

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CANNONSBURG WATER DISTRICT'S	)	CASE NO. 2014-00267
UNACCOUNTED-FOR WATER LOSS	)	
REDUCTION PLAN, SURCHARGE AND	)	
MONITORING	)	

ORDER

On August 8, 2011, the Commission accepted Cannonsburg Water District's ("Cannonsburg District") application for approval of emergency rate relief and to adjust its rates for water service.<sup>1</sup> In that proceeding, Cannonsburg District requested authority to assess a "surcharge whose proceeds are restricted to addressing non-revenue water reduction efforts."<sup>2</sup> In that proceeding, the Commission issued an Order on June 4, 2012, authorizing Cannonsburg District to assess a monthly surcharge of \$5.53 on each customer for 36 months, or until the total amount of the surcharge equaled \$700,875, to fund its unaccounted-for water loss reduction efforts.<sup>3</sup> This surcharge was subject to a number of conditions, which included requiring Cannonsburg District to file, within 90 days of the entry of the June 4, 2012 Order, a comprehensive unaccounted-for water loss reduction plan that: (1) identified the sources of unaccounted-for water loss and the amount of water loss from each source;

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<sup>1</sup> Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges* (Ky. PSC Aug. 8, 2011).

<sup>2</sup> Letter from Danny Clarkston, Manager of Cannonsburg Water District, to Gerald Wuetcher, Commission Staff Counsel (Aug. 18, 2011).

<sup>3</sup> Case No. 2011-00217, *Application of Cannonsburg Water District for (1) Approval of Emergency Rate Relief and (2) Approval of the Increase in Nonrecurring Charges at 7, 9* (Ky. PSC June 4, 2012)

(2) established priorities and a time schedule for eliminating each source of unaccounted-for water loss; and (3) provided a detailed spending plan for the proceeds of a surcharge.<sup>4</sup> Cannonsburg District was ordered to maintain a separate interest-bearing account in which to deposit the surcharge funds collected. Cannonsburg District was ordered not to withdraw any of the surcharge proceeds from the separate interest-bearing account until the Commission approved its comprehensive unaccounted-for water loss plan.<sup>5</sup>

On September 21, 2012, Cannonsburg District submitted an unaccounted-for loss reduction plan.<sup>6</sup> However, this plan did not address the information specifically requested in the June 4, 2012 Order, including the sources of the unaccounted-for water loss and the amount of water loss from each source or priorities and a time schedule for eliminating each source of unaccounted-for water loss.

On July 17, 2014, Cannonsburg District filed sufficient information for a water loss detection plan that will enable it to gather the information that is necessary for Cannonsburg District to file the comprehensive unaccounted-for water loss reduction plan outlined in the Commission's June 4, 2012 Order.

In its water loss detection plan, Cannonsburg District proposes to install ten master meters on its system, which Cannonsburg District divided into nine zones. Within those nine zones, Cannonsburg District will install 14 bypass meters. This will enable Cannonsburg District to gather the information to develop a detailed

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<sup>4</sup> *Id.* at 10.

<sup>5</sup> *Id.*

<sup>6</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (Sept. 21, 2013).

unaccounted-for water loss reduction plan. Cannonsburg District's Board of Commissioners accepted Little Creek Construction's bid of \$47,800 for labor and installation and CITCO's bid of \$85,762 for materials. Cannonsburg District is requesting to spend \$133,562 of the funds in the separate interest-bearing surcharge account to determine where the water loss is occurring.

Having reviewed Cannonsburg District's water loss detection plan and being otherwise advised, the Commission, upon its own motion, establishes this proceeding to monitor Cannonsburg District's utilization of the surcharge proceeds, the assessment of which were authorized in Case No. 2011-00217, and finds that:

1. Cannonsburg District should be authorized to spend \$133,562 from the surcharge account for a water loss detection plan to gather the information necessary to develop the comprehensive unaccounted-for water loss reduction plan outlined in the Commission's June 4, 2012 Order in Case No. 2011-00217.

2. Cannonsburg District's water loss detection plan consisting of installing ten master meters and 14 bypass meters should be approved.

3. Within six months of completing the installation of the ten master meters and 14 bypass meters, Cannonsburg District should provide the following information, include supporting documentation:

a. Identify the sources of unaccounted-for water loss and the amount of water loss from each source.

b. Establish priorities and a time schedule for eliminating each source of unaccounted-for water loss.

c. Provide a detailed spending plan for the remaining proceeds of the funds from the surcharge.

4. Cannonsburg District should not be authorized to spend any additional funds from the separate interest-bearing surcharge account until further Order of this Commission.

IT IS THEREFORE ORDERED that:

1. Cannonsburg District's water loss detection plan consisting of installing ten master meters and 14 bypass meters is approved.

2. Cannonsburg District is authorized to spend \$133,562 from the separate interest-bearing surcharge account for the limited purpose of completing the water loss detection plan as outlined in the plans filed by Cannonsburg District.

3. On the fifteenth day of each month, Cannonsburg District shall file with the Commission a monthly activity report that includes a status update on the meter installation and development of the comprehensive unaccounted-for water loss reduction plan. This monthly activity report shall reference Case No. 2014-00267.

4. This case shall remain open and on the Commission's docket for the purpose of monitoring Cannonsburg District's monthly reports filed pursuant to Ordering Paragraphs 3 and 6, to review the plan filed pursuant to Ordering Paragraph 9, and any other action as deemed necessary.

5. The record of Case No. 2011-00217 shall be incorporated herein by reference.

6. Cannonsburg District shall continue to provide the reports set forth in Ordering Paragraphs 8 and 9 of the June 4, 2012 Order in Case No. 2011-00217, but those reports shall now reference Case No. 2014-00267.

7. Cannonsburg District shall not spend any funds beyond those authorized herein from the separate interest-bearing surcharge account until further Order of this Commission.

8. Cannonsburg District's monthly filings in compliance with the Commission's June 4, 2012 Order in Case No. 2011-00217 and relating to the surcharge collection and the water leak detection plan included in Cannonsburg District's general correspondence file shall be incorporated herein by reference.

9. No later than six months after Cannonsburg District has completed its water loss detection plan, it shall file with the Commission a comprehensive unaccounted-for water loss reduction plan as described in Finding Paragraph 3 above.

10. All provisions of the June 4, 2012 Order that are not in conflict with the terms of this Order shall remain in full force and effect.

11. The Executive Director is authorized to grant reasonable extensions of time for the filing of any documents required by this Order upon Cannonsburg District's showing of good cause for such extension.

By the Commission

ENTERED  
**AUG 07 2014**  
KENTUCKY PUBLIC  
SERVICE COMMISSION