

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

By Order issued on May 5, 2023, in Case No. 2022-00160,¹ the Commission approved an unaccounted-for water loss reduction surcharge for Union County Water District (Union District) and ordered Union District to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Union District's surcharge billing, collections, deposits, and expenditures. On November 14, 2023, Union District filed a proposed QIIP.

LEGAL STANDARD

The Commission approved a \$1.72 per meter per month surcharge for 48 months, or until \$181,852 has been assessed, whichever occurs first, to assist Union District's water loss reduction efforts.² 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

¹ Case No. 2022-00160, *Electronic Application of Union County Water District for an Alternative Rate Adjustment* (Ky. PSC May 5, 2023).

² Case No. 2022-00160, May 5, 2023 Order, ordering paragraph 8.

utility in its own operations. Union District reported a 19.38 percent water loss in its 2021 Annual Report.³

Union District 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 the surcharge.”⁴

DISCUSSION AND FINDINGS

Union District provided a Water Accountability Process as part of the QIIP. The stated goal of that process is to reduce unaccounted for water below 15 percent.⁵ Union District stated the first step of the process is to divide the system into distribution management areas (DMAs).⁶ Union District further stated that, once the DMAs have been created, the next step is to inventory and assess the condition of all infrastructure assets within each zone, and that as Union District’s primary assets have been assessed, the focus will be on secondary assets.⁷ Union District clarified the secondary assets include valves, hydrants, and meters.⁸

³ *Annual Report of Union District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 56.

⁴ Case No. 2022-00160, May 5, 2023 Order, ordering paragraph 9(a).

⁵ Union District’s QIIP (filed Nov. 14, 2023) at 6.

⁶ Union District’s QIIP at 6.

⁷ Union District’s QIIP at 6.

⁸ Union District’s QIIP at 7.

Union District stated it worked with Kentucky Rural Water Association (KRWA) to identify six DMAs which correspond with the active storage tanks, and that 20 non-functioning valves need to be replaced to create the hydraulically isolated areas.⁹

Union District also provided a projected timeline based on short term (0-6 months), medium range (0-18 months), and long range goals (0-60 months). The short term goals include purchasing leak detection equipment to conduct a water audit and train staff to use the equipment, conducting an inspection of all meters, and installing variable frequency drives at several pump stations.¹⁰

Union District stated that the medium range goals include creating the first three DMAs, continuing the valve and hydrant condition assessments, and implementing SCADA upgrades to tanks and pump stations.¹¹

Union District stated the long range goals include developing a capital asset plan for replacing the remaining AC pipe, creating and installing the last three DMAs, and purchasing a towable hydro-excavator with integrated valve exerciser.

Union District estimated that the total cost of the projects would be \$185,000: \$10,000 for leak detection equipment; \$7,000 for sub-foot grade GPS/accessories; \$27,000 for pump station soft started and installation; \$6,000 for SCADA upgrades; \$25,000 for Mag-flow zone meters; \$45,000 for valves and installation; and \$65,000 for the towable Hydro-vac.¹²

⁹ Union District's QIIP at 7.

¹⁰ Union District's QIIP at 9.

¹¹ Union District's QIIP at 9.

¹² Union District's QIIP at 9.

The Commission finds that the proposed QIIP filed by Union District should be approved. The QIIP includes a discussion of Union District's plan to initiate water loss prevention projects, and specifically addresses goals, priorities, and specific expected expenditures and purchases necessary for those projects. The Commission finds that by developing a QIIP, Union District has made an important and positive step toward addressing the challenges it faces. Union District should adhere to the projects and plans as set forth its QIIP, provide the Commission with updates in its annual report as to the status of the plans and projects provided in the QIIP, and file any updates as necessary to inform the Commission of changes or additions to the plans and projects provided in the QIIP.

The Commission notes that all other requirements set out in the final Order in Case No. 2022-00160 and the opening Order of this proceeding are still in effect, including the requirement to obtain Commission approval prior to expending any funds from the water loss surcharge account.

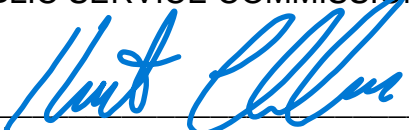
IT IS HEREBY ORDERED that:

1. Union District's QIIP filed on November 14, 2023, is approved.
2. Union District shall follow the plans and projects as set forth its QIIP, provide the Commission with updates in its annual reports as to the status of the plans and projects provided in the QIIP, and file any updates as necessary in the future to inform the Commission of any changes or additions to the plans and projects provided in the QIIP.
3. All reporting requirements set forth in the opening Order to this proceeding remain in effect.

4. Union District shall not use any surcharge proceeds without prior Commission authorization.

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PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
JUN 05 2024 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

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