

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF LARUE COUNTY)	2023-00226
WATER DISTRICT NO. 1)	

ORDER

On June 30, 2023, LaRue County Water District No. 1 (LaRue District No. 1) 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

LaRue District No. 1 purchases water from the city of Bardstown (Bardstown), Campbellsville Municipal Water and Sewer System (Campbellsville), the city of Hodgenville (Hodgenville), Green River Valley Water District (Green River Valley District), and Green-Taylor Water District (Green-Taylor District). LaRue District No. 1 additionally purchased water from the city of New Haven (New Haven) until December 16, 2022, when

LaRue District No. 1 purchased New Haven's water system.¹ Bardstown notified LaRue District No. 1 that its wholesale rate would increase from \$2.64 per 1,000 gallons to \$2.72 per 1,000 gallons, effective July 1, 2023.² LaRue District No. 1 proposes to increase the water rates to its customers effective July 1, 2023, to reflect the increased cost of purchased water from Bardstown.

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 2022 Annual Report filed with the Commission, LaRue District No. 1 reported a water loss of 8.2056 percent.³ LaRue District No. 1's application provides updated purchase and sales information for the period of June 2022 through May 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2022 Annual Report, LaRue District No. 1's unaccounted-

¹ Case No. 2022-00207, *Electronic Joint Application of Larue County Water District No. 1 and the City of New Haven for an Order Approving the Transfer of Ownership of the City of New Haven's Water System and Approving Larue County Water District No. 1's Assumption of Certain Debt Obligations of the City of New Haven Pursuant to the Provisions of KRS 278.020, KRS 278.300, and 807 KAR 5:001* (Ky. PSC Nov. 7, 2022), final Order.

² TFS2019-00625 (Ky. PSC Dec. 4, 2019); Bardstown submitted the tariff on Nov. 15, 2019, and the tariff was accepted for filing by the Commission by letter dated Dec. 4, 2019, with an effective date of July 1, 2023.

³ *Annual Report of LaRue District No. 1 to the Public Service Commission for the Year Ended December 31, 2022* at 57.

for water loss is 2.991 percent for the updated period.⁴ The cost of LaRue District No. 1's total water loss is \$15,405.20.⁵

Financial Condition and Rates

Based on a review of Commission records, LaRue District No. 1's request for an 8.13 percent rate increase, which will provide an additional \$141,234 in revenues, was approved in an Alternative Rate Filing (ARF) effective March 18, 2022.⁶ Commission Staff reviewed LaRue District No. 1's 2022 Annual Report,⁷ and verified that LaRue District No. 1 realized a proportionate amount of the projected revenue and that there were no material expense increases to negate the revenue increase. Commission Staff recommends that LaRue District No. 1 regularly monitor its financial performance to determine the need and timing of future rate adjustments.

Purchased Water Adjustment Factor

In its application, LaRue District No. 1 proposed a purchased water adjustment factor of \$0.03 per 1,000 gallons. During the 12 months ended May 31, 2023, LaRue District No. 1 purchased 50,339,600 gallons of water from Bardstown, 11,659,900 gallons of water from Campbellsville, 35,486,351 gallons of water from Hodgenville, 3,999,210

⁴ Total Purchases (application PWA Form 1 at 2)	202,129,561
Less Total Sales (application PWA Form 1 at 2)	194,190,609
Less Plant Use (% determined from 2022 Annual Report)	1,893,965
Water Loss – Gallons	6,044,998
Water Loss – Percent	2.991%

⁵ Total water cost at new wholesale rate of \$515,103.41 times 2.991% water loss equals \$15,405.20.

⁶ Case No. 2021-00285, *Electronic Application of Larue County Water District No. 1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 18, 2022).

⁷ See *Annual Report of LaRue County Water District #1 to the Public Service Commission for the Year Ended December 31, 2022*.

gallons of water from New Haven, 97,323,100 gallons of water from Green River Valley District, and 3,321,400 gallons of water from Green-Taylor District. During the same period, LaRue District No. 1 sold 194,190,609 gallons of water to its customers. The increase in the cost of purchased water from Bardstown is \$4,027.17, resulting in a purchased water adjustment factor of \$0.03 per 1,000 gallons, the calculation of which is shown in Appendix A. No rate changes occurred from Campbellsville, Hodgenville, New Haven, Green River Valley District, or Green-Taylor District.

The purchased water adjustment factor of \$0.03 per 1,000 gallons, as calculated in Appendix A and 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 LaRue District No. 1 on and after July 1, 2023, because the rates are supported by evidence of the increase in rates from LaRue District No. 1'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 \$0.03 per 1,000 gallons is approved.
2. The rates proposed by LaRue District No. 1 are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by LaRue District No. 1 on and after July 1, 2023.
4. Within 20 days of the date of service of this Order, LaRue District No. 1 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
JUL 28 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00226 DATED JUL 28 2023

	Base Rate	New Rate	Change
<u>Bardstown</u>			
Purchases in Gallons	50,339,600	50,339,600	
Wholesale rate	<u>\$2.64/1000</u>	<u>\$2.72/1000</u>	
Subtotal	\$ 132,896.54	\$136,923.71	\$ 4,027.17
Total Cost of Purchases	\$511,076.24	\$515,103.41	\$ 4,027.17
Increased water cost		\$ 4,027.17	
Increased water cost		\$ 4,027.17	
Divided by Gallons sold/1,000		<u>194,190,609</u>	
Purchased water adjustment factor		\$ 0.0207 per 1,000 Gallons	
		or \$ 0.00003 per Gallon	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00226 DATED JUL 28 2023

The following rates and charges are prescribed for the customers in the area served by LaRue County Water District No. 1. 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	1,000 Gallons	\$18.66	Minimum Bill
Next	4,000 Gallons	0.00869	Per Gallon
Next	5,000 Gallons	0.00777	Per Gallon
Over	10,000 Gallons	0.00636	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	\$35.99	Minimum Bill
Next	2,000 Gallons	0.00869	Per Gallon
Next	5,000 Gallons	0.00777	Per Gallon
Over	10,000 Gallons	0.00636	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$53.33	Minimum Bill
Next	5,000 Gallons	0.00777	Per Gallon
Over	10,000 Gallons	0.00636	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$92.09	Minimum Bill
Over	10,000 Gallons	0.00636	Per Gallon

2-Inch Meter

First	20,000 Gallons	\$155.58	Minimum Bill
Over	20,000 Gallons	0.00636	Per Gallon

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