

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC FARMDALE WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2020-00217
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Farmdale Water District's (Farmdale District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2020-00021.¹ The Commission approved Farmdale District's motion to assess a monthly surcharge of \$3.00 per customer for 48 months, or until \$380,000 has been assessed, whichever occurs first, to fund its unaccounted-for water loss reduction efforts as set forth in its April 13, 2020 motion. The Commission found that the surcharge was subject to a number of conditions. Consistent with the findings in Case No. 2020-00021, the Commission finds that:

1. Within 120 days of the date of this Order, Farmdale District should file with the Commission a qualified infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that establishes priorities and a time schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge.

¹ Case No. 2020-00021, *Electronic Alternative Rate Adjustment Filing of Farmdale Water District* (Ky. PSC July 7, 2020).

2. Farmdale District should deposit surcharge collections in a separate interest-bearing account.

3. On the fifteenth day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Farmdale District should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of the purpose; and invoices supporting each payment.

4. On the fifteenth day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Farmdale District should file a monthly water loss report with the Commission.²

5. Farmdale District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

6. Farmdale District should consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

7. Farmdale District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

8. When Farmdale District collects the surcharge from the customers, it should debit special funds and credit the customer account.

² The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)."

9. One year after the date of entry of this Order and annually thereafter, Farmdale District should file in Case No. 2020-00217 a schedule of the estimated and actual progress of the water loss detection and repair program and estimated and actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

10. Farmdale District's failure to comply with any conditions attached to its assessment of the surcharge will result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

IT IS THEREFORE ORDERED that:

1. This case is opened to monitor Farmdale District's unaccounted-for water loss surcharge proceeds collection and expenses.

2. The record of Case No. 2020-00021 is incorporated by reference in Case No. 2020-00217.

3. Within 120 days of the date of this Order, Farmdale District shall file with the Commission a qualified infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that establishes priorities and a time schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge.

4. Farmdale District shall deposit surcharge collections in a separate interest-bearing account.

5. On the fifteenth day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Farmdale District shall file with the Commission a monthly activity report that includes a statement of monthly surcharge

billings and collections; a monthly surcharge bank statement; a list of each payment from the account, its payee, and a description of the purpose; and invoices supporting each payment.

6. On the fifteenth day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Farmdale District shall file a monthly water-loss report with the Commission.³

7. Farmdale District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

8. Farmdale District shall consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

9. Farmdale District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

10. When Farmdale District collects the surcharge from the customers, it shall debit special funds and credit the customer account.

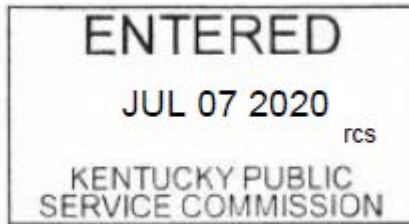
11. One year after the date of entry of this Order and annually thereafter, Farmdale District shall file in this matter a schedule of the estimated and actual progress of the water loss detection and repair program and estimated and actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

³ The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)."

12. Farmdale District's failure to comply with any of the conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of collected surcharge proceeds disbursed on expenses or projects outside the scope of expenses and projects approved by the Commission.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

By the Commission



ATTEST:

A handwritten signature in blue ink, consisting of stylized initials and a surname, written over a horizontal line.

Executive Director

*Honorable Damon R Talley
Attorney at Law
Stoll Keenon Ogden PLLC
P.O. Box 150
Hodgenville, KENTUCKY 42748

*Farmdale Water District
100 Highwood Drive, Route 8
Frankfort, KY 40601

*Jan Sanders
Secretary
Farmdale Water District
100 Highwood Drive, Route 8
Frankfort, KY 40601

*Katelyn L. Brown
Attorney
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801