

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC GRAVES COUNTY WATER	)	
DISTRICT'S UNACCOUNTED-FOR WATER	)	CASE NO.
LOSS REDUCTION PLAN, SURCHARGE, AND	)	2019-00347
MONITORING	)	

ORDER

On February 10, 2021, Graves County Water District (Graves District) filed a motion requesting Commission approval to use the proceeds of the water loss detection and prevention surcharge (Surcharge) to pay \$6,300 in legal fees incurred in preparing and filing an annual report of the Surcharge collection and expenses and the status of the water loss detection and prevention program.

Graves District explained that, after Graves District personnel submitted a report that did not contain the required information, Graves District engaged legal counsel to prepare the report. Graves District explained that its personnel will prepare future reports, using the 2021 report as a template, and will not need to engage legal counsel for future reports.

As a basis for its motion, Graves District asserted that the Commission imposed reporting requirements upon Graves District, and therefore the costs incurred to prepare the required report, including legal fees, are a necessary administrative cost.

In the September 30, 2019 Order that initiated this proceeding, the Commission required, among other things, that Graves District annually file a schedule of the estimated and actual progress of the water loss detection and prevention program and

the estimated and actual expenditures made with surcharge proceeds to evaluate whether adjustments to the program or Surcharge were warranted.

The Commission rejects Graves District's assertion that the Commission required Graves District to file the report as counterfactual. Graves District put forth the reporting requirement in the accountability measures contained in Graves District's water loss detection and prevention plan proposal, which the Commission accepted with minimal modification, rejecting a few provisions not related to the annual reporting requirement.<sup>1</sup> Because Graves District initiated the proposal, Graves District had advanced knowledge of the date that the report was to be filed and advanced knowledge of the information that was to be included in the annual report. Graves District agreed to provide the information; the reporting data is with the control of Graves District; Graves District has personnel, through its contract with Mayfield Electric, Water, and Sewer, who should be capable of preparing the annual report. Moreover, given the import of monitoring real-time collection and expenditures and the potential for over- or undercollection of surcharge funds, the Commission has an expectation that Graves District can and will prepare an annual report that Graves District proposed be filed.

In Case No. 2018-00429, the Commission approved Graves District's water loss detection and prevention plan for the express purpose of providing funds to pay for specific materials, equipment, and labor and transportation costs explicitly identified in the plan that were directly related to leak detection, repair, and prevention. Legal costs are not the type of expenses that the Commission approved for recovery through the

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<sup>1</sup> Case No. 2018-00429, *Application of Graves County Water District for an Alternative Rate Adjustment* (filed Aug. 19, 2019), Supplemental Proposal of Graves County Water District for a Water Loss Detection and Repair Surcharge.

surcharge proceeds. Further, the Commission denied Graves District's request to use the surcharge proceeds for other purposes.<sup>2</sup>

Based upon the motion and case records of this proceeding and Case No. 2018-00429, the Commission finds that Graves District's motion should be denied. Graves District failed to establish good cause to use the surcharge proceeds for a cost not expressly within the scope of the approved water loss detection and prevention plan. Further, given the Commission's previous denial of Graves District's request to use the surcharge proceeds for other purposes, Graves District failed to establish good cause for the Commission to reconsider its previous determination.

The Commission expects that, going forward, Graves District will prepare the annual report using its own personnel to compile the data, then write and file the report with the Commission.

IT IS THEREFORE ORDERED that Graves District's motion to use the surcharge proceeds to pay legal fees is denied.

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<sup>2</sup> Case No. 2018-00429, final Order (Ky. PSC Sept. 30, 2019), at ordering paragraph 8.

By the Commission



ATTEST:

  
Linda C. Andrew  
Executive Director

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