

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CAWOOD WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2021-00150
MONITORING)	

ORDER

By Order issued on April 9, 2021, in Case No. 2020-00311¹ the Commission approved an unaccounted-for water loss reduction surcharge for Cawood Water District (Cawood District) and ordered Cawood District to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Cawood District's surcharge billings, collections, deposits, and expenditures. On December 8, 2023, Cawood District filed a proposed QIIP as part of a response to Commission Staff's First Request for Information (Staff's First Request).²

LEGAL STANDARD

The Commission approved a \$1.12 per meter surcharge for 48 months to fund Cawood District's water loss control efforts.³ Pursuant to Commission regulation 807 KAR 5:066, Section 6(3), for ratemaking purposes, a utility's unaccounted-for water loss shall not exceed 15 percent of the total water produced or purchased, excluding water

¹ Case No. 2020-00311, *Electronic Alternative Rate Adjustment Filing of Cawood Water District* (Ky. PSC Apr. 9, 2021).

² Cawood District's Response to Staff's First Request (filed Dec. 8, 2023), Item 2.

³ Case No. 2020-00311, Apr. 9, 2021 Order at 13.

consumed by a utility in its own operations. In Cawood District's 2021 Annual Report, Cawood District reported a water loss of 21.60 percent.⁴

Cawood District was ordered to file a QIIP with the Commission that contained 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."⁵

DISCUSSION AND FINDINGS

Cawood District retained Kenvirons to draft its QIIP.⁶ The QIIP was broken down into three sections: Water Loss Prevention and Leak Detection Program; Surcharge Funded Capital Improvements; and Proposed Major Capital Improvement projects.

The Water Loss Prevention and Leak Detection program section consisted of eleven actions Cawood District had previously begun, and included as part of its routine procedures and activities.⁷ These activities include, but are not limited to: replacing and testing customer meters at regular intervals; reading meters at the approximately same time each month; keeping accurate daily and monthly logs; holding monthly meetings to discuss the unaccounted for water loss reduction efforts; and replacing service lines as issues are found.⁸

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

⁵ Order (Ky. PSC Apr. 8, 2021), ordering paragraph 3; Case No. 2020-00311, April 9, 2021 Order, ordering paragraph 7a.

⁶ Cawood District's Response to Staff's First Request, Item 2 at 1.

⁷ Cawood District's Response to Staff's First Request, Item 2 at 5.

⁸ Cawood District's Response to Staff's First Request, Item 2 at 4 and 5.

Cawood District stated that, based on funding availability, it intends to use surcharge funds for several projects.⁹ Cawood District stated that most of the gate valves in the initial distribution system are non-functional and that there are also faulty valves in other parts of its system as well. Cawood District intends to initially replace eight gate valves at an estimated cost of \$6,000 each for a total cost of \$48,000.¹⁰ Cawood District stated the remaining gate valves that may need replacement would cost approximately \$1,000 to \$8,500 for the purchase and installation of the valves. Once the gate valves are installed, Cawood District also intends to use water loss surcharge funds to install four internal zone meters at an estimated cost of \$12,000 each for a total cost of \$48,000.¹¹

Cawood District also stated that as funding allows, it intends to use water loss surcharge funds to install additional leak detection, or by-pass meters throughout its system where the system is currently lacking them. Cawood District estimates that purchase and installation will cost approximately \$750 each and estimates a need for six by-pass meters.¹²

Lastly, Cawood District intends to seek a Kentucky Infrastructure Authority Cleaner Water grant of \$360,244 to fund a major capital improvement project. Cawood District stated that the project will replace approximately three miles of eight-inch main including

⁹ Cawood District's Response to Staff's First Request, Item 2 at 6.

¹⁰ Cawood District's Response to Staff's Second Request for Information (Staff's Second Request) (filed Jan. 31, 2024), Item 1.

¹¹ Cawood District's Response to Staff's Second Request, Item 1.

¹² Cawood District's Response to Staff's Second Request, Item 1.

internal master (zone) meter, pressure reducing station, valves, blow-offs, and other appurtenances.¹³

The Commission finds that the proposed QIIP filed by Cawood District in response to Staff's First Request, specifically "Section 3.0 Surcharge Funded Capital Improvements", satisfies the final Order in Case No. 2020-00311, and the opening Order to this proceeding, requiring the filing of a QIIP. Further the Commission finds that Section 3.0 of the QIIP entitled "Surcharge Funded Capital Improvements" on pages 6 and 7 of the plan is approved and Cawood District may spend surcharge proceeds on the items contained in that section of the plan. The Commission notes that all other requirements set out in the final Order of Case No. 2020-00311 and the opening Order in this proceeding are still in effect.

IT IS HEREBY ORDERED that:

1. The QIIP filed by Cawood District in response to Staff's First Request, specifically Section 3, Surcharge Funded Capital Improvements, satisfies the final Order in Case No. 2020-00311, and the opening Order to this proceeding, requiring the filing of a QIIP.
2. Cawood District may use surcharge proceeds to purchase gate valves, zone meters, and by-pass meters.
3. All reporting requirements set forth in the April 8, 2021 Order in this proceeding remain in effect.
4. Cawood District shall file, with its monthly surcharge report due on the 15th of each month, a list of each payment made from the surcharge account, its payee, and

¹³ Cawood District's Response to Staff's First Request, Item 2, at 8.

a description of the purpose of each payment or purchase made using surcharge funds, including invoices supporting each payment.

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

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