

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

| | | |
|-------------------------------------|---|------------|
| ELECTRONIC HENDERSON COUNTY WATER |) | |
| DISTRICT UNACCOUNTED FOR WATER LOSS |) | CASE NO. |
| REDUCTION PLAN, SURCHARGE AND |) | 2023-00333 |
| MONITORING |) | |

ORDER

This matter arises upon Henderson County Water District's (Henderson District) motions requesting to use surcharge funds filed on April 25, 2025¹ and May 8, 2025.²

BACKGROUND INFORMATION

Henderson District has a history of significant water loss, which can both be reflected in the service provided by and cause financial distress to, a utility. On December 13, 2023, in Case No. 2023-00101,³ the Commission approved a monthly surcharge of \$1.87 per active meter for 48 months, or until \$584,220 has been assessed, whichever occurs first to fund Henderson District's unaccounted-for water loss reduction efforts.⁴

¹ Henderson District's Motion to Use Surcharge Funds (April Motion) (filed Apr. 25, 2025).

² Henderson District's Motion to Use Surcharge Funds (May Motion) (filed May 8, 2025).

³ Case No. 2023-00101, *Electronic Application of Henderson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*.

⁴ Case No. 2023-00101, Dec. 13, 2023 Order at 3, 17.

This proceeding was subsequently opened to monitor Henderson District's collection and expenditures of the water loss prevention surcharge to ensure that the surcharge was used solely to improve Henderson District's efforts to reduce water loss.

In the Opening Order, the Commission prohibited the use of the surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.⁵ The Commission also ordered Henderson District to file all requests to use surcharge funds and 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."⁶

On April 11, 2024, Henderson District filed its qualified infrastructure improvement plan (QIIP).⁷ In its QIIP, Henderson District asserted that aging infrastructure was a significant source of water loss along with personnel and repair materials.⁸ Furthermore, Henderson District provided a list of improvement projects, a timeline, and estimated costs.⁹

On April 25, 2025, Henderson District filed a motion requesting to use \$12,000 of the collected surcharge funds to reimburse its expenses for leak detection services provided by Solid Rock Trucking, LCC (Solid Rock Trucking) in March 2025 and an

⁵ Order (Ky. PSC Dec. 13, 2023) at 5, ordering paragraph 7.

⁶ Order (Ky. PSC Dec. 13, 2023) at 5, ordering paragraph 8.

⁷ QIIP (filed Apr. 11, 2024).

⁸ QIIP at 3.

⁹ QIIP at 9–13.

additional \$1,800 to pay for installation of a new zone valve.¹⁰ Henderson District asserted that the valve zone would serve to effectuate design and isolate leaks and was installed at the intersection of 1078 N and Hwy 351.¹¹ Henderson District provided invoices for both leak detection and installation services, which details the location of the detected and repaired leaks.¹²

On May 8, 2025, Henderson District filed an additional motion to use \$11,625 of collected surcharge funds to pay for additional leak detection services provided by Solid Rock Trucking.¹³ Henderson District provided the invoices for the services,¹⁴ and responded to one request for information from Commission Staff.¹⁵ In its responses, Henderson District clarified how the bidding process worked and why it selected Solid Rock Trucking and a list of their discovered leaks and repairs across the district, resulting in water loss decreasing from 44 percent to 38 percent.¹⁶ Additionally, Henderson District explained that installing zone valves would allow it to divide the system into areas to easily monitor, and then monitor flow from zones to compare monthly data with customer usage in order to isolate leaks in the system.¹⁷

¹⁰ April Motion at 2.

¹¹ April Motion at 2.

¹² April Motion, Exhibit A and B.

¹³ May Motion at 2.

¹⁴ May Motion, Exhibit A.

¹⁵ Henderson District's response to Commission Staff's First Request for Information (Staff's First Request) (filed May 30, 2025).

¹⁶ Henderson District's response to Staff's First Request, Items 2 and 3.

¹⁷ Henderson District's response to Staff's First Request, Item 4.

DISCUSSION AND FINDINGS

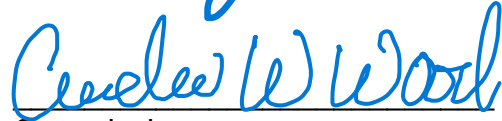
The Commission finds that Henderson District's requests for reimbursement from the surcharge proceeds should be granted. Henderson District provided a detailed description of the services rendered and how it related to its QIIP. Furthermore, Henderson District sought Commission permission prior to expending funds from the surcharge account, submitted invoices for the expenses, and provided an explanation of how the services performed are necessary in its continued efforts to decrease water loss.


IT IS THEREFORE ORDERED that:

1. Henderson District's request to disburse \$12,000, as detailed in its April 25, 2025 Motion, from the water loss reduction surcharge is granted.
2. Henderson District's request to disburse \$1,800, as detailed in its April 25, 2025 Motion, from the water loss reduction surcharge is granted.
3. Henderson District's request to disburse \$11,625, as detailed in its May 8, 2025 Motion, from the water loss reduction surcharge is granted.
4. Henderson District shall file all required documentation of the expenses in compliance with ordering paragraph 5 of the December 13, 2023 Order.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2023-00333

*L. Allyson Honaker
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Heather Temple
Honaker Law Office, PLLC
1795 Alysheba Way
Suite 1203
Lexington, KY 40509

*Henderson County Water District
655 South Main Street
P. O. Box 655
Henderson, KY 42419-0655

*Henderson County Water District
Henderson County Water District
655 South Main Street
P. O. Box 655
Henderson, KY 42419-0655