

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

By letters dated August 8, 2025,¹ and August 14, 2025,² Beech Grove Water System, Inc. (Beech Grove Water) requested authorization to use water loss surcharge funds for the cost of certain leak repairs performed to the system.

BACKGROUND

On September 30, 2022, this case was initiated by Commission Order for the purpose of monitoring Beech Grove Water's unaccounted-for water loss reduction plan surcharge. Beech Grove Water was required to file a qualified infrastructure improvement plan (QIIP) within 120 days of service of the Order, and to seek Commission approval before using any water loss surcharge funds.³

¹ Beech Grove Water's Letter Requesting to Use Funds (August 8, 2025 Request to Use Funds) (filed Aug. 8, 2025).

² Beech Grove Water Letter Requesting to Use Funds (August 14, 2025 Request to Use Funds) (filed Aug. 14, 2025).

³ Order (Ky. PSC. Sept. 30, 2022), ordering paragraphs 3 and 7.

On April 14, 2023, Beech Grove Water filed its initial QIIP.⁴ More recently, by Order issued May 20, 2024, the Commission granted Beech Grove Water approval to use water loss surcharge funds to purchase a leak detector.⁵

DISCUSSION AND FINDINGS

In its letter dated August 8, 2025, Beech Grove Water requested permission to use water loss surcharge funds to reimburse for repairs to a leak in the Comer Elba/Johnny Lee Road area, after receiving customer complaints of lower-than-normal water pressure for a couple of months.⁶ Beech Grove Water stated the area received 9-11 inches of rainfall during the first week of April 2025, which caused a 4-inch water main to become exposed in a ditch and break on Johnny Lee Road.⁷ This main break left several customers without water.⁸ Beech Grove Water explained that a temporary line was placed and water was restored to these customers.⁹ Materials were then ordered, a creek bore was scheduled, and the process began to obtain proper utility markings through the 811 system.¹⁰ Beech Grove Water reported that, unfortunately, lots of subsequent ripple problems began to occur, including a leak on the east side of the ditch; a leak on the west side of the ditch; also, once the creek bore was completed and a new 4-inch line was

⁴ Beech Grove Water's QIIP (filed Apr. 14, 2023).

⁵ Order (Ky. PSC May 20, 2024).

⁶ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

⁷ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

⁸ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

⁹ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

¹⁰ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

placed, the flushing valve broke and also had to be replaced.¹¹ Beech Grove Water stated that, when this work was eventually completed, residents reported pressure was back up to regular normal levels.¹² Beech Grove Water estimated water loss from this leak at 2,198,000 gallons of water.¹³ Beech Grove Water used Commonwealth Central Supply as the contractor to perform the repairs. G&C Supply Co., Inc. was the supplier of all materials used, and the creek bore was completed by Edward Fannon Construction.¹⁴ Beech Grove Water attached copies of invoices for these services.¹⁵ Beech Grove Water requested a total of \$20,209.82 for these leak repairs, which included the cost included materials, labor, and the cost of water loss associated with the leak, approximately \$7,895.22.¹⁶

In its letter dated August 14, 2025, Beech Grove Water requested permission to use water loss surcharge funds to reimburse for repairs performed on State Route 136 to replace a pipe that was leaking under the roadway.¹⁷ Beech Grove Water stated a road bore was performed to replace the poly pipe with municipex pipe and the existing meter setter was changed out, as the existing meter had a crack in it and was not reading low flow.¹⁸ Beech Grove Water estimated the water loss for this leak was approximately

¹¹ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

¹² August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

¹³ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

¹⁴ August 8, 2025 Request to Use Funds at unnumbered PDF page 1.

¹⁵ Johnny Lee Road Invoices (filed Aug. 8, 2025).

¹⁶ August 8, 2025 Request to Use Funds at unnumbered PDF page 2.

¹⁷ August 14, 2025 Request to Use Funds at unnumbered PDF page 1.

¹⁸ August 14, 2025 Request to Use Funds at unnumbered PDF page 1.

300,000 gallons per month at the rate it was leaking.¹⁹ Beech Grove Water stated that repairing this leak helped drastically with the system's monthly water loss.²⁰ Beech Grove Water used Commonwealth Central Supply as the contractor to perform the repairs. G&C Supply Co., Inc. was the supplier of all materials used, and the road bore was completed by Rice Contracting.²¹ Beech Grove Water attached copies of invoices for these services.²² Beech Grove Water requested a total of \$2,818.18 for the leak repairs on State Route 136, which included materials, labor, as well as the cost of water loss associated with this leak, approximately \$1,257.²³

Based on the evidence in the record, the Commission finds that the repairs to leaks on State Route 136 and the Comer Elba/Johnny Lee Road area, as described above, have assisted Beech Grove Water in decreasing its unaccounted-for water loss, and that Beech Grove Water has the funds in the water loss surcharge account to reimburse for these costs. The Commission finds that these requests should be granted with the exception of the requested reimbursement for the cost of the water loss associated with the leaks, in the amounts of \$7,895.22 and \$1,257, as recovery of water loss amounts is not an intended purpose of the water loss surcharge.

¹⁹ August 14, 2025 Request to Use Funds at unnumbered PDF page 1.

²⁰ August 14, 2025 Request to Use Funds at unnumbered PDF page 1.

²¹ August 14, 2025 Request to Use Funds at unnumbered PDF page 1.

²² State Hwy 136 Invoices (filed Aug. 14, 2025).

²³ August 14, 2025 Request to Use Funds at unnumbered PDF page 2.

IT IS HEREBY ORDERED that:


1. Beech Grove Water is authorized to use water loss surcharge funds to reimburse for the cost of the materials and labor for the leak repair in the Comer Elba/Johnny Lee Road area, in the amount of \$12,314.60.

2. Beech Grove Water is authorized to use water loss surcharge funds to reimburse for the cost of the materials and labor for the leak repairs on State Route 136 in the amount of \$1,561.18.

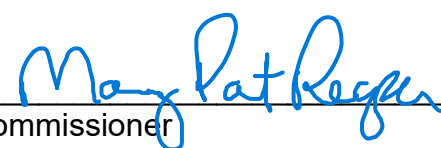
3. Beech Grove Water's requests to use water loss surcharge funds in the amounts of \$7,895.22 and \$1,257 to reimburse the cost of the water loss associated with the leaks discussed herein, are denied.

4. Beech Grove Water shall file proof of these expenditures from the water loss surcharge account with its monthly activity report that follows the expenditures.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



*Beech Grove Water System, Inc.
445 State Route 56 North
Calhoun, KY 42327

*Chad McHahon
President
Beech Grove Water System, Inc.
445 State Route 56 North
Calhoun, KY 42327

*Robert K. Miller
Straightline Kentucky LLC
113 North Birchwood Ave.
Louisville, KY 40206

*Lindsay Durbin
Deitz, Shields, Freeburger, & Durbin, LLP
101 First Street
P.O. Box 21
Henderson, KY 42419