

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC BEECH GROVE WATER SYSTEM,)	
INC. UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2022-00318
MONITORING)	

ORDER

On April 4, 2024 Beech Grove Water System, Inc. (Beech Grove Water) filed a request for approval of an updated Qualified Infrastructure Improvement Plan (QIIP), which also contained a request for approval to expend water loss surcharge funds for the purchase of a leak detector.

BACKGROUND

By Order issued September 27, 2022, in Case No. 2022-00054¹ the Commission approved an unaccounted-for water loss reduction surcharge and ordered Beech Grove Water to file a QIIP with the Commission. The Commission opened this proceeding to monitor Beech Grove Water's surcharge billings, collection, deposits, and expenditures.

On April 14, 2023, Beech Grove Water filed an initial proposed QIIP, which included projects to hire Reveal Underground Systems to assist with the leak detection and repair of meters and fire hydrants, a meter replacement project to purchase the meters and related services from United Systems, as well as a proposal to purchase a

¹ Case No. 2022-00054, *Electronic Application of Beech Grove Water System, Inc. for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Sept. 27, 2022).

Leica DS200 Utility Detection Radar.² By Order issued November 13, 2023, the Commission approved the purchase of the detection radar, however, found that Beech Grove Water's requests to expend water loss surcharge funds for the other two proposed projects should be continued due to a lack of specificity to the requests and to allow for further discovery.³

LEGAL STANDARD

The Commission approved a \$6.30 per customer per month surcharge for 48 months, or until \$177,304 has been assessed, whichever occurs first, to address excessive unaccounted-for water loss.⁴ Pursuant to Commission regulation 807 KAR 5:066, Section 6(3), for ratemaking purposes a utility's unaccounted-for water loss shall not exceed 15 percent of the total water produced or purchased, excluding water consumed by a utility in its own operations. In Beech Grove Water's 2020 Annual Report, Beech Grove Water reported a water loss of 29.38 percent.⁵

Beech Grove Water was ordered to file a QIIP with the Commission. According to the Commission's final Order in Case No. 2022-00054, and the opening Order in this proceeding, the infrastructure improvement plan should contain a "comprehensive unaccounted-for water loss reduction plan that establishes priorities and a time schedule

² Infrastructure Improvement Plan (filed Apr. 14, 2023).

³ Order (Ky. PSC Nov. 13, 2023).

⁴ Case No. 2022-00054, Sept. 27, 2022 Order at 22.

⁵ *Annual Report of Beech Grove Water to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 57.

for eliminating each source of unaccounted-for water loss and provided a detailed spending plan for the proceeds of a surcharge.”⁶

DISCUSSION AND FINDINGS

In the updated proposed QIIP, Beech Grove Water again presented a meter replacement project for Commission approval. Beech Grove Water stated that its service lines and water meters are the biggest part of its water loss, and that it has been replacing the service line and meter setters upon finding leaks.⁷ Beech Grove Water explained that its Zenner Advanced Metering Infrastructure System is nearing the end of its useful life, and is very poor at reading low flow, causing a low flow water loss. Beech Grove Water claimed that replacement of these meters would be a significant benefit to reducing water loss in the long-term.⁸ Beech Grove Water reported it has been awarded a Kentucky Infrastructure Authority (KIA) Grant that will cover replacement of approximately 25 percent of its existing meters with new meters that include a leak listening device.⁹ Beech Grove Water stated it plans to replace meters known to have issues using the KIA grant funds, but once it has exhausted the KIA grant funds, it will request Commission approval to fund the replacement of the remaining meters through the water loss surcharge.¹⁰

⁶ Opening Order (Ky. PSC Sept. 30, 2022), ordering paragraph 3; See also Case No. 2022-00054, Sept. 27, 2022 Order, ordering paragraph 9a.

⁷ Request for Approval of Updated QIIP (filed Apr. 4, 2024), Exhibit A (Updated QIIP).

⁸ Updated QIIP.

⁹ Updated QIIP.

¹⁰ Updated QIIP.

The Commission finds that the request to approve the meter replacement project should be further continued until the time when the KIA grant money is exhausted and Beech Grove Water is able to provide the Commission more specific information regarding the amount of remaining meters that need replacement and specific details regarding the amount of surcharge funds necessary to expend for those meters. The Commission further finds that, at such time Beech Grove Water may file any further request to expend water loss surcharge funds towards the proposed meter replacement project, the request should include a report detailing how the meter replacements achieved through the KIA grant funding have contributed to the reduction of water loss.

The updated proposed QIIP further contained a request to expend funds from the water loss surcharge account for the purchase of an AQUASCOPE 550 Digital Acoustic Water Leak Detector, in the amount of \$3,051.61, to assist in finding water leaks by listening to water line, meter, and fire hydrant valves.

The Commission finds that the purchase of the AQUASCOPE 550 Digital Acoustic Water Leak Detector will assist in reducing water loss and therefore the expenditure of \$3,051.61 from the water loss surcharge for this purpose should be approved.


IT IS THEREFORE ORDERED that:

1. The purchase of the AQUASCOPE 550 Digital Acoustic Water Leak Detector in the amount of \$3,051.61 from the water loss surcharge funds is approved.
2. The meter replacement project provided in the updated proposed QIIP is continued. Beech Grove Water shall file a further request for approval of the meter replacement project at such time the KIA grant funds are exhausted and Beech Grove Water is able to provide the Commission with specific information regarding the amount

of remaining meters that need replacement and details regarding the amount of surcharge funds necessary to expend for replacement of those meters. Any such further request shall contain a report detailing how the meter replacements achieved through grant funding have contributed to the reduction of water loss.

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PUBLIC SERVICE COMMISSION


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Commissioner

ENTERED
MAY 20 2024 bsb
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SERVICE COMMISSION

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