

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PEAKS MILL WATER DISTRICT)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2024-00256
MONITORING)	

ORDER

On May 8, 2025, Peaks Mill Water District (Peaks Mill District) filed a request to use water loss surcharge funds to reimburse itself for the purchase of equipment and services it made relating to reducing its unaccounted for water loss.¹ Peaks Mill District sought reimbursement for a total amount of \$21,753.96.² Peaks Mill District responded to one request for information from Staff.³

LEGAL STANDARD

The Commission approved a Water Loss Reduction Surcharge of \$3.09 per customer per month for 48 months, or until \$179,764 has been assessed, whichever occurs first.⁴ 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

¹ Peaks Mill District's First Draw Request (filed May 8, 2025).

² Peaks Mill District's First Draw Request at 1.

³ Peaks Mill District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed July 3, 2025).

⁴ Case No. 2023-00401, *Electronic Application of Peaks Mill Water District for A Rate Adjustment Pursuant 807 Kar 5:076* (Ky. PSC Sept. 4, 2024), final Order. See also, Opening Order (Ky. PSC Sept. 4, 2024).

operations. According to Peaks Mill District's 2023 Annual Report, Peaks Mill District reported a water loss of 28.2725 percent.⁵

Peaks Mill District was ordered to seek Commission approval prior to using any of the proceeds of the water loss surcharge.⁶ The Order required Peaks Mill District to 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 (QIIP) and the goal of reducing unaccounted for water loss.⁷

DISCUSSION AND FINDINGS

Peaks Mill District sought approval, provided invoices or other proof of the cost, and provided the following information for each of the following items:⁸

- 1) Two Monarch Pressure Data Loggers: Cost: \$1,101.00
 - Peaks Mill District stated these will assist in decreasing unaccounted-for water loss as they will be used in the field to monitor and record pressure in the system for leak analysis. This equipment will also help locate high pressure areas that can contribute to leaks.
- 2) Dynasonic DXN Portable Flow Meter/data logger: Cost: \$7,435.00
 - Peaks Mill District stated this will assist in decreasing unaccounted-for water loss by allowing staff to track flow over time and to assist in locating and monitoring leaks. The equipment also will assist staff in creating District Metered Area (DMA) or leak zones to assist in locating leaks.

⁵ *Annual Report of Peaks Mill to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57.

⁶ Case No. 2023-00401, (Ky PSC Sept. 4, 2024), final Order. See also, Opening Order (Ky. PSC Sept. 4, 2024).

⁷ Opening Order (Ky. PSC Sept. 4, 2024), ordering paragraph 8.

⁸ Peaks Mill First Draw Request. See *also* Peaks Mill District's Response to Staff's First Request, Items 1, 1b, and Exhibit 5.

- 3) Five Metron VNR Registers for 2-inch By-Pass Meters: Cost \$1,777.50
 - Peaks Mill District stated this will assist in decreasing unaccounted-for water loss. Peaks Mill District stated that it currently has several DMAs. The VNR is a virtual network that connects to an existing by-pass meter and collects flow data and uploads the data over cellular signal. This allows for long term monitoring to assist in identifying trends and identify leaks.
- 4) Five Metron 5/8" Spectrum Advanced Metering Infrastructure (AMI) meters: Cost: \$2,002.50
 - Peaks Mill District stated the meters will assist in creating small DMA zones for improved leak detection as well as improving measure flow at flush locations.
- 5) Cartwright Contracting Shenandoah Leak Repair March 2025: Cost: \$3,065.46
 - Contractor was directed to excavate and repair a leak which was estimated at 10 gallons of water loss per minute. The repair resulted in a savings of \$1,390 per month for the length of the leak.
- 6) CL Consulting Leak Detection in February and March of 2025: Cost: \$1,600⁹
 - Services include analysis of the pressure and flow data and then hunting leaks by local sounding and surface water investigation then directed the contractor for excavation and repair.
 - Invoice provided shows \$650.
- 7) BlueWater Qualified Infrastructure Improvement Plan (QIIP) and Water Loss Plan for PSC approval: Cost: \$2,325
 - Bluewater prepared the QIIP and Water Loss reduction Plan which was approved by the PSC.
- 8) BlueWater Project Management for January to March 2025: Cost: \$2,447.50
 - Provided guidance in executing the QIIP, procurement of equipment, direction to both Cartwright Contracting and CL: Consulting regarding leak monitoring, leak detection, and leak repair, update of system maps for identification of infrastructure, system hydraulics and leak detection, and providing analysis of field flow/leak data collection.

⁹ Peaks Mill District provided a single invoice for this charge in the amount of \$650 dated March 3, 2025, and referenced work done on February 21, February 24, February 26, February 27, and February 28, 2025.

In response to Staff's First Request, Peaks Mill District tendered an updated QIIP.¹⁰ The updated QIIP added the items above which were not included in the previous QIIP. Peaks Mill District also included an additional three estimated expenses in its First Draw Request,¹¹ but clarified in its response to Staff's First Request that those three items will be requested in a future request, and as such are not taken under consideration in this Order.¹²

The Commission finds that Peaks Mill District's First Draw Request should be granted, in part, and denied, in part. Peaks Mill District provided a full description of each requested item or service, stated how it related to the QIIP and the goal of reducing unaccounted water loss, and provided invoices or other proof of cost for the requested items or service in the total requested amount except for Item 6 above. Peaks Mill District only tendered a single invoice dated March 3, 2025, for \$650 for CL Consulting Leak Detection in February and March of 2025 and not the \$1,600 listed in the request. As such the Commission finds that the request to authorize the use of surcharge funds of \$21,753.96 should be denied, but that Peaks Mill District should be granted authorization to use surcharge proceeds in the amount of \$20,803.96, which is equal to the amount of the tendered invoices, and that if Peaks Mill District wishes to include proof of the greater expenses from CL Consulting with a future request to use surcharge funds, the Commission will take it under consideration.

¹⁰ Peaks Mill District's Response to Staff's First Request, Exhibit 7.

¹¹ Peaks Mill District's First Draw Request.

¹² Peaks Mill District's Response to Staff's First Request.

IT IS THEREFORE ORDERED that:

1. Peaks Mill District's First Draw Request is granted, in part, and denied, in part.
2. Peaks Mill District's First Draw Requests for all items, except Item 6, is granted.
3. Peaks Mill District's First Draw Request for Item 6 is granted to the extent that only \$650 was substantiated with invoices.
4. Peaks Mill District is authorized to use \$20,803.96 of water loss surcharge proceeds to reimburse itself for expenses listed in its First Draw Request as set forth in this Order.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



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