

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CUMBERLAND COUNTY WATER	)	
DISTRICT UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00228
MONITORING	)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Cumberland County Water District’s (Cumberland District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2022-00291.<sup>1</sup> Information provided by Cumberland District in its past five Annual Reports filed with the Commission reflect the following<sup>2</sup>:

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2017	28.8870%	\$ 403,191	\$ 50,390	\$ 116,470
2018	34.6381%	462,112	79,355	160,067
2019	39.8999%	503,940	110,949	201,072
2020	40.6964%	534,818	121,212	217,652
2021	35.2088%	477,272	85,666	168,042

In order to address Cumberland District’s excessive unaccounted-for water loss, the Commission ordered Cumberland District to assess a monthly Water Loss Reduction Surcharge of \$2.85 per active meter for 48 months, or until \$386,460 has been assessed,

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<sup>1</sup> Case No. 2022-00291, *Electronic Application of Cumberland County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 5, 2023).

<sup>2</sup> *Annual Reports of Cumberland District to the Public Service Commission for the Years Ending (Annual Report) December 31, 2017, 2018 Annual Report, 2019 Annual Report, 2020 Annual Report, and 2021 Annual Report.*

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. 2022-00291,<sup>3</sup> the Commission finds that:

1. Within 120 days of the date of service of this Order, Cumberland District 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. Cumberland District 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, Cumberland District should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the format in the Surcharge Reporting form<sup>4</sup>, 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, Cumberland District should file a monthly water loss report with the Commission.<sup>5</sup>

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<sup>3</sup> Case No. 2022-00291, Oct. 5, 2023 final Order, ordering paragraphs 10 and 11

<sup>4</sup> The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab "Surcharge Reporting (Excel format)".

<sup>5</sup> The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)"

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

6. Cumberland District 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. Cumberland District 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. Cumberland District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When Cumberland District 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, Cumberland District should file 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 surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Cumberland District's audited financial statements.

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

12. Cumberland District'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 Cumberland District's Water Loss Reduction Surcharge proceeds and collections.

2. The record of Case No. 2022-00291 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, Cumberland District 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. Cumberland District 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, Cumberland District shall file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the Surcharge Reporting form located on the Commission's website, 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 this Order or until all surcharge proceeds are expended, Cumberland District shall file a monthly water loss report with the Commission.

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

8. Cumberland District 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. Cumberland District 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. Cumberland District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

11. When Cumberland District 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, Cumberland District shall file, in 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 Cumberland District audited financial statements. Cumulative surcharge billings and expenditures shall also be reported. A schedule of the estimated and actual progress of the water loss detection and repair 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.

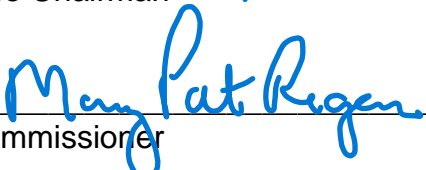
13. Cumberland District shall respond to any requests for information propounded by Commission Staff as provided in those requests.

14. Cumberland District'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  
OCT 05 2023 bsb  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
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