

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF EAST DAVIESS	)	2024-00100
COUNTY WATER ASSOCIATION, INC.	)	

ORDER

On May 2, 2024, East Daviess County Water Association, Inc. (East Daviess Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.012 and 807 KAR 5:068.

LEGAL STANDARD

In accordance with KRS 278.012, when a wholesale supplier selling water to a water association increases its rates, the water association has the authority to increase its rate commensurate with the wholesale supplier. The water association 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

East Daviess Water purchases water from Owensboro Municipal Utilities (Owensboro). Owensboro notified East Daviess Water that its wholesale rate would

increase from \$3.15 per 1,000 gallons to \$3.19 per 1,000 gallons, effective June 1, 2024.<sup>1</sup> East Daviess Water proposes to increase the water rates to its customers effective June 1, 2024, to reflect the increased cost of purchased water from Owensboro.

#### 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 2023 Annual Report filed with the Commission, East Daviess Water reported a water loss of 10.8684 percent.<sup>2</sup> In its 2022 Annual Report filed with the Commission, East Daviess Water reported a water loss of 11.0744 percent.<sup>3</sup> In its 2021 Annual Report filed with the Commission, East Daviess Water reported a water loss of 15.6755 percent.<sup>4</sup> East Daviess Water's 3-year water loss average is 12.5394 percent.<sup>5</sup> The cost of East Daviess Water's total water loss for the period of April 2023 through March 2024 is approximately \$55,832.81.<sup>6</sup>

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<sup>1</sup> TFS2024-00115 (Ky. PSC Mar. 26, 2024); East Daviess Water submitted the tariff on March 26, 2024, and the tariff was accepted for filing by the Commission by letter dated May 16, 2024, with an effective date of June 1, 2024.

<sup>2</sup> *Annual Report of East Daviess Water to the Public Service Commission for the Year Ended December 31, 2023* at 57.

<sup>3</sup> *Annual Report of East Daviess Water to the Public Service Commission for the Year Ended December 31, 2022* at 57.

<sup>4</sup> *Annual Report of East Daviess Water to the Public Service Commission for the Year Ended December 31, 2021* at 57.

<sup>5</sup>  $10.8684 + 11.0744 + 15.6755 = 37.6183 / 3 \text{ years} = 12.5394\%$ .

<sup>6</sup> Total water cost at new wholesale rate of \$984,184.86 x 5.673 % water loss equals \$55,832.81.

## Financial Condition and Rates

Based on a review of Commission records, East Daviess Water most recent general base rate adjustment is Case No. 2023-00025.<sup>7</sup> East Daviess Water filed the rate adjustment application in compliance with the Commission's Order in Case No. 2022-00112.<sup>8</sup> The result of East Daviess Water's rate adjustment case was an increase in the required revenue of \$184,156 or an 8 percent increase in rates.<sup>9</sup> The August 7, 2023 Order approved rates that would increase the monthly bill of a typical customer using 4,000 gallons per month from \$36.54 to \$39.46, an increase of \$2.92, or approximately 8 percent.<sup>10</sup>

The Commission recommends that East Daviess Water review its financial performance annually and consider filing future rate adjustment requests every three to five years, depending on inflation and business operating performance.

## Purchased Water Adjustment Factor

In its application, East Daviess Water proposed a purchased water adjustment factor of \$0.05 per 1,000 gallons. During the 12 months ended March 31, 2024, East Daviess Water purchased 308,521,900 gallons of water from Owensboro and sold 266,173,943 gallons of water to its customers. The increase in the cost of purchased

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<sup>7</sup> Case No. 2023-00025, *Electronic Application of East Daviess County Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 7, 2023), final Order.

<sup>8</sup> Case No. 2022-00112, *Electronic Purchased Water Adjustment Filing of East Daviess County Water Association, Inc.* (Ky. PSC June 2, 2022), ordering paragraph 5.

<sup>9</sup> Case No. 2023-00025, *Electronic Application of East Daviess County Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 7, 2023), final Order at 19.

<sup>10</sup> Case No. 2023-00025, *Electronic Application of East Daviess County Water Association, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Aug. 7, 2023), final Order at 20.

water from Owensboro is \$12,340.88, resulting in a purchased water adjustment factor of \$0.05 per 1,000 gallons.

The purchased water adjustment factor of \$0.05 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 East Daviess Water on and after June 1, 2024, because the rates are supported by evidence of the increase in rates from East Daviess Water's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.012.


IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.05 per 1,000 gallons is approved.
2. The rates proposed by East Daviess Water are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by East Daviess Water on and after June 1, 2024.
4. Within 20 days of the date of service of this Order, East Daviess Water 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  
MAY 31 2024 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00100 DATED MAY 31 2024

	Base Rate	New Rate	Change
<u>Owensboro</u>			
Purchases in Gallons	308,521,900	308,521,900	
Rate per 1,000 Gallons	<u>\$3.15/1,000</u>	<u>\$3.19/1,000</u>	
	\$971,843.99	\$984,184.86	\$12,340.87
Total Purchases	\$971,843.99	\$984,184.86	
Increased water cost			\$12,340.87
Increased water cost		\$12,340.87	
Divided by Gallons sold/1,000		<u>266,173,943/1,000</u>	
Purchased water adjustment factor		\$0.05	per 1,000 Gallons
		or \$ 0.00005	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2024-00100 DATED MAY 31 2024

The following rates and charges are prescribed for the customers in the area served by East Daviess County Water Association, Inc. 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	22.72	Minimum Bill
Next	4,000 Gallons	0.00847	Per Gallon
Next	44,000 Gallons	0.00730	Per Gallon
Over	50,000 Gallons	0.00644	Per Gallon

3/4-Inch Meter

First	3,000 Gallons	31.19	Minimum Bill
Next	3,000 Gallons	0.00847	Per Gallon
Next	44,000 Gallons	0.00730	Per Gallon
Over	50,000 Gallons	0.00644	Per Gallon

1-Inch Meter

First	6,000 Gallons	56.61	Minimum Bill
Next	44,000 Gallons	0.00730	Per Gallon
Over	50,000 Gallons	0.00644	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	85.80	Minimum Bill
Next	40,000 Gallons	0.00730	Per Gallon
Over	50,000 Gallons	0.00644	Per Gallon

2-Inch Meter

First	20,000 Gallons	158.77	Minimum Bill
Next	30,000 Gallons	0.00730	Per Gallon
Over	50,000 Gallons	0.00644	Per Gallon

Leak Adjustment Rate

0.00525 Per Gallon

Wholesale Rates

0.00445 Per Gallon



\*East Daviess County Water Association, Inc.  
9210 Highway Route 144  
Knottsville, KY 42366

\*Agnes Johnson  
East Daviess County Water Association, Inc.  
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