

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC BEECH GROVE WATER SYSTEM,	)	
INC. UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2022-00318
MONITORING	)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Beech Grove Water System, Inc.'s (Beech Grove Water) Water Loss Reduction surcharge, which was approved in Case No. 2022-00054.<sup>1</sup> The Commission approved Beech Grove Water's motion to assess a monthly surcharge and approved a charge of \$6.30 per customer for 48 months, or until \$177,304 has been assessed, whichever occurs first, to fund its unaccounted-for water loss reduction efforts. The Commission found that the surcharge was subject to a number of conditions. Consistent with the findings in Case No. 2022-00054, the Commission finds that:

1. Within 120 days of the date of service of this Order, Beech Grove Water 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.

---

<sup>1</sup> Case No. 2022-00054, *Electronic Application of Beech Grove Water System, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Sept. 27, 2022).

2. Beech Grove 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 service of this Order or until all surcharge proceeds are expended, Beech Grove Water should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections, 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 this Order or until all surcharge proceeds are expended, Beech Grove Water should file a monthly water loss report with the Commission.<sup>2</sup>

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

6. Beech Grove Water 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.

7. Beech Grove Water should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

8. When Beech Grove Water collects the surcharge from the customers, it should debit special funds and credit the customer account.

---

<sup>2</sup> The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)."

9. One year after the date of service of this Order and annually thereafter, Beech Grove Water should file in Case No. 2022-00318 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.

10. Beech Grove Water'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 Beech Grove Water's Water Loss Reduction Surcharge proceeds collection and expenses.

2. The record of Case No. 2022-00054 is incorporated by reference in Case No. 2022-00318.

3. Within 120 days of the date of service of this Order Beech Grove Water 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. Beech Grove 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 service of this Order or until all surcharge proceeds are expended, Beech Grove Water shall file with the Commission a monthly activity report that includes a statement of monthly

surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, 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 this Order or until all surcharge proceeds are expended, Beech Grove Water shall file a monthly water loss report with the Commission.<sup>3</sup>

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

8. Beech Grove 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.

9. Beech Grove Water shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

10. When Beech Grove Water collects the surcharge from the customers, it shall debit special funds and credit the customer account.

11. One year after the date of service of this Order and annually thereafter, Beech Grove Water shall file in Case No. 2022-00318 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

---

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

12. Beech Grove Water's failure to comply with any of the 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

PUBLIC SERVICE COMMISSION

  
Chairman

Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

\*Beech Grove Water System, Inc.  
445 State Route 56 North  
Calhoun, KY 42327

\*Chad McHahon  
President  
Beech Grove Water System, Inc.  
445 State Route 56 North  
Calhoun, KY 42327

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