COMMON WEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC BIG SANDY WATER DISTRICT'S UNACCOUNTED-FOR WATER LOSS REDUCTION PLAN, SURCHARGE, AND MONITORING	))))	**CASE NO. 2022-00301**

RESPONSE ON PROGRESS AND EXPENDITURES OF WATER LOSS DETECTION AND REPAIR PROGRAM

Big Sandy Water District ("the District") received an Order from the Commission on September 13, 2022, approving a monthly surcharge of $6.42 to be billed to its customers for a period of 60 months to fund the District's efforts to reduce unaccounted-for water loss. The District began billing the surcharge to its customers on November 1, 2022.

In May 2025, the Commission authorized the District to purchase additional zone meters to establish 10 additional District Metered Areas ("DMAs") at a cost of $101,528.89. Since February 2026, the District has expended $108,308.36 for the purchase of nine zone meters (the District already had one zone meter available in storage) and all materials necessary for the project. The actual cost of the zone meters and related materials exceeded the previously authorized amount by $6,779.47 due to increases in the cost of meters and related materials. To date, two zone meters have been installed, and the District anticipates that all ten DMAs will be operational before the end of 2026.

On April 16, 2026, the District requested an amendment to its Infrastructure Improvement Plan to permit the emergency relocation of approximately 300 feet of 12-inch waterline along U.S. Highway 23 in Boyd County. The relocation was necessary due to an extensive leak that resulted in multiple blowouts of the existing waterline. On May 15, 2026, the Commission approved the request and authorized the District to use up to $105,000 to cover the estimated contractor, engineering, and material costs associated with the project. The project has since been completed at a total cost of $86,865.54, which was paid from Surcharge funds.

As part of the Infrastructure Improvement Plan amendment, the District also identified 1,103 5/8-inch x 3/4-inch meters that had been in service for ten years or longer and could be contributing to unmetered water usage. Through two separate Orders, the Commission approved the purchase of 1,200 Mach 10 meters to replace meters that were ten years old or older. The District purchased the 1,200 meters in June and July 2026. District field technicians are working each week to replace the aging meters throughout the system as efficiently and expeditiously as possible.

Since implementation of the Surcharge, the District has made the following Surcharge-funded expenditures:

Date	Expenditure	Amount
April 2023	Emergency creek crossing reimbursement	$116,668.35
June 2023	Purchase of one-ton truck — Surcharge-funded portion	$65,000.00
November 2023	Purchase of digital listening device	$3,227.00
June 2024	Purchase of 500 Mach 10 meters	$164,500.00
August 2024	Purchase of 500 Mach 10 meters	$164,500.00
September 2025	Purchase of hydro excavator	$49,675.00
February 2026	Purchase of 9 zone meters to create additional DMAs	$31,678.28
May 2026	Purchase of zone meter materials	$71,189.62
May 2026	Emergency U.S. Highway 23 project reimbursement for materials and water loss	$17,785.54
June 2026	Emergency U.S. Highway 23 project contractor and engineering fees	$69,080.00
June 2026	Purchase of 1,103 Mach 10 meters	$362,887.00
June 2026	Purchase of materials for zone meters	$1,002.49
July 2026	Purchase of materials for zone meters	$4,437.97
July 2026	Purchase of 97 Mach 10 meters	$31,913.00
August 2026	Reimbursement for engineering fees associated with waterline replacement projects being submitted to USDA Rural Development	$5,370.00
Total		**$1,158,914.25**

In June 2023, the Commission authorized the District to use up to $65,000 in Surcharge funds toward the purchase of a one-ton truck. The truck was ultimately purchased at a cost of $66,558.00. The District used $65,000 in Surcharge funds for the purchase and paid the remaining $1,558.00 from its general revenues. Accordingly, only $65,000 of the truck purchase was charged to Surcharge funds.

As of the date of this report, the District has collected a total of $1,484,943.95 in Surcharge revenues, including interest earned on the Surcharge funds. The District has charged $1,158,914.25 to the Surcharge fund for the expenditures identified above, leaving a current Surcharge fund balance of $326,029.70. The District did not use Surcharge funds for the $1,558.00 portion of the one-ton truck purchase that exceeded the amount authorized by the Commission; that amount was paid from the District's general revenues.

The District is actively working to secure funding through USDA Rural Development ("RD") for waterline replacement projects on Bear Creek Road, Friendship Road, and Silver Run in Boyd County. These waterlines are among the oldest and most leak-prone lines within the District's system and their replacement is expected to address significant sources of unaccounted-for water loss. The District intends to apply the remaining Surcharge funds toward these projects, with RD funding expected to cover the remaining project costs. Using the remaining Surcharge funds for these projects will allow the District to continue addressing aging and leak-prone infrastructure while maximizing the benefit of funds collected specifically for the purpose of reducing unaccounted-for water loss.

To date, the District's average water loss is approximately 47 percent. The significant water breaks that occurred on U.S. Highway 23 in February and again in March 2026 contributed to the elevated water loss percentage. The installation of the additional DMAs scheduled for completion in 2026, together with the replacement of approximately 1,200 aging meters, is expected to contribute to a substantial reduction in water loss, with the District continuing to work toward a water-loss level of approximately 15 percent.

Despite the District's current water-loss percentage, the District continues to take active and measurable steps to identify and reduce unaccounted-for water loss throughout its system. The District remains committed to the continued implementation of its Infrastructure Improvement Plan. The District will continue to diligently pursue the identified water-loss reduction projects and available funding opportunities, including RD funding, and will continue to use Surcharge funds for necessary improvements consistent with the Commission's prior authorizations. The District anticipates that completion of these improvements will result in a substantial reduction in water loss and improved overall system efficiency.

Respectfully,

Jessica Sexton

Jessica Sexton
Office Manager
Big Sandy Water District