

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTHERN)	
WATER AND SEWER DISTRICT FOR)	CASE NO.
APPROVAL OF FINANCING PURSUANT TO)	2021-00046
KRS 278.300 PURCHASE AND INSTALL)	
MASTER METERS)	

ORDER

On February 8, 2021, Southern Water and Sewer District (Southern District) filed an application requesting approval to purchase and install master meters to address Southern District’s significantly high water loss. Southern District also requested, pursuant to KRS 278.300, approval to finance the project by using the remaining proceeds of a loan previously approved by the Commission to purchase and install replacement customer meters.

Five recent cases addressed the need for Southern District to upgrade its water system infrastructure to reduce its excessive water loss. In Case No. 2019-00131, the Commission, among other things, authorized Southern District to collect a \$5.25 per month surcharge from its customers to fund the cost of customer meter replacements to address 47.52 percent water loss and to replace aged, malfunctioning meters.¹ Southern District explained in Case No. 2019-00041 that it was necessary to both replace the

¹ Case No. 2019-00131, *Application of Southern Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Nov. 7 2019). In the 2018 Annual Report, Southern District reported a 62.52 percent water loss. In accordance to 807 KAR 5:066, Section 6(3), unaccounted-for water loss should not exceed 15 percent.

customer meters and to install master meters in order to “develop a good, reliable leak detection program” based upon discrete zones or areas, each of which would have a master meter that measured water flow in that zone.² Because both projects were necessary, Southern District obtained separate quotes for replacement customer meters and for master meters.³

Because funding was in place for only the customer meter replacement through the meter replacement surcharge, in Case No. 2019-00328, Southern District requested a Certificate of Public Convenience and Necessity (CPCN) to purchase and install an automatic meter reading (AMR) system, but not master meters, in order to address Southern District’s significant water loss, as well as to replace aged, malfunctioning meters.⁴ In Case No. 2020-00114, the Commission approved Southern District’s application to borrow up to \$1,400,000 (Co-Bank Loan) to purchase and install AMR meters.⁵ Finally, the Commission established Case No. 2020-00121 to monitor the meter replacement surcharge proceeds collection and expenses.⁶

² Case No. 2019-00041, *Investigation into Excessive Water Loss by Kentucky’s Jurisdictional Water Utilities* (Ky. PSC Oct. 7, 2019), July 16, 2019 Hearing Stenographic Transcript (Transcript), page 19, lines 2–21, and page 34, lines 13–25.

³ *Id.* at page 35, lines 1–2.

⁴ Case No. 2019-00328, *Electronic Application of Southern Water & Sewer District for a Certificate of Public Convenience and Necessity to Install Automatic Meter Reading Meters* (Ky. PSC Nov. 7, 2019). See also Case No. 2019-00041, Transcript, page 164, lines 15–25 (explaining that the installation of master meters depends upon funding.)

⁵ Case No. 2020-00114, *Electronic Application of Southern Water and Sewer District for Approval of Co-Bank Loan for the Purpose of Financing the Purchase and Installation of New Water Meters* (Ky. PSC Apr. 5, 2020).

⁶ Case No. 2020-00121, *Electronic Southern Water & Sewer District Meter Replacement Surcharge Monitoring* (Ky. PSC Apr. 8, 2020).

Prior to filing the application in this proceeding, Southern District filed a motion in Case No. 2020-00121, explaining that the AMR meter installation was completed and that the full amount of the Co-Bank Loan had not been expended.⁷ Southern District further explained that it wanted to use the remaining Co-Bank Loan proceeds to purchase master meters, and requested Commission approval to use the meter replacement surcharge to fund repayment of the loan for both AMR meters and master meters.⁸

Based upon Southern District's application filed in this case, and the case record of Case No. 2020-00121, the Commission finds that the subject matter of this case is sufficiently related to and intermingled with the subject matter of Case No. 2020-00121 and that this case should be consolidated into Case No. 2020-00121. According to the evidence of record, Southern District planned to use a two-prong approach to address water loss through the replacement of customer meters with AMR meters and by installing master meters in discrete zones.⁹ Southern District has already identified the locations for installing the master meters and how many master meters will be needed, and obtained quotes for master meters at the same time it obtained quotes for replacement customer meters.¹⁰ Southern District explained that the impediment to purchasing and installing master meters at the same time it purchased and installed replacement AMR

⁷ Case No. 2020-00121, *Electronic Southern Water & Sewer District Meter Replacement Surcharge Monitoring*, Southern District's Motion for Approval of Use of Funds from Surcharge Account (filed Dec. 2, 2020); and Southern District's Amended Motion (filed Jan. 25, 2021).

⁸ *Id.*

⁹ Case No. 2019-00041, Transcript, page 19, lines 2–21; page 34, lines 13–25; and page 164, lines 1–25.

¹⁰ *Id.* at page 19, lines 11–16; page 134, line 25, through page 135, line 5.

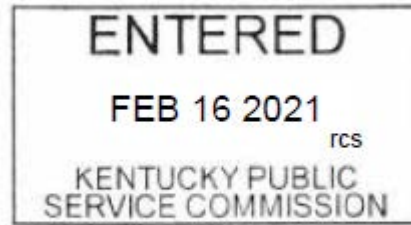
meters was funding.¹¹ Because Southern District requested to use the same funding source for master meters as has been approved for AMR meters, the Commission concludes that consolidating the two cases will result in administrative efficiency and to reduce the expenditure of resources.

IT IS THEREFORE ORDERED that:

1. This proceeding is consolidated into Case No. 2020-00121, and all future documents related to this proceeding shall be filed in the record of Case No. 2020-00121.
2. The record of this proceeding is incorporated by reference into Case No. 2020-00121.
3. This proceeding is closed and removed from the Commission's docket.

¹¹ *Id.* at page 19, lines 11–16; page 20, lines 6–25; and page 164, lines 3–25.

By the Commission



ATTEST:



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