

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC BIG SANDY WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2022-00301
MONITORING)	

ORDER

By Order issued September 13, 2022, in Case No. 2022-00441,¹ the Commission approved an unaccounted-for water loss reduction surcharge for Big Sandy Water District (Big Sandy District). The Commission opened this proceeding to monitor Big Sandy District's surcharge billings, collection, deposits, and expenditures. On January 27, 2025, Big Sandy District filed a motion seeking authorization to use surcharge funds (Authorization Motion) for multiple purchases.² On May 1, 2025, the Commission entered an Order in response to that motion to use surcharge funds. On May 20, 2025, Big Sandy District filed a Motion for Rehearing stating that the May 1, 2025 Order failed to address a request for authorization to use water loss surcharge funds for two pipeline replacement projects, Bear Creek Road and Friendship Road Replacement Project.³

¹ Case No. 2022-00044, *Electronic Application of Big Sandy Water District for an Adjustment of Its Water Rates Pursuant to 807 KAR 5:076* (Ky. PSC Sept. 13, 2022).

² Big Sandy Districts Motion for Authorization for use of Surcharge Funds (filed January 27, 2025).

³ Big Sandy District's Motion for Rehearing (filed May 20, 2025) at 2.

LEGAL STANDARD

Parties may, pursuant to KRS 278.400, file for rehearing on Commission Orders, and the Commission must grant or deny the request within 20 days after it is filed. If the Commission does not file an Order within the 20 days, the request is deemed denied. Additionally, KRS 278.400 establishes the standard of review for motions for rehearing, requiring that only evidence which “could not with reasonable diligence have been offered on the former hearing” be considered.

Furthermore, KRS 278.400 is intended to provide closure to Commission proceedings, thus it is only available to correct material errors or omissions, findings that are unreasonable or unlawful, or to present new evidence that was not readily discoverable at the time of the original hearing. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

DISCUSSION AND FINDINGS

In the September 13, 2022 opening Order in this case, the Commission prohibited the use of surcharge proceeds for reimbursement of unaccounted-for water loss expenses without prior Commission approval.⁴ The Commission also ordered Big Sandy District to file a description of the purpose of each payment from the account and invoices supporting payment in a monthly report.⁵

The Commission finds that Big Sandy District properly requested to use the surcharge funds for the Bear Creek Road and Friendship Road Replacement Projects in its Authorization Motion. By error or omission, the Commission failed to address the two

⁴ Order (Ky. PSC Sept. 13, 2022), ordering paragraph 7.

⁵ Order (Ky. PSC Sept. 13, 2022), ordering paragraph 5.

requests in its May 1, 2025 Order, and thus finds that the motion for rehearing should be granted.

As part of its Authorization Motion, Big Sandy District requested the Commission authorize the use of water loss surcharge funds for the Bear Creek Road Replacement Project (Bear Creek Project), with an estimated cost of \$775,000, and the Friendship Road Replacement Project (Friendship Road Project), with an estimated cost of \$1,040,000.⁶ Big Sandy District stated it selected these two projects as these areas have the most leaks.⁷ Furthermore, Big Sandy District provided notice of filing an updated Qualified Infrastructure Improvement Plan (QIIP).⁸ The QIIP provided that Big Sandy District was aware that the balance of the water loss surcharge account would not be sufficient to cover the cost of all the proposed projects, and that it would be seeking other sources of funding.⁹ Big Sandy District also stated that it would prefer to construct both replacement projects at the same time or in rapid succession, but, if funding is unavailable that it will prioritize the Bear Creek Project.¹⁰ Big Sandy District provided project estimates for both projects.¹¹ As of Big Sandy District's most recent monthly update, it currently has a balance of \$456,475.48 in its water loss surcharge account.¹²

⁶ Big Sandy District's Motion for Authorization for use of Surcharge Funds (Motion for Authorization for use of Surcharge Funds) (filed Jan. 27, 2025) at 5 and Exhibit G.

⁷ Motion for Authorization for use of Surcharge Funds at 5 and Exhibit G.

⁸ Motion for Authorization for use of Surcharge Funds, Exhibit A.

⁹ Motion for Authorization for use of Surcharge Funds, Exhibit A.

¹⁰ Motion for Authorization for use of Surcharge Funds at 5.

¹¹ Motion for Authorization for use of Surcharge Funds, Exhibit G.

¹² Big Sandy District's April Billing and Collections (filed May 15, 2025).

The Commission, having considered Big Sandy District's request to utilize water loss surcharge funds for the Bear Creek Project and the Friendship Road Projects as detailed in Big Sandy District's Authorization Motion, finds that the requests should be granted. Big Sandy District provided an estimate of the costs of the projects and stated that the projects would be replacing water lines in a high leak area. Pursuant to information in the record, with this Order, the Commission only authorizes the use of surcharge funds up to the amount actually collected, remaining in the account, not to exceed the total amount to be collected by the original Order establishing the surcharge.

IT IS THEREFORE ORDERED that:

1. Big Sandy District's request for rehearing is granted.
2. Big Sandy District's request for authorization to use water loss surcharge funds towards the two replacement projects, Bear Creek Road Replacement Project and Friendship Road Replacement Project, is granted up to the amounts available in the water loss surcharge account.

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman



Commissioner

ATTEST:



Executive Director



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