

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER)	CASE NO.
ADJUSTMENT FILING OF U. S. 60 WATER)	2024-00164
DISTRICT)	

ORDER

On May 22, 2024, U.S. 60 Water District of Shelby and Franklin counties, Kentucky (U.S. 60 District) tendered an application requesting approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.015 and 807 KAR 5:068. On May 31, 2024, the Commission notified U.S. 60 District that its application was rejected for certain filing deficiencies. On June 3, 2024, U.S. 60 District submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of June 3, 2024.

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

U.S. 60 District purchases water from Shelbyville Municipal Water & Sewer Commission (Shelbyville) and Frankfort Electric and Water Plant Board (Frankfort). Shelbyville notified U.S. 60 District that its wholesale rate would increase from \$2.41 per 1,000 gallons to \$2.47 per 1,000 gallons, effective May 19, 2024.¹ U.S. 60 District proposes to increase the water rates to its customers effective June 1, 2024, to reflect the increased cost of purchased water from Shelbyville. Frankfort proposed no rate changes.

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, U.S. 60 District reported a water loss of 13.4869 percent.² In its 2022 Annual Report filed with the Commission, U.S. 60 District reported a water loss of 12.0271 percent.³ In its 2021 Annual Report filed with the Commission, U.S. 60 District reported a water loss of 10.1742 percent.⁴ U.S. 60

¹ TFS2024-00166 (Ky. PSC Apr. 11, 2024); Shelbyville submitted the tariff on April 11, 2024, and the tariff was accepted for filing by the Commission by letter dated May 16, 2024, with an effective date of May 19, 2024.

² *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2023* at 57.

³ *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2022* at 57.

⁴ *Annual Report of U.S. 60 District to the Public Service Commission for the Year Ended December 31, 2021* at 57.

District's three-year water loss average is 11.8961 percent.⁵ The cost of U.S. 60 District's total water loss in 2023 is \$57,865.86.⁶

Financial Condition and Rates

Based on a review of Commission records, U.S. 60 District last sought a general base rate adjustment in 2017.⁷ U.S. 60 District has filed six purchased water adjustment filings, and a case occurring as a condition for federal financing of a construction project in accordance with KRS 278.023. In accordance with the provisions of KRS 278.023, the Commission's review of such applications is a limited review of a utility's total financial stability and operational viability.

Based upon a review of the annual and audit reports filed with the Commission, U.S. 60 District's annual adjusted net income has been positive each year since the last rate case was filed. In Case No. 2017-00338,⁸ U.S. 60 District's revenue required an increase of \$217,834, or 18.90 percent to its water service rates. U.S. 60 District's financial condition continues to remain stable since the rate case closed on March 21, 2018.

The Commission recommends that U.S. 60 District review its financial performance annually and consider filing future rate adjustment requests every three to five years, depending on inflation and business operating performance.

⁵ $13.4869 + 12.0271 + 10.1742 = 35.6882 / 3 \text{ years} = 11.8961\%$.

⁶ Total water cost at new wholesale rate of \$486,427.18 x 11.8961% water loss equals \$57,865.86.

⁷ See Case No. 2017-00338, *Electronic Application of U.S. 60 Water District of Shelby and Franklin Counties for an Alternative Rate Adjustment* (Ky. PSC Mar. 21, 2018).

⁸ Case No. 2017-00338, Mar. 21, 2018 final Order.

Purchased Water Adjustment Factor


In its application, U.S. 60 District proposed a purchased water adjustment factor of \$0.08 per 1,000 gallons. During the 12 months ended April 30, 2024, U.S. 60 District purchased 181,184,000 gallons of water from Shelbyville and 13,698,134 gallons of water from Frankfort and sold 150,328,331 gallons of water to its customers. The increase in the cost of purchased water from Shelbyville is \$10,871.04, resulting in a purchased water adjustment factor of \$0.08 per 1,000 gallons. No rate changes occurred from Frankfort.


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. The rates should be approved for water service rendered by U.S. 60 District on and after June 1, 2024, because the rates are supported by evidence of the increase in rates from one of U.S. 60 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 U.S. 60 District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by U.S. 60 District on and after June 1, 2024.
4. Within 20 days of the date of service of this Order, U.S. 60 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


Vice Chairman


Commissioner

ENTERED
JUN 27 2024
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00164 DATED JUN 27 2024

	Base Rate	New Rate	Change
<u>Shelbyville</u>			
Purchases in Gallons	181,184,000	181,184,000	
Rate per 1,000 Gallons	<u>\$2.41/1,000</u>	<u>\$2.47/1,000</u>	
Subtotal	\$436,653.44	\$447,524.48	\$10,871.04
<u>Frankfort</u>			
Purchases in Gallons	13,698,134	13,698,134	
Rate per 1,000 Gallons	<u>\$2.84/1,000</u>	<u>\$2.84/1,000</u>	
Sub-total	\$38,902.70	\$38,902.70	no change
Total	\$475,556.14	\$486,427.18	
Increased water cost			\$10,871.04
Increased water cost		\$10,871.04	
Divided by Gallons sold/1,000		<u>150,328,331</u>	
Purchased water adjustment factor		\$0.08	per 1,000 Gallons
		or \$ 0.00008	per Gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00164 DATED JUN 27 2024

The following rates and charges are prescribed for the customers in the area served by U.S. 60 Water District of Shelby and Franklin counties, Kentucky. 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	1,000 Gallons	\$18.65	Minimum Bill
Next	2,000 Gallons	0.01005	Per Gallon
Next	2,000 Gallons	0.00855	Per Gallon
Over	5,000 Gallons	0.00785	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$55.85	Minimum Bill
Over	5,000 Gallons	0.00785	Per Gallon

1 1/2-Inch Meter

First	15,000 Gallons	\$134.35	Minimum Bill
Over	15,000 Gallons	0.00785	Per Gallon

2-Inch Meter

First	25,000 Gallons	\$212.85	Minimum Bill
Over	25,000 Gallons	0.00785	Per Gallon

Bulk User Rate

First	1,000 Gallons	\$15.05	Minimum Bill
Over	1,000 Gallons	0.01005	Per Gallon

Wholesale Rates

First	25,000 Gallons	\$188.25	Minimum Bill
Over	25,000 Gallons	0.00685	Per Gallon

*James L Mudd Jr.
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*U.S. 60 Water District of Shelby and Franklin
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