

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MORGAN COUNTY WATER)	
DISTRICT'S UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2021-00206
MONITORING)	

ORDER

This matter arises upon Morgan County Water District's (Morgan District) request to disburse funds for its water loss reduction plan surcharge.

LEGAL STANDARD

On June 9, 2021, the Commission established this proceeding to monitor the collection and expenditure of an unaccounted-for water loss reduction plan surcharge. In the June 9, 2021 Order, the Commission prohibited the use of the surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.¹ The Commission also ordered Morgan District to file a description of the purpose of each payment from the account and invoices supporting each payment in a monthly report.²

BACKGROUND

Morgan District has a history of significant water loss, which can both reflect and cause financial distress to a utility. In Case No. 2020-00386, the Commission approved

¹ Order (Ky. PSC June 9, 2021), ordering paragraph 8.

² Order (Ky. PSC June 9, 2021), ordering paragraph 6.

a monthly surcharge of \$5.87 per active meter for 48 months, or until \$399,726 had been assessed, whichever occurs first to fund Morgan District's unaccounted-for water loss reduction efforts.³ This proceeding was subsequently opened to monitor Morgan District's collection and expenditures of the water loss prevention surcharge to ensure that the surcharge was used solely to improve Morgan District's efforts to reduce water loss.

REIMBURSEMENT REQUEST

Morgan District requested to pay three vendors for water loss prevention-related expenditures. Morgan District requested to disburse \$7,000 to SE Diving Services, LLC (SE Diving Services) to repair a leak in its Ezel Tank.⁴ Morgan District also submitted an invoice for \$7,825 to Metron-Farnier Smart Water Meters & Systems (Metron-Farnier), for the replacement of one zone meter and two master meters.⁵ Morgan District explained these meters were no longer functioning properly and their replacement will assist in getting accurate flow rates to calculate water loss. Finally, Morgan District submitted an invoice for \$42,620 to Keetech Construction HDD & Utilities, LLC (Keetech) for replacement of 300 feet of 8-inch water line and the addition of an 8-inch grate valve along Highway 1010.⁶ Morgan District explained this was a section of its line suspected of leaking, and the repairs appear to be successful, as the area has dried up since their completion.

³ Case No. 2020-00386, *Electronic Application of Morgan County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC June 9, 2021), final Order at 24.

⁴ Morgan District Letter and Invoice (filed Jan. 17, 2023).

⁵ Morgan District Letter and Invoice (filed Jan. 17, 2023).

⁶ Morgan District Letter and Invoice (filed Jan. 20, 2023).

DISCUSSION AND FINDINGS

The Commission finds that Morgan District's requests for reimbursement from the surcharge proceeds should be granted. This is because for each request, Morgan District submitted invoices for the expenses and provided written explanations of how each purchase is specifically related to Morgan District's efforts to reduce water loss. Morgan District explained that the Ezel tank had a suspected leak that needed repair to prohibit water loss from that tank. The replacement of the zone meter and master meters will assist Morgan District in accurately measuring water loss. Lastly, the replacement of the water line and addition of the grate valve on Highway 1010 appears to have remedied a suspected leak that was previously resulting in water loss.

Further, Morgan District sought the permission of the Commission to expend the funds from the surcharge account to pay the various expenses in advance of making any disbursements from the surcharge account.

The Commission directs Morgan District that, in future invoice filings, Morgan District should continue to include a detailed, written explanation with each invoice that it submits for payment from the surcharge account, stating in detail what the invoice is for and how it relates to Morgan District's efforts to reduce unaccounted-for water loss.

IT IS THEREFORE ORDERED that:

1. Morgan District's request to disburse \$7,000 to SE Diving Services, \$7,825 to Metron-Farnier, and \$42,620 to Keetech from the water loss prevention surcharge is granted.

2. In all future requests for reimbursement, Morgan District shall include a copy of the invoice and detailed description what has been purchased and how the purchase relates to Morgan District's efforts to reduce unaccounted-for water loss.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ENTERED
FEB 14 2023
rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

*Morgan County Water District
1009 Hwy 172
West Liberty, KY 41472

*Morgan County Water District
Morgan County Water District
1009 Hwy 172
West Liberty, KY 41472