COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC SOUTHERN WATER &	)	
SEWER DISTRICT'S METER	)	CASE NO.
REPLACEMENT SURCHARGE	)	2020-121
MONITORING	)	

ANNUAL REPORT
PERIOD FROM YEAR 2024 TO 2025

Background

As the PSC is aware, the Commission approved a monthly meter replacement surcharge of Five Dollars and Twenty-Five Cents ($5.25) effective November 7, 2019 in Case 2019-131. This surcharge's initial purpose was to fund the replacement of customer water meters, a large number of which were zero read meters. *See Nov. 7, 2019 Order in 2019-328*. Thereafter, the Commission granted Southern's (herein referred to as "Southern") request to amend the purpose of the meter replacement surcharge to include the purchase and installation of new water meters in addition to adding Ten Master Meters to their distribution system. Said master meters provide the utility with more real time accurate data that can be used to locate abnormalities in water usage and leaks. Finally, Southern requested and was granted permission from the PSC to use the proceeds of this surcharge to purchase an additional 50 RG3 water meters to replace these meters while said meters were sent back to the manufacturer for repair under the RG3 warranty.

Southern anticipates that this annual report will be the final full reporting period/year that this meter replacement surcharge will be implemented. The month of January of 2025 was the last month that Southern charged customers for the meter replacement surcharge. Southern anticipates that their May 2025 monthly payment should fully satisfy this meter replacement loan with Co-Bank.

As of the end of the reporting period (March 31, 2025), the surcharge bank account totaled $21,476.15.

MASTER METERS

Southern received permission from the PSC to purchase and install ten (10) master meters from the proceeds of the meter replacement surcharge. The purpose of these master meters is to provide the utility with more accurate and current water usage data. Southern has assigned each of these 10 master meters to a certain area within their distribution system. This allows the utility to compare usage data within these discrete areas to pin-point potential problems within their system that may cause unusual water usage and/or leaks.

The total cost to install one master meter was $15,559. For each of the master meter sites, Southern paid $4,214 for each "Textrol" master meter; $4,430 for the solar telemetry on each meter; and $750 for the transducer to supply a psi reading. Additionally, Southern incurred $6,165 in labor expenses to install each of these master meter sites.

RG3 WATER METERS

Although Southern has replaced all of their customers' water meters with these newish RG3 meters, these meters have not met the utility's expectations. Prior to the installation of these RG3 meters, Southern had not tested the accuracy/effectiveness of their water meters in well over 10 years, as required by PSC regulations. Many of these old meters were no or slow read meters resulting in Southern not charging nor collecting the full amount of water provided to their customers. The Utility was hopeful that the installation of these new RG3 meters would allow the utility to gather more accurate usage data in order to charge and collect the full amount of water that is used by each customer each month.

Southern continues to suffer from unreasonably high failure rates of these new RG3 meters. Several other utilities have suffered from the same reliability/accuracy issues that have plagued Southern. Although Southern received warranties on these new RG3 water meters, these warranties have proved to be of little value. Said warranties do not make provisions for postage to mail these meters back to the manufacturer for repair nor does it provide replacement meters for the meters that must be pulled from the distribution system for repair.

The majority of these RG3 meters have not worked effectively since shortly after their installation. Although Southern requested and received permission from the PSC to purchase an additional 50 RG3 meters to assist in replacing the meters pulled for repair, this amount of meters was not enough to replace every meter pulled for repair. After Southern pulls one of these meters from their system for repair, the utility must average the customer's bill and charge an average amount instead of the customer's actual usage. Southern feels as though this situation usually

benefits the customer and reduces Southern's revenues. Southern takes the position that averaging a customer's bill usually results in Southern not being fully compensated for the amount of water provided to said customer thus increasing the utilities water loss rate.

WATER LOSS

During the reporting period of April 2024 until March 2025, Southern averaged approximately 56% unaccounted for water loss each month. Although this percentage has been on a downward trend starting around the Summer of 2024, Southern is not satisfied with the current high percentage of water loss. Southern recognizes this problem and has taken several measures to attempt to reduce this percentage.

Southern attributes the majority of their unaccounted for water loss on two factors; theft of water and water leaks. Southern has placed great emphasis on these two areas and is continuously finding and correcting leaks and theft.

Although Southern encourages the public to report theft of services/water, the utility has not received any leads via phone, Facebook or through our issue specific email, theft@southernwatersewerdistrict.com. Southern continues to catch people stealing water from our system. Southern has prosecuted these theft cases in the past but does not feel that prosecution is worth the time and effort. It is difficult to prove that a particular person is legally responsible for the theft. Additionally, Southern feels as though the punishment for these crimes is not enough to discourage others from stealing water from

Another obstacle preventing Southern from adequately addressing water loss is lack of manpower and resources. Southern has had difficulty in finding and keeping quality employees. Southern could benefit from a dedicated crew of employees devoted to leak detection but does not currently have the resources to fund a dedicated leak detection crew.

Southern does not feel as though the new meters have reduced unaccounted for water loss. One of the main reasons these meters have not been successful is the high number of faulty meters that we have encountered. This forces Southern to estimate many customer bills due to the meters not reading correctly and/or not having enough inventory of meters to replace meters that have been pulled to be repaired.

Southern thought that these new water meters could assist in reducing unaccounted for water loss but now feels as though the opposite may be true. Due to the high rate of faulty water meters that do not accurately reflect the amount of water passing through said meter, it is highly likely that Southern is not fully realizing the value of the water provided to their customers.

In order to reduce water loss, Southern intends to continue monitoring and removing theft from our system, finding funds to replace old faulty service lines and main lines, rehabilitating the water plant and possibly replacing the RG3 water meters with more reliable water meters.

Southern believes that replacing their faulty RG3 water meters with more dependable and accurate meters would greatly improve the utilities' financial condition and water loss. As discussed above, these RG3 water meters have been an albatross to the utility as they have a

unreasonable high rate of zero or slow read measurements. This results in the utility not recovering for the full amount of water provided to its customers.

CONCLUSION

Southern respectfully requests that the PSC grant the utility a water loss and or meter replacement surcharge. The money generated through this surcharge would be solely dedicated to water loss mitigation projects, water loss specific equipment and personnel as well as the financing of the purchase and installation of more accurate and reliable water meters.

CERTIFICATION

These responses are true and accurate to the best of preparer's knowledge, information and belief formed after reasonable inquiry.

Respectfully Submitted on April 29, 2025 by;

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