

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC CAWOOD WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2021-00150
MONITORING)	

ORDER

On March 30, 2026, Cawood Water District (Cawood District) filed a request for confirmation (Request) as to whether it can use water loss surcharge funds for valves, bypass meters and zone meters,¹ pursuant to prior approval that was provided by Order issued February 6, 2024.² Cawood District further requested approval to use water loss surcharge funds for meters within the system that are no longer reading and causing water loss.³

By Order issued on April 9, 2021, in Case No. 2020-00311,⁴ the Commission approved an unaccounted-for water loss reduction surcharge for Cawood District and ordered it to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Cawood District's surcharge billings, collections, deposits, and expenditures. On December 8, 2023, Cawood District filed a

¹ Surcharge Letter (filed Mar. 30, 2026).

² Order (Ky. PSC Feb. 6, 2024).

³ Surcharge Letter.

⁴ Case No. 2020-00311, *Electronic Alternative Rate Adjustment Filing of Cawood Water District*, Order (Ky. PSC Apr. 9, 2021).

proposed QIIP as part of a response to Commission Staff's First Request for Information (Staff's First Request).⁵ On March 30, 2026, Cawood District filed a further "QIIP"; however, the less than one page document did not appear to amend the plan but provide updates regarding the previously filed plan.

DISCUSSION AND FINDINGS

The Commission's February 6, 2024 Order granted approval to use surcharge proceeds towards the items contained in Section 3.0 of Cawood District's QIIP entitled "Surcharge Funded Capital Improvements,"⁶ and approved the use of surcharge proceeds for the purchase of gate valves, zone meters, and by-pass meters.⁷ Cawood District's QIIP estimated the cost to replace eight gate valves at \$48,000, the installation of four internal zone meters at \$48,000 and stated that as funding allowed, it intended to use water loss surcharge funds to install an additional six by-pass meters where the system was currently lacking them, at an approximate cost of \$750 each.⁸ A sample invoice filed with Cawood District's response⁹ indicated that costs have substantially increased since the Commission's approval for purchase of these items in 2024. Cawood District has now requested confirmation that it is still approved to use water loss surcharge funds for the valves, bypass meters, and zone meters.¹⁰ The Commission finds that, the February 6, 2024 Order approved "the use surcharge proceeds to purchase gate valves,

⁵ Cawood District's Response to Staff's First Request (filed Dec. 8, 2023), Item 2, QIIP.

⁶ Cawood District's Response to Staff's First Request, Item 2, QIIP at 6-7.

⁷ Order (Ky. PSC Feb. 6, 2024) at 4, ordering paragraph 2.

⁸ Cawood District's Response to Staff's First Request, Item 2, QIIP.

⁹ Sample Invoice (filed Mar. 30, 2026).

¹⁰ Surcharge Letter.

zone meters, and by-pass meters,”¹¹ and despite the increase in costs for these projects, those purchases are still approved. The Commission further finds that Cawood District should file proof of the actual expenditures for the gate valves, zone meters, and bypass meters with its monthly surcharge reports on the 15th of each month.

Cawood District also requested approval to use surcharge funds for additional meters that were not included in its QIIP, that are no longer reading and causing water loss.¹² However, Cawood District failed to provide any further details regarding the type of meters requested, the necessity for their replacement, or estimated cost of the additional meters. The Commission finds that this request is continued for further discovery.

IT IS HEREBY ORDERED that:

1. Cawood District is approved to use surcharge proceeds to purchase the gate valves, zone meters, and bypass meters originally set forth and approved by Order issued February 6, 2024.

2. Cawood District shall file proof of the actual expenditures for the gate valves, zone meters, and bypass meters with its monthly surcharge reports on the 15th of each month.

3. Cawood District’s request for approval to use surcharge funds for replacement of additional failing meters is continued for discovery.

¹¹ Order (Ky. PSC Feb. 6, 2024) at 4, ordering paragraph 2.

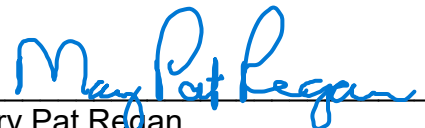
¹² Surcharge Letter.

Entered on this 11th day of May, 2026.

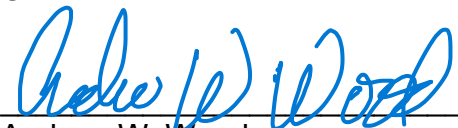
PUBLIC SERVICE COMMISSION



Angie Hatton
Chair



Mary Pat Regan
Commissioner



Andrew W. Wood
Commissioner

ATTEST:



Linda C. Bridwell, PE
Executive Director

Case No. 2021-00150

Service List for 2021-00150

* Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY 40815

* Cawood Water District
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY 40815

* Rebecca C. Price
Sturgill, Turner, Barker & Moloney
155 East Main Street
Lexington, KY 40507

* M. Todd Osterloh
Sturgill, Turner, Barker & Moloney, PLLC
333 West Vine Street
Suite 1400
Lexington, KY 40507