

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC GRAVES COUNTY WATER)	
DISTRICT'S UNACCOUNTED-FOR WATER)	CASE NO.
LOSS REDUCTION PLAN, SURCHARGE,)	2019-00347
AND MONITORING)	

**MOTION TO AMEND THE COMMISSION'S ORDER OF DECEMBER 27, 2022,
ACCEPT CUMULATIVE REPORT OF COLLECTED SURCHARGE PROCEEDS, AND
AUTHORIZE THE TRANSFER FUNDS FROM SURCHARGE ACCOUNT TO
GENERAL FUND**

Graves County Water District ("Graves District") moves the Public Service Commission ("Commission") to amend its Order of December 27, 2022 to permit the filing of quarterly reports on the amount of collected surcharge proceeds, to accept for filing a cumulative report on surcharge proceeds collected since October 2019, and to permit a transfer of funds from the surcharge account for overpayments to that account.

In support of its Motion, Graves District states:

1. On September 30, 2019, the Commission authorized Graves District to assess for 72 months a monthly surcharge of five dollars (\$5.00) to support its water loss detection and repair efforts.¹ The Commission conditioned the collection of the surcharge upon the following: (a) the deposit of all surcharge collections into a separate account; (b) the monthly submission of an activity report, which included a statement of monthly surcharge billings and collections, to the Commission; (c) Annual reviews of the operation of the surcharge; (d) the annual submission of a report on the estimated and actual progress of Graves District's water loss detection and repair efforts and the estimated and actual expenditures from surcharge proceeds to the Commission.

¹ *Application of Graves County Water District for an Alternative Rate Adjustment*, Case No. 2018-00429 (Ky. PSC Sep. 30, 2019).

2. Graves District has complied with these conditions and has timely submitted the required monthly and annual reports.

3. In its Order of December 27, 2022 in this proceeding, the Commission directed Graves District to begin reporting its surcharge billings, collections and deposits on a specially designed reporting form. This form requires Graves District to report monthly surcharge billings, collections, and deposits and to calculate the difference between surcharge billings and collections and between collections and deposits to the surcharge account.

4. Graves District cannot monthly file a timely and complete report using the new reporting format. Mayfield Electric Water and Sewer Systems (“MEWS”), a municipal utility, manages and operates Graves District’s water distribution system under an operation and management agreement.² MEWS performs all Graves District’s billing and collection and accounting functions. Due to limitations in MEWS’s accounting system, it cannot easily determine the number of accounts that fail to pay their bill (and therefore the surcharge). Accordingly, MEWS deposits into Graves District’s surcharge account monthly an amount equal to **surcharge billings, not collected surcharge proceeds**, for the prior month. If a Graves District customer fails to make his or her monthly payment, the amount deposited into the surcharge account exceeds the collected surcharge proceeds and represents an overpayment. Every three months, MEWS reviews all of Graves District’s billing and collections activities, as well as its activities for other contract services rendered to Graves District, and makes adjustments.

5. Graves District requests that the Order of December 27, 2022, be amended to permit it, in lieu of using the required reporting format for monthly reports, to file the required report quarterly in the months of January, April, July and October. This amendment still allows the

² See Graves District’s Response to Commission Staff’s Second Request for Information, Question 4.

Commission to receive the information the report is designed to produce but within limitations of MEWS's accounting and billing systems and without imposing additional expense and recordkeeping requirements on Graves District or MEWS. Attached as Exhibit A to this Motion is an example of the quarterly reports using the information available for the period from October 2019 to January 2023.

6. The practice of monthly depositing into the surcharge account an amount equal to **surcharge billings**, not **collected surcharge proceeds**, has resulted in surcharge deposits exceeding collected proceeds and the effective transfer of general revenue funds into the surcharge account. As previously noted, every three months, MEWS reviews all of Graves District's billing and collections activities, as well as its activities for other contract services rendered to Graves District, and makes adjustments. These adjustments include charging Graves District for surcharge account overpayments and are reflected on MEWS's bill to Graves District. Graves District pays this bill from its general revenue fund. **MEWS is not reimbursed for the overpayments from the surcharge account.**

7. During the period from December 2019 to January 2023, Graves District billed customers approximately \$893,195 for the water loss detection and repair surcharge. MEWS deposited this amount into Graves District's surcharge account. During the same period, only \$892,505 in surcharge proceeds, or \$1,690 less than the billed and deposited amount, was actually collected.³ Graves District subsequently reimbursed MEWS \$1,690 for the surcharge overpayment from general revenue funds. As a result, an effective transfer of \$1,690 of general revenue funds into the surcharge account occurred.

³ With its monthly report for April 2023, Graves District provided a report showing the number of customers failing to make payments and the amount of uncollected surcharge proceeds to these failures.

8. Graves District requests authorization to transfer \$1,690 from the surcharge account into its general revenue fund. This action would ensure that only surcharge proceeds are expended for water loss detection and reduction activities. It is consistent with the intent of the Commission's Orders of September 30, 2019, in this proceeding and in Case No. 2018-00429, which established the water loss detection and reduction surcharge. Graves District requests authorization to make similar transfers in the future. These transfers would coincide with the filing of the proposed quarterly report that reflects actual collections. The proposed quarterly report would document for the basis for future transfers of funds to general revenue fund to correct overpayments to the surcharge account. Given the small differences between the billed amounts and collected proceeds in the three years the surcharge has been in effect, future transfers are not expected to involve significant sums.⁴

WHEREFORE, Graves District requests:

1. The Order of Order of December 27, 2022, be amended to require a report using the reporting format set forth in Appendix A of that Order to be filed quarterly, instead of monthly, with the first such report filed with the monthly report for June 2023;
2. Graves District be authorized to transfer \$1,690 from the surcharge account to its general revenue fund to reimburse its general fund for overpayments to the surcharge account and further authorized to make similar transfers in the future to address such overpayments, but only following its submission of a proposed quarterly report that reflects actual collections and fully documents the basis for the transfer of funds.

⁴ In the slightly more than three years the surcharge has been in operation (October 2019 – January 2023), Graves District has billed approximately \$893,205 for the surcharge and collected approximately \$891,515. The uncollected amount during this period was \$1,690, or approximately 0.19 percent of the total amount billed.

Dated: May 25, 2023

Respectfully submitted,



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Counsel for Graves County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that this document was submitted electronically to the Public Service Commission on May 25, 2023 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.

Counsel for Graves County Water District

EXHIBIT A
GRAVES COUNTY WATER DISTRICT
CASE NO 2019-00347
QUARTERLY SURCHARGE REPORT

Reporting Period	Total Bills	Total Billed	Total Collected	Deposit	Percentage of Billed Surcharge Collected	Percentage of Collected Proceeds Deposited	Over (Under) Deposits to Collected
10/2019 - 04/2020	23,974	\$ 119,870.00	\$ 119,740.00	\$ 119,870.00	0.998915492	1.001	\$ 130.00
05/2020 -07/2020	14,373	\$ 71,865.00	\$ 71,715.00	\$ 71,865.00	0.997912753	1.002	\$ 150.00
08/2020 - 01/2021	24,211	\$ 121,055.00	\$ 120,905.00	\$ 121,055.00	0.998760894	1.001	\$ 150.00
02/2021 - 04/2021	14,521	\$ 72,605.00	\$ 72,440.00	\$ 72,605.00	0.997727429	1.002	\$ 165.00
05/2021 - 07/2021	14,560	\$ 72,800.00	\$ 72,655.00	\$ 72,800.00	0.998008242	1.002	\$ 145.00
08/2021 -10/2021	14,490	\$ 72,450.00	\$ 72,220.00	\$ 72,450.00	0.996825397	1.003	\$ 230.00
11/2021 - 01/2022	14,468	\$ 72,340.00	\$ 72,205.00	\$ 72,340.00	0.998133813	1.002	\$ 135.00
02/2022 - 07/2022	28,923	\$ 144,615.00	\$ 144,400.00	\$ 144,615.00	0.998513294	1.001	\$ 215.00
08/2022 -10/2022	14,530	\$ 72,650.00	\$ 72,520.00	\$ 72,650.00	0.998210599	1.002	\$ 130.00
11/2022- 01/2022	14,591	\$ 72,955.00	\$ 72,715.00	\$ 72,955.00	0.996710301	1.003	\$ 240.00
Total	178,641	\$ 893,205.00	\$ 891,515.00	\$ 893,205.00	0.998107937	1.002	\$ 1,690.00