

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ORDER

On August 18, 2016, Cannonsburg Water District (“Cannonsburg”) filed a motion requesting the Commission to issue an Order authorizing Cannonsburg to expend funds in the amount of \$15,265 from the proceeds of its unaccounted-for water loss reduction plan rate surcharge to purchase equipment and material for the purpose of monitoring unaccounted-for water loss. Specifically, Cannonsburg requests in its motion authorization to spend surcharge funds to purchase: (1) one portable ultrasonic flow meter; (2) one digital leak detector; (3) 100 feet of 36-inch high-density polyethylene pipe; and (4) an unspecified number of metering pit lids. The total amount of surcharge funds that Cannonsburg seeks authorization to spend is \$15,265.

Background

On June 4, 2012, in Case No 2011-00217,<sup>1</sup> the Commission issued an Order authorizing Cannonsburg “to assess a monthly surcharge of \$5.53 on each customer beginning on June 1, 2012, and continuing for a period of 36 months” for the purpose of

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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 June 4, 2012).

funding Cannonsburg's unaccounted-for water loss reduction efforts.<sup>2</sup> The authorization was subject to conditions set forth in ordering paragraphs 5 through 13 of the June 4, 2012 Order. Ordering paragraph 5 required Cannonsburg, within 90 days of the June 4, 2012 Order, to file:

[A] comprehensive unaccounted-for water loss reduction plan that identifies the sources of unaccounted-for water loss and the amount of lost water from each source, establishes priorities and a time schedule for eliminating each source of unaccounted-for water, and provides a detailed spending plan for the proceeds of the surcharge.<sup>3</sup>

Cannonsburg submitted an unaccounted-for water loss reduction plan on September 21, 2012,<sup>4</sup> that did not meet the requirements of the June 4, 2012 Order. On June 30, 2014, as supplemented on July 17, 2014, Cannonsburg filed a water loss detection plan that would enable it to gather the information necessary to develop an unaccounted-for water loss reduction plan in accordance with the June 4, 2012 Order.

By Order entered on August 7, 2014, the Commission opened this case for the purpose of monitoring Cannonsburg's utilization of the surcharge proceeds.<sup>5</sup> The Commission in its Order approved Cannonsburg's water loss detection plan and authorized Cannonsburg to spend funds from the proceeds of the surcharge to implement the water loss detection plan.<sup>6</sup> Cannonsburg's plan was to install ten master meters on its water system, which Cannonsburg divided into nine zones, and to install

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<sup>2</sup> *Id.* at 9.

<sup>3</sup> *Id.* at 10.

<sup>4</sup> *Id.*, Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Sept. 21, 2012).

<sup>5</sup> Case No. 2014-00267, *Cannonsburg Water District's Unaccounted-for Water Loss Reduction Plan, Surcharge and Monitoring* (Ky. PSC Aug. 7, 2014) at 4.

<sup>6</sup> *Id.* at 4-5.

14 bypass meters within those zones. Readings from master meters would enable Cannonsburg to determine unaccounted-for water loss by zone. The bypass meters would be used to monitor smaller areas within zones.

The water loss detection plan is intended to enable Cannonsburg to detect the location of line leaks and prioritize water loss reduction efforts and thereby to gather the necessary information to file the comprehensive unaccounted-for water loss reduction plan. The August 7, 2014 Order required Cannonsburg to file, no later than six months after completing the installation of the meters, a comprehensive water loss reduction plan that: (1) identified the sources of unaccounted-for water loss and the amount of water loss from each source; (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 remaining proceeds of the funds from the surcharge.<sup>7</sup> The Order prohibited Cannonsburg from spending surcharge funds without prior Commission approval.<sup>8</sup>

Ordering paragraph 3 of the August 7, 2014 Order required Cannonsburg to file on the 15th of each month “a monthly activity report that includes a status update on the meter installation and development of the comprehensive unaccounted-for water loss reduction plan.” On January 6, 2015, Cannonsburg filed a monthly activity report indicating that the ten master meters had been installed during November 2014.<sup>9</sup> In its response to Staff’s Second Request for Information, Cannonsburg informed the

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<sup>7</sup> *Id.* at 3–4, 5.

<sup>8</sup> *Id.* at 5.

<sup>9</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Jan. 6, 2015).

Commission that the ten master meters installed during November 2014 were defective and would need to be replaced, and that the defective meters would not be replaced until late April 2015.<sup>10</sup> In its monthly surcharge activity report received by the Commission on June 17, 2015, Cannonsburg stated that the replacement master meters had been installed, but that Cannonsburg was not obtaining readings from the meters because they were not installed with radio-read capability.

Cannonsburg continued to report a variety of problems obtaining usable readings from the master meters. Cannonsburg reported that the boxes in which the meters were installed were too small and had to be dug up and replaced.<sup>11</sup> Cannonsburg stated in its activity report for August 2015 that it was obtaining readings from seven of the replacement master meters,<sup>12</sup> but the following month Cannonsburg reported that only four meter registers were operable.<sup>13</sup> Thereafter, Cannonsburg reported that the meter registers were not operable because the register transmitters had been delivered without battery packs or radio cards, and had wire hookups that were not waterproof.<sup>14</sup> In its report for August and September 2015, Cannonsburg reported that the number of

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<sup>10</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Mar. 23, 2015).

<sup>11</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Aug. 17, 2015).

<sup>12</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Sept. 11, 2015).

<sup>13</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Oct. 19, 2015).

<sup>14</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission. (filed Nov. 17, 2015); Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Dec. 16, 2015).

meters from which it was obtaining readings was up to seven,<sup>15</sup> but in its report for January 2016, Cannonsburg reported that the number of meters from which it was obtaining usable data was down to four.<sup>16</sup>

Finally, in its surcharge activity report received by the Commission on April 19, 2016, Cannonsburg stated that it was receiving readings from all of the master meters as of April 1, 2016.<sup>17</sup> The following month, Cannonsburg reported that it was obtaining readings from only seven of the ten replacement master meters due to a firmware problem with the meter registers.<sup>18</sup>

The problems with the master meters are still unresolved. In its latest surcharge activity report to the Commission, Cannonsburg states that two of the meters now require new registers due to “poor podding from the factor,” and that it is awaiting a schedule from the contractor for completion of the replacement.<sup>19</sup>

The Commission finds that more than two years after the Commission approved Cannonsburg’s unaccounted-for water loss detection plan and authorized Cannonsburg to expend water loss reduction surcharge funds for the limited purpose of implementing

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<sup>15</sup> Letter from Danny R. Clarkston, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission. (filed Sept. 11, 2015); Letter from Danny R. Clarkston, Manager of Cannonsburg Water District to Jeff Derouen, Executive Director of the Kentucky Public Service Commission. (filed Oct. 19, 2015).

<sup>16</sup> Letter from Tim Webb, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Feb. 16, 2016). Cannonsburg does not specify in its reports for October, November, or December 2015, the number of meters from which it was obtaining readings, but merely states that it was not obtaining readings due to faulty equipment.

<sup>17</sup> Letter from Tim Webb, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Apr. 19, 2016).

<sup>18</sup> Letter from Tim Webb, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed May 18, 2016).

<sup>19</sup> Letter from Tim Webb, Manager of Cannonsburg Water District, to Jeff Derouen, Executive Director of the Kentucky Public Service Commission (filed Nov. 17, 2016).

the plan, Cannonsburg has still not completed implementation of the plan. The Commission further finds that Cannonsburg has not filed a comprehensive unaccounted-for water loss reduction plan and has not included in its monthly activity reports a status update on the development of the water loss reduction plan.

Cannonsburg claims in its motion that the equipment it seeks permission to purchase with surcharge funds is necessary for the implementation of the water loss detection plan. The Commission finds, however, that Cannonsburg does not explain in its motion why the equipment is needed to implement the approved water loss detection plan or to develop the comprehensive water loss reduction plan required by the Commission's August 17, 2014 Order. The Commission therefore finds that Cannonsburg's motion should be denied, and that Commission Staff should schedule an informal conference with Cannonsburg to discuss the continued delays with the implementation of the approved water loss detection plan and the development of a water loss reduction plan.

IT IS THEREFORE ORDERED that:

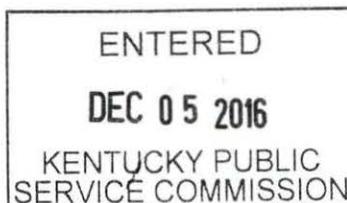
1. Cannonsburg's motion to expend \$15,265 from the unaccounted-for water loss reduction plan surcharge account is denied.
2. Cannonsburg District shall continue to provide the monthly reports set forth in ordering paragraphs 8 and 9 of the June 4, 2012 Order in Case No. 2011-00217, and in ordering paragraph 3 of the August 7, 2014 Order in this Case.
3. Cannonsburg shall include in the monthly activity report a status update on the development of the comprehensive unaccounted-for water loss reduction plan.

4. Once all meters have been installed and are being read, Cannonsburg shall include in its monthly activity report a monthly comparison of the master meter readings to the customer meter readings for each zone.

5. No later than six months after Cannonsburg begins reading all master meters, or June 30, 2017, whichever occurs first, Cannonsburg shall file with the Commission a comprehensive unaccounted-for water loss detection plan that includes the information listed in finding paragraph 3 of the August 7, 2014 Order.

6. Commission Staff shall schedule an informal conference with Cannonsburg to discuss the continued delays with the implementation of the approved water loss detection plan and the development of a water loss reduction plan.

By the Commission



ATTEST:

  
Executive Director

\*Kevin P Sinnette, Esq.  
P.O. Box 1358  
Ashland, KENTUCKY 41105

\*Cannonsburg Water District  
1606 Cannonsburg Road  
Ashland, KY 41102

\*Cannonsburg Water District  
Cannonsburg Water District  
1606 Cannonsburg Road  
Ashland, KY 41102