

informal conferences; neither party filed comments or requested corrections to the memoranda.

At the second informal conference, Cawood discussed efforts to reduce line loss by identifying and repairing leaks, and stated that the district's board of commissioners was putting an increased emphasis on reducing its unaccounted-for water loss. Dr. Damaa stated that for now he is satisfied that Cawood is taking appropriate action to address the issues raised in his complaint.

At the conclusion of the second informal conference, Commission Staff requested Cawood to file within three weeks of the date of the conference the following information: (1) an outline of steps Cawood District has taken to address the issues raised in Dr. Damaa's complaint, including line loss; (2) monthly water loss reports for 2016; (3) a copy of reports submitted to Cawood District's board of commissioners regarding water line leaks; and (4) a system map for the area of its service territory in which Dr. Damaa resides. Cawood filed the requested information on March 9, 2017. According to the monthly water loss reports, Cawood had unaccounted-for monthly water losses ranging from a low of 42.95 percent in June 2016, to a high of 60.56 percent in February 2016.

Finding that Cawood was continuing to experience unacceptably high unaccounted-for water loss, the Commission by Order entered April 26, 2017, required Cawood to file into the record by May 8, 2017, monthly water line loss reports for January, February, March, and April 2017, and a description of the efforts Cawood is taking to obtain funding for water line leak detection, repair, and replacement. The Commission also ordered Dr. Damaa to file into the record by May 18, 2017, a

statement indicating whether he is satisfied with Cawood's response to the issues raised in his complaint, or whether he requests a formal hearing to further pursue these issues.

In response to the April 26, 2017 Order, Cawood filed monthly water loss reports for January, February, and March 2017. Cawood did not file a monthly water loss report for April 2017, and stated that flooding in Harlan County had made it impossible for it to read many meters in April. Cawood reported a monthly water loss of 38.43 percent in January 2017, 48.69 percent in February 2017, and 45.6 percent in March 2017. Cawood stated that its board is exploring possible sources of funding for leak detection and line replacement and repair, including local, state, and federal funding, and is considering applying to the Commission for a rate increase.

Dr. Damaa did not file any statement in response to the Commission's April 26, 2017 Order.

The Commission finds that because Dr. Damaa stated at the Informal Conference held on February 9, 2017, that he is satisfied Cawood is taking appropriate action to address the issues raised in his complaint, and because Dr. Damaa failed to request a formal hearing in response to the Commission's April 26, 2017 Order, Dr. Damaa's complaint should be dismissed with prejudice. The Commission further finds, however, that Cawood is continuing to experience unacceptably high unaccounted-for water loss.

The Commission notes that in its 2015 Annual Report, Cawood reported a water loss of 45.0579 percent. Commission regulation 807 KAR 5:066(6)(3) states that "for rate making purposes a utility's unaccounted-for water loss shall not exceed fifteen (15)

percent of total water produced and purchased, excluding water consumed by a utility in its own operations.” Reduction of Cawood’s unaccounted-for water loss to 15 percent would result in an approximate \$38,877¹ decrease to its cost of water. Potentially, Cawood is paying \$0.47² per 1,000 gallons sold for expenses associated with unaccounted-for water loss greater than 15 percent.

The Commission is placing greater emphasis on monitoring utilities that consistently exceed the fifteen (15) percent unaccounted-for water loss threshold and strongly encourages Cawood to pursue reasonable actions to reduce its unaccounted-for water loss. Failure by Cawood to make significant progress towards reducing unaccounted-for water loss may cause the Commission to pursue additional action with the utility.

IT IS THEREFORE ORDERED that:

1. The complaint of Dr. Damaa is dismissed with prejudice.
2. This case is closed and removed from the Commission’s docket.

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Purchased Water	\$	35,306
Purchased Power for Pumping		63,397
Chemicals		30,638
		<hr style="width: 100%;"/>
Cost of Water		129,341
Times: Line Loss Above 15 Percent		30.0579%
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Expense Reduction to Cost of Water	\$	38,877

² Potential purchased water expense reduction divided by sales (\$38,877/(82,005,000/1,000) equals \$0.4741/1,000.

By the Commission

ENTERED
JUL 11 2017
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Acting 
Executive Director

*Georges Damaa
386 Read Mix Rd.
Harlan, KENTUCKY 40831

*Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY 40815

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54 Plant Road
P. O. Box 429
Cawood, KY 40815