

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC HARRISON COUNTY WATER)	CASE NO.
ASSOCIATION, INC. UNACCOUNTED-FOR)	2023-00355
WATER LOSS REDUCTION PLAN, SURCHARGE)	
AND MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Harrison County Water Association, Inc. (Harrison Water) unaccounted-for water loss reduction plan surcharge, was approved in Case No. 2023-00154.¹ Information provided by Harrison Water in the past three Annual Reports filed with Commission reflects the following:

Year	Unaccounted for Water Loss Percentage	Purchased Water and Power Expense	Cost of Water Loss in Excess of 15 Percent
2022	20.8656 ²	\$1,611,402 ³	\$95,518
2021	22.0300 ⁴	1,526,568 ⁵	107,318
2020	21.1717 ⁶	1,506,546 ⁷	92,980

¹ Case No. 2023-00154, *Electronic Application of Harrison County Water Association, Inc. for an Alternative Rate Adjustment*, (Ky. PSC. Jan. 11, 2024).

² *Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57.

³ 2022 Annual Report at 50.

⁴ *Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57.

⁵ 2021 Annual Report at 50.

⁶ *Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57.

⁷ 2020 Annual Report at 50.

2019	17.8519 ⁸	1,385,503 ⁹	39,513
2018	4.1949 ¹⁰	1,254,360 ¹¹	-
<u>Total</u>		<u>\$7,284,379</u>	<u>\$334,329</u>

In order to address Harrison Water’s excessive unaccounted-for water loss, the Commission ordered Harrison Water to assess a monthly Water Loss Reduction Surcharge of \$1.43 per customer per month over 48 months or until \$425.362 has been assessed, whichever occurs first. Consistent with the findings in Case No. 2023-00154, the Commission finds that:

1. Within 120 days of the date of service of this Order, Harrison Water should file, into the record of this proceeding, a Qualified Infrastructure Improvement Plan (QIIP), 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. Harrison Water 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 this Order or until all surcharge proceeds are expended, Harrison Water should file, into the record of this proceeding, a monthly activity report that includes a statement of monthly surcharge

⁸Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2019 (2019 Annual Report) at 57.

⁹ 2019 Annual Report at 50.

¹⁰ Annual Report of Harrison Water to the Public Service Commission for the Calendar Year Ended December 31, 2018 (2018 Annual Report) at 57.

¹¹ 2018 Annual Report at 50.

billings and collections using the format in the Surcharge Reporting form, located on the Commission's website,¹² a monthly surcharge bank statement, and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

4. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Harrison Water should file, into the record of this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form located on the Commission's website.¹³

5. Harrison Water should not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

6. Harrison Water should file all requests to use surcharge proceeds in the record of this proceeding. A 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 QIIP and the goal of reducing unaccounted-for water loss.

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

¹² The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

¹³ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

8. Harrison Water should debit monthly billings for the surcharge to customers' accounts received and credit the contribution account.

9. When Harrison Water collects the surcharge from the customers, it should debit special funds and credit the customer account.

10. For the purpose of evaluating whether adjustments in the surcharge are required, Harrison Water should file, into the record of this proceeding, an annual report of surcharge activity and water loss improvement progress no later than April 30 of each year. The report should be based on the preceding year ended December 31 with reported annual surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Harrison Water's audited financial statements. Cumulative surcharge billings and expenditures should also be reported. A schedule of the estimated and actual progress of the program, actual expenditures made with surcharge proceeds, and encumbered amounts of future surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount should be provided.

11. Harrison Water should respond to any requests for information propounded by Commission Staff by the date set forth in the request.

12. Harrison Water's failure to comply with any conditions attached to its assessment of the surcharge should result in termination of the surcharge and the refund of collected surcharge proceeds disbursed on expenses or projects outside the scope of the expenses and projects approved by the Commission.

IT IS THEREFORE ORDERED that:

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

2. The record in Case No. 2023-00154 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, Harrison Water shall file with the Commission, into the record of this proceeding, a QIIP, 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. Harrison Water 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 this Order or until all surcharge proceeds are expended, Harrison Water shall file,, into the record of this proceeding, a monthly activity report that includes a statement of monthly surcharge billings and collections using the format in the Surcharge Reporting form¹⁴; a monthly surcharge bank statement; and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

6. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Harrison Water shall file, into this

¹⁴ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form.¹⁵

7. Harrison Water shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

8. Harrison Water 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 QIIP and the goal of reducing unaccounted-for water loss.

9. Harrison Water 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.

10. Harrison Water shall debit monthly billings for the surcharge to customers' accounts received and credit the contribution account.

11. When Harrison Water collects the surcharge from the customers, it shall debit special funds and credit the customer account.

12. No later than April 30 of each year, Harrison Water shall file, into the record of this proceeding, a report of surcharge activity and water loss improvement progress based on the preceding year ended December 31 with reported annual surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Harrison Water's audited

¹⁵ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

financial statements. Cumulative surcharge billings and expenditures shall also be reported. A schedule of the estimated and actual progress of the program, actual expenditures made with surcharge proceeds, and encumbered amounts of future surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount shall be provided.

13. Harrison Water shall respond to any requests for information propounded by Commission Staff, by the date set forth in the request, as a result of the required filings regarding the surcharge as provided in those requests.

14. Harrison Water'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 collected surcharge proceeds disbursed on expenses or projects outside the scope of expenses and projects approved by the Commission.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED

JAN 11 2024

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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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