

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                   |   |            |
|-----------------------------------|---|------------|
| ELECTRONIC PURCHASED WATER        | ) | CASE NO.   |
| ADJUSTMENT FILING OF GREEN-TAYLOR | ) | 2024-00247 |
| WATER DISTRICT                    | ) |            |

ORDER

On July 29, 2024, Green-Taylor Water District (Green-Taylor 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

Green-Taylor District purchases water from Campbellsville Municipal Water (Campbellsville), Greensburg Water Works (Greensburg), Green River Valley Water District (Green River Valley District), and Columbia/Adair Utilities District (Columbia/Adair District). Campbellsville notified Green-Taylor District that its wholesale rate would

increase from \$2.76 per 1,000 gallons to \$3.26 per 1,000 gallons, effective August 1, 2024.<sup>1</sup> Green-Taylor District proposes to increase the water rates to its customers effective August 1, 2024, to reflect the increased cost of purchased water from Campbellsville.

### 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, Green-Taylor District reported a water loss of 13.4119 percent.<sup>2</sup> In its 2022 Annual Report filed with the Commission, Green-Taylor District reported a water loss of 14.9451 percent.<sup>3</sup> In its 2023 Annual Report filed with the Commission, Green-Taylor District reported a water loss of 24.1685 percent.<sup>4</sup> Green-Taylor District's three-year water loss average is 17.5085%.<sup>5</sup> The approximate cost of Green-Taylor District's total water loss based on the three-year average is \$218,074.34.<sup>6</sup>

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<sup>1</sup> TFS2024-00288 (Ky. PSC June 18, 2024); Green-Taylor District submitted the tariff on June 18, 2024, and the tariff was accepted for filing by the Commission by letter dated July 31, 2024, with an effective date of August 1, 2024.

<sup>2</sup> *Annual Report of Green-Taylor District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

<sup>3</sup> *Annual Report of Green-Taylor District to the Public Service Commission for the Year Ended December 31, 2022* at 57.

<sup>4</sup> *Annual Report of Green-Taylor District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

<sup>5</sup>  $13.4119\% + 14.9451\% + 24.1685\% = 52.5255 / 3 \text{ years} = 17.5085\%$ .

<sup>6</sup> Total water cost of water including the new wholesale rate of \$1,245,534.08 times 17.5085% water loss equals \$218,074.34.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold. The Commission strongly encourages Green-Taylor District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Green-Taylor District to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

### Financial Condition and Rates

Based on a review of Commission records, Green-Taylor District's most recent general base rate adjustment was in 2022.<sup>7</sup> In Case No. 2022-00246, the Commission concluded that rates should decrease by 4.98 percent or \$136,276.<sup>8</sup> However, in that same proceeding, Green-Taylor District argued that a rate decrease should be waived.<sup>9</sup> The Commission approved the waiver on the condition that Green-Taylor District establish a policy to perform an annual review of its rate sufficiency with the first review due in 2023 based on calendar year 2022.<sup>10</sup> Additionally, Green-Taylor District was ordered to submit a rate case or rate study by July 31, 2026, using 2025 as the test year.<sup>11</sup> Green Taylor District filed its rate sufficiency study on December 6, 2023, which indicated no rate increase was needed at the time.

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<sup>7</sup> Case No. 2022-00246, *Electronic Application of Green-Taylor Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC June 12, 2023).

<sup>8</sup> Case No. 2022-00246, June 12, 2023 final Order at 24.

<sup>9</sup> Case No. 2022-00246, (filed Mar. 8, 2023) Green-Taylor District's Response to Commission Staff's Report.

<sup>10</sup> Case No. 2022-00246, June 12, 2023 final Order at 25.

<sup>11</sup> Case No. 2022-00246, June 12, 2023 final Order at 26.

Given this information, the Commission reiterates that Green-Taylor District should be ordered to comply with the June 12, 2023 final Order in Case No. 2022-00246 by filing, on or before July 31, 2026, rate case or rate study, using 2025 as the test year to ensure that its revenue is sufficient to support adequate and reliable service, or, in the alternative, file a formal motion with a detailed analysis of its rates and revenues and a statement of the reasons why a rate case is not necessary.

#### Purchased Water Adjustment Factor

In its application, Green-Taylor District proposed a purchased water adjustment factor of \$0.29 per 1,000 gallons. During the 12 months ended June 30, 2024, Green-Taylor District purchased 173,909,596 gallons of water from Campbellsville, 227,699,520 gallons of water from Greensburg, and 58,566,000 gallons of water from Green River Valley District. During the same 12 month period Green-Taylor District sold 304,437,972 gallons of water to its customers. Green-Taylor District purchased no water from Columbia/Adair District in the 12 months ending June 30, 2024. The increase in the cost of purchased water from Campbellsville is \$86,954.79, resulting in a purchased water adjustment factor of \$0.29 per 1,000 gallons. No rate changes occurred from Greensburg, Green River Valley District, or Columbia/Adair District.

The Commission finds that the purchased water adjustment factor of \$0.29 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 Green-Taylor District on and after August 1, 2024, because the rates are supported by evidence of the increase in rates from Green-Taylor 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 \$0.29 per 1,000 gallons is approved.
2. The rates proposed by Green-Taylor District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Green-Taylor District on and after August 1, 2024.
4. Within 20 days of the date of service of this Order, Green-Taylor District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.
5. Nothing in this Order shall be construed to abrogate Green Taylor District's filing obligations set forth in the June 12, 2023 final Order in Case No. 2022-00246.<sup>12</sup>
6. This case is closed and removed from the Commission's docket.

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<sup>12</sup> Case No. 2022-00246, June 12, 2023 final Order at 26.

PUBLIC SERVICE COMMISSION

signed  
on behalf  
of  
Chairman  
& Commissioner

Angie Hatton  
Chairman

\_\_\_\_\_  
Vice Chairman

May Pat Regan  
Commissioner

ENTERED  
AUG 23 2024  
rCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

[Signature] for  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00247 DATED AUG 23 2024

|                                   | Base Rate             | New Rate              | Change            |
|-----------------------------------|-----------------------|-----------------------|-------------------|
| <u>Campbellsville</u>             |                       |                       |                   |
| Purchases in Gallons              | 173,909,596           | 173,909,596           |                   |
| Rate per 1,000 Gallons            | <u>\$2.76/1,000</u>   | <u>\$3.26/1,000</u>   |                   |
| Subtotal                          | \$479,990.48          | \$566,945.28          | \$86,954.80       |
| <u>Greensburg</u>                 |                       |                       |                   |
| Purchases in Gallons              | 227,699,520           | 227,699,520           |                   |
| Rate per 1,000 Gallons            | <u>\$2.206/1,000</u>  | <u>\$2.206/1,000</u>  |                   |
| Subtotal                          | \$502,305.14          | \$502,305.14          | \$0.00            |
| <u>Green River Valley</u>         |                       |                       |                   |
| Purchases in Gallons              | 58,566,000            | 58,566,000            |                   |
| Rate per 1,000 Gallons            | <u>\$3.01/1,000</u>   | <u>\$3.01/1,000</u>   |                   |
| Subtotal                          | \$176,283.66          | \$176,283.66          | \$0.00            |
| <u>Columbia/Adair</u>             |                       |                       |                   |
| Purchases in Gallons              | 0                     | 0                     |                   |
| Rate per 1,000 Gallons            | <u>\$2.75/1,000</u>   | <u>\$2.75/1,000</u>   |                   |
| Subtotal                          | \$0.00                | \$0.00                | \$0.00            |
| Total Water Cost                  | <u>\$1,158,579.29</u> | <u>\$1,245,534.08</u> |                   |
| Increased water cost              |                       |                       | \$86,954.80       |
| Increased water cost              |                       | \$86,954.80           |                   |
| Divided by Gallons sold/1,000     |                       | <u>304,437,972</u>    |                   |
| Purchased water adjustment factor |                       | \$0.286               | per 1,000 Gallons |
|                                   |                       | or                    |                   |
|                                   |                       | \$0.00029             | per Gallon        |

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00247 DATED AUG 23 2024

The following rates and charges are prescribed for the customers in the area served by Green-Taylor 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 X 3/4-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 2,000 Gallons  | \$23.91 | Minimum Bill |
| Next  | 3,000 Gallons  | 0.01011 | Per Gallon   |
| Next  | 5,000 Gallons  | 0.00825 | Per Gallon   |
| Over  | 10,000 Gallons | 0.00556 | Per Gallon   |

3/4-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 3,000 Gallons  | \$34.02 | Minimum Bill |
| Next  | 2,000 Gallons  | 0.01011 | Per Gallon   |
| Next  | 5,000 Gallons  | 0.00825 | Per Gallon   |
| Over  | 10,000 Gallons | 0.00556 | Per Gallon   |

1-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 5,000 Gallons  | \$54.24 | Minimum Bill |
| Next  | 5,000 Gallons  | 0.00825 | Per Gallon   |
| Over  | 10,000 Gallons | 0.00556 | Per Gallon   |

1 1/2-Inch Meter

|       |                |         |              |
|-------|----------------|---------|--------------|
| First | 10,000 Gallons | \$95.49 | Minimum Bill |
| Over  | 10,000 Gallons | 0.00556 | Per Gallon   |

2-Inch Meter

|       |                |          |              |
|-------|----------------|----------|--------------|
| First | 20,000 Gallons | \$151.09 | Minimum Bill |
| Over  | 20,000 Gallons | 0.00556  | Per Gallon   |

Leak Adjustment Rate

|           |                                  |
|-----------|----------------------------------|
| \$0.00265 | Per Gallon over<br>Average Usage |
|-----------|----------------------------------|



Wholesale Rates

Larue County Water District #1  
City of Greensburg

\$0.00354 Per Gallon  
\$0.00315 Per Gallon

\*Green-Taylor Water District  
250 Industrial Park Road  
P. O. Box 168  
Greensburg, KY 42743

\*James L Mudd Jr.  
Monarch Engineering, Inc.  
556 Carlton Drive  
Lawrenceburg, KENTUCKY 40342