

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF GREEN-TAYLOR)	2022-00417
WATER DISTRICT)	

ORDER

On December 7, 2022, Green-Taylor Water District (Green-Taylor District) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.015, when a wholesale supplier selling water to a water district increases its rates, the water district has the authority to increase its rate commensurate with the wholesale supplier. The water district must file a copy of the notice from the wholesale supplier showing the increase in the wholesale rate, and a statement of the volume of purchased water used to calculate the rate adjustment. The Commission shall approve the filing by order after the above documents are filed.

DISCUSSION AND FINDINGS

Green-Taylor District purchases water from Campbellsville Municipal Water (Campbellsville), Greensburg Water Works (Greensburg), Green River Valley Water District (Green River Valley District), and from Columbia/Adair Utilities District (Columbia/Adair District). Campbellsville notified Green-Taylor District that its wholesale rate would increase from \$2.38 per 1,000 gallons to \$2.76 per 1,000 gallons, effective

August 19, 2022. On August 17, 2022, Green-Taylor District requested that the Commission formally investigate Campbellsville's proposed rate. On August 18, 2022, the Commission established Case No. 2022-00278 to investigate Campbellsville's proposed rate and made Green-Taylor District a party to the proceeding.¹ After an informal conference was held with the parties and Commission Staff, Green-Taylor District requested that Case No. 2022-00278 be dismissed, asserting that Green-Taylor District concluded that the proposed increase was reasonable.² By Order entered September 28, 2022, the Commission approved Campbellsville's proposed wholesale rate increase and dismissed Case No. 2022-00278.

In this proceeding, Green-Taylor District proposed to increase the water rates to its customers effective January 1, 2023, to reflect the increased cost of purchased water from Campbellsville. Greensburg, Green River Valley District, and Columbia/Adair District did not have any rate changes.

Unaccounted-for Water

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 the total water produced and purchased, excluding water consumed by a utility in its own operations. In its 2021 Annual Report filed with the Commission, Green-Taylor District reported a water loss of 13.4119 percent.³ Green-Taylor District's application provided

¹ Case No. 2022-00278, *Electronic Tariff Filing of Campbellsville Municipal Water and Sewer System Revising its Wholesale Water Service Rates* (Ky. PSC Aug. 18, 2022).

² Case No. 2022-00278, *Electronic Tariff Filing of Campbellsville Municipal Water and Sewer System Revising its Wholesale Water Service Rates* (filed Sept. 20, 2022).

³ *Annual Report of Green-Taylor District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

updated purchase and sales information for the period of November 2021 through October 2022. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, Green-Taylor District's unaccounted-for water loss is 16.0273 percent for the updated period.⁴ Reduction of Green-Taylor District's unaccounted-for water loss to 15 percent would result in an approximate \$9,657.90 decrease to purchased water expense.⁵ Potentially, Green-Taylor District is paying approximately \$0.03 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the 15 percent threshold.⁶ The cost of Green-Taylor District's total water loss is \$150,676.53.⁷

Financial Condition and Rates

Based on a review of Commission records, Green-Taylor District filed for a general base rate adjustment on August 12, 2022 in Case No. 2022-00246, which is pending before the Commission.⁸ Because of the pending case, a financial review of the utility was not undertaken as part of this case. A complete financial review by Commission Staff will be undertaken in the proposed rate adjustment proceeding, Case No. 2022-00246.

4 Total Purchases (application PWA Form 1 at 2)	382,733,400
Less Total Sales (application PWA Form 1 at 2)	300,288,195
Less Plant Use (% determined from 2021 Annual Report)	21,103,537
Water Loss – Gallons	61,341,668
Water Loss – Percent	16.0273%

⁵ Water loss above 15% is 1.0273%, potential purchased water expense reduction (Total water cost at new wholesale rate of \$940,124.24 times water loss above 15%) equals \$9,657.90.

⁶ Potential purchased water expense reduction divided by sales (\$9,657.90/ (300,288,195/1,000)) equals \$0.03 per 1,000 gallons.

⁷ Total water cost at new wholesale rate of \$940,124.24 times 16.0273% water loss equals \$150,676.53.

⁸ Case No. 2022-00246, *Electronic Application of Green-Taylor Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed Aug. 12, 2022).

Purchased Water Adjustment Factor

In its application, Green-Taylor District proposed a purchased water adjustment factor of \$0.18 per 1,000 gallons. During the 12 months ended October 31, 2022, Green-Taylor District purchased 140,676,000 gallons of water from Campbellsville, 192,743,000 gallons of water from Greensburg, 48,692,000 gallons of water from Green River Valley District and 622,400 gallons of water from Columbia/Adair District and sold 300,288,195 gallons of water to its customers. The increase in the cost of purchased water from Campbellsville is \$53,456.88, resulting in a purchased water adjustment factor of \$0.18 per 1,000 gallons. No rate changes occurred from Greensburg, Green River Valley District, or Columbia/Adair District.

The purchased water adjustment factor of \$0.18 per 1,000 gallons, as calculated in Appendix A and the rates as set forth in Appendix B to this Order is fair, just and reasonable and should be approved for water service rendered by Green-Taylor District on and after January 1, 2023, because the rates are supported by evidence of the increase in rates from Green-Taylor District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

IT IS THEREFORE ORDERED that:

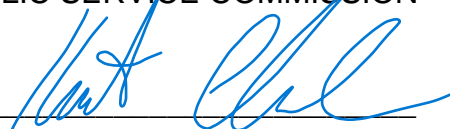
1. The purchased water adjustment factor of \$0.18 per 1,000 gallons is approved.
2. The rates proposed by Green-Taylor District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Green-Taylor District on and after January 1, 2023.

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

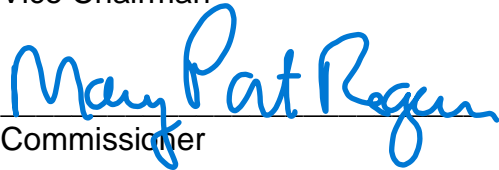
5. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00417 DATED JAN 05 2023

	Base Rate	New Rate	Increased Cost
<u>Campbellsville</u>			
Purchases in Gallons	140,676,000	140,676,000	
Wholesale Rate	<u>\$ 2.38/1,000</u>	<u>\$ 2.76/1,000</u>	
	\$334,808.88	\$388,265.76	\$ 53,456.88
Total Gallons Purchased		382,733,400	
Total	\$886,667.36	\$940,124.24	
Increased water cost		\$ 53,456.88	
Divided by Gallons sold/1000		<u>300,288,195</u>	
Purchased water adjustment factor		\$ 0.1780 per 1,000 Gallons	
		or \$ 0.18 per 1,000 Gallons	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00417 DATED JAN 05 2023

The following rates and charges are prescribed for the customers in the area served by Green-Taylor 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

5/8 X 3/4-Inch Meter

First	2,000 Gallons	\$23.15	Minimum Bill
Next	3,000 Gallons	\$0.00973	Per Gallon
Next	5,000 Gallons	\$0.00787	Per Gallon
Over	10,000 Gallons	\$0.00518	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$32.88	Minimum Bill
Next	2,000 Gallons	\$0.00973	Per Gallon
Next	5,000 Gallons	\$0.00787	Per Gallon
Over	10,000 Gallons	\$0.00518	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$52.34	Minimum Bill
Next	5,000 Gallons	\$0.00787	Per Gallon
Over	10,000 Gallons	\$0.00518	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$91.69	Minimum Bill
Over	10,000 Gallons	\$0.00518	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$143.49	Minimum Bill
Over	20,000 Gallons	\$0.00518	Per Gallon

Leak Adjustment Rate

\$0.00227 Per Gallon

Wholesale Rates

Larue County Water District #1

\$0.00316 Per Gallon

City of Greensburg

\$0.00277 Per Gallon

*Green-Taylor Water District
250 Industrial Park Road
P. O. Box 168
Greensburg, KY 42743

*James L Mudd Jr.
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KENTUCKY 40342