

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

This matter arises upon Morgan County Water District's (Morgan District) requests for disbursement of funds for its water loss reduction plan surcharge.

LEGAL STANDARD

On June 9, 2021, the Commission established this proceeding to monitor the collection and expenditure of an unaccounted-for water loss reduction plan surcharge. In the June 9, 2021 Order, the Commission prohibited the use of the surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.<sup>1</sup> The Commission also ordered Morgan District to file a description of the purpose of each payment from the account and invoices supporting each payment in a monthly report.<sup>2</sup>

BACKGROUND

Morgan District has a history of significant water loss, which can both reflect and cause financial distress to a utility. In Case No. 2020-00386, the Commission approved

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<sup>1</sup> Order (Ky. PSC June 9, 2021), ordering paragraph 8.

<sup>2</sup> June 9, 2021 Order, ordering paragraph 6.

a monthly surcharge of \$5.87 per active meter for 48 months, or until \$399,726 had been assessed, whichever occurs first to fund Morgan District's unaccounted-for water loss reduction efforts.<sup>3</sup> This proceeding was subsequently opened to monitor Morgan District's collection and expenditures of the water loss prevention surcharge to ensure that the surcharge was used solely to improve Morgan District's efforts to reduce water loss.

### REIMBURSEMENT REQUEST

Morgan District has filed several requests to disburse funds from its surcharge account for water loss prevention projects.

#### March 25, 2023:

On March 25, 2023, Morgan District requested several disbursements. Firstly, it requested to disburse \$56,860.70 to Keetech Construction HDD & Utilities, LLC (Keetech) for replacement of 270 feet 8-inch main water line with Poly and added 8 inch grate valve, on a section of Greasy Creek Road that was leaking under the road and running into the creek. Keetech also completed a direction bore with Poly pipe 10-12 feet under the road and creek. Morgan District estimated this area was leaking 20,000 gallons per day prior to these repairs.

Morgan District also requested disbursement to Metron-Farnier Smart Water Meters & Systems (Metron-Farnier) for two invoices dated March 7, 2023, and February 8, 2023, in the amounts of \$9,520 and \$9,343, respectively, for replacement of 48 total

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<sup>3</sup> Case No. 2020-00386, *Electronic Application of Morgan County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC June 9, 2021), final Order at 24.

meters, as part of an ongoing replacement of all meters in order to assist with accurately measuring water consumption and loss.

Morgan District further requested disbursement to Bear Traxx, Inc. (Bear Traxx) for three separate invoices from March 9, 2023, in the respective amounts of \$15,240, \$20,320, and \$15,240 for the installation of 10 zone meter pits to assist in isolating leaks to certain zones in the system.

March 27, 2023:

Morgan District requested disbursement to Metron-Farnier for an invoice dated April 10, 2023, in the amount of \$14,605 for the installation of 12 2-inch master meters at each automatic water flusher to confirm how much water is being flushed in the system each month and provide a more accurate water loss report.

April 18, 2023:

Morgan District requested disbursement to Metron-Farnier for an invoice dated April 10, 2023, in the amount of \$9,242 for the replacement of 24 meters, as part of the ongoing meter replacement discussed above.

May 8, 2023:

Morgan District requested disbursement to ASTERRA for an invoice dated April 10, 2023, in the amount of \$79,500 for Satellite imaging of Morgan District's entire system to identify potential leak areas, and one week of leak detection training for Morgan District's personnel. In a follow-up filing on June 2, 2023, Morgan District clarified it has reached an agreement with ASTERRA for a payment plan to pay this amount over four installments: \$20,000 during June, July, and August 2023 and \$19,500 in September, 2023.

## DISCUSSION AND FINDINGS

The Commission finds that Morgan District's requests dated March 25, 2023; March 27, 2023; and April 18, 2023, for reimbursement from the surcharge proceeds should be granted. This is because for each request, Morgan District submitted invoices for the expenses and provided written explanations of how each purchase is specifically related to Morgan District's efforts to reduce water loss. Morgan District explained that the water line replacement on Greasy Creek Road was necessary to stop a significant leak of approximately 20,000 gallons per day. The replacement of meters will assist Morgan District in accurately reading water consumption and water loss. Lastly, the replacement of the zone meter and master meters will likewise assist Morgan District in accurately measuring its water loss. Further, Morgan District sought the permission of the Commission to expend the funds from the surcharge account to pay the various expenses in advance of making any disbursements from the surcharge account.

The Commission further finds that the request dated May 8 and supplemented on June 2, 2023, should be granted in part and denied in part. The May 8, 2023 request is specifically related to water loss reduction efforts, as Morgan District explained that ASTERRA will use satellite mapping to locate potential leaks in the system, and provide leak detection training to its personnel. Morgan District reports its surcharge account information on a monthly basis to the Commission pursuant to the Order issued June 9, 2021. While Morgan District has reached an agreement with ASTERRA for a payment plan spanning several months in order to pay this invoice, based on the monthly reports provided by Morgan District, the account only has sufficient funds to pay the June and July installments to ASTERRA. The Commission therefore finds that Morgan District's

request to disburse payments to ASTERRA for the June and July installments is granted. Morgan District is directed to re-file requests for disbursement in the future for the additional installments when its account holds sufficient funds.

The Commission directs Morgan District that, in future invoice filings, Morgan District should continue to include a detailed, written explanation with each invoice that it submits for payment from the surcharge account, stating in detail what the invoice is for and how it relates to Morgan District's efforts to reduce unaccounted-for water loss.

IT IS THEREFORE ORDERED that:

1. Morgan District's March 25, 2023 request to disburse \$56,860.70 to Keetech; \$9,520 and \$9,343 to Keetech, for invoices dated March 7, 2023, and February 8, 2023, respectively; and \$15,240, \$20,320, and \$15,240 to Bear Traxx for three invoices dated March 9, 2023, from the water loss prevention surcharge is granted.

2. Morgan District's March 27, 2023 request to disburse \$14,605 to Metron-Farnier from the water loss prevention surcharge is granted.

3. Morgan District's April 18, 2023 request to disburse \$9,242 to Metron-Farnier from the water loss prevention surcharge is granted.

4. Morgan District's May 8, 2023, and supplemental request from June 2, 2023, to disburse \$79,500 to ASTERRA from the water loss prevention surcharge, is granted in part and denied in part. Morgan District is granted approval to disburse installments of \$20,000 for June 2023 and \$20,000 for July 2023. Morgan District shall re-file request for disbursement of further installment payments when its surcharge account holds sufficient funds for those payments.

5. In all future requests for reimbursement, Morgan District shall include a copy of the invoice and detailed description what has been purchased and how the purchase relates to Morgan District's efforts to reduce unaccounted-for water loss.

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PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

\*Erica Stacy-Stegman  
Attorney  
CAMPBELL ROGERS & STACY PLLC Attorneys  
154 Flemingsburg Rd  
Morehead, KENTUCKY 40351

\*Morgan County Water District  
1009 Hwy 172  
West Liberty, KY 41472

\*Morgan County Water District  
Morgan County Water District  
1009 Hwy 172  
West Liberty, KY 41472