

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC FARMDALE)	
WATER DISTRICT’S)	Case No.
UNACCOUNTED-FOR WATER)	2020-00217
LOSS REDUCTION PLAN,)	
SURCHARGE AND MONITORING)	

MOTION FOR ALTERNATE USE OF SURCHARGE FUNDS

By and through the undersigned counsel, Farmdale Water District (“Farmdale District”) moves the Commission to accept its alternate use of Surcharge Funds, as described below. In support of its Motion Farmdale District states:

1. On January 24, 2025, the Commission granted Farmdale District’s December 18, 2024 Motion and gave Farmdale District authority to utilize **\$266,451.42** of Water Loss Reduction Surcharge Funds (“Surcharge Funds”) to purchase: **(1)** 1000 5/8 x 3/4-inch T-10, Pro-Coder Neptune water meters; **(2)** 500 Sensus 520M, M2 MXU single port transceiver units; and **(3)** 500 Sensus 520M, M2 MXU dual port transceiver units, to be used to replace meters in Farmdale District’s system that have been in place without testing for 10 years or longer; and to **(4)** reimburse Farmdale District for expenses directly related to the Benson Creek Project.

2. The breakdown of the expenses the Commission approved in its January 24, 2025 Order is:

- \$ 167,250 Neptune Pro-Coder water meters
- \$ 91,340 Transceivers
- \$ 7,861.42 Benson Creek Expenses

\$ 266,451.42 Total

3. In early February 2025, when the federal government announced plans to place a 25 percent tariff on goods imported from Canada, Farmdale District became concerned about its ability to purchase additional Neptune meters at the price it was quoted by the distributor. Although most Neptune products are made in the United States, some are manufactured in Canada. Additionally, it was Farmdale District's understanding that these tariffs would be applied to parts and components as well as finished goods, meaning that even if the meters Farmdale District planned to purchase were manufactured in the United States, the sale price could still increase if the finished meter contained components manufactured in Canada. This is because the cost of those Canadian-manufactured components would have been subjected to the tariff and would increase the cost to manufacture the meter.

4. At roughly the same time, Farmdale District realized it needed more than 1,000 meters in order to replace all meters in its system that are over 10 years old. Farmdale's staff completed a second, more comprehensive search of its meter

installation and testing records to make sure that the previous search had captured all meters in need of replacement. Farmdale District's staff discovered an additional 405 meters that had reached the 10-years-in-service milestone, and that therefore needed to be replaced.

5. Farmdale District contacted its distributor for Neptune meters, and it agreed to honor the price contained in the 2024 quote. Farmdale District ordered an additional 600 meters. This purchase provided Farmdale District with enough new meters to finish the meter replacement that it was ordered to perform by August 31, 2025, and provided an inventory of meters to be used for new installations or meter replacement in the future.

6. Farmdale District has paid for all 1,600 meters using Surcharge Funds. The total cost of the 1,600 meters is **\$267,600**.

7. Farmdale District has **not** reimbursed its operating account the \$7,861.42 in expenses related to the Benson Creek project, nor has it used any Surcharge Funds to pay the Frankfort Plant Board for the transceivers it is obtaining from the Plant Board.

8. Farmdale District's total expenditure for the 1,600 meters exceeds the total amount of Surcharge Funds the Commission approved to be spent in its January 24, 2025 Order by **\$1,148.58**.

9. Farmdale District seeks the Commission's authority to substitute its additional meter purchase for the purchase of the transceivers and the reimbursement of the Benson Creek expenses that the Commission authorized in its January 24, 2025 Order. Additionally, Farmdale District seeks the Commission's ratification of its use of \$1,148.28 more in Surcharge Funds than the Commission authorized in its Order.

10. Finally, Farmdale District seeks the Commission's authority to use the remainder of its Surcharge Funds, approximately \$68,834, to partially fund its purchase of the transceivers described in Farmdale District's December 18, 2024 Motion. Farmdale District will use other unrestricted funds to pay the remainder of the cost of the transceivers.

11. Farmdale District is fully aware that its request is irregular, and that the proper procedure would have been to request the Commission's approval before spending Surcharge Funds to purchase additional meters.

12. Farmdale District's actions in this instance were not born out of a disregard for the Commission's regulatory authority, but rather were the result of Farmdale District's desire to ensure it had an adequate number of meters on hand to meet the August 31, 2025 deadline, and to avoid a potentially drastic increase in the price for the meters.

WHEREFORE, on the basis of the forgoing, Farmdale District respectfully requests that the Commission accept Farmdale District's use of Surcharge Funds to purchase 1,600 meters at a cost of \$267,600 in substitute performance of using \$266,451.42 of Surcharge Funds to purchase 1,000 meters, 1,000 transceivers, and reimbursement of Benson Creek expenses. Additionally, Farmdale District moves for authority to use the remainder of its Surcharge Funds as partial payment for the transceivers Farmdale is purchasing through the Frankfort Plant Board.

Respectfully submitted,

/s/ Tina C. Frederick

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Dated: May 21, 2025

Counsel for Farmdale Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on May 21, 2025 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding

/s/Tina C. Frederick

Counsel for Farmdale Water District

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