

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF NORTH HOPKINS	)	2025-00203
WATER DISTRICT	)	

ORDER

On June 23, 2025, North Hopkins Water District (North Hopkins 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 July 2, 2025, the Commission notified North Hopkins District that its application had been rejected due to certain filing deficiencies. On July 9, 2025, North Hopkins District submitted further documentation to correct the filing deficiencies, and the application was deemed filed as of that date.

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

North Hopkins District purchases water from the city of Madisonville (Madisonville) and Webster County Water District (Webster District). Madisonville notified North Hopkins District that its wholesale rate would increase by \$0.46 per 1,000 gallons, from \$4.52 to \$4.98 per 1,000 gallons, effective February 1, 2025.<sup>1</sup> North Hopkins District proposes to increase the water rates to its customers effective July 1, 2025, to reflect the increased cost of purchased water from Madisonville. The water rates charged by Webster District are not changing.

### 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 2022 Annual Report filed with the Commission, North Hopkins District reported a water loss of 17.0671 percent.<sup>2</sup> In its 2023 Annual Report filed with the Commission, North Hopkins District reported a water loss of 21.2974 percent.<sup>3</sup> In its 2024 Annual Report filed with the Commission, North Hopkins District reported a water loss of 26.7070 percent.<sup>4</sup> North Hopkins District's three-year water loss average is 21.6905

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<sup>1</sup> TFS2024-00585, (Ky. PSC Dec. 27, 2024); Madisonville submitted the tariff on December 27, 2024, and the tariff was accepted for filing by the Commission by letter dated January 30, 2025, with an effective date of February 1, 2025.

<sup>2</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2022* at 58.

<sup>3</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2023* at 58.

<sup>4</sup> *Annual Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2024* at 58. As of the date of the final Order, the 2024 Annual Report is still under review by the Commission.

percent.<sup>5</sup> The approximate annual cost of North Hopkins District's average water loss, based on a three-year average, is \$88,149.27.<sup>6</sup>

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold. Given North Hopkins District's increasing water loss percentages, the Commission strongly encourages North Hopkins District to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by North Hopkins 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

North Hopkins Water District's financial snapshot for 2020 through 2024 is presented below. Its last rate adjustment filing was in Case No. 2018-00118<sup>7</sup> (2016 test year), filed pursuant to the alternative procedures established pursuant to 807 KAR 5:076, became final on August 16, 2018, and reflected an increase in revenue of \$212,006 or 27.67 percent. In each of the last five years both Rate-Based Income (adjusted net income minus principal payments) and Cash-Basis Income (Rate-Based Income plus depreciation) were positive. Principal debt payments decreased by \$119,570 in 2024 and are expected to remain in the \$17,000<sup>8</sup> range through 2028. Commission Staff

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<sup>5</sup>  $17.0671 + 21.2974 + 26.7070 = 65.0715 / 3 \text{ years} = 21.6905 \text{ percent.}$

<sup>6</sup> Total water cost at new wholesale rate of \$406,395.76 times 21.6905% water loss equals \$88,149.27.

<sup>7</sup> Case No. 2018-00118, *Application of North Hopkins Water District for Rate Adjustment for Small Utilities Pursuant to 807 KAR 5:076*.

<sup>8</sup> Audit Report of North Hopkins District to the Public Service Commission for the Year Ended December 31, 2024 at 18 (Debt Maturity).

recommends future rate cases should be filed at least every three to five years, depending on financial performance.

Description / Year	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Audited 2024
<i>Adjusted Net Income</i>					
Net Income / (Loss)	\$ 112,824	\$ 192,784	\$ 206,815	\$ 165,723	\$ 87,034
Other Non-recurring Items ( )	(200)	0	(2,200)	0	0
<b>Adjusted Net Income / (Loss)</b>	<b>\$ 112,624</b>	<b>\$ 192,784</b>	<b>\$ 204,615</b>	<b>\$ 165,723</b>	<b>\$ 87,034</b>
Subtract: Principal Payments ( )	(110,000)	(146,800)	(120,000)	(136,070)	(16,500)
<b>Rate Based Income</b>	<b>\$ 2,624</b>	<b>\$ 45,984</b>	<b>\$ 84,615</b>	<b>\$ 29,653</b>	<b>\$ 70,534</b>
Add: Depreciation Expense	107,130	128,447	136,476	135,675	139,729
<b>Cash Basis Income</b>	<b>\$ 109,754</b>	<b>\$ 174,431</b>	<b>\$ 221,091</b>	<b>\$ 165,328</b>	<b>\$ 210,263</b>
Cash Basis Income as Percent of Depreciation	102%	136%	162%	122%	150%
Capital Spending	\$ 1,019,108	\$ 151,229	\$ 40,077	\$ 12,583	\$ 275,253
<i>Cash and Investments</i>					
Unrestricted Cash and Investments	\$ 103,461	\$ 124,051	\$ 170,756	\$ 158,056	\$ 383,975
Restricted Funds	123,032	197,338	318,453	515,019	518,773
Adjusted Cash Balances	226,493	321,389	489,209	673,075	902,748
Net Increase (Decrease) in Cash	\$ 102,924	\$ 94,896	\$ 167,820	\$ 183,866	\$ 229,673
<i>Selected Statistical Information (PSC Annual Reports)</i>					
Customer Count	1,401	1,412	1,637	1,404	1,378
Gallons Purchased	89,930	84,104	85,328	90,241	92,822
Gallons Sold	62,911	65,896	68,396	68,076	67,163
Gallons Used for Internal Use	2,543	3,574	2,369	2,946	869
Water Loss Gallons	24,476	14,634	14,563	19,219	24,790
System Use Percentage	2.83%	4.25%	2.78%	3.26%	0.94%
Water Loss Percentage	27.2167%	17.3999%	17.0671%	21.2974%	26.7070%
Gallons Sold Per Customer Per Month	3,742	3,889	3,482	4,041	4,062
Revenues from the Sale of Water	\$ 977,806	\$ 1,069,589	\$ 1,084,179	\$ 1,070,615	\$ 1,082,352
Purchased Water Expense	401,322	352,664	344,485	358,542	380,797
Purchased Water Expense Over 15% Water Loss	49,028	8,464	7,121	22,579	44,580
Water Loss Expense Over 15% as Percentage of Water Revenue	5.01%	0.79%	0.66%	2.11%	4.12%

### Purchased Water Adjustment Factor

In its application, North Hopkins District proposed a purchased water adjustment factor of \$0.26 per 1,000 gallons. During the 12 months ended May 31, 2025, North Hopkins District purchased 38,852,000 gallons of water from Madisonville and 57,544,000 gallons of water from Webster District and sold 70,236,000 gallons of water to its customers. The increase in the cost of purchased water from Madisonville is \$17,871.92, resulting in a purchased water adjustment factor of \$0.26 per 1,000 gallons.


The purchased water adjustment factor of \$0.26 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 North Hopkins District on and after July 1, 2025, because the rates are supported by evidence of the increase in rates from North Hopkins District's wholesale water supplier and the volume of purchased water used to calculate the rates in accordance with KRS 278.015.

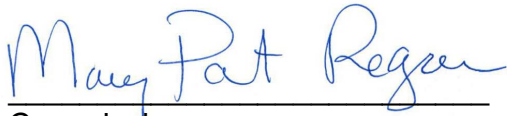
IT IS THEREFORE ORDERED that:

1. The purchased water adjustment factor of \$0.26 per 1,000 gallons is approved.
2. The rates proposed by North Hopkins District are approved.
3. The rates as set forth in Appendix B to this Order are approved for water service rendered by North Hopkins District on and after July 1, 2025.
4. Within 20 days of the date of service of this Order, North Hopkins 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



Case No. 2025-00203

# APPENDIX A

## APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00203 DATED AUG 08 2025

	Base Rate	New Rate	Change
<u>City of Madisonville</u>			
Purchases in Gallons	38,852,000	38,852,000	
Rate per 1,000 Gallons	<u>\$4.52/1,000</u>	<u>\$4.98/1,000</u>	
Subtotal	\$175,611.04	\$193,482.96	\$17,871.92
<u>Webster County</u>			
Purchases in Gallons	57,544,000	57,544,000	
Rate per 1,000 Gallons	<u>\$3.70/1,000</u>	<u>\$3.70/1,000</u>	
Subtotal	\$212,912.80	\$212,912.80	no change
Total	\$388,523.84	\$406,395.76	
Increased water cost			\$17,871.92
Increased water cost		\$17,871.92	
Divided by Gallons sold/1,000		<u>70,236,000</u>	
Purchased water adjustment factor		\$0.2545	per 1,000 Gallons
		or \$ 0.00026	per Gallon

## APPENDIX B

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00203 DATED AUG 08 2025

The following rates and charges are prescribed for the customers in the area served by North Hopkins 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	\$33.66	Minimum Bill
Next	2,000 Gallons	0.01645	Per Gallon
Next	3,000 Gallons	0.01350	Per Gallon
Next	3,000 Gallons	0.01205	Per Gallon
Over	10,000 Gallons	0.00979	Per Gallon

##### 1-Inch Meter

First	5,000 Gallons	\$80.06	Minimum Bill
Next	2,000 Gallons	0.01350	Per Gallon
Next	3,000 Gallons	0.01205	Per Gallon
Over	10,000 Gallons	0.00979	Per Gallon

##### 1 1/2-Inch Meter

First	10,000 Gallons	\$143.21	Minimum Bill
Over	10,000 Gallons	0.00979	Per Gallon

##### 2-Inch Meter

First	15,000 Gallons	\$192.16	Minimum Bill
Over	15,000 Gallons	0.00979	Per Gallon

##### 3-Inch Meter

First	30,000 Gallons	\$339.01	Minimum Bill
Over	30,000 Gallons	0.00979	Per Gallon



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