

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF EAST DAVIESS	)	2023-00138
COUNTY WATER ASSOCIATION, INC.	)	

ORDER

On May 1, 2023, East Daviess County Water Association, Inc. (East Daviess Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.012 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.012, when a wholesale supplier selling water to a water association increases its rates, the water association has the authority to increase its rate commensurate with the wholesale supplier. The water association 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

East Daviess Water purchases water from Owensboro Municipal Utilities (Owensboro). Owensboro notified East Daviess Water that its wholesale rate would increase from \$2.64 per 1,000 gallons to \$3.15 per 1,000 gallons, effective June 1, 2023.<sup>1</sup>

---

<sup>1</sup> TFS 2023-00164 (Ky. PSC May 21, 2023); Owensboro submitted the tariff on March 29, 2023, and the tariff was accepted for filing by the Commission by letter dated May 21, 2023, with an effective date of June 1, 2023.

East Daviess Water proposes to increase the water rates to its customers effective June 1, 2023, to reflect the increased cost of purchased water from Owensboro.

### 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, East Daviess Water reported a water loss of 15.6755 percent.<sup>2</sup> East Daviess Water's application provides updated purchase and sales information for the period of April 2022 through March 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, East Daviess Water's unaccounted-for water loss is 15.13 percent for the updated period.<sup>3</sup> Reduction of East Daviess Water's unaccounted-for water loss to 15 percent would result in an approximate \$1,347.44 decrease to purchased water expense.<sup>4</sup> Potentially, East Daviess Water is paying approximately \$0.0050 per 1,000 gallons sold for expenses associated with unaccounted-

---

<sup>2</sup> *Annual Report of East Daviess Water to the Public Service Commission for the Year Ended December 31, 2021* at 57.

<sup>3</sup> Total Purchases (application PWA Form 1 at 2)	329,045,700
Less Total Sales (application PWA Form 1 at 2)	267,156,401
Less Plant Use (% determined from 20XX Annual Report)	12,115,134
Water Loss – Gallons	49,774,165
Water Loss – Percent	15.13%

<sup>4</sup> Water loss above 15% is 0.13%, potential purchased water expense reduction (Total water cost at new wholesale rate of \$1,036,493.96 times water loss above 15%) equals \$1,347.44.

for water loss in excess of the 15 percent threshold.<sup>5</sup> The cost of East Daviess Water's total water loss is \$156,821.54.<sup>6</sup>

### Financial Condition and Rates

East Daviess Water currently has a general base rate adjustment case pending with the Commission.<sup>7</sup>

### Purchased Water Adjustment Factor

In its application, East Daviess Water proposed a purchased water adjustment factor of \$0.63 per 1,000 gallons. During the 12 months ended March 31, 2023, East Daviess Water purchased 329,045,700 gallons of water from Owensboro and sold 267,156,401 gallons of water to its customers. The increase in the cost of purchased water from Owensboro is \$167,813.31, resulting in a purchased water adjustment factor of \$0.63 per 1,000 gallons.

The purchased water adjustment factor of \$0.63 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 East Daviess Water on and after June 1, 2023, because the rates are supported by evidence of the increase in rates from East Daviess Water's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.012.

---

<sup>5</sup> Potential purchased water expense reduction divided by sales ( $\$1,347.44 / (267,156,401 / 1,000)$ ) equals \$0.0050 per 1,000 gallons.

<sup>6</sup> Total water cost at new wholesale rate of \$1,036,493.96 times 15.13% water loss equals \$156,821.54.

<sup>7</sup> Case No. 2023-00025, *Electronic Application of East Daviess County Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Feb. 4, 2023).


IT IS THEREFORE ORDERED that:

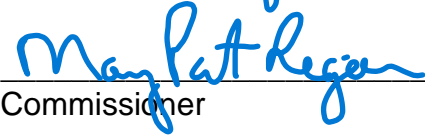
1. The purchased water adjustment factor of \$0.63 per 1,000 gallons is approved.
2. The rates proposed by East Daviess Water are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Daviess Water on and after June 1, 2023.
4. Within 20 days of the date of service 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.

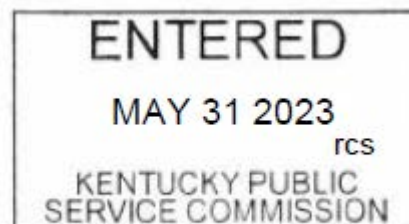
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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. 2023-00138 DATED MAY 31 2023

	Base Rate	New Rate
<u>Owensboro Municipal Utilities</u>		
Purchases in Gallons	329,045,700	329,045,700
Wholesale rate	<u>\$2.64/1,000</u>	<u>\$ 3.15/1,000</u>
	\$868,680.65	\$1,036,493.96
Increased water cost		\$ 167,813.31
Increased water cost		\$167,813.31
Divided by Gallons sold/1,000		<u>267,156.401</u>
Purchased water adjustment factor		\$ 0.6282 per 1,000 Gallons
		or \$ 0.63 per 1,000 Gallons
		or \$ 0.00063 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00138 DATED MAY 31 2023

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 Rates

5/8 X 3/4-Inch Meter

First	2,000 Gallons	20.94	Minimum Bill
Next	4,000 Gallons	0.00780	Per Gallon
Next	44,000 Gallons	0.00671	Per Gallon
Over	50,000 Gallons	0.00591	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	28.74	Minimum Bill
Next	3,000 Gallons	0.00780	Per Gallon
Next	44,000 Gallons	0.00671	Per Gallon
Over	50,000 Gallons	0.00591	Per Gallon

1-Inch Meter

First	6,000 Gallons	52.14	Minimum Bill
Next	44,000 Gallons	0.00671	Per Gallon
Over	50,000 Gallons	0.00591	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	78.98	Minimum Bill
Next	40,000 Gallons	0.00671	Per Gallon
Over	50,000 Gallons	0.00591	Per Gallon

2-Inch Meter

First	20,000 Gallons	146.08	Minimum Bill
Next	30,000 Gallons	0.00671	Per Gallon
Over	50,000 Gallons	0.00591	Per Gallon

Leak Adjustment Rate

0.00481 Per Gallon

Wholesale Rates

0.00411 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  
East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366

\*Sam Reid  
Judy Water Association, Inc.  
P. O. Box 781  
Mt. Sterling, KY 40353-0781