

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF REID VILLAGE)	2023-00241
WATER DISTRICT)	

ORDER

On August 22, 2023, Reid Village Water District (Reid Village 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

Reid Village District purchases water from Mount Sterling Water & Sewer (Mount Sterling). Mount Sterling notified Reid Village District that its wholesale rate would increase from \$3.40 per 1,000 gallons to \$3.67 per 1,000 gallons, effective August 1,

2023.¹ Reid Village District proposed to increase the water rates to its customers effective August 1, 2023, to reflect the increased cost of purchased water from Mount Sterling.

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, Reid Village District reported a water loss of 12.1706 percent.² Reid Village District's application provides updated purchase and sales information for the period of July 2022 through June 2023. Based upon the updated information in the application and the percentage of other water consumed by the utility in its 2021 Annual Report, Reid Village District's unaccounted-for water loss is 14.7698 percent for the updated period.³ The cost of Reid Village District's total water loss is \$35,706.98.⁴

Financial Condition and Rates

Based on a review of Commission records, Reid Village District was ordered to file for a rate adjustment in Case No. 2022-00240, by August 26, 2024, based upon the length

¹ TFS2023-00241 (Ky. PSC June 22, 2023); Mount Sterling submitted the tariff on June 22, 2023, and the tariff was accepted for filing by the Commission by letter dated July 31, 2023, with an effective date of August 1, 2023.

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

³ Total Purchases (application PWA Form 1 at 2)	65,873,749
Less Total Sales (application PWA Form 1 at 2)	52,723,045
Less Plant Use (% determined from 2021 Annual Report)	3,421,285
Water Loss – Gallons	9,729,419
Water Loss – Percent	14.7698%

⁴ Total water cost at new wholesale rate of \$241,756.66 times 14.7698% water loss equals \$35,706.98.

of time since Reid Village District's last general rate adjustment and the utility underfunding depreciation reserves between 2017 and 2021.⁵ In compliance with the Commission Order, Reid Village District timely filed an application for an alternative rate filing on April 26, 2023, which is pending.⁶

Purchased Water Adjustment Factor

In its application, Reid Village District proposed a purchased water adjustment factor of \$0.34 per 1,000 gallons. During the 12 months ended June 30, 2023, Reid Village District purchased 65,873,749 gallons of water from Mount Sterling and sold 52,723,045 gallons of water to its customers. The increase in the cost of purchased water from Mount Sterling is \$17,785.92, resulting in a purchased water adjustment factor of \$0.34 per 1,000 gallons.

The purchased water adjustment factor of \$0.34 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 Reid Village District on and after August 1, 2023, because the rates are supported by evidence of the increase in rates from Reid Village 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 \$0.34 per 1,000 gallons is approved.

⁵ Case No. 2022-00240, *Electronic Purchased Water Adjustment Filing of Reid Village Water District* (Ky. PSC Aug. 23, 2022), final Order.

⁶ Case No. 2023-00140, *Electronic Application of Reid Village Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed Apr. 26, 2023).

2. The rates proposed by Reid Village District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Reid Village District on and after August 1, 2023.
4. Within 20 days of the date of service of this Order, Reid Village 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

Hert Phil
Chairman

AB
Vice Chairman

*by KAC
w/permission*
Mary Pat Reegan
Commissioner

ENTERED
SEP 20 2023 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Linda C. Bridwell
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00241 DATED SEP 20 2023

	Base Rate	New Rate	Increase
<u>Mount Sterling</u>			
Purchases in Gallons	65,873,749	65,873,749	
Wholesale rate	<u>\$ 3.40/1,000</u>	<u>\$ 3.67/1,000</u>	
	\$223,970.75	\$241,756.66	\$17,785.91
Increased water cost		\$17,785.91	
Increased water cost		\$ 17,785.91	
Divided by Gallons sold/1,000		<u>52,723,045</u>	
Purchased water adjustment factor		\$ 0.3373 per 1,000 Gallons	
		or \$ 0.00034 per Gallon	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00241 DATED SEP 20 2023

The following rates and charges are prescribed for the customers in the area served by Reid Village 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

First	2,000	Gallons	\$27.21	Minimum Bill
Next	1,000	Gallons	\$0.00941	per gallon
Next	2,000	Gallons	\$0.00882	per gallon
Next	5,000	Gallons	\$0.00821	per gallon
Over	10,000	Gallons	\$0.00759	per gallon

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