

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF CHRISTIAN COUNTY	)	2025-00309
WATER DISTRICT	)	

ORDER

On September 15, 2025, Christian County Water District (Christian 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

Christian District purchases water from Hopkinsville Water Environment Authority (Hopkinsville), Barkley Lake Water District (Barkley Lake District), and Todd County Water District (Todd District). On August 28, 2025, Hopkinsville filed revised tariff

documents¹ with the Commission to change its wholesale rate design and to increase its wholesale rates to Christian District.² Hopkinsville proposed to change its rate design from a 3-tier rate schedule using cubic feet to a single volumetric rate using gallons.³ Hopkinsville notified Christian District that its wholesale rate would change from \$2.96 per 100 cubic feet for the First 3,000 cubic feet (\$3.957 per 1,000 gallons),⁴ \$2.59 per 100 cubic feet for the Next 3,000 cubic feet (\$3.463 per 1,000 gallons),⁵ and \$1.88 per 100 cubic feet for All Over 6,000 cubic feet (\$2.513 per 1,000 gallons),⁶ to \$3.07 per 1,000 gallons, effective October 1, 2025.⁷ Christian District proposed to increase the water rates to its customers effective October 1, 2025, to reflect the increased cost of purchased water from Hopkinsville. Barkley Lake District and Todd District proposed no wholesale rate changes.

¹ Hopkinsville City Council adopted Municipal Order No. 36-2025 on August 19, 2025 which increased Hopkinsville Water Environment Authority's wholesale rates to Christian District per a rate study performed by HDR Engineering, Inc.

² TFS2025-00385 (Ky. PSC Aug. 28, 2025); Hopkinsville submitted the tariff on August 28, 2025, and the tariff was accepted for filing by the Commission by letter dated September 18, 2025, with an effective date of October 1, 2025.

³ Application (filed Sept. 15, 2025), Exhibit A, One cubic foot = 7.48 gallons.

⁴ \$0.0296 multiplied by 3,000 cubic feet = \$88.80 as the base cost of the First Tier. 3,000 cubic feet x 7.48 = 22,440 gallons which is equivalent to 3,000 cubic feet. \$88.80 divided by 22,440 gallons = \$0.003957 per gallon, which is equivalent to \$0.0296 per cubic feet.

⁵ \$0.0259 multiplied by 3,000 cubic feet = \$77.70 as the base cost of the Second Tier. 3,000 cubic feet x 7.48 = 22,440 gallons which is equivalent to 3,000 cubic feet. \$77.70 divided by 22,440 gallons = \$0.003463 per gallon, which is equivalent to \$0.0259 per cubic feet.

⁶ \$0.0188 multiplied by 1,000 cubic feet = \$18.80 as the cost of 1,000 cubic feet at the Third Tier. 1,000 cubic feet x 7.48 = 7,480 gallons which is equivalent to 1,000 cubic feet. \$18.80 divided by 7,480 gallons = \$0.002513 per gallon, which is equivalent to \$0.0188 per cubic feet.

⁷ TFS2025-00385 (Ky. PSC Aug. 28, 2025); Hopkinsville submitted the tariff on August 28, 2025, and the tariff was accepted for filing by the Commission by letter dated September 18, 2025, with an effective date of October 1, 2025.

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, Christian District reported a water loss of 16.3168 percent.⁸ In its 2023 Annual Report filed with the Commission, Christian District reported a water loss of 12.8706 percent.⁹ In its 2024 Annual Report filed with the Commission, Christian District reported a water loss of 16.8617 percent.¹⁰ Christian District's three-year water loss average is 15.3497 percent.¹¹ The cost of Christian District's total water loss using a three-year average is approximately \$225,876.61.¹²

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the 15 percent unaccounted-for water loss threshold. The Commission encourages Christian District to continue to pursue reasonable actions to reduce its unaccounted-for water loss.

⁸ *Annual Report of Christian District to the Public Service Commission for the Year Ended December 31, 2022* at 59.

⁹ *Annual Report of Christian District to the Public Service Commission for the Year Ended December 31, 2023* at 59.

¹⁰ *Annual Report of Christian District to the Public Service Commission for the Year Ended December 31, 2024* at 59 (unpublished as of the date of this Order).

¹¹ $16.3168\% + 12.8706\% + 16.8617\% = 46.0491/3 \text{ years} = 15.3497\%$.

¹² Total water cost at new wholesale rate of \$1,471,537.61 times 15.3497% water loss equals \$225,876.61. See Appendix A.

Financial Condition and Rates

In Case No. 2019-00041, the Commission discussed the problems that can occur when utilities intentionally avoid a review of their financial records by relying solely on financing cases to increase rates.¹³ A key recommendation from that proceeding was that water districts should monitor the sufficiency of their base rates closely and, in general, apply for base rate adjustments on a more frequent basis.¹⁴ Based on a review of Commission records, Christian District last sought a general base rate adjustment in 2021,¹⁵ in Case No. 2021-00369, which became final on March 17, 2022, and reflected a required revenue increase of \$189,995 or 5.08 percent.¹⁶ Based upon a review of the annual and audit reports filed with the Commission, Christian District's rate-based income, or adjusted net income minus principal payments, was negative from 2020 through 2024 but improved following the rate increase. Cash basis income, or rate-based income plus depreciation, was positive in all years. A chart summarizing cash basis and rate-based income is presented below.

¹³ Case No. 2019-00041, *Investigation Into Excessive Water Los by Kentucky's Jurisdictional Water Utilities* (Ky. PSC Nov. 22, 2019), final Order.

¹⁴ See Case No. 2019-00041, Nov. 22, 2019 final Order.

¹⁵ See Case No. 2021-00369, *Electronic Application of Christian County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 17, 2022).

¹⁶ See Case No. 2021-00369, March 17, 2022 final Order.

Description / Year	Notes	Audited 2020	Audited 2021	Audited 2022	Audited 2023	Annual Report 2024
Adjusted Net Income						
Net Income / (Loss)		\$ 321,036	\$ 55,615	\$ (29,967)	\$ 1,086,730	\$ 511,603
Other Non-recurring Items ()		(477,986)	(110,305)	(85,416)	(526,444)	0
Unrealized Gain / (Loss) on Investments		(22,556)	53,446	378,635	3,188	(83,180)
Non-Cash Pension and OPEB Expense / (Income)		211,232	110,733	31,869	(168,406)	12,653
Adjusted Net Income / (Loss)		\$ 31,726	\$ 109,489	\$ 295,121	\$ 395,068	\$ 441,076
Subtract: Principal Payments ()		(422,000)	(330,000)	(449,000)	(480,500)	(480,500)
Rate Based Income		\$ (390,274)	\$ (220,511)	\$ (153,879)	\$ (85,432)	\$ (39,424)
Add: Depreciation Expense		589,269	586,905	594,238	653,638	664,546
Cash Basis Income		\$ 198,995	\$ 366,394	\$ 440,359	\$ 568,206	\$ 625,122
Cash Basis Income as Percent of Depreciation						
		34%	62%	74%	87%	94%
Capital Spending		\$ 181,356	\$ 162,837	\$ 123,156	\$ 552,974	\$ 365,192
Cash and Investments						
Unrestricted Cash and Investments		\$ 983,388	\$ 880,875	\$ 780,766	\$ 1,170,004	\$ 1,540,314
Restricted Funds		3,306,209	3,784,591	3,632,129	3,358,898	3,505,314
Adjusted Cash Balances		4,289,597	4,665,466	4,412,895	4,528,902	5,045,628
Net Increase (Decrease) in Cash		\$ 514,104	\$ 375,869	\$ (252,571)	\$ 116,007	\$ 516,726
Selected Statistical Information (PSC Annual Reports)						
Customer Count	(1)	5,871	6,045	6,321	6,537	6,648
Gallons Purchased		485,833	524,296	544,125	498,126	532,741
Gallons Sold		380,714	392,015	409,884	423,884	431,110
Gallons Used for Internal Use		28,621	41,912	45,457	10,130	11,802
Water Loss Gallons		76,498	90,369	88,784	64,112	89,829
System Use Percentage		5.8911%	7.9940%	8.3541%	2.0336%	2.2153%
Water Loss Percentage		15.7457%	17.2363%	16.3168%	12.8706%	16.8617%
Gallons Sold Per Customer Per Month		5,404	5,404	5,404	5,404	5,404
Revenues from the Sale of Water		\$ 3,601,759	\$ 3,757,371	\$ 3,923,107	\$ 4,084,607	\$ 4,139,359
Purchased Water Expense		1,219,214	1,312,756	1,340,534	1,285,214	1,219,615
Purchased Water Expense Over 15% Water Loss		9,092	29,357	17,653	0	22,705
Water Loss Expense Over 15% as Percentage of Water Revenue		0.25%	0.78%	0.45%	0.00%	0.55%

(1) Christian District did not report customer count for 2021 through 2024 in its annual report. Staff interpolated customer count based on 2020 average gallons sold per customer.

Given this information, Christian District shall file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, an application for an alternative rate adjustment pursuant to 807 KAR 5:076 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, no later than July 31, 2026, based on 2025 financial performance. Any filing for a rate adjustment filed under KRS 278.023 does not relieve or provide Christian District from this requirement.

Purchased Water Adjustment Factor

In its application, Christian District proposed a purchased water adjustment factor of \$0.62 per 1,000 gallons.¹⁷ During the 12 months ended July 31, 2025, Christian District purchased 414,444,900 gallons of water from Hopkinsville, 69,177,900 gallons of water from Barkley Lake District, and 1,429,200 gallons of water from Todd District.¹⁸ Christian District sold 374,057,805 gallons of water to its customers.¹⁹ The increase in the cost of purchased water from Hopkinsville is approximately \$230,792.09 resulting in a purchased water adjustment factor of \$0.62 per 1,000 gallons. No rate changes occurred from Barkley Lake District or Todd District.

The purchased water adjustment factor of \$0.62 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 Christian District on and after October 1, 2025, because the rates are supported by evidence of the increase in rates from Christian 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 \$0.62 per 1,000 gallons is approved.
2. The rates proposed by Christian District are approved.

¹⁷ Application at 2.

¹⁸ Application, Exhibit B.

¹⁹ Application, Exhibit B.

3. The rates as set forth in Appendix B to this Order are approved for water service rendered by Christian District on and after October 1, 2025.

4. Within 20 days of the date of service of this Order, Christian District shall file with the Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets showing the rates approved herein.

5. On or before July 31, 2026, Christian District shall file an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, an application for an alternative rate adjustment pursuant to 807 KAR 5:076, or, in the alternative, a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications are necessary. Any filing for a rate adjustment filed under KRS 278.023 does not relieve Christian District from this requirement.

6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:

 
Executive Director



Case No. 2025-00309

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00309 DATED OCT 15 2025

	Base Rate	New Rate	Change
<u>Hopkinsville</u>			
Purchases in Gallons	22,440	22,440	
Rate per 1,000 Gallons	<u>\$3.957/1,000</u>	<u>\$3.07/1,000</u>	
Subtotal	\$88.80	\$68.89	(\$19.90)
<u>Hopkinsville</u>			
Purchases in Gallons	22,440	22,440	
Rate per 1,000 Gallons	<u>\$3.463/1,000</u>	<u>\$3.07/1,000</u>	
Subtotal	\$77.71	\$68.89	(\$8.82)
<u>Hopkinsville</u>			
Purchases in Gallons	414,400,020	414,400,020	
Rate per 1,000 Gallons	<u>\$2.513/1,000</u>	<u>\$3.07/1,000</u>	
Subtotal	\$1,041,387.25	\$1,272,208.06	\$230,820.81
<u>Barkley Lake District</u>			
Purchases in Gallons	69,177,900	69,177,900	
Rate per 1,000 Gallons	<u>\$2.81/1,000</u>	<u>\$2.81/1,000</u>	
Sub-total	\$194,389.90	\$194,389.90	no change
<u>Todd District</u>			
Purchases in Gallons	1,429,200	1,429,200	
Rate per 1,000 Gallons	<u>\$3.36/1,000</u>	<u>\$3.36/1,000</u>	
Sub-total	\$4,802.11	\$4,802.11	no change
Total	\$1,240,745.77	\$1,471,537.85	
Increased water cost			\$230,792.09
Divided by Gallons sold/1,000			<u>374,057,805</u>
Purchased water adjustment factor per 1,000 gallons			\$0.6170
			or \$ 0.00062 per gallon

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00309 DATED OCT 15 2025

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

5/8 X 3/4-Inch Meter

Minimum Bill		\$20.65	Minimum Bill
All Usage		0.00749	Per Gallon

1-Inch Meter

First	5,000 Gallons	\$58.42	Minimum Bill
Over	5,000 Gallons	0.00749	Per Gallon

1 1/2-Inch Meter

First	10,000 Gallons	\$95.89	Minimum Bill
Over	10,000 Gallons	0.00749	Per Gallon

2-Inch Meter

First	50,000 Gallons	\$395.58	Minimum Bill
Over	50,000 Gallons	0.00749	Per Gallon

4-Inch Meter

First	100,000 Gallons	\$770.19	Minimum Bill
Over	100,000 Gallons	0.00749	Per Gallon

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