

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC UNION COUNTY WATER	)	
DISTRICT UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00119
MONITORING	)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Union County Water District’s (Union District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2022-00160.<sup>1</sup> Information provided by Union District in its past five Annual Reports filed with the Commission reflect the following<sup>2</sup>:

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost Of Water Loss in Excess of 15%	Total Cost of Water Loss
2021	19.38%	\$ 1,035,140	\$ 45,339	\$ 200,610
2020	13.20%	984,452		129,948
2019	13.77%	960,325		132,237
2018	8.20%	1,064,219		87,266
2017	11.08%	1,025,608		113,637

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<sup>1</sup> Case No. 2022-00160, *Electronic Application of Union County Water District for an Alternative Rate Adjustment*, (Ky. PSC May 5, 2022).

<sup>2</sup> Annual Reports of Union District to the Public Service Commission for the years ending December 31, 2017, 2018, 2019, 2020, and 2021. The purchased Water expense reported in the 2021 Annual Report of \$902,893 has been increased by \$49,675 to reflect the impact of the city of Morganfield’s January 1, 2022 wholesale water rate increase. See Case No. 2022-00160, Jan. 20, 2023 Commission Staff’s Report Adjustment G, at 22.

In order to address Union District's unaccounted-for water loss and take measures to immediately address the issue, the Commission ordered Union District to assess a monthly Water Loss Reduction Surcharge of \$1.72 per active meter for 48 months, or until \$181,852 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 2022-00160, the Commission finds that:

1. Within 120 days of the date of service of this Order, Union 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. Union 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, Union 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, Union District should file a monthly water loss report with the Commission.<sup>3</sup>

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

6. Union 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. Union 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. Union District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When Union 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, Union 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

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

actual expenditures made with surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

11. Union District should respond to any requests for information propounded by Commission Staff according to the date set forth in the request.

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

2. The record of Case No. 2022-00160 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, Union 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. Union 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, Union 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, Union District shall file a monthly water loss report with the Commission.<sup>4</sup>

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

8. Union 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. Union 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. Union District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

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

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<sup>4</sup> The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)"

12. One year after the date of service of this Order and annually thereafter, Union District shall 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.


13. Union District shall respond to any requests for information propounded by Commission Staff as provided in those requests.

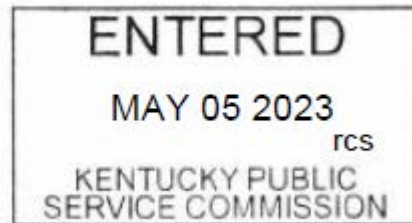
14. Union District's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner



ATTEST:

  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2023-00119 DATED MAY 05 2023

Utility Name:

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

Year Ended December 31, 2023

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



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