

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC SOUTH HOPKINS WATER)	
DISTRICT UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2023-00018
MONITORING)	

ORDER

By Order issued May 12, 2025, the Commission granted South Hopkins Water District's (South Hopkins District) request for approval to purchase an ultrasonic flow meter in the amount of \$7,435. On June 17, 2025, South Hopkins District filed a letter stating that the previously approved flow meter is no longer available and requested permission to purchase an alternate flow meter in the amount of \$8,740 with water loss surcharge funds.¹

BACKGROUND

On February 14, 2023, this case was initiated by Commission Order for the purpose of monitoring South Hopkins District's unaccounted-for water loss reduction plan surcharge. South Hopkins District 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.²

¹ Letter (filed June 17, 2025) at 1.

² Order (Ky. PSC. Feb. 14, 2023) at 4, ordering paragraphs 1 and 5.

South Hopkins District has a history of excessive unaccounted-for water loss. As of June 2025, South Hopkins District reported its water loss at 50.26 percent, and the water loss surcharge account had a balance of \$230,470.83.³

On May 31, 2023, South Hopkins District filed an initial QIIP.⁴ By Order issued March 27, 2024, the Commission granted South Hopkins District approval to use water loss surcharge funds to purchase two leak detectors.⁵ South Hopkins District filed an updated QIIP on October 7, 2024.⁶ As part of the updated QIIP, South Hopkins District proposed projects to identify and assist with unidentified water loss, including replacing older manual meters with radio read meters, installing more master meters, installing more or replacing existing shut-off valves, hiring part-time staff for leak detection, purchasing materials to have on hand for leak repairs, and continuing replacement of lines when leaks are found.⁷

By letter dated August 9, 2024, South Hopkins District requested authorization to use water loss surcharge funds to purchase 200 ultrasonic radio read meters and necessary materials to repair leaks.⁸ On February 12, 2025, South Hopkins District filed two further requests for approval to use water loss surcharge funds to purchase, respectively, a portable flow meter and a thermal-imaging drone.⁹

³ South Hopkins District's June 2025 Activity Report (filed July 14, 2025).

⁴ South Hopkins District's QIIP (filed May 31, 2023).

⁵ Order (Ky. PSC Mar. 27, 2024).

⁶ South Hopkins District's Updated QIIP (filed Oct. 7, 2024).

⁷ South Hopkins District's Updated QIIP at 4.

⁸ South Hopkins District's Request to Use Funds (Request to Use Funds) (filed Aug. 16, 2024).

⁹ South Hopkins District's Request to Buy Flow Meter (Request to Buy Flow Meter) (filed Feb. 12, 2025); South Hopkins District's Request to Buy Drone (Request to Buy Drone) (filed Feb. 12, 2025).

By Order issued May 12, 2025, the Commission granted approval for the purchase of a portable flow meter.¹⁰ However, that Order continued the requests for the 200 ultrasonic radio read meters, materials for leak repairs, and the thermal imaging drone for further discovery.¹¹

DISCUSSION AND FINDINGS

The Commission's May 12, 2025 Order granted South Hopkins District's request for the purchase of a portable flow meter, finding that the meter is likely to assist South Hopkins District in decreasing its unaccounted-for water loss.¹² South Hopkins District's June 17, 2025 letter informed the Commission that the original proposed flow meter in the amount of \$7,435 is currently unavailable and requested approval to purchase an alternate hybrid flow meter in the amount of \$8,740.¹³ The Commission finds that South Hopkins District's request for approval of the alternate portable flow meter, given the unavailability of the original proposed meter, should be approved.

By letter dated August 9, 2024, South Hopkins District previously requested permission to use water loss surcharge funds to purchase Diehl-hydrus ultrasonic meters and the materials needed for installation and use of those meters, in the amount of \$92,525.¹⁴ South Hopkins District requested to purchase 200 meters initially and

¹⁰ Order (Ky. PSC May 12, 2025).

¹¹ Order (Ky. PSC May 12, 2025).

¹² Order (Ky. PSC May 12, 2025).

¹³ South Hopkins District's Request for Flow Meter (filed June 17, 2025).

¹⁴ Request to Use Funds (filed Aug. 16, 2024); see also South Hopkins District's Response to Commission Staff's Third Request for Information (Staff's Third Request)(filed Oct. 7, 2024)(initially providing the quote for the meters) and South Hopkins District's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request)(filed May 23, 2025)(providing for the first time a list of 'materials', and in response to request for any updated quote for 200 meters, providing the same amount as initially provided).

gradually purchase additional meters for the entirety of South Hopkins District.¹⁵ South Hopkins District stated the meters being used presently can wear down over time and not accurately count all water being used, which can be a significant source of water loss.¹⁶ South Hopkins District further stated the ultrasonic meters it proposed to purchase are more precise in the detection of water usage and will decrease the time spent reading meters, giving technicians more time to look for and repair leaks.¹⁷ South Hopkins District provided a quote for the 200 meters in response to Commission Staff's Request for Information,¹⁸ and has further stated that it is working towards other funding from Kentucky Infrastructure Authority (KIA) and United States Department of Agriculture (USDA) Rural Development for the remainder of the meter replacement project.¹⁹

The Commission finds that South Hopkins District's request to expend water loss surcharge funds for 200 meters should be approved. However, the Commission urges South Hopkins District to further pursue its efforts to obtain alternate funding for the remainder of the meter replacement project. The Commission further finds that South Hopkins District should inform the Commission if it obtains alternate funding for the remainder of the meters in its system.

South Hopkins District also requested approval to use water loss surcharge funds to purchase an inventory of materials necessary to have on hand to repair and replace

¹⁵ Request to Use Funds.

¹⁶ Request to Use Funds.

¹⁷ Request to Use Funds.

¹⁸ South Hopkins District's Response to Staff's Third Request; South Hopkins District's Response to Commission Staff's Fourth Request for Information (filed Dec. 18, 2024); South Hopkins District's Response to Staff's Fifth Request.

¹⁹ South Hopkins District's Response to Staff's Fifth Request.

leaks on a regular basis and claimed this would greatly help South Hopkins District financially and with its ability to adequately fix problems to reduce water loss.²⁰ South Hopkins District provided invoices for the parts and materials requested in response to Commission Staff's Fifth Request for Information.²¹ While the materials included may be used for the purpose to fix leaks in South Hopkins District's system, these types of materials are normally accounted for within a water district's normal operating budget. The Commission finds that the materials for which South Hopkins District has requested approval to expend water loss surcharge funds are not the type of item intended to be funded by the water loss surcharge and this request should be denied.

Furthermore, South Hopkins District initially requested approval to purchase a DJI Mavic 3T Enterprise thermal imaging drone, in the amount of \$7,226 to assist with finding and preventing water loss.²² South Hopkins District subsequently asserted that, after researching what would be needed for licenses, certifications, permits and classes for drone operation, it has decided not to pursue that avenue.²³ South Hopkins District stated it would not have the manpower to send someone to a class to operate a drone as every employee is crucial for daily operations; therefore, it may be more beneficial to seek a contracting company that provides this service.²⁴

²⁰ Request to Use Funds.

²¹ South Hopkins District's Response to Staff's Fifth Request.

²² Request to Buy Drone.

²³ South Hopkins District's Response to Staff's Fifth Request.

²⁴ South Hopkins District's Response to Staff's Fifth Request.

By letter filed May 23, 2025, South Hopkins District requested to use water loss surcharge funds to contract a water loss detection company.²⁵ However, South Hopkins District did not provide any details regarding the water loss detection company it proposes to hire or an estimated cost for this request. The Commission finds that further information is required to review South Hopkins District's request regarding the water loss detection company, and this request is continued for further discovery.

IT IS HEREBY ORDERED that:

1. The Commission's prior approval for South Hopkins District to purchase a portable flow meter in the amount of \$7,435 is hereby amended to approve the purchase of the alternate portable flow meter in an amount up to \$8,740 as described in its request.
2. South Hopkins District shall file proof of purchase, which includes the cost of the alternate flow meter, with its monthly activity report that follows the purchase.
3. South Hopkins District's request for approval to use water loss surcharge funds for 200 ultrasonic radio read meters is granted.
4. South Hopkins District shall file proof of purchase, which includes the cost of the 200 ultrasonic radio read meters, with its monthly activity report that follow the purchase.
5. South Hopkins District shall inform the Commission if it obtains alternate funding to replace the remainder of the meters in its system.
6. South Hopkins District's request for approval to use water loss surcharge funds for materials for leak repairs is denied.


²⁵ South Hopkins District's Request to Use Funds.

7. South Hopkins District's request for approval to use water loss surcharge funds for a drone is denied.

8. South Hopkins District's request for approval to use water loss surcharge funds to contract a water loss detection company is continued for further discovery.

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PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


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