

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC NORTH MANCHESTER WATER)	
ASSOCIATION, INC. UNACCOUNTED-FOR)	CASE NO.
WATER LOSS REDUCTION PLAN, SURCHARGE)	2024-00024
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring North Manchester Water Association, Inc.’s (North Manchester Water) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2023-00183.¹ Information provided by North Manchester Water in its past five Annual Reports filed with the Commission reflects the following:²

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2022	22.6164%	\$ 207,145	\$ 15,777	\$ 46,849
2021	25.8658%	193,290	21,003	49,996
2020	33.5267%	191,817	35,537	64,310
2019	17.8071%	189,278	5,313	33,705
2018	14.8964%	180,111	-	26,830

¹ See Case No. 2023-00183, *Electronic Application of North Manchester Water for Alternative Rate Adjustment* (Ky. PSC May 3, 2024), final Order, ordering paragraph 5.

² *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report). *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report). *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report). *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2019* (2019 Annual Report). *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2018* (2018 Annual Report).

To address North Manchester Water’s excessive unaccounted-for water loss, the Commission ordered North Manchester Water to assess a monthly Water Loss Reduction Surcharge of \$3.63 per active meter for 48 months, or until \$ 342,904 has been assessed, 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 2023-00183, the Commission finds that:

1. Within 120 days of the date of service of this Order, North Manchester Water should file into the record of this proceeding a Qualified Infrastructure Improvement Plan (QIIP), 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. North Manchester Water should deposit surcharge collections into 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, North Manchester Water should file into the record of this proceeding, a monthly activity report that includes a statement of monthly surcharge billings and collections using the format in the Surcharge Reporting form,³ a monthly surcharge bank statement, and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

³ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

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, North Manchester Water should file, into the record of this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form located on the Commission's website.⁴

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

6. North Manchester Water 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. North Manchester Water should consider all surcharge collections as contributions and should account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

8. North Manchester Water should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When North Manchester Water collects the surcharge from the customers, it should debit special funds and credit the customer account.

⁴ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

10. For the purpose of evaluating whether adjustments in the surcharge are required, North Manchester Water should file, into the record of this proceeding, 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 North Manchester Water 's audited financial statements. Cumulative surcharge billings and expenditures over the life of the surcharge should also be included, a schedule of the estimated and actual progress of the water loss detection and repair program. This report should include encumbered amounts of future surcharge proceeds.

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

12. North Manchester Water '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 collected surcharge proceeds disbursed on expenses or projects outside the scope of the expenses and projects approved by the Commission.

IT IS THEREFORE ORDERED that:

1. This case is opened to monitor North Manchester Water's Water Loss Reduction Surcharge proceeds and collections.

2. The record of Case No. 2023-00183 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, North Manchester Water 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. North Manchester Water shall deposit surcharge collections into 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, North Manchester Water shall file into this proceeding, a monthly activity report that includes a statement of monthly surcharge billings and collections using the Surcharge Reporting form,⁵ a monthly surcharge bank statement, and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

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, North Manchester Water shall file into this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form.⁶

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

⁵ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

⁶ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

8. North Manchester Water shall file all requests to use surcharge proceeds into 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. North Manchester Water 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. North Manchester Water shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

11. When North Manchester Water 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, North Manchester Water shall file into the record of this proceeding, a report of surcharge activity and water loss improvement progress based upon 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 North Manchester Water 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. North Manchester Water shall respond to any requests for information propounded by Commission Staff as provided in those requests.

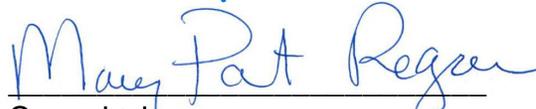
14. North Manchester Water's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of collected surcharge proceeds disbursed on expenses or projects outside the scope of expenses and projects approved by the Commission.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
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KENTUCKY PUBLIC
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