

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF GRAYSON COUNTY)	2023-00175
WATER DISTRICT)	

ORDER

On June 12, 2023, Grayson County Water District (Grayson 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. On June 13, 2023, the Commission notified Grayson District that its application was rejected for certain deficiencies. On June 13, 2023, Grayson District submitted further documentation to correct the filing deficiency, and the application was deemed filed as of June 13, 2023.

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

Grayson District purchases water from the city of Leitchfield (Leitchfield). Leitchfield notified Grayson District that its wholesale rate would increase from \$2.375

per 1,000 gallons to \$3.337 per 1,000 gallons, effective June 2, 2023.¹ Grayson District proposes to increase the water rates to its customers effective June 10, 2023, to reflect the increased cost of purchased water from Leitchfield.

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 2022 Annual Report filed with the Commission, Grayson District reported a water loss of 12.0786 percent.² Grayson 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 2022 Annual Report, Grayson District's unaccounted-for water loss is 13.2029 percent for the updated period.³ The cost of Grayson District's total water loss is \$76,703.57.⁴

¹ TFS2023-00234 (Ky. PSC June 2, 2023); Leitchfield submitted the tariff on May 3, 2023, and the tariff was accepted for filing by the Commission by letter dated May 25, 2023, with an effective date of June 2, 2023.

² *Annual Report of Grayson District to the Public Service Commission for the Year Ended December 31, 2022* (2022 Annual Report) at 57.

³ Total Produced & Purchases (Response to Deficiency, Exh. A)	461,258,500
Less Total Sales (application PWA Form 1 at 2)	392,409,875
Less Plant Use (% determined from 2022 Annual Report)	7,949,329
Water Loss – Gallons	60,899,296
Water Loss – Percent	3.2029%

⁴ Total water cost at new wholesale rate of \$580,960.02 times 13.2029% water loss equals \$76,703.57.

Financial Condition and Rates

Based on a review of Commission records, Grayson District's most recent general base rate adjustment was in Case No. 2021-00191.⁵ In Case No. 2021-00191, Grayson District's rates were increased by 5.25 percent on December 14, 2021. Grayson District filed a motion for rehearing on December 16, 2021, which was granted on January 5, 2022. On January 5, 2022, the case was reopened to address outstanding issues pertaining to nonrecurring charges. On June 27, 2022, all issues were resolved, and the Alternative Rate Filing case was officially closed.

Purchased Water Adjustment Factor

In its application, Grayson District proposed a purchased water adjustment factor of \$0.43 per 1,000 gallons. During the 12 months ended April 30, 2023, Grayson District produced 287,162,000 gallons of water, purchased 174,096,500 gallons of water from Leitchfield and sold 392,409,875 gallons of water to its customers. The increase in the cost of purchased water from Leitchfield is \$167,480.83, resulting in a purchased water adjustment factor of \$0.43 per 1,000 gallons.

The purchased water adjustment factor of \$0.43 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 Grayson District on and after June 10, 2023, because the rates are supported by evidence of the increase in rates from Grayson District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

⁵ Case No. 2021-00191, *Electronic Application of Grayson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC June 27, 2022), final Order.


IT IS THEREFORE ORDERED that:

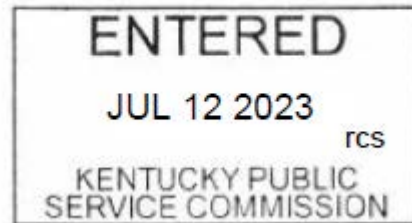
1. The purchased water adjustment factor of \$0.43 per 1,000 gallons is approved.
2. The rates proposed by Grayson District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Grayson District on and after June 10, 2023.
4. Within 20 days of the date of service of this Order, Grayson 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



ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00175 DATED JUL 12 2023

	Base Rate	New Rate	Increase
<u>Leitchfield</u>			
Purchases	174,096,500	174,096,500	
Wholesale rate	<u>\$2.375/1,000</u>	<u>\$3.337/1,000</u>	
	\$413,479.19	\$580,960.02	\$167,480.83
Increased water cost		\$167,480.83	
Increased water cost		\$167,480.83	
Divided by Gallons sold/1,000		<u>392,409,875</u>	
Purchased water adjustment factor		\$0.4268	per 1,000 Gallons
			or \$ 0.00043 per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00175 DATED JUL 12 2023

The following rates and charges are prescribed for the customers in the area served by Grayson 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	1,500 Gallons	\$21.02	Minimum Bill
Next	8,500 Gallons	0.00998	Per Gallon
Next	40,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$35.97	Minimum Bill
Next	7,000 Gallons	0.00998	Per Gallon
Next	40,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$55.93	Minimum Bill
Next	5,000 Gallons	0.00998	Per Gallon
Next	40,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$105.81	Minimum Bill
Next	40,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

2-Inch Meter

First	16,000 Gallons	\$159.86	Minimum Bill
Next	34,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

3-Inch Meter

First	30,000 Gallons	\$285.97	Minimum Bill
Next	20,000 Gallons	0.00901	Per Gallon
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

4-Inch Meter

First	50,000 Gallons	\$466.13	Minimum Bill
Next	100,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

6-Inch Meter

First	100,000 Gallons	\$868.11	Minimum Bill
Next	50,000 Gallons	0.00804	Per Gallon
Over	150,000 Gallons	0.00710	Per Gallon

8-Inch Meter

First	150,000 Gallons	\$1,270.09	Minimum Bill
Over	150,000 Gallons	0.00710	Per Gallon

10-Inch Meter

First	250,000 Gallons	\$1,980.37	Minimum Bill
Over	250,000 Gallons	0.00710	Per Gallon

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