

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 June 9, 2021 Order, 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.⁴ Morgan District requested to disburse \$5,990.00 to Gator-Made, Inc. for a leak trailer that was purchased on June 13, 2022.⁵ The trailer is used to store and transport leak repair equipment to the site of a leak. Morgan District asserted that the trailer eliminates multiple trips to the Morgan District workshop to obtain necessary parts for repairing the leaks because it enables Morgan District to transport a greater assortment of leak repair equipment and parts to the work site. As a result, the leak trailer enables Morgan District to repair leaks more quickly and efficiently than would otherwise be possible without the trailer.

Morgan District also submitted an invoice dated June 23, 2022, for \$4,604.00 for the purchase of equipment from Hydra-Stop. Morgan District explained that the purchase was for parts used for a gate valve insertion. Morgan District further explained that

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 The Commission notes that Morgan District filed a request on July 8, 2022 to disburse funds to Bear Traxx, however this was a duplicate request for a disbursement that was approved by Order entered March 11, 2022.

⁵ Morgan District Letter and Invoice (filed Jul. 8, 2022).

equipment purchased allows Morgan District to install leak detection equipment in one of Morgan District's zone meter pits without disrupting any water service to customers.

Finally, Morgan District submitted an invoice dated July 22, 2022, for \$8,543.64 from Metron-Farnier for the purchase of cellular meters and antennas. Of the total amount, \$4,380 is for 12 rotary piston meters costing \$365.00 apiece; \$3,600 is for 12 external antenna units costing \$300 apiece; and \$480 is for 24 pit mount antennas costing \$20 apiece. Morgan District explained that it is in the process of replacing older radio-read meters with a newer, cellular and cloud-based software system that will, among other things, allow for real time leak detection. Morgan District is testing 24 meters with software that enables them to monitor delayed customer water usage and enables Morgan District to locate customer leaks faster and more efficiently. In addition, this new system will enable a customer of Morgan District to log into the Morgan District system to see their water usage and also will allow the customer to set up text message alerts when the customer has leaks.

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 leak trailer from Gator-Made allows Morgan District to repair leaks more quickly and with greater efficiency because the utility can transport leak repair equipment and parts to the leak site instead of making multiple trips between the leak site and the utility workshop to obtain needed equipment and parts. The purchase of

equipment from Hydra-Stop allowed Morgan District to insert unaccounted-for water loss reduction equipment without interrupting service to customers. The purchase of meters and antennas from Metron-Farnier will enhance the utility's ability to monitor for and detect leaks more quickly.

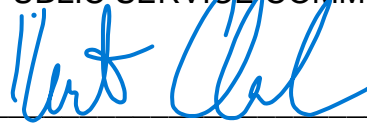
Further, Morgan District sought the permission of the Commission to expend the funds from the surcharge account to pay the various expenses in advance of making any disbursements from the surcharge account.

The Commission notes that the initial invoice filings did not contain sufficient information and thus required Morgan District to make additional filings to provide sufficient information for the Commission to make a determination. The Commission directs Morgan District that, in future invoice filings, Morgan District must 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 \$5,990.00 to Gator-Made Inc., \$4,604.00 to Hydra-Stop, and \$8,543.64 to Metron-Farnier 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.

PUBLIC SERVICE COMMISSION

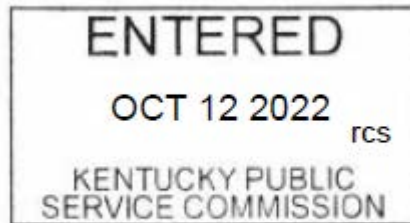


Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

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