

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF UNION COUNTY)	2022-00419
WATER DISTRICT)	

ORDER

On May 19, 2023, Union County Water District (Union 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

Union District purchases water from city of Morganfield, Kentucky (Morganfield). Morganfield notified Union District that its wholesale rate would increase from \$2.6924 per 1,000 gallons to \$3.4114 per 1,000 gallons, effective May 2, 2023.¹ Union District

¹ Case No. 2022-00429, *Electronic Tariff Filing of City of Morganfield Revising Its Wholesale Water Service Rates to Union County Water* (Ky. PSC May 2, 2023).

proposes to increase the water rates to its customers effective May 2, 2023, to reflect the increased cost of purchased water from Morganfield.

Unaccounted-for Water Loss

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, Union District reported a water loss of 19.3806 percent.² Union District's application provides updated purchase and sales information for the period of May 2022 through April 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, Union District's unaccounted-for water loss is 17.0074 percent for the updated period.³ Reduction of Union District's unaccounted-for water loss to 15 percent would result in an approximate \$24,729.70 decrease to purchased water expense.⁴ Potentially, Union District is paying approximately \$0.0896 per 1,000 gallons sold for expenses associated with unaccounted-for water loss in excess of the 15 percent

² *Annual Report of Union District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

³ Total Purchases (application PWA Form 1 at 2)	275,977,574
Less Total Sales (application PWA Form 1 at 2)	361,120,600
Less Plant Use (% determined from 20XX Annual Report)	23,725,623
Water Loss – Gallons	61,417,403
Water Loss – Percent	17.0074%

⁴ Water loss above 15% is 2.0074%, potential purchased water expense reduction (Total water cost at new wholesale rate of \$1,231,926.81 times water loss above 15%) equals \$24,729.70.

threshold.⁵ The cost of Union District's total water loss is \$209,518.72.⁶ In Union District's most recent rate case, the Commission established a monthly water loss reduction surcharge of \$1.72 per customer bill.⁷

Financial Condition and Rates

Based on a review of Commission records, Union District most recent rate case with the Commission required a revenue increase from rates of 10.78 percent, as well as the monthly water loss reduction surcharge.⁸

Purchased Water Adjustment Factor

In its application, Union District proposed a purchased water adjustment factor of \$0.94 per 1,000 gallons. During the 12 months ended April 30, 2023, Union District purchased 361,120,600 gallons of water from Morganfield and sold 275,977,574 gallons of water to its customers. The increase in the cost of purchased water from Morganfield is \$259,645.71, resulting in a purchased water adjustment factor of \$0.94 per 1,000 gallons.

The purchased water adjustment factor of \$0.94 per 1,000 gallons, as calculated in Appendix A, and the rates set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Union District on and after May 2, 2023, because the rates are supported by evidence of the increase in rates

⁵ Potential purchased water expense reduction divided by sales ($\$24,729.70 / (275,977,574 / 1,000)$) equals \$0.0896 per 1,000 gallons.

⁶ Total water cost at new wholesale rate of \$1,231,926.81 times 17.0074% water loss equals \$209,518.72.

⁷ Case No. 2022-00160, *Electronic Application of Union County Water District for an Alternative Rate Adjustment* (Ky. PSC May 5, 2023), final Order.


⁸ Case No. 2022-00160, *Electronic Application of Union County Water District for an Alternative Rate Adjustment*, (Ky. PSC May 5, 2023), final Order.


from Union District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

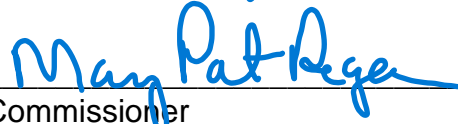
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.94 per 1,000 gallons is approved.
2. The rates proposed by Union District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Union District on and after May 2, 2023.
4. Within 20 days of the date of service of this Order, Union 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.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
JUN 13 2023
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2022-00419 DATED JUN 13 2023

	Base Rate	New Rate	Increase
Morganfield			
Purchases in Gallons	361,120,600	361,120,600	
Wholesale rate	<u>\$ 2.6924/1,000</u>	<u>\$ 3.4114/1,000</u>	
	\$972,281.10	\$1,231,926.81	\$259,645.71
Increased water cost		\$259,645.71	

Increased water cost	\$259,645.71
Divided by Gallons sold/1,000	<u>275,977,574</u>
Purchased water adjustment factor	\$ 0.9408 per 1,000 Gallons

or \$0.00094 per gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2022-00419 DATED JUN 13 2023

The following rates and charges are prescribed for the customers in the area served by Union County 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-Inch Meter

First	2,000 Gallons	\$17.06	Minimum Bill
Next	3,000 Gallons	0.00857	Per Gallon
Next	5,000 Gallons	0.00813	Per Gallon
Next	15,000 Gallons	0.00774	Per Gallon
Next	25,000 Gallons	0.00741	Per Gallon
Next	50,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00652	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

3/4-Inch Meter

First	5,000 Gallons	\$42.76	Minimum Bill
Next	5,000 Gallons	0.00813	Per Gallon
Next	15,000 Gallons	0.00774	Per Gallon
Next	25,000 Gallons	0.00741	Per Gallon
Next	50,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00652	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

1-Inch Meter

First	10,000 Gallons	\$83.41	Minimum Bill
Next	15,000 Gallons	0.00774	Per Gallon
Next	25,000 Gallons	0.00741	Per Gallon
Next	50,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00652	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

1 1/2-Inch Meter

First	25,000 Gallons	\$199.54	Minimum Bill
Next	25,000 Gallons	0.00774	Per Gallon
Next	50,000 Gallons	0.00741	Per Gallon
Next	100,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

2-Inch Meter

First	50,000 Gallons	\$384.78	Minimum Bill
Next	50,000 Gallons	0.00741	Per Gallon
Next	100,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

2 1/2-Inch Meter

First	75,000 Gallons	\$558.93	Minimum Bill
Next	25,000 Gallons	0.00741	Per Gallon
Next	100,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

3-Inch Meter

First	100,000 Gallons	\$733.09	Minimum Bill
Next	100,000 Gallons	0.00697	Per Gallon
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

4-Inch Meter

First	200,000 Gallons	\$1,385.41	Minimum Bill
Next	100,000 Gallons	0.00608	Per Gallon
Over	300,000 Gallons	0.00564	Per Gallon

6-Inch Meter

First	300,000 Gallons	\$1,993.42	Minimum Bill
Over	300,000 Gallons	0.00564	Per Gallon

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