

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF WEST SHELBY)	2024-00207
WATER DISTRICT)	

ORDER

On June 25, 2024, West Shelby Water District (West Shelby 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, within the statutory and regulatory deadlines, 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

West Shelby District purchases water from Louisville Water Company (Louisville Water) and Shelbyville Municipal Water & Sewer Commission (Shelbyville). Louisville Water notified West Shelby District that effective July 1, 2024, its wholesale rate would increase from \$2.13 per 1,000 gallons, with an Elevated Area Surcharge of \$0.50 per

1,000 gallons, to \$2.19 per 1,000 gallons, with an Elevated Area Surcharge of \$0.53 per 1,000 gallons, and its monthly service charges would increase.¹ Louisville Water specifically stated that the monthly charges would increase from \$87.92 to \$92.14 for a 3-inch meter; from \$150.72 to \$157.95 for a 4-inch meter; and from \$351.68 to \$368.56 for a 6-inch meter.² West Shelby District proposes to increase the water rates to its customers effective July 15, 2024, to reflect the increased cost of purchased water from Louisville Water.

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, West Shelby District reported a water loss of 13.8417 percent.³ In its 2022 Annual Report filed with the Commission, West Shelby District reported a water loss of 11.2106 percent.⁴ In its 2023 Annual Report filed with the Commission, West Shelby District reported a water loss of 9.0839 percent.⁵ West Shelby District's three-year water loss average is 11.3787

¹ TFS2024-00124 (Ky. PSC Mar. 27, 2024); Louisville Water submitted the tariff on March 27, 2024, and the tariff was accepted for filing by the Commission by letter dated June 20, 2024, with an effective date of July 1, 2024.

² TFS2024-00124 (Ky. PSC Mar. 27, 2024); Louisville Water submitted the tariff on March 27, 2024, and the tariff was accepted for filing by the Commission by letter dated June 20, 2024, with an effective date of July 1, 2024.

³ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2021* (2021 Annual Report) at 58.

⁴ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2022* (2022 Annual Report) at 58.

⁵ *Annual Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2023* (2023 Annual Report) at 58.

percent.⁶ The approximate cost of West Shelby District's total water loss using the three-year average water loss percentage is \$104,059.72.⁷

Financial Condition and Rates

Based on a review of the annual and audit reports filed with the Commission, West Shelby District's adjusted net income was negative for the years of 2018⁸, 2019⁹, 2020¹⁰, and 2021¹¹, but was positive in 2022 and 2023.¹² West Shelby District filed PWAs in each of the years from 2018 to 2022. West Shelby District's last alternative rate filing in Case No. 2021-00241, which became final on February 24, 2022, reflected an increase in revenue of \$162,049 or 10.09 percent.¹³ Given this information, the Commission recommends that West Shelby District regularly monitor its operating performance and consider filing an application for a general base rate adjustment or an alternative rate adjustment every three years, to ensure that its revenue is sufficient to support adequate and reliable service.

⁶ $13.8417\% + 11.2106\% + 9.0839\% = 34.1362\% / 3 \text{ years} = 11.3787\% \text{ percent.}$

⁷ Total water cost at new wholesale rate of \$914,513.28 times 11.8398% water loss equals \$104,059.72.

⁸ *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2018*, at 6.

⁹ *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2019*, at 6.

¹⁰ *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2020*, at 6.

¹¹ *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2021*, at 6.

¹² *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2022*, at 6; and *Annual Audit Report of West Shelby District to the Public Service Commission for the Year Ended December 31, 2023*, at 6.

¹³ Case No. 2021-00241, *Electronic Application of West Shelby Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Feb. 24, 2022), final Order.

Purchased Water Adjustment Factor

In its application, West Shelby District proposed a purchased water adjustment factor of \$0.08 per 1,000 gallons. During the 12 months ended March 31, 2024, West Shelby District purchased 254,651,000 gallons of water from Louisville Water and 83,318,408 gallons of water from Shelbyville and sold 291,197,060 gallons of water to its customers.

The increase in the cost of purchased water from Louisville Water is \$23,258.55, resulting in a purchased water adjustment factor of \$0.08 per 1,000 gallons. No additional rate changes occurred from Shelbyville.

The Commission finds that the purchased water adjustment factor of \$0.08 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 West Shelby District on and after July 15, 2024, because the rates are supported by evidence of the increase in rates from West Shelby 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 \$0.08 per 1,000 gallons is approved.
2. The rates proposed by West Shelby District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by West Shelby District on and after July 15, 2024.

4. Within 20 days of the date of service of this Order, West Shelby 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.

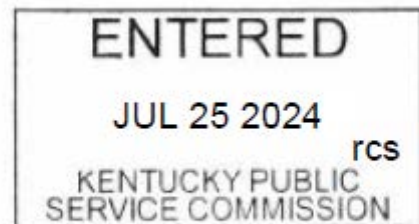
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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. 2024-00207 DATED JUL 25 2024

	Base Rate	New Rate	Change
<u>Louisville Water</u>			
Purchases in Gallons	254,651,000	254,651,000	
Rate per 1,000 Gallons	<u>\$ 2.63/1,000</u>	<u>\$ 2.72/1,000</u>	
Subtotal	\$669,732.13	\$692,650.72	\$ 22,918.59
<u>Months</u>			
	12	12	
3-inch meter monthly charge	<u>\$ 87.92</u>	<u>\$ 92.14</u>	
Subtotal	\$ 1,055.04	\$ 1,105.68	\$ 50.64
<u>Months</u>			
	12	12	
4-inch meter monthly charge	<u>\$ 150.72</u>	<u>\$ 157.95</u>	
Subtotal	\$ 1,808.64	\$ 1,895.40	\$ 86.76
<u>Months</u>			
	12	12	
6-inch meter monthly charge	<u>\$ 351.68</u>	<u>\$ 368.56</u>	
Subtotal	\$ 4,220.16	\$ 4,422.72	\$ 202.56
<u>Shelbyville Meter</u>			
Purchases in Gallons	78,919,808	78,919,808	
Rate per 1,000 Gallons	<u>\$2.56/1,000</u>	<u>\$2.56/1,000</u>	
Subtotal	\$ 202,034.71	\$ 202,034.71	No change
<u>Finchville Meter</u>			
Purchases in Gallons	4,398,600	4,398,600	
Rate per 1,000 Gallons	<u>\$2.82/1,000</u>	<u>\$2.82/1,000</u>	
Subtotal	\$ 12,404.05	\$ 12,404.05	No change
Total	\$891,254.73	\$914,513.28	
Increased water cost		\$ 23,258.55	
Increased water cost		\$ 23,258.55	
Divided by Gallons sold/1000		<u>291,197,060</u>	
Purchased water adjustment factor		\$ 0.0799 per 1,000 Gallons	
		or \$ 0.00008 per gallon	

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00207 DATED JUL 25 2024

The following rates and charges are prescribed for the customers in the area served by West Shelby Water District. 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 Water Rates

5/8-Inch Meter

First	2,500 Gallons	20.97	Minimum Bill
Next	7,500 Gallons	0.00636	Per Gallon
Next	20,000 Gallons	0.00601	Per Gallon
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

3/4-Inch Meter

First	3,500 Gallons	27.32	Minimum Bill
Next	6,500 Gallons	0.00636	Per Gallon
Next	20,000 Gallons	0.00601	Per Gallon
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

1-Inch Meter

First	5,000 Gallons	36.83	Minimum Bill
Next	5,000 Gallons	0.00636	Per Gallon
Next	20,000 Gallons	0.00601	Per Gallon
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	68.62	Minimum Bill
Next	20,000 Gallons	0.00601	Per Gallon
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

2-Inch Meter

First	16,000 Gallons	104.65	Minimum Bill
Next	14,000 Gallons	0.00601	Per Gallon
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

3-Inch Meter

First	30,000 Gallons	188.74	Minimum Bill
Next	200,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

4-Inch Meter

First	50,000 Gallons	299.83	Minimum Bill
Next	180,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

6-Inch Meter

First	100,000 Gallons	577.55	Minimum Bill
Next	130,000 Gallons	0.00556	Per Gallon
Over	230,000 Gallons	0.00511	Per Gallon

*West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067

*Lisa M Didier
West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067

*Melvin Phenix
West Shelby Water District
137 Citizens Blvd.
P. O. Box 39
Simpsonville, KY 40067