

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC POWELL'S VALLEY WATER)	
DISTRICT UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2024-00314
MONITORING)	

ORDER

In an Order issued on December 9, 2024,¹ the Commission approved an unaccounted-for water loss reduction surcharge for Powell's Valley Water District (Powell's Valley District) and ordered Powell's Valley District to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Powell's Valley District's surcharge billings, collections, deposits, expenditures, and unaccounted-for water loss.² On March 31, 2025, Powell's Valley District filed a QIIP.³

LEGAL STANDARD

The Commission approved a water loss reduction surcharge of \$2.28 per active meter for 48 months, or until \$267,581 has been assessed, whichever occurs first, and that a review of the necessity to continue the surcharge beyond the 48-month period be

¹ Case No. 2023-00387, *Electronic Application of Powell's Valley Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Dec. 9, 2024).

² Opening Order (Ky. PSC Dec. 9, 2024).

³ QIIP (filed Mar. 31, 2025).

conducted before its expiration.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 operations. According to Powell's Valley District's 2023 Annual Report, Powell's Valley District reported a water loss of 27.5869 percent.⁵

Powell's Valley District 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 also provides a detailed spending plan for the proceeds of the surcharge.⁶

DISCUSSION AND FINDINGS

Powell's Valley District filed a QIIP on March 31, 2025, and stated that it intended to use the water loss surcharge funds to locate, target, and eliminate or reduce water loss issues in its system and work in conjunction with the anticipated water system improvements project.⁷ Powell's Valley District used February 2024 billings, where the district collected \$5,715 in surcharge funds, to estimate that the annual surcharge revenue of \$68,580 could be expected. Powell's Valley District provided an approximate timeline of projects expanding over four years with estimated costs using \$68,580 as an anticipated baseline.⁸

⁴ Opening Order (Ky. PSC Dec. 9, 2024) at 2.

⁵ *Annual Report of Powell's Valley District to the Public Service Commission for the Calendar Year Ended December 31, 2023* (2023 Annual Report) at 57.

⁶ Opening Order (Ky. PSC Dec. 9, 2024), ordering paragraph 1.

⁷ QIIP at unnumbered PDF page 3.

⁸ QIIP at unnumbered PDF pages 6–9; Powell's Valley District's Response to Commission Staff's First Request for Information (Staff's First Request) (filed May 21, 2025), Item 4(b).

Powell's Valley District asserted that its plan "involves installation of strategically located metering equipment, the purchase and use of leak detection equipment, and hiring of a new employee."⁹ Specifically, Powell's Valley District intends to purchase and install 1-inch bypass AMR meters with sonic listening devices located as to isolate small sections throughout its system.¹⁰ In order to create small sections for the bypass meters, Powell's Valley District will purchase and install gate valves.¹¹ The gate valves will also assist during service repairs, allowing the district to limit disruptions by shutting down smaller sections of the mains.¹² Additionally, Powell's Valley District plans to utilize the LD-18 Digital Water Leak Detector by Pipehorn Locating Technology and to purchase and use a SubSurface LC-5000 Digital Dual Leak Correlator to improve detection.¹³ Powell's Valley District provided detailed unit specifications and cost estimates for each in Appendix 1 of its proposed QIIP.¹⁴

Lastly, Powell's Valley District stated that the workload on existing employees does not allow for intensive time to be allocated solely for leak detection and repairs, and as such, it would like to use the surcharge funds to hire one new employee and obtain a utility truck for the new employee that would dedicate 75 percent of their time solely to water loss efforts.¹⁵ In response to Staff's First Request, Powell's Valley District stated

⁹ QIIP at unnumbered PDF page 4.

¹⁰ QIIP at unnumbered PDF page 4.

¹¹ QIIP at unnumbered PDF page 4.

¹² QIIP at unnumbered PDF page 4.

¹³ QIIP at unnumbered PDF page 4.

¹⁴ QIIP at unnumbered PDF page 4.

¹⁵ QIIP at unnumbered PDF page 4-5.

that the other 25 percent of the new employee's salary would be paid from its operating and maintenance account.¹⁶

Powell's Valley District provided an updated Projects and Schedule chart in response to Staff's First Request indicating the estimated costs and the timeline of the above-mentioned purchases.¹⁷ Powell's Valley District proposed the following actions over the next four years:¹⁸

Year 1 (total expenditures: \$67,204)

- Purchase and install 10 bypass meters for a total of \$18,870
- Purchase and install 3 isolation valves for a total of \$6,936
- Purchase a new truck for a total of \$41,398

Year 2 (total expenditures: \$66,486)

- Hire new employee for \$40,716
- Purchase and install 10 bypass meters for a total of \$18,870
- Purchase digital leak detector for \$6,900

Year 3 (total expenditures: \$69,618)

- New employee salary \$40,716
- Purchase and install 10 bypass meters for a total of \$18,870
- Purchase and install 4 isolation valves for a total of \$10,032

Year 4 (total expenditures: \$66,216)

- New employee salary \$40,716
- Purchase a Subsurface Dual Leak Correlator for \$25,500

The Commission finds that Powell's Valley District's QIIP satisfies the requirements set out in the final Order of Case No. 2023-00387 and the opening Order of this proceeding. Powell's Valley District should adequately document the new employee's wages and benefits to show which part of the new employee's salary is paid

¹⁶ Powell's Valley District's Response to Staff's First Request, Item 6.

¹⁷ Powell's Valley District's Response to Staff's First Request, Item 4(c).

¹⁸ Powell's Valley District's Response to Staff's First Request, Item 4(c).

by water loss surcharge funds versus paid from the district's normal operating budget. Furthermore, Powell's Valley District should plan how to manage the ongoing water loss issues, including the salary for the new employee, once the surcharge ceases.

The Commission notes that this Order is not an authorization to spend surcharge funds, and in accordance with ordering paragraphs 5 and 6 of the opening Order, Powell's Valley District shall not use any surcharge funds without receiving approval from the Commission prior to the expenditure.

IT IS THEREFORE ORDERED that the QIIP filed by Powell's Valley District on March 31, 2025 satisfies the requirement to file a QIIP set forth in ordering paragraph 3 of the opening Order of this matter.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

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ATTEST:

 RP

Executive Director



*Powell's Valley Water District
31 Adams Ridge Road
P. O. Box 550
Clay City, KY 40312

*Ashley Hood
Chairman
Powell's Valley Water District
31 Adams Ridge Road
P. O. Box 550
Clay City, KY 40312

*Kendell Knox
Manager
Powell's Valley Water District
31 Adams Ridge Road
P. O. Box 550
Clay City, KY 40312