

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CANNONSBURG WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2014-00267
MONITORING)	

ORDER

This matter arises upon Cannonsburg Water District's (Cannonsburg District) request to disburse funds from its water loss reduction surcharge.

This case was initially established by Order issued August 7, 2014, to monitor Cannonsburg District's utilization of surcharge proceeds, which were authorized in Case No. 2011-00217¹ to fund its unaccounted-for water loss reduction efforts. By Order issued May 13, 2019, the Commission approved a new monthly surcharge of \$4.00 per active meter for 48 months, or until \$680,000 had been assessed, whichever occurs first, to further fund Cannonsburg District's unaccounted-for water loss reduction efforts.² The May 13, 2019 Order prohibited the use of the surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.³ The Commission also ordered Cannonsburg District to continue filing three monthly reports: "for the billing activity and requests for disbursements from the surcharge

¹ Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges* (Ky. PSC June 4, 2012).

² Order (Ky. PSC May 13, 2019).

³ Order (Ky. PSC May 13, 2019) at 4, ordering paragraph 5c.

account/accounts, the activity report on operations to reduce water loss, and the water loss report.”⁴

Cannonsburg District ceased collection of the water loss surcharge in July 2023;⁵ however, it has continued to file the required monthly surcharge reports to date.

REQUEST FOR APPROVAL TO USE SURCHARGE FUNDS

Cannonsburg District requested approval to use all remaining water loss surcharge funds towards the cost of constructing its proposed Shopes Creek Road Area Water System Improvement Project (Project).⁶ Cannonsburg District stated that, during this proceeding, it identified pump station rehabilitation and water main replacement as two of the top five priorities to be addressed in capital spending projects designed to address water loss.⁷ Cannonsburg District stated the Project addressed both of these priorities.⁸ Cannonsburg District explained the Project involves replacing several infrastructure components such as Asbestos Cement pipe, Blue Max and polyethylene service lines, and non-rust-resistant service tap saddles, which are known to be the source of frequent leaks in the Project area.⁹ For this reason, Cannonsburg District stated it considered the Project to be the next logical step in its continuing efforts to reduce its water loss.¹⁰

⁴ Order (Ky. PSC May 13, 2019) at 3, ordering paragraph 5d.

⁵ Cannonsburg District's Response to Commission Staff's Fourth Request for Information (filed Dec. 7, 2023), Item 1.

⁶ Cannonsburg District's Motion for Authority to Use Surcharge Funds (Motion) (filed May 6, 2025).

⁷ Motion at 1-2.

⁸ Motion at 2.

⁹ Motion at 2-3.

¹⁰ Motion at 3.

The Project was first introduced to Commission Staff by Cannonsburg District at an informal conference held on March 16, 2021.¹¹ Cannonsburg District has since regularly updated Commission Staff concerning the progress of the design, planning, and funding for the Project by including it in its regular monthly filings in the record of this proceeding.¹² On February 10, 2025, Commission Staff held an informal conference with Cannonsburg District. At that time, Cannonsburg District provided an update on the Project and confirmed it would file an application for a Certificate of Public Convenience and Necessity (CPCN) and financing approval for the Project and would seek to use all remaining surcharge funds to partially fund the Project.¹³

Cannonsburg District applied for and was granted a CPCN for the Project by Order issued June 18, 2025, in Case No. 2025-00020.¹⁴ As approved in that proceeding, Cannonsburg District will finance the Project with a combination of grants, loans, and surcharge funds. As stated above, Cannonsburg District proposed to use all of its remaining Surcharge Funds, approximately \$484,196,¹⁵ to partially fund the Project.

The Commission finds that Cannonsburg District's request for approval to use all remaining surcharge proceeds towards the cost of the Project should be granted. Cannonsburg District has met all filing requirements, kept the Commission advised

¹¹ Motion at 2.

¹² Motion at 2.

¹³ Motion at 2; see also Notice of Filing Informal Conference Memo (Ky. PSC Feb. 18, 2025).

¹⁴ Case No. 2025-00020, *Electronic Application of Cannonsburg Water District for a Certificate of Public Convenience and Necessity and Financing of the Shopes Creek Road Area Water System Improvements Project* (Ky. PSC June 18, 2025).

¹⁵ At the time its motion was filed, Cannonsburg District's surcharge fund contained approximately \$484,196, however, the most recent monthly surcharge report filed June 30, 2025, indicates the current balance is approximately \$487,320.86.

throughout the proceeding of its plan to use the water loss surcharge funds towards the Project, and sought Commission permission prior to expending funds from the surcharge account. Cannonsburg District was granted a CPCN for the Project and provided an explanation of how the Project is necessary in its continued efforts to decrease water loss.


IT IS THEREFORE ORDERED:

1. Cannonsburg District's request to disburse all remaining funds from the water loss reduction surcharge is granted.
2. Upon expenditure of all water loss surcharge funds, Cannonsburg District shall file notice with the Commission that all surcharge funds are expended.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



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