

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF ALLEN COUNTY)	2024-00367
WATER DISTRICT)	

ORDER

On November 20, 2024, Allen County Water District (Allen 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

Allen District purchases water from Glasgow Water Company (Glasgow) and the city of Scottsville (Scottsville). Glasgow notified Allen District that its wholesale rate would increase from \$1.95 per 1,000 gallons to \$2.01 per 1,000 gallons, effective November 30,

2024.¹ Allen District proposes to increase the water rates to its customers effective December 20, 2024, to reflect the increased cost of purchased water from Glasgow. Scottsville did not propose a rate adjustment.

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, Allen District reported a water loss of 27.8385 percent.² In its 2022 Annual Report filed with the Commission, Allen District reported a water loss of 19.4545 percent.³ In its 2023 Annual Report filed with the Commission, Allen District reported a water loss of 19.6108 percent.⁴ Allen District's three-year water loss average is 22.3013 percent.⁵ The approximate cost of Allen District's total water loss with a three-year average is \$200,546.41.⁶

¹ TFS2024-00483 (Ky. PSC Oct. 3, 2024); Allen District submitted the tariff on October 3, 2024, and the tariff was accepted for filing by the Commission by letter dated November 27, 2024, with an effective date of November 30, 2024.

² *Annual Report of Allen District to the Public Service Commission for the Year Ended December 31, 2021* at 58.

³ *Annual Report of Allen District to the Public Service Commission for the Year Ended December 31, 2022* at 58.

⁴ *Annual Report of Allen District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

⁵ $27.8385\% + 19.4545\% + 19.6108\% = 66.9038 / 3 \text{ years} = 22.3013\%$.

⁶ Total water cost at new wholesale rate of \$899,258.82 times 22.3013% (3-year average) water loss equals \$200,546.41.

In Allen District's most recent rate case,⁷ the Commission approved a monthly water loss reduction surcharge of \$1.77 per customer for 48 months to help lower system losses to more acceptable levels.⁸ Case No. 2023-00212 was established for the Commission to monitor the progress of the water loss reduction surcharge plan established by Allen District.⁹

Financial Condition and Rates

Based on a review of Commission records, Allen District last sought a general base rate adjustment in 2020.¹⁰ In Case No. 2021-00444, Allen District was ordered to file a new application for a rate adjustment in base rates by January 28, 2025.¹¹

Purchased Water Adjustment Factor

In its application, Allen District proposed a purchased water adjustment factor of \$0.09 per 1,000 gallons. During the 12 months ended September 30, 2024, Allen District purchased 446,853,700 gallons of water from Glasgow and 288,000 gallons of water from Scottsville and sold 319,044,900 gallons of water to its customers. The increase in the cost of purchased water from Glasgow is \$26,811.22, resulting in a purchased water adjustment factor of \$0.09 per 1,000 gallons. No rate changes occurred from Scottsville.

⁷ Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. Feb. 3, 2021), final Order.

⁸ Case No. 2020-00296, Feb. 3, 2021 final Order at 12-13.

⁹ Case No. 2023-00212, *Electronic Allen County Water District Unaccounted-For Water Loss Reduction Plan, Surcharge Monitoring* (Ky. PSC Aug. 3, 2023), opening Order.

¹⁰ Case No. 2020-00296, Feb. 3, 2021 final Order.

¹¹ Case No. 2021-00444, *Electronic Application of Allen County Water District to Issue Securities in the Approximate Principal Amount of \$4,050,000 for the Purpose of Refinancing Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 Kar 5:001* (Ky. PSC Jan. 25, 2022), final Order, ordering paragraph 5.

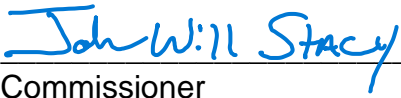
The purchased water adjustment factor of \$0.09 per 1,000 gallons, as calculated in Appendix A and the rates as set forth in Appendix B to this Order are fair, just and reasonable and should be approved for water service rendered by Allen District on and after December 20, 2024, because the rates are supported by evidence of the increase in rates from Allen 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 \$0.09 per 1,000 gallons is approved.
2. The rates proposed by Allen District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Allen District on and after December 20, 2024.
4. Within 20 days of the date of service of this Order, Allen 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


Commissioner


Commissioner

ATTEST:

 
Executive Director

ENTERED
DEC 20 2024 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00367 DATED DEC 20 2024

	Base Rate	New Rate	Change
<u>Glasgow Water</u>			
Purchases in Gallons	446,853,700	446,853,700	
Rate per 1,000 Gallons	<u>\$1.95/1,000</u>	<u>\$2.01/1,000</u>	
Subtotal	\$871,364.72	\$898,175.94	\$26,811.22
<u>Scottsville</u>			
Purchases in Gallons	288,000	288,000	
Rate per 1,000 Gallons	<u>\$3.76/1,000</u>	<u>\$3.76/1,000</u>	
Sub-total	\$1,082.88	\$1,082.88	no change
Total	\$872,447.60	\$899,258.82	
Increased water cost			\$26,811.22
Increased water cost		\$26,811.22	
Divided by Gallons sold/1,000		<u>319,044,900</u>	
Purchased water adjustment factor		\$0.09	per 1,000 Gallons
		or \$ 0.00009	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00367 DATED DEC 20 2024

The following rates and charges are prescribed for the customers in the area served by Allen County 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

General Customers

First	2,000 Gallons	\$22.09	Minimum Bill
Next	3,000 Gallons	0.00870	Per Gallon
Next	5,000 Gallons	0.00738	Per Gallon
Next	60,000 Gallons	0.00674	Per Gallon
Over	70,000 Gallons	0.00619	Per Gallon

U.S. Corp of Engineers

First	55,000 Gallons	\$419.74	Minimum Bill
Next	15,000 Gallons	0.00674	Per Gallon
Over	70,000 Gallons	0.00619	Per Gallon

Mobile Home Parks

First	10,000 Gallons	\$77.70	Minimum Bill
Next	60,000 Gallons	0.00674	Per Gallon
Over	70,000 Gallons	0.00619	Per Gallon

Wholesale Rate

\$0.00385 Per Gallon

Leak Adjustment Rate

\$0.00259 Per Gallon

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