\$68,535.03
Divided by Gallons sold/1,000		<u>252,484,429</u>
Purchased water adjustment factor		\$ 0.2714 per 1,000 Gallons
		or \$ 0.28 per 1,000 Gallons

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00168 DATED MAY 20 2021

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

5/8- x 3/4-Inch Meter

First 2,000 Gallons	\$ 18.46 Minimum Bill
Next 4,000 Gallons	.00656 per gallon
Next 44,000 Gallons	.00547 per gallon
Over 50,000 Gallons	.00467 per gallon

3/4-Inch Meter

First 3,000 Gallons	\$ 25.02 Minimum Bill
Next 3,000 Gallons	.00656 per gallon
Next 44,000 Gallons	.00547 per gallon
Over 50,000 Gallons	.00467 per gallon

1-Inch Meter

First 6,000 Gallons	\$ 44.70 Minimum Bill
Next 44,000 Gallons	.00547 per gallon
Over 50,000 Gallons	.00467 per gallon

1 1/2-Inch Meter

First 10,000 Gallons	\$ 66.58 Minimum Bill
Next 40,000 Gallons	.00547 per gallon
Over 50,000 Gallons	.00467 per gallon

2-Inch Meter

First 20,000 Gallons	\$ 121.28 Minimum Bill
Next 30,000 Gallons	.00547 per gallon
Over 50,000 Gallons	.00467 per gallon

LEAK ADJUSTMENT RATE

\$.00357 per gallon

WHOLESALE RATE

\$.00287 per gallon

*East Daviess County Water Association, Inc.
9210 Highway Route 144
Knottsville, KY 42366

*Agnes Johnson
East Daviess County Water Association, Inc.
9210 Highway Route 144
Knottsville, KY 42366

*Kasey Emmick
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