

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

This matter arises upon Farmdale Water District's (Farmdale District) request to disburse funds from its water loss reduction plan surcharge.

On July 7, 2020, the Commission established this proceeding to monitor the collection and expenditure of an unaccounted-for water loss reduction plan surcharge. In the July 7, 2020 Order, the Commission prohibited the use of the surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.¹ The Commission also ordered Farmdale District to file "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."²

Farmdale District has a history of significant water loss, which can both reflect and cause financial distress to a utility. In Case No. 2020-00021,³ the Commission approved

¹ Order (Ky. PSC July 7, 2020) at 4, ordering paragraph 7.

² Order (Ky. PSC July 7, 2020) at 3, ordering paragraph 5.

³ Case No. 2020-00021 *Electronic Alternative Rate Adjustment Filing of Farmdale Water District* (Ky. PSC July, 2020), Order at 10.

a monthly surcharge of \$3 per active meter for 48 months, or until \$380,000 had been assessed, whichever occurs, first to fund Farmdale District's unaccounted-for water loss reduction efforts.⁴

This proceeding was subsequently opened to monitor Farmdale District's collection and expenditures of the water loss prevention surcharge to ensure that the surcharge was used solely to improve Farmdale District's efforts to reduce water loss. Farmdale District has been collecting the surcharge but has not previously requested reimbursement from the water loss surcharge account.

REIMBURSEMENT REQUEST

On February 29, 2024, Farmdale District filed a proposed Qualified Infrastructure Improvement Plan, Water Loss Reduction Plan, and Water Loss Surcharge Spending Plan (collectively, Qualified Infrastructure Improvement Plan "QIIP"). In that filing, Farmdale District indicated that it would seeking reimbursement for the "South Benson Project."⁵

On May 8, 2024, Commission Staff issued its Third Request for Information (Staff's Third Request), in part, to gather more information on the South Benson Project. On May 23, 2024, Farmdale District filed a Clarification of Expenses to be Considered for Reimbursement. In that filing, Farmdale District provided a breakdown of the amount of and reason for the amount requested for reimbursement.⁶ Farmdale District requested

⁴ Case No. 2020-00021, July 7, 2020 Order at 8, 10.

⁵ Farmdale District's QIIP (filed Feb. 29, 2024) at 4.

⁶ Farmdale District's Clarification of Expenses to be Considered for Reimbursement (Clarification) (filed May 24, 2023) at unnumbered PDF page 4.

\$8,350 for Engineering Services, \$220 for advertising of bids, and \$7,181.69 for construction overrun, all related to the South Benson Project.⁷

On May 24, 2024, Farmdale District filed responses to Staff's Third Request. Farmdale District clarified that it requested reimbursement for a portion of the expenses related to the South Benson Project.⁸ According to the response, Farmdale District bid out the project in January of 2022, and work was completed in August of 2022.⁹ The project included boring under South Benson Road and transferring customer service lines from a leaky 3-inch distribution line to a newer 6-inch water distribution line.¹⁰ Originally, Farmdale District stated it believed there to be approximately 18 service lines in need of replacement, but once the project was underway, additional service lines were discovered in the area that also needed to be transferred to the newer 6-inch line.¹¹ Farmdale District stated that, in the end, more than 30 service lines were transferred to newer 6-inch line.¹² A grant from the Franklin County Fiscal Court covered \$100,000 of the project.¹³ Farmdale District again requested reimbursement for the cost of the engineering consultant of \$8,350, bid advertisement of \$220, and the construction overage in the

⁷ Clarification at unnumbered PDF page 4.

⁸ Farmdale's Response to Staff's Third Request (filed May 24, 2024), Item 1(a).

⁹ Farmdale's Response to Staff's Third Request, Item 1(a).

¹⁰ Farmdale's Response to Staff's Third Request, Item 1(a).

¹¹ Farmdale's Response to Staff's Third Request, Item 1(a).

¹² Farmdale's Response to Staff's Third Request, Item 1(a).

¹³ Farmdale's Response to Staff's Third Request, Item 1(a).

amount of \$7,181.69.¹⁴ Farmdale District provided the invoices and payment documentation in both the May 23, 2024 and the May 24, 2024 filings.¹⁵

Farmdale District also requested reimbursement for a Ground Penetrating Radar which is a Sensors & Software (make) LMX100-GPR (model) in the amount of \$16,290 purchased to assist in leak location.¹⁶ According to Farmdale District, the utility has asbestos cement and PVC lines with no tracer wire, and this device allows them to find the lines and repair leaks.¹⁷ Farmdale District also provided an invoice for this item.¹⁸

The reimbursement amount Farmdale District requested for the South Benson Project and the Ground Penetrating Radar totals \$32,041.69.

The Commission finds that Farmdale District's request for reimbursement from the surcharge proceeds should be granted. Farmdale District sought Commission permission prior to expending funds from the surcharge account, submitted an invoice for the expense, and provided an explanation of how the South Benson Project and the Ground Penetrating Radar were necessary in its continued efforts to decrease water loss.

IT IS THEREFORE ORDERED that Farmdale District's request to disburse \$32,041.69, as detailed in its filings dated May 23, 2024, and May 24, 2024, from the water loss reduction surcharge is granted.

¹⁴ Farmdale's Response to Staff's Third Request, Item 1(a).


¹⁵ Clarification, Attachment; Farmdale District's Response to Staff's Third Request, Attachment 1(a).

¹⁶ Clarification at unnumbered PDF page 5.

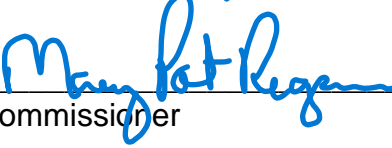
¹⁷ Clarification at unnumbered PDF page 5.

¹⁸ Clarification, Attachment; Farmdale District's Response to Staff's Third Request, Attachment 1(d).

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
JUN 13 2024
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KENTUCKY PUBLIC
SERVICE COMMISSION

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