

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC SOUTHERN MADISON WATER)	
DISTRICT UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2023-00070
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Southern Madison Water District’s (Southern Madison District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2022-00129.¹ Information provided by Southern Madison District in its past five Annual Reports filed with the Commission reflect the following²:

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2017	17.70%	\$ 979,932	\$ 26,481	\$ 173,471
2018	21.11%	984,304	60,151	207,796
2019	23.77%	1,021,437	89,547	242,763
2020	26.58%	1,106,598	128,184	294,174
2021	31.58%	1,209,290	200,534	381,928

In order to address Southern Madison District’s excessive unaccounted-for water loss, the Commission ordered Southern Madison District to assess a monthly Water Loss

¹ Case No. 2022-00129, *Electronic Application of Southern Madison Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Nov. 10, 2022).

² *Annual Report of Southern Madison District to the Public Service Commission for the Year Ending (Annual Report) December 31, 2017, 2018 Annual Report, 2019 Annual Report, 2020 Annual Report, and 2021 Annual Report.*

Reduction Surcharge of \$1.94 per active meter for 48 months, or until \$512,750 has been assessed, whichever occurs first, and that a review of the necessity to continue the surcharge beyond the 48-month period be conducted before its expiration. Consistent with the findings in Case No 2022-00129, the Commission finds that:

1. Within 120 days of the date of service of this Order, Southern Madison 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.

2. Southern Madison District should deposit surcharge collections in a separate interest-bearing account.

3. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Southern Madison District should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the form attached to this Order as an Appendix, 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.

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

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

5. Southern Madison District should not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

6. Southern Madison District should file requests to use surcharge proceeds into the record of this proceeding. The request should include a complete description of the equipment, project, or service for which approval is sought; bids, invoices, or price quotes as applicable; and a statement describing how the proposed purchase, project, or service is related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

7. Southern Madison 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. Southern Madison District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

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

10. One year after the date of service of this Order and annually thereafter, Southern Madison District should file, in the record of this proceeding, 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. Southern Madison District should respond to any request for information propounded by Commission Staff according to the date set forth on the request.

12. Southern Madison 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 Southern Madison District's Water Loss Reduction Surcharge proceeds and collections.

2. The record of Case No. 2022-00129 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, Southern Madison 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. Southern Madison District shall deposit surcharge collections in a separate interest-bearing account.

5. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Southern Madison District shall file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the form attached to this Order as an Appendix, 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.

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

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

8. Southern Madison District shall file all requests to use surcharge proceeds in the record of this proceeding. A request shall include a complete description of the equipment, project, or service for which approval is sought; bids, invoices, or price quotes as applicable; and a statement describing how the proposed purchase, project, or service is related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

9. Southern Madison 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. Southern Madison District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

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

12. One year after the date of service of this Order and annually thereafter, Southern Madison District shall file, in the record of this proceeding, a schedule of the

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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.

13. Southern Madison District shall respond to any request for information propounded by Commission Staff according to the date set forth on the request.

14. Southern Madison District's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner



ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00070 DATED MAR 09 2023

Selected Financial Information and Better / Worse (B / (W)) Performance

Year Ended December 31, 202__

A	B	C	D	E	F D - C	G E - D	F C - D
Month	Record as Sales	Billings	Collections	Deposits	Collections B / (W) Billings	Deposits B / (W) Collections (1)	Billings B / (W) Recorded Sales (1)
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Specify the general ledger account where the surcharge is recorded _____.

(1) Explain reasons for difference if amount does not equal zero.

*Southern Madison Water District
207 North Dogwood Drive
P. O. Box 220
Berea, KY 40403

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

*Wayne Robinson
Southern Madison Water District
207 North Dogwood Drive
P. O. Box 220
Berea, KY 40403