

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC WHITLEY COUNTY WATER)	
DISTRICT #1 UNACCOUNTED-FOR WATER)	CASE NO.
LOSS REDUCTION PLAN, SURCHARGE AND)	2023-00083
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Whitley County Water District #1’s (Whitley District #1) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2022-00321.¹ Information provided by Whitley District #1 in its past five Annual Reports filed with the Commission reflect the following:²

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2021	34.1937%	\$ 742,734	\$ 142,552	\$ 253,975
2020	40.8174%	770,027	198,823	314,325
2019	37.1003%	692,158	166,810	270,634
2018	33.7511%	608,649	114,122	205,419
2017	23.8095%	589,725	51,955	140,414

In order to address Whitley District #1’s excessive unaccounted-for water loss, the Commission ordered Whitley District #1 to assess a monthly Water Loss Reduction

¹ Case No. 2022-00321, *Electronic Application of Whitley County Water District #1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 30, 2023).

² *Annual Reports of Whitley District #1 to the Public Service Commission for the Years Ending (Annual Report) December 31, 2021; 2020 Annual Report; 2019 Annual Report; 2018 Annual Report; and 2017 Annual Report.*

Surcharge of \$2.76 per active meter for 48 months, or until \$570,282 has been assessed, whichever occurs first, and that a review of the necessity to continue the surcharge beyond the 48-month period be conducted before its expiration. Consistent with the findings in Case No 2022-00321, the Commission finds that:

1. Within 120 days of the date of service of the Commission's final Order in Case No. 2022-00321, Whitley District #1 should file with the Commission a qualified infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that establishes priorities and a time schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge.

2. Whitley District #1 should deposit surcharge collections in a separate interest-bearing account.

3. On the 15th day of each month for 48 months from the date of service of the Commission's final Order in Case No. 2022-00321 or until all surcharge proceeds are expended, Whitley District #1 should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the form attached to this Order as an Appendix, a monthly surcharge bank statement, a list of each payment from the account, its payee, and a description of the purpose, and invoices supporting each payment.

4. On the 15th day of each month for 48 months from the date of service of the Commission's final Order in Case No. 2022-00321 or until all surcharge proceeds are

expended, Whitley District #1 should file a monthly water loss report with the Commission.³

5. Whitley District #1 should not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

6. Whitley District #1 should file requests to use surcharge proceeds into the record of this proceeding. The request should include a complete description of the equipment, project, or service for which approval is sought; bids, invoices, or price quotes as applicable; and a statement describing how the proposed purchase, project, or service is related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

7. Whitley District #1 should consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

8. Whitley District #1 should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When Whitley District #1 collects the surcharge from the customers, it should debit special funds and credit the customer account.

10. One year after the date of service of this Order and annually thereafter, Whitley District #1 should file, in the record of this proceeding, a schedule of the estimated and actual progress of the water loss detection and repair program and estimated and

³ The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)".

actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

11. Whitley District #1 should respond to any requests for information propounded by Commission Staff according to the date set forth in the request.

12. Whitley District #1's failure to comply with any conditions attached to its assessment of the surcharge will result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

IT IS THEREFORE ORDERED that:

1. This case is opened to monitor Whitley District #1's Water Loss Reduction Surcharge proceeds and collections.

2. The record of Case No. 2022-00321 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of the Commission's final Order in Case No. 2022-00321, Whitley District #1 shall file with the Commission a qualified infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that establishes priorities and a time schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge.

4. Whitley District #1 shall deposit surcharge collections in a separate interest-bearing account.

5. On the 15th day of each month for 48 months from the date of service of the Commission's final Order in Case No. 2022-00321, or until all surcharge proceeds are expended, Whitley District #1 shall file with the Commission a monthly activity report

that includes a statement of monthly surcharge billings and collections using the form attached to this Order as an Appendix, a monthly surcharge bank statement, a list of each payment from the account, its payee, and a description of the purpose, and invoices supporting each payment.

6. On the 15th day of each month for 48 months from the date of service of the Commission's final Order in Case No. 2022-00321, or until all surcharge proceeds are expended, Whitley District #1 shall file a monthly water loss report with the Commission.⁴

7. Whitley District #1 shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

8. Whitley District #1 shall file all requests to use surcharge proceeds in the record of this proceeding. A request shall include a complete description of the equipment, project, or service for which approval is sought; bids, invoices, or price quotes as applicable; and a statement describing how the proposed purchase, project, or service is related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

9. Whitley District #1 shall consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

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10. Whitley District #1 shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.


11. When Whitley District #1 collects the surcharge from the customers, it shall debit special funds and credit the customer account.


12. One year after the date of service of this Order and annually thereafter, Whitley District #1 shall file, in the record of this proceeding, a schedule of the estimated and actual progress of the water loss detection and repair program and estimated and actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

13. Whitley District #1 shall respond to any requests for information propounded by Commission Staff as provided in those requests.

14. Whitley District #1's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
APR 14 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00083 DATED APR 14 2023

Selected Financial Information and Better / Worse (B / (W)) Performance

Year Ended December 31, 202__

A	B	C	D	E	F D - C	G E - D	F C - D
Month	Record as Sales	Billings	Collections	Deposits	Collections B / (W) Billings	Deposits B / (W) Collections (1)	Billings B / (W) Recorded Sales (1)
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Specify the general ledger account where the surcharge is recorded _____.

(1) Explain reasons for difference if amount does not equal zero.

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KENTUCKY 40206

*Sandra Smith
Manager
Whitley County Water District #1
19 S Highway 25W
Williamsburg, KY 40769

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Williamsburg, KY 40769