

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

In an Order issued on May 6, 2024,<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for North Manchester Water Association (North Manchester Water) and ordered North Manchester Water to file a qualified infrastructure improvement plan (QIIP) with the Commission. In that proceeding the Commission approved a Water Loss Reduction Surcharge of \$3.63 per customer, per month, for 48 months, or until \$342,904 has been assessed, whichever occurs first.<sup>2</sup>

The Commission opened this proceeding to monitor North Manchester Water's surcharge billings, collections, deposits, expenditures, and unaccounted-for water loss.<sup>3</sup> On September 3, 2024, North Manchester Water filed a Capital Improvements Plan, and on December 20, 2024, filed a Revised Capital Improvements Project titled 2024 PSC Surcharge Expenditure Plan as part of North Manchester Water's response to Commission Staff's First Request for Information.

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<sup>1</sup> Case No. 2023-00183, *Electronic Application of North Manchester Water Association, Inc. for an Alternative Rate Adjustment* (Ky. PSC Jan. 11, 2024), final Order.

<sup>2</sup> Opening Order (Ky. PSC May 6, 2024).

<sup>3</sup> Case No. 2023-00183, Jan. 11, 2024 final Order. *See also* Opening Order (Ky. PSC May 6, 2024).

## LEGAL STANDARD

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 consumed by a utility in its own operations. According to North Manchester Water's 2022 Annual Report, North Manchester Water reported a water loss of 33.3724 percent.<sup>4</sup>

North Manchester Water was ordered to file a QIIP with the Commission that contained 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 the surcharge.<sup>5</sup>

## DISCUSSION AND FINDINGS

North Manchester Water filed a Capital Improvements Plan on September 3, 2024. On December 20, 2024, North Manchester Water filed a Revised Capital Improvements Plan and a Surcharge Expenditure Plan .

North Manchester Water identified its four biggest problems or needs as: reducing water losses in the distribution system; filling out the system with short, small-diameter waterline extensions and upgrades to fulfill a small list of new service requests; replacing selected aging and or undersized primary transmission lines; and installing strategic interconnections to improve system hydraulics and provide redundant feeds within the

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<sup>4</sup> *Annual Report of North Manchester Water to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57.

<sup>5</sup> Opening Order (Ky. PSC May 6, 2024), ordering paragraph 3.

existing system.<sup>6</sup> North Manchester Water also noted that the plan largely ignored new sources of funding, but if other sources become available, the funding and timing of the listed projects will likely change.<sup>7</sup>

North Manchester Water stated that its list of priorities and estimated costs are as follows: The Needmore Hollow Waterline Replacement at an estimated cost of \$115,000;<sup>8</sup> the system wide meter replacement project at an estimated cost of \$1,260,000;<sup>9</sup> the waterline extension and line upgrades at an estimated cost of \$890,000;<sup>10</sup> the system wide zone meters at an estimated cost of \$200,000;<sup>11</sup> and the lead line service replacements at an estimated cost of \$350,000;<sup>12</sup> in that order.<sup>13</sup>

North Manchester Water stated that the Needmore Hollow Waterline Replacement would replace a single meter that is currently serving eight residences, and that by replacing the line with a larger one and installing a meter for each residence, it will allow North Manchester Water to accurately bill customers, eliminate maintenance problems, and lower unaccounted-for water loss.<sup>14</sup>

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<sup>6</sup> North Manchester's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 20, 2024) at unnumbered page 4.

<sup>7</sup> North Manchester's Response to Staff's First Request at unnumbered page 3.

<sup>8</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>9</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>10</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>11</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>12</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>13</sup> North Manchester's Response to Staff's First Request at unnumbered page 3.

<sup>14</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

North Manchester Water stated the meter replacement project is anticipated to reduce unaccounted-for water loss by five percent.<sup>15</sup> North Manchester Water stated that the waterline extension and line upgrade project would include replacing an existing asbestos pipe, a cause of high water loss.<sup>16</sup> North Manchester Water also stated that the system wide zone meter installation project would help determine specific areas of water loss.<sup>17</sup>

The Commission finds that the Surcharge Expenditure Plan satisfies the requirements set out in the final Order of Case No. 2023-00183,<sup>18</sup> and the opening Order of this proceeding. The Commission notes that this Order is not an authorization to spend surcharge funds, and that in accord with ordering paragraphs 7 and 8 of the opening Order, North Manchester Water shall not use any surcharge funds without receiving approval from the Commission prior to the specific expenditure.

IT IS THEREFORE ORDERED that the QIIP filed by North Manchester Water on December 20, 2024, satisfies the requirement to file a QIIP as required by the final Order in Case No. 2023-00183, and the opening Order of this proceeding.

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<sup>15</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>16</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>17</sup> North Manchester's Response to Staff's First Request at unnumbered page 4.

<sup>18</sup> Case No. 2023-00183, Jan. 11, 2024 final Order.

PUBLIC SERVICE COMMISSION

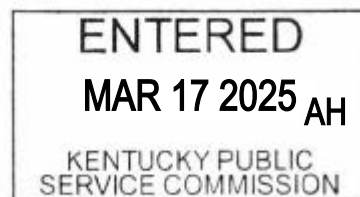
Chairman

Commissioner

Commissioner

ATTEST:

Linda Bridwell *RP*  
Executive Director



Case No. 2024-00024

\*James W Gardner  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507

\*North Manchester Water Association, Inc.  
7361 N Highway 421  
Manchester, KY 40962

\*North Manchester Water Association,  
North Manchester Water Association, Inc.  
7361 N Highway 421  
Manchester, KY 40962

\*Rebecca C. Price  
Sturgill, Turner, Barker & Moloney  
155 East Main Street  
Lexington, KENTUCKY 40507

\*M. Todd Osterloh  
Sturgill, Turner, Barker & Moloney, PLLC  
333 West Vine Street  
Suite 1400  
Lexington, KENTUCKY 40507