

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEN COUNTY WATER) CASE NO.
DISTRICT UNACCOUNTED-FOR WATER) 2023-00212
LOSS REDUCTION PLAN, SURCHARGE)
MONITORING)

RESPONSE OF ALLEN COUNTY WATER DISTRICT TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Allen County Water District submits the following as its Response to Commission Staff's
Second Request for Information.

Dated: December 18, 2024

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that the electronic filing has been transmitted to the Kentucky Public Service Commission on December 18, 2024, and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



Shawn Rosso Alcott
Counsel for Allen County Water District

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BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|---------------------------------------|---|-------------------|
| ELECTRONIC ALLEN COUNTY WATER |) | CASE NO. |
| DISTRICT UNACCOUNTED-FOR WATER |) | 2023-00212 |
| LOSS REDUCTION PLAN, SURCHARGE |) | |
| MONITORING |) | |

RESPONSE OF ALLEN COUNTY WATER DISTRICT TO
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

FILED: December 18, 2024

VERIFICATION

COMMONWEALTH OF KENTUCKY)
COUNTY OF ALLEN)

The undersigned, Keri Hill, being duly sworn, states that she is the Office Manager of the matters set forth in the responses for which she is identified as a witness and the answers contained therein are true and correct to the best of her information, knowledge and belief.

[Handwritten signature of Keri Hill]
Keri Hill
Office Manager

Subscribed and sworn to before me, a Notary Public in and before said County and State, this the 18th day of December 2024.

[Handwritten signature of Sonda Cunningham]
Notary Public

My Commission Expires: 10-10-28
Notary ID: KNP16191

**Allen County Water District's Response to Commission Staff's Second Request for
Information
Case No. 2023-00212**

Question No. 1

Responding Witness: Keri Hill

Q1: Refer to the Qualified Infrastructure Improvement Plan and Motion for Authority to Expend Surcharge Proceeds.

- (a) Confirm that the reimbursement requested is for water meter replacement and installation of zone meters that occurred prior to the Commission's approval of the water loss surcharge on February 3, 2021 in Case No. 2020-00296.**
- (b) If so, explain why these meter replacements should be reimbursed from the water loss surcharge funds.**
- (c) Explain whether there has been any on-going water meter replacements or installation of zone meters since the Commission's approval of the water loss surcharge in 2021.**
- (d) If so, provide who many meters have been replaced, per year, since 2021.**

A1(a): Yes, expenses relating to pressure zone meters and early water meter replacements (Water Meter Replacement - \$21,100 and Pressure Zone Meters - \$58,721.92) were incurred prior to the initiation water loss surcharge charge in Case No. 2020-00296.

A1(b): The foundation of Allen District's water loss program is the organization of its system into pressure zones and the installation of pressure zone meters to collect data so that usage patterns and volumes can be analyzed and used by staff to identify when and where leaks are occurring. Without this fundamental tool, the improvements the Allen District has been able to make in its water loss in recent years would not have been possible.

The Allen District's efforts to address water loss began several years before the water loss surcharge was ordered by the PSC. When the Allen District began discussing its high water loss figures, the staff and Board of Commissioners realized that there would be no quick fix but rather reducing water loss would require a long term commitment and investment in the tools needed to identify water loss. In 2019, the Board of Commissioners created a water loss team from district staff and directed the team with the help of the district's engineering firm to develop strategies to reduce water loss. This lead to the creation of pressure zones, installation of pressure zone meters and designating each account to a specific zone. Without this early work and investment in building the pressure zones which is the foundation and keystone to the district's water loss plan, the reduction in water loss that the Allen District has seen in recent years would not have been possible. Also, the sole purpose of this entire investment is for the meaningful and sustained improvement in the District's water loss rate and not some other goal or purpose. This investment also allows the work begun to continue into the future.

When the Allen District began discussions and efforts to address water loss, it did so because it felt it was important to take all necessary and reasonable steps to meet the PSC water loss goal of 15%. It also believed that it was in the best interests of its customers as unaddressed high water loss is a financial drain upon the district's operations. To disallow these expenses which represent the foundational investment in the basic tools to address water loss solely because these expenses were incurred prior to the PSC's order imposing the water loss surcharge would have the effect of penalizing the Allen District for taking proactive steps to address water loss and responsibly steward its resources. Had the Allen District not taken the action it did in 2019, the District's efforts toward meaningful reduction in water loss would be years behind.

A1(c): Yes, the installation of low flow water meters that begun in 2019 continues.

A1(d): In 2019, the Allen District began to remove all meters manufactured by Zenner and replace them with the more accurate ultrasonic meters as testing conducted by the district which is detailed in the QIIP revealed the Zenner meters were significantly underperforming. In more recent years, the Allen District began exploring the feasibility of utilizing meters with radio read capabilities. Because of the efficiencies to be gained by switching to radio read capable meters that also more accurately measured low flow because they are ultrasonic meters, the Allen District decided that as it continued to move its entire system to ultra sonic low flow ultrasonic meters, it would also add radio read capacity to new meters being installed beginning in 2023. To avoid all meters in the system coming due for replacement at ten years of use at the same time, the Allen District elected to that it would work on meter "switch outs" on a route by route basis over several years in addition to placing new meters when an existing meter reaches its 10 year life span.

There are 6405 meters in the Allen District's system. Since 2019, 4950 new ultra sonic low flow meters have been placed in the system. At this point in time, approximately 1455 "old" meters remain in the system.

In 2020, 934 low flow meters were placed in service.

In 2021, 448 low flow meters were placed in service

In 2022, 314 low flow meters were placed in service.

In 2023, 1644 low flow meters were placed in service.

In 2024, 1610 low flow meters were placed in service.

Q2: Refer to the QIIP, where Allen District referenced that it wished to utilize surcharge funds for expenses already incurred for the 31-E emergency repairs, installation of zone meters an replacement of water meters, and stated that it wished to use any remaining funds to expedite the replacement of retail meters. If Allen District is currently active in replacement or has a plan in place for further water meter replacements or installation of further zone meters, explain if it still contemplates the use of surcharge funds towards those projects.

- (a) If so, provide the numbers of meters to be replaced, the expected timeline of replacements and any estimates Allen District has obtained for the cost of the meters and installation.**
- (b) Explain if Allen District has obtained any funding from Kentucky Infrastructure Authority, United States Department of Agriculture Rural Development or any other source for its on-going or future water meter replacements.**

A2(a): The Allen District system is comprised of approximately 6405 meters. To date, 4950 ultrasonic meters have been placed in the system. The Allen District anticipates that by 2026, the entire system will be completely transitioned to more accurate ultrasonic meters that measure low flow that also have radio read capacity.

A2(b): No funding has been obtained from Kentucky Infrastructure Authority or United States Department of Agriculture Rural development or other source for on-going or future water meter replacement.