

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

On April 16, 2026, Big Sandy Water District (Big Sandy District) filed a notice of amendment to Infrastructure Improvement Plan and motion for authorization for use of surcharge proceeds. Big Sandy District sought to amend its previous request to use surcharge funds regarding the Approved Water Line Replacement Projects,<sup>1</sup> authorization to use \$105,000 of surcharge funds to perform an emergency water line relocation project, and authorization to use \$394,800 of surcharge funds to replace all remaining customer meters that are ten years or older.<sup>2</sup>

BACKGROUND

By Order issued September 13, 2022, in Case No. 2022-00044, the Commission authorized Big Sandy District to assess a monthly water surcharge to fund its unaccounted-for water loss reduction efforts,<sup>3</sup> ordered it to file a qualified infrastructure improvement plan (QIIP) with the Commission, and required that Big Sandy District not

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<sup>1</sup> Order (Ky PSC June 9, 2026).

<sup>2</sup> Big Sandy District's Notice of Amendment to Infrastructure Improvement Plan and Motion for Authorization for use of Surcharge Proceeds (Motion) (filed Apr. 16, 2026).

<sup>3</sup> 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), Order at 19, ordering paragraph 7.

use water loss surcharge proceeds without prior approval.<sup>4</sup> The Commission opened this proceeding to monitor Big Sandy District's surcharge billings, collection, deposits, and expenditures.<sup>5</sup> On June 9, 2025, the Commission granted Big Sandy District's request for authorization to use water loss surcharge funds towards the two water line replacement projects, Bear Creek Road Replacement Project, and Friendship Road Replacement project (Approved Water Line Replacement Projects).<sup>6</sup>

As of the Big Sandy District's monthly March 2026 filing \$731,111.87 was available in its water loss surcharge account.<sup>7</sup>

### DISCUSSION AND FINDINGS

#### Modification of Approved Water Line Replacement Project Request

Big Sandy District stated that, on June 9, 2025, the Commission granted its request to use surcharge proceeds to construct the Approved Water Line Replacement Projects, and that it now seeks to modify the request.<sup>8</sup> Big Sandy District stated that the original request provided the estimated cost of the Approved Water Line Replacement Projects at \$1,555,000, and as a result of Approved Water Line Replacement Projects costs exceeding the available amount of surcharge funds, the district sought funding through a U.S. Department of Agriculture (USDA), Office of Rural Development (RD) loan.<sup>9</sup> Big Sandy District stated that the RD loan would also cover three additional water line

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<sup>4</sup> Case No. 2022-00044, Sept. 13, 2022 Order at 12 and ordering paragraph 8.

<sup>5</sup> Order (Ky. PSC Sept. 13, 2022).

<sup>6</sup> Order (Ky PSC June 9, 2026).

<sup>7</sup> Big Sandy District's Monthly Surcharge Report filed (Apr. 15, 2026).

<sup>8</sup> Motion at 2.

<sup>9</sup> Motion at 2.

replacement projects as well as replacing the White’s Creek Booster Pump Station (RD Project) with a total project cost of \$4,000,000.<sup>10</sup> Big Sandy District stated it still intends to use a portion of the surcharge funds to partially fund the Approved Water Line Replacement Project, approximately \$570,000.<sup>11</sup>

In a letter filed by Big Sandy District on June 11, 2025, the district indicated that the Commission’s Order approving the initial request for the projects mistakenly listed the cost of the Friendship Creek portion of the Approved Water Line Replacement project as having an estimated cost of \$1,040,000,<sup>12</sup> whereas Big Sandy District’s request had stated the estimated cost as \$780,000.00.<sup>13</sup> However, the Order did not specifically authorize an amount of surcharge funds which could be used but rather authorized the use of surcharge funds up to the amount available in the water loss surcharge account.<sup>14</sup>

The Commission, having considered Big Sandy District’s request, finds it should be granted authority to utilize up to \$570,000 of water loss surcharge funds, subject to the balance of the surcharge account. The Commission has previously found that the use of surcharge funds for this project was appropriate.<sup>15</sup>

The Commission finds, on its own motion, that the error in the body of the June 9, 2025 Order on page 3 which incorrectly stated “...the Friendship Road Replacement

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<sup>10</sup> Motion at 2.

<sup>11</sup> Motion at 7.

<sup>12</sup> Big Sandy District’s Letter (filed June 11, 2026), and Order (Ky. PSC June 9, 2025) at 3 “...and the Friendship Road Replacement Project (Friendship Road Project), with an estimated cost of \$1,040,000.”

<sup>13</sup> Big Sandy District’s Notice of Amendment to Infrastructure Improvement Plan and Motion for Authorization for use of Surcharge Proceeds (Jan. 27, 2025) Exhibit C at 7.

<sup>14</sup> Order (Ky PSC June 9, 2025) ordering paragraph 2.

<sup>15</sup> Order (Ky PSC June 9, 2026).

Project (Friendship Road Project), with an estimated cost of \$1,040,000” should be corrected, *nunc pro tunc*, to the date of entry of that Order to reflect that correct amount stated by Big Sandy District as \$780,000.

#### Waterline Relocation Project

In its pending motion, Big Sandy District sought authorization to use water loss surcharge funds for an emergency water line relocation project, for 300 feet of water line along U.S. Highway 23.<sup>16</sup> The cost of the line relocation was provided as \$105,000, which included \$6,000 for the cost of previous repairs.<sup>17</sup> Big Sandy District stated that the line has failed twice in the last two months and that it has lost approximately 1,500,000 gallons of water due to the failures, and that the 1,000 households the line serves lost water for two days during one of the line failures.<sup>18</sup> Big Sandy District stated that the area suffers from subsidence, and its consulting engineer has opined that future failures are nearly inevitable.<sup>19</sup> Big Sandy District’s Chairman declared an emergency and obtained quotes for the labor and materials needed to relocate the line.<sup>20</sup> Engineering plans and cost estimates were provided with the pending motion.<sup>21</sup>

Having considered the motion, the Commission finds Big Sandy District’s request for authorization to use water loss surcharge funds for an emergency water line relocation project and for previous repairs to the same water line at a cost of \$105,000 should be

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<sup>16</sup> Motion at 3.

<sup>17</sup> Motion at 1.

<sup>18</sup> Motion at 3 and 4.

<sup>19</sup> Motion at 4.

<sup>20</sup> Motion at 4

<sup>21</sup> Motion, Exhibit 3.

granted. Big Sandy District has sufficient funds available in its water loss surcharge funds and all filing requirements were met.

### Meters

In the motion, Big Sandy District also sought authorization to purchase Neptune MACH-10 water meters to replace the 1,103 customer meters on its system.<sup>22</sup> Big Sandy District stated that the Commission had previously authorized it to purchase Neptune MACH-10 meters and that it has been “very pleased” with the performance of the meters.<sup>23</sup> Big Sandy District estimated that 22 percent of the district’s 5/8 x 3/4 -inch meters are ten years old or older, and that, as meters age, they become less accurate particularly measuring flow rates.<sup>24</sup> Big Sandy District stated it believes the older meters are contributing to the high unaccounted for water loss<sup>25</sup> and by replacing the older meters, it will bring Big Sandy District back into compliance with 807 KAR 5:066, Section 16.<sup>26</sup> Big Sandy District solicited bids through newspaper publication for the purchase of 1,200 new meters.<sup>27</sup> One supplier responded and tendered two bids, the first estimate was \$384,800, if the meters are purchased by June 30, 2026, and another estimate for \$410,400, if the meters are purchased after that date.<sup>28</sup>

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<sup>22</sup> Motion at 5.

<sup>23</sup> Motion at 5, and Order (Ky. PSC May 30, 2023), ordering paragraph 1.

<sup>24</sup> Motion at 5.

<sup>25</sup> Motion at 5.

<sup>26</sup> Motion at 5.

<sup>27</sup> Motion, Exhibit 5.

<sup>28</sup> Motion at 6 and Exhibit 6.

Having considered the motion, the Commission finds that the request for authorization of water loss surcharge funds to replace 1,103 meters that are over ten years old should be granted. The Commission recognizes the bids provided by the vendor were for 1,200 meters; Big Sandy District requested approval for approval for 1,103 meters so that is the maximum amount the Commission authorizes. Thus, Big Sandy District should be authorized to use \$362,887 of water loss surcharge funds for that purpose.<sup>29</sup> If Big Sandy District files a subsequent motion seeking authorization to use water loss surcharge funds for the purchase of the additional meters, the Commission will take it into consideration.

IT IS THEREFORE ORDERED that:

1. Big Sandy District's request to modify its request regarding the Approved Water Line Replacement Project is granted.
2. Big Sandy District is authorized to use up to the lesser of \$570,000 or the available amount in the water loss surcharge fund for the approved Water Line Replacement Project.
3. Big Sandy District is authorized to use \$105,000 of water loss surcharge funds for the emergency water line relocation of 300 feet of water line along U.S. Highway 23.
4. Big Sandy District is authorized to use water loss surcharge funds for the purchase of 1,103 Neptune MACH-10 Meters to replace the remaining customer meters that are 10 years or older up to \$362,887.

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<sup>29</sup> The provided total cost of 1,200 meters was \$394,800, for a per meter cost of \$329. The 92 meters included on the quote that exceed the stated number of meters that are ten years or older (1,103) has a value of \$31,913, which had been subtracted from the requested amount.

5. The statement, "...the Friendship Road Replacement Project (Friendship Road Project), with an estimated cost of \$1,040,000", in the first full paragraph on page 3 of the June 9, 2025 Order, is stricken, *nunc pro tunc*, and replaced with "...the Friendship Road Replacement Project (Friendship Road Project), with an estimated cost of \$780,000."

6. For each of these approvals, Big Sandy District shall file proof of actual expenditures and transfers in its monthly surcharge reports.

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Entered on this 15th day of May, 2026.

PUBLIC SERVICE COMMISSION



\_\_\_\_\_  
Angie Hatton  
Chair



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Mary Pat Regan  
Commissioner



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Andrew W. Wood  
Commissioner

ATTEST:



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Linda C. Bridwell, PE  
Executive Director

## Service List for 2022-00301

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Catlettsburg, KY 41129

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