

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CUMBERLAND COUNTY WATER)	
DISTRICT UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2023-00228
MONITORING)	

ORDER

On September 16, 2025, Cumberland County Water District (Cumberland District) filed a motion for approval to expend water loss surcharge funds for the purchase of distribution zone metering equipment and customer radio read metering equipment in accordance with its revised qualified infrastructure improvement plan (QIIP) dated December 31, 2024.

BACKGROUND

The Commission initiated this case on October 5, 2023, to monitor Cumberland District’s Water Loss Reduction Surcharge that was approved in Case No. 2022-00291.¹ The October 5, 2023 Order required Cumberland District to file a QIIP with the Commission.² Cumberland District was also ordered not use any surcharge proceeds without prior Commission authorization.³

¹ Case No. 2022-00291, *Electronic Application of Cumberland County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Oct. 5, 2023).

² Case No. 2022-00291, (Ky. PSC Oct. 5, 2023), Order, ordering paragraph 11(a).

³ Case No. 2022-00291, (Ky. PSC Oct. 5, 2023), Order ordering paragraph 11(e).

On December 30, 2024, Cumberland District filed a revised proposed QIIP.⁴ The revised QIIP included the proposal to use surcharge funds to replace ten existing master meters that are approaching ten years in age with new master meters, install 18 new cellular antennas at each of the existing zone meters, and replace 1,135 residential radio read meters that are known to be either over or approaching ten years in service.⁵

DISCUSSION AND FINDINGS

On September 16, 2025, Cumberland District requested approval to expend water loss surcharge funds to purchase the distribution zone metering equipment and customer radio read metering equipment in accordance with the meter replacement project presented in its QIIP.⁶ Cumberland District received bids for the Water Loss Reduction Improvements – Metering Equipment Supply Contract which consisted of the supply and delivery of various potable water metering equipment including associated hardware, software, setup and training required.⁷ The only bid, received from Neptune Equipment Company, LLC (NECO), included a phased equipment supply contract such that the purchase of the various metering equipment would coincide with the collection of surcharge funds over the approved 48-month period which began in October 2023.⁸ Cumberland District accepted the NECO bid and contract in the amount of \$369,659,

⁴ Revised QIIP (filed Dec. 30, 2024). (Cumberland District previously filed an initial QIIP on Jan. 30, 2024, and an amended QIIP on July 10, 2024, and Sept. 20, 2024.)

⁵ Revised QIIP at 2.

⁶ Motion for Authority to Use Surcharge Funds (filed Sept. 16, 2025) (Motion) at unnumbered PDF page 1.

⁷ Motion at unnumbered PDF page 1.

⁸ Motion at unnumbered PDF page 1.

pending Commission approval for expenditure of surcharge funds for the various metering equipment.⁹

In its motion, Cumberland District requested that the Commission authorize the following expenditures of surcharge funds to NECO in accordance with the bid:¹⁰

A) \$45,788 for Bid Item No. 1 - Distribution Zone Meter Equipment, to be made in the 3rd Quarter of 2025.

B) \$79,850 for Bid Item No. 2 – Customer Radio Read Meter Equipment, to be made in the 3rd Quarter of 2025.

C) \$32,010 for Bid Item No. 3 – Customer Radio Read Meter Equipment, to be made in the 4th Quarter of 2025.

D) \$34,270 for Bid Item No. 4 – Customer Radio Read Meter Equipment, to be made in the 1st Quarter of 2026.

E) \$34,270 for Bid Item No. 5 – Customer Radio Read Meter Equipment, to be made in the 2nd Quarter of 2026.

F) \$34,312 for Bid Item No. 6 – Customer Radio Read Meter Equipment, to be made in the 3rd Quarter of 2026.

G) \$34,312 for Bid Item No. 7 – Customer Radio Read Meter Equipment, to be made in the 4th Quarter of 2026.

H) \$37,392 for Bid Item No. 8 – Customer Radio Read Meter Equipment, to be made in the 1st Quarter of 2027.

⁹ Motion at unnumbered PDF page 1.

¹⁰ Motion at unnumbered PDF pages 2-3, Exhibit A.

I) \$37,455 for Bid Item No. 9 – Customer Radio Read Meter Equipment, to be made in the 2nd Quarter of 2027.

J) \$37,455 for Bid Item No. 10 – Customer Radio Read Meter Equipment, to be made in the 3rd Quarter of 2027.

Cumberland District further stated it will install all metering equipment to be purchased with surcharge funds using district personnel and resources.¹¹ The Commission notes installation labor is considered Capital Investment and Cumberland District should accumulate the labor cost of installation and properly capitalize those costs upon completion of the project.

The Commission finds that use of surcharge funds for the requested expenditures should be granted, as the proposed purchase of metering equipment in connection with the meter replacement project presented in the QIIP is in the interest of reducing water loss. Cumberland District currently has funds available in the water loss surcharge account for the requested quarterly payments to NECO through the fourth quarter of 2025.¹² For the two quarterly payments to NECO for 2025, as well as all further proposed quarterly payments, Cumberland District shall file proof of payment in the record and shall obtain prior Commission approval should any requested expenditures exceed the amounts requested.

IT IS THEREFORE ORDERED that:

1. Cumberland District's motion is granted.

¹¹ Motion at unnumbered PDF page 3.

¹² September 2025 Water Loss/Surcharge Report (filed Oct. 9, 2025).

2. Cumberland District shall file into the record proof of all payments made for the expenditures as referenced herein.

3. Cumberland District shall obtain prior Commission approval for any expenditure that exceeds the amount approved here.


4. Cumberland District shall accumulate the labor cost of installation and properly capitalize those costs upon completion of the project.

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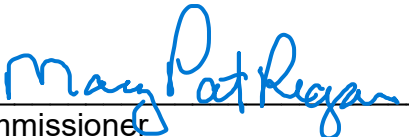
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



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