

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                                    |   |            |
|------------------------------------|---|------------|
| ELECTRONIC WHITLEY COUNTY WATER    | ) |            |
| DISTRICT #1 UNACCOUNTED-FOR WATER  | ) | CASE NO.   |
| LOSS REDUCTION PLAN, SURCHARGE AND | ) | 2023-00083 |
| MONITORING                         | ) |            |

ORDER

By Order issued on March 30, 2023, in Case No. 2022-00321,<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for Whitley County Water District #1 (Whitley District #1) and ordered Whitley District #1 to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Whitley District #1's surcharge billing, collections, deposits, and expenditures. On August 9, 2023, Whitley District #1 filed a proposed QIIP.<sup>2</sup>

LEGAL STANDARD

The Commission approved a \$2.72 per active meter surcharge for 48 months, or until \$570,282 has been assessed, whichever occurs first, for water loss control efforts.<sup>3</sup> 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.

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<sup>1</sup> Case No. 2022-00321, *Electronic Application of Whitley County Water District #1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC Mar. 30, 2023).

<sup>2</sup> Whitley District #1's QIIP (filed on Aug. 9, 2023).

<sup>3</sup> Order (Ky. PSC Apr. 14, 2023) at 2.

In Whitely District #1's 2022 Annual Report, Whitely District reported a 36.66 percent unaccounted-for water loss.<sup>4</sup>

Whitley District #1 was ordered to file a QIIP with the Commission that contained 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."<sup>5</sup>

### DISCUSSION AND FINDING

Whitley District #1 retained Kenvirons to draft its QIIP.<sup>6</sup> The QIIP was broken down into two sections: Water Loss Prevention and Leak Detection Program and Proposed Improvements project.<sup>7</sup>

The Water Loss Prevention and Leak Detection Program was broken into two parts. The first part stated that certain routine procedures, which do not require any capital expenditures, have already been implemented.<sup>8</sup> The procedures included but are not limited to the following: monthly meetings to discuss the status of reducing unaccounted-for water loss; reading and recording all master meters at approximately the same time each day; maintaining logbooks of all meter reads; defining clear responsibilities for field and office personnel regarding reporting unaccounted-for water

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<sup>4</sup> *Annual Report of Whitely Water District #1 to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2022 Annual Report) at 57.

<sup>5</sup> Order (Ky. PSC Apr. 14, 2023), ordering paragraph 3.

<sup>6</sup> Whitely District #1's QIIP at unnumbered page 1.

<sup>7</sup> Whitely District #1's QIIP at unnumbered page 2.

<sup>8</sup> Whitely District #1's QIIP at unnumbered page 5.

loss causes; analyzing water purchased and usage data on a regular basis; and regularly testing and replacing customer meters.<sup>9</sup>

Whitley District #1 stated the second part of the Water Loss Prevention and Leak Detection Program, for which it will likely use water loss surcharge funds for based on availability of funds, includes adding master meters to more accurately monitor water usage and loss, adding by-pass meters in isolated portions of the system to more accurately identify and correct water loss; purchasing portable flow meters; exercising gate valves and replacing any failing gate valves; and, updating the system distribution map.<sup>10</sup>

The Proposed Improvement project outlined in the QIIP involves replacing old, deteriorated lines in 11 areas of the distribution system, extending water service to five underserved areas, extending a transmission main from the city of Williamsburg system to the Whitley District #1's existing system, and installing pressure reducing valve stations.<sup>11</sup> Whitley District #1 stated that this project will be funded by the United States Department of Agriculture Rural Development<sup>12</sup> and a Kentucky Infrastructure Authority Cleaner Water Grant with a total cost of \$4,125,000.<sup>13</sup> Whitley District #1 stated that this project will eliminate significant contributors to the unaccounted-for water loss.<sup>14</sup>

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<sup>9</sup> Whitley District #1's QIIP, Attachment B.

<sup>10</sup> Whitley District #1's QIIP, Attachment B.

<sup>11</sup> Whitley District #1's QIIP, Section 3.0.

<sup>12</sup> Whitley District #1 did not state if the USDA Rural Development portion of the funding would be by grant or loan. Pursuant to KRS 278.300 any utility seeking to enter into evidences of indebtedness must seek Commission approval unless certain exceptions are met.

<sup>13</sup> Whitley District #1's QIIP, Section 3.0.

<sup>14</sup> Whitley District #1's QIIP, Section 3.0.

The Commission finds that the proposed QIIP filed by Whitley District #1, specifically “Section 2.0 Water Loss Prevention and Leak Detection Program,” satisfies the final Order in Case No. 2022-00321 and the opening Order to this proceeding, requiring the filing of a QIIP. The Commission notes that all other requirements set out in the final Order of Case No. 2022-00321 and the opening Order in this proceeding are still in effect, including seeking Commission approval prior to expending any funds for the water loss surcharge account.

IT IS HEREBY ORDERED that:

1. The QIIP filed by Whitley District #1 is approved as it satisfies the final Order in Case No. 2022-00321, and the opening Order to this proceeding, requiring the filing of a QIIP.
2. All reporting requirements set forth in the April 14, 2023 Order in this proceeding remain in effect.
3. Whitley District #1 shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.
4. Whitley District #1 shall file, with its monthly surcharge report due on the 15th of each month, a list of each payment made from the surcharge account, its payee, and a description of the purpose of each payment or purchase made using surcharge funds, including invoices supporting each payment.

PUBLIC SERVICE COMMISSION

*Kent Allen*

Chairman

*[Signature]*

Vice Chairman

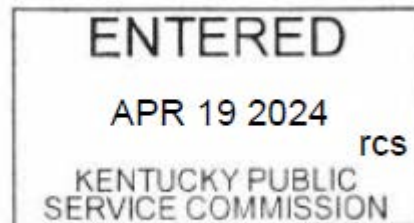
*Mary Pat Regan*

Commissioner

ATTEST:

*Linda C. Brindwell*

Executive Director



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