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NEWS RELEASE

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PSC Opens Case to Revamp Water Loss Reporting *Commission wants greater accuracy and consistency from water utilities*

FRANKFORT, Ky. (Dec. 18, 2018) – The Kentucky Public Service Commission (PSC) has opened a case to examine and improve the way in which water utilities in the state measure, record and report the loss of water from their systems.

In an order issued today, the PSC set out a proposed mandatory water loss reporting procedure, providing utilities with a reporting form and instructions on its use. The order directs utilities to provide information on how they currently calculate water loss and to provide any comments or questions on the form proposed by the PSC.

The PSC recently has placed greater emphasis on the problem of unaccounted for water loss – water which a utility produces or purchases, but which is never recorded as sold to customers or used in other ways, such as for fire protection or by the utility itself. Most unaccounted for water loss is due to system leaks, line breaks or other operational or infrastructure problems.

PSC regulations cap water loss at 15 percent for purposes of rate calculations. Water loss above that level represents a financial loss to the utility.

While most water utilities in Kentucky report water loss at close to or below 15 percent, a substantial number regularly exceed that figure, with a handful regularly reporting water loss in excess of 50 percent.

“The Commission views excessive water loss as a potential warning sign as to the financial health and well-being of jurisdictional water utilities,” the PSC said in its order. “Water loss is lost potential revenue, and excessive water loss can have many negative effects, from higher rates for consumers to the ultimate failure of a utility.”

The PSC noted that many utilities have difficulty calculating their water loss. The proposed form is intended to assist in that process, the PSC said.

Jurisdictional water utilities – water districts, water associations and investor-owned utilities – were made parties to the case and given 30 days in which to respond to the PSC’s questions. The PSC does not regulate municipal water utilities, and they are not included in the proceeding.

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At the conclusion of the proceeding, the PSC will determine whether to use the reporting form as proposed or to modify it. Once a final form is issued, the PSC will revise other reporting requirements for water utilities, such as annual reports, to be consistent with the form, thus permitting easy transfer of data.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2018-00394.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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