

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MCKINNEY WATER DISTRICT	)	
UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00194
MONITORING	)	

ORDER

On March 12, 2025, McKinney Water District (McKinney District) submitted a request to use \$49,695 of surcharge revenue to pay expenditures related to its Water Loss Reduction Plan.¹ McKinney District responded to two requests for information from Commission Staff² and attended two informal conferences related to the requests.³ The Commission issued an Order on May 28, 2026, denying multiple requests and continuing McKinney District's request for reimbursement for 100 Mueller 2/4-5/8 radio read meters for further discovery.⁴ On July 9, 2026, McKinney District responded to an additional request for information from Staff pertaining to the meters.⁵ For the reasons outlined

¹ McKinney District's Motion to Use Surcharge Revenue (Motion) (filed Mar. 12, 2025).

² McKinney District's Response to Commission Staff's Third Request for Information (Staff's Third Request) (filed Dec. 12, 2025); McKinney District's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed Mar. 4, 2026).

³ See Memorandum of April 9, 2025 Informal Conference (filed Apr. 11, 2025) and Memorandum of December 1, 2025 Informal Conference (filed Dec. 2, 2025).

⁴ Order (Ky. PSC May 28, 2026) at 12.

⁵ McKinney District's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request) (filed July 9, 2026).

below, the Commission finds that McKinney District's request to use surcharge funds for 100 Mueller radio read meters should be granted.

BACKGROUND

On September 1, 2023, this case was initiated by Commission Order for the purpose of monitoring McKinney District's unaccounted-for water loss reduction plan surcharge. McKinney District was required to file a qualified infrastructure improvement plan (QIIP) within 120 days of service of the Order, and to seek Commission approval before using any water loss surcharge funds.⁶ On December 26, 2023, McKinney District filed its QIIP.⁷

DISCUSSION AND FINDINGS

On March 12, 2025, McKinney District filed a one-paragraph request to expend \$49,695 of surcharge revenue to reimburse itself for "Water Loss Reduction Plan expenditures."⁸ Along with the motion, McKinney District attached an Excel spreadsheet that listed 14 separate requests with the vendor name, invoice number, invoice data, date paid, invoice amount, amount to be paid from surcharge fund, and a description of the purchase.⁹ The description of all but one purchase either included supplies or labor for line leaks.¹⁰ The Commission addressed and denied each of the requests contained in

⁶ Order (Ky. PSC Sept. 1, 2023), at 5-6, ordering paragraphs 3 and 7.

⁷ McKinney District's Water Loss Investigation and Response (QIIP) (filed Dec. 26, 2023).

⁸ Motion at 1.

⁹ Motion, Attachment.

¹⁰ Motion, Attachment.

the March 12, 2025 request besides the request for 100 Mueller radio read meters, which was continued for further discovery.¹¹

McKinney District proposed meter replacement in its QIIP and provided Invoice No. KY0223461 in the amount of \$20,000.¹² In Year 1 of its QIIP, McKinney District proposed spending \$125,000 on Mueller Meters, of which \$57,500 would be paid from the water loss surcharge account.¹³ In previous responses for requests for information, McKinney District stated that the labor cost would be roughly \$170 per meter,¹⁴ and later, that district employees would perform the installation.¹⁵ The record was also unclear as to whether the meters had been installed already.¹⁶ However, on July 9, 2026, McKinney District clarified that the district employees installed the meters; it is not requesting reimbursement for installation labor; and that 80 of the 100 meters have been installed.¹⁷

The Commission finds that McKinney District's request for reimbursement for 100 Mueller 2/4-5/8 radio read meters in the amount of \$20,000 should be granted. McKinney District proposed the purchase and installation of the meters in its QIIP and asserted that it would help reduce unaccounted-for water loss.

¹¹ Order (Ky. PSC May 28, 2026) at 12.

¹² Consolidated_Invoice_KY0223461 (Invoice KY00223461) (filed Mar. 5, 2025).

¹³ QIIP at 14.

¹⁴ McKinney District's Response to Staff's First Request, Item 6(b).

¹⁵ McKinney District's Response to Staff's First Request, Item 1(c) and (d).

¹⁶ See May 28, 2026 Order at 11-12.

¹⁷ McKinney District's Response to Staff's Fifth Request, Item 1.

IT IS THEREFORE ORDERED that:

1. McKinney District's request for reimbursement for 100 Mueller 2/4-5/8 radio read meters in the amount of \$20,000 is granted.
2. McKinney District shall file proof of these expenditures from the water loss surcharge account with its monthly activity report that follows the expenditure.

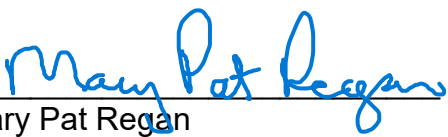
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Entered on this 10th day of August, 2026.

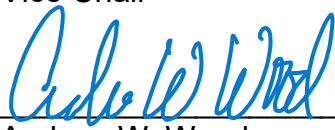
PUBLIC SERVICE COMMISSION



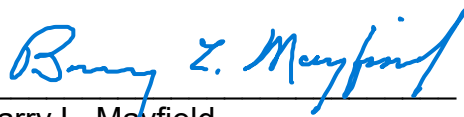
Angie Hatton
Chair



Mary Pat Regan
Vice Chair

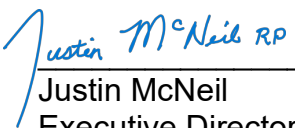


Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Justin McNeil
Executive Director

Service List for Case 2023-00194

* Robert K. Miller
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* McKinney Water District
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* Matt Rankin
Chairman
McKinney Water District
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