

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

By Order issued September 27, 2022, in Case No. 2022-00054¹ the Commission approved an unaccounted-for water loss reduction surcharge for Beech Grove Water System, Inc. (Beech Grove Water) and ordered Beech Grove Water to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Beech Grover Water’s surcharge billings, collection, deposits, and expenditures. On April 14, 2023, Beech Grove Water filed a proposed QIIP.²

LEGAL STANDARD

The Commission approved a \$6.30 per customer per month surcharge for 48 months, or until \$177,304 has been assessed, whichever comes first, to address its excessive unaccounted-for water loss.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. 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 Infrastructure Improvement Plan (filed April 14, 2023).

³ Case No. 2022-00054, Sept. 27, 2022 Order at 22.

consumed by a utility in its own operations. In Beech Grove Water's 2020 Annual Report, Beech Grove Water reported a water loss of 29.38 percent.⁴

Beech Grove Water was ordered to file a qualified infrastructure improvement plan with the Commission. According to the Commission's final Order in Case No. 2022-00054, and the opening Order in this proceeding, the infrastructure improvement plan should contain 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 provided a detailed spending plan for the proceeds of a surcharge."⁵

DISCUSSION AND FINDINGS

In the propose QIIP Beech Grove sought approval of two projects and the purchase of an underground utility radar locating device. The first project Beech Grove Water proposed was to hire Reveal Underground Systems to assist with the leak detection and repair of all meters and fire hydrants on Beech Grove Water's system.⁶ Beech Grove Water did not supply a quote or an estimation of the total cost of hiring Reveal Systems. Beech Grove Water did state that the project would take approximately eight days for listening, 18 days for logging, plus additional time for repairs.⁷

The Commission finds that the request to expend water loss surcharge funds to hire Reveal Underground Systems should be continued due to a lack of specificity to the

⁴ *Annual Report of Beech Grove Water to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57.

⁵ Opening Order, ordering paragraph 3; Case No. 2022-00054, Sept. 27, 2022 Order, ordering paragraph 9a.

⁶ Infrastructure Improvement Plan (filed April 14, 2023).

⁷ Beech Grove Water's Response to Commission Staff's Third Request for Information (Staffs Third Request) (filed Sept. 26, 2023), Item 2 (c).

request, including the cost, and for Commission Staff to conduct more discovery in relation to it.

The second project that Beech Grove Water sought approval for in its QIIP was to purchase approximately 300 meters with built in leak detection technology from United System. Beech Grove stated the estimated total cost of this project would be approximately \$278,430.⁸ This cost would include the purchase of the meters, relevant equipment, the computer software to read the meters, and in house training.⁹ There would also be an associated monthly cost of \$1,514.¹⁰

The Commission finds that the request to expend water loss surcharge funds to purchase the meters and related services from United Systems should be continued due to a lack of specificity to the request and for Commission Staff to conduct more discovery in relation to it.

Beech Grove Water also sought approval to purchase a Leica DS200 Utility Detection Rader, and associated hardware for a total cost of \$44,115.80.¹¹ Beech Grove Water stated that this equipment would assist them with locating lost water lines it is currently unable to locate, and locating leaks more quickly.¹²

The Commission finds that the purchase of a Leica DS200 and associated hardware will assist in reducing water loss. The Commission also finds that Beech Grove

⁸ Beech Grove Water's Corrected Response to Staffs Third Request for Information (filed on Sept. 27, 2023), Item 4; see also Beech Groves Water's Response to Staffs Third Request, unnumbered second attachment.

⁹ Beech Groves Water's Response to Staffs Third Request, unnumbered second attachment.

¹⁰ Beech Groves Water's Response to Staffs Third Request, unnumbered second attachment.

¹¹ Beech Groves Water's Response to Staffs Third Request, unnumbered third attachment.

¹² Beech Groves Water's Response to Staffs Third Request, item 2(c).

Water may not purchase the equipment until such time that the balance in its water loss surcharge accounts equals or exceeds the cost of the equipment, and only so long as the price does not exceed 15 percent of the current cost of \$44,115.80 at the time of purchase.

IT IS THEREFORE ORDERED that:

1. The purchase of a Leica DS200 Utility Detection Rader and associated equipment using water loss surcharge funds is approved so long as the funds available in the water loss surcharge account can cover the full purchase price and the purchase price has not increased by more than 15 percent from the \$44,115.80 at the time of purchase.

2. The other projects listed in the QIIP are continued for further discovery.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


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