

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

On May 30, 2026, Southern Madison Water District (Southern Madison District) filed a motion requesting approval of its revised plan and to expend surcharge funds.¹ Southern Madison District attended one informal conference² and responded to one request for information from Commission Staff related to the request.³ For the reasons outlined below, the Commission finds that Southern Madison District's request should be granted, in part, and continued, in part.

BACKGROUND

On March 9, 2023, this case was initiated by Commission Order for the purpose of monitoring Southern Madison District's unaccounted-for water loss reduction plan surcharge.⁴ The opening Order required Southern Madison District to file a qualified infrastructure improvement plan (QIIP) within 120 days of service of the Order, and to

¹ Southern Madison District's Motion for Approval of its Revised Plan and Release of Surcharge Funds (Motion) (filed May 30, 2026).

² See Memorandum of June 23, 2026 Informal Conference (filed June 23, 2026).

³ Southern Madison District's Response to Commission Staff's Fourth Request for Information (Staff's Fourth Request) (filed July 21, 2026).

⁴ Opening Order (Ky. PSC Mar. 9, 2023).

seek Commission approval before using any water loss surcharge funds.⁵ On September 26, 2023, Southern Madison District filed its QIIP.⁶

DISCUSSION AND FINDINGS

In its motion to amend its QIIP and approval to use surcharge funds, Southern Madison District requested to remove all proposed projects in the proposed QIIP except for the four creek crossings.⁷ The four creek crossings projects are located at Bill Hill, Battlefield, Long Branch, and Radford Hollow.⁸ Southern Madison District stated that the crossings have “exposed water line pipes that are exposed to weather, creek water flow and potential damage during flooding/storms.”⁹ Additionally, Southern Madison District provided that the “creek crossings are all aged and exposure is related to erosion due to elements of time, weather, and nature.”¹⁰ Southern Madison District asserted that replacing the crossings would prevent destructive storm debris from causing damage and will replace lines that are generally prone to high water loss.¹¹

Southern Madison District provided a bid from KenVirons and stated KenVirons had reviewed its model, studied the creek crossing, and provided an Opinion of Probable Cost to design, oversee, and repair the designated creek crossings.¹² The total estimated

⁵ Opening Order at 2, ordering paragraph 1 and 2, ordering paragraph 5.

⁶ See Southern Madison District’s QIIP provided with Southern Madison District’s Response to Commission Staff’s First Request for Information (Staff’s First Request) (filed Sept. 26, 2023).

⁷ Motion at 1.

⁸ Motion, Exhibit: Opinion of Probable Cost (Exhibit) (filed May 30, 2026).

⁹ Motion at 1.

¹⁰ Motion at 1.

¹¹ Motion at 1.

¹² Motion at 1.

amount provided was \$430,750.¹³ The total number is comprised of the following estimates: Total Estimated Construction Cost: \$322,350, Contingency: \$33,200, KenVirons - Engineering Design: \$36,800, and KenVirons - Construction Observation: \$288,400. Southern Madison District stated that the total estimated construction cost of \$322,325 is the estimate provided by KenVirons, but it has not yet bid the project.¹⁴ Additionally, Southern Madison District stated that it would obtain a written description of “construction observation” from KenVirons when it submits its design drawings and bid package.¹⁵

In its Motion, Southern Madison District originally requested the full cost of \$430,750,¹⁶ but later updated its request to include only the \$36,800 for the engineering design.¹⁷ Southern Madison District stated once it receives the design, it will then submit an additional request with an updated construction estimated.¹⁸

Lastly, Southern Madison District asserted that it submitted previous requests for reimbursement that were still pending, but that it wanted to hold those requests in abeyance and prioritize the surcharge funds starting with the creek crossings.¹⁹ The Commission acknowledges that there are pending requests in the record and will hold

¹³ Motion at 1 and Exhibit.

¹⁴ Southern Madison District’s Response to Staff’s Fourth Request, Item 2b.

¹⁵ Southern Madison District’s Response to Staff’s Fourth Request, Item 2a.

¹⁶ Motion at 2.

¹⁷ Southern Madison District’s Response to Staff’s Fourth Request, Item 1c.

¹⁸ Southern Madison District’s Response to Staff’s Fourth Request, Item 1c.

¹⁹ Southern Madison District’s Response to Staff’s Fourth Request, Items 1a and 1b. See previous requests made on May 22, 2024 and October 2, 2025.

those requests in abeyance until such time Southern Madison District, if it so chooses, submits an additional request referencing those specific projects.

Having considered the record and otherwise being sufficiently advised, the Commission finds that Southern Madison District's request to expend water loss surcharge funds up to the amount of \$36,800 for engineering designs should be granted. Southern Madison District asserted that the design would address four creek crossings that impact its monthly water loss given that they are exposed to the elements, causing damage to the pipes. These creek crossings were identified in the district's QIIP as being necessary to reduce unaccounted for water loss and may be projects the district would not be able to undertake otherwise. Southern Madison District should file the engineering design upon completion and proof of expenditure from the water loss surcharge account with its monthly activity report that follows the expenditure. Southern Madison District's motions regarding any other expenditures related to this project should be continued as they may be requested as necessary and will be evaluated at that time.

IT IS THEREFORE ORDERED that:

1. Southern Madison District's request to expend up to \$38,600 on an engineering design is granted.
2. Southern Madison District's remaining requests related to the creek crossings are continued until it provides the design and an additional request with an updated construction bid.
3. Southern Madison District's previous pending requests as discussed above are held in abeyance until it submits additional requests, if it so chooses.

4. Southern Madison District shall file proof of the expenditure from the water loss surcharge account with its monthly activity that follows the expenditure.

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Entered on this 24th day of August, 2026.

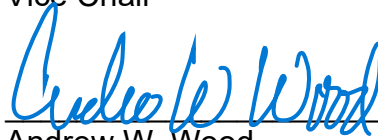
PUBLIC SERVICE COMMISSION



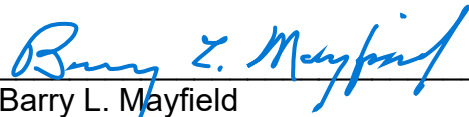
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Chair



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Vice Chair



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ATTEST:



Justin McNeil
Executive Director

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