

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MORGAN COUNTY WATER)	
DISTRICT'S UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2021-00206
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Morgan County Water District's (Morgan District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2020-00386.¹ The Commission ordered Morgan District to assess a monthly surcharge of \$5.87 per active meter for 48 months, or until \$399,726 has been assessed, whichever occurs first, to fund its unaccounted-for water loss reduction efforts as set forth in Case No. 2020-00386.² The Commission found that the surcharge was subject to a number of conditions. Consistent with the findings in Case No. 2020-00386, the Commission finds that:

1. Within 120 days of the date of this Order, Morgan 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. 2020-00386, *Electronic Application of Morgan County Water District for Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC June 9, 2021).

² *Id.*

2. Morgan District should be permitted to use surcharge proceeds to contract with and pay a certified engineer or consultant to draft the plan.

3. Morgan District should deposit surcharge collections in a separate interest-bearing account.

4. On the 15th day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Morgan 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.

5. On the 15th day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Morgan District should file a monthly water loss report with the Commission.³

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

7. Morgan 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.

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

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

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

10. One year after the date of entry of this Order and annually thereafter, Morgan District should file in Case No. 2020-00386 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.

11. Morgan 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 Morgan District's unaccounted-for water loss surcharge proceeds collection and expenses.

2. The record of Case No. 2020-00386 is incorporated by reference into Case No. 2021-00206.

3. Within 120 days of the date of this Order, Morgan 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. Morgan District shall be permitted to use surcharge proceeds to contract with and pay a certified engineer or consultant to draft the plan.

5. Morgan District shall deposit surcharge collections in a separate interest-bearing account.

6. On the 15th day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Morgan 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.

7. On the 15th day of each month for 48 months from the date of this Order or until all surcharge proceeds are expended, Morgan District shall file a monthly water-loss report with the Commission.⁴

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

9. Morgan 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.

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

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

12. One year after the date of entry of this Order and annually thereafter, Morgan 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.

⁴ The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)."

13. Morgan 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.

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By the Commission



ATTEST:



Executive Director

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1009 Hwy 172
West Liberty, KY 41472

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