

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MCKINNEY WATER DISTRICT	)	
UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00194
MONITORING	)	

ORDER

On March 12, 2025, McKinney Water District (McKinney District) submitted a request to use \$49,695 of surcharge revenue to pay expenditures.<sup>1</sup> McKinney District responded to two requests for information from Commission Staff<sup>2</sup> and attended two informal conferences related to the request.<sup>3</sup> For the reasons outlined below, the Commission finds that McKinney District’s request should be denied, in part, and continued, in part.

BACKGROUND

On September 1, 2023, this case was initiated by Commission Order for the purpose of monitoring McKinney District’s unaccounted-for water loss reduction plan surcharge. McKinney District was required to file a qualified infrastructure improvement plan (QIIP) within 120 days of service of the Order, and to seek Commission approval

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<sup>1</sup> McKinney District’s Motion to Use Surcharge Revenue (Motion) (filed Mar. 12, 2025).

<sup>2</sup> McKinney District’s Response to Commission Staff’s Third Request for Information (Staff’s Third Request) (filed Dec. 12, 2025); McKinney District’s Response to Commission Staff’s Fourth Request for Information (Staff’s Fourth Request) (filed Mar. 4, 2026).

<sup>3</sup> See Memorandum of April 9, 2025 Informal Conference (filed Apr. 11, 2025) and Memorandum of December 1, 2025 Informal Conference (filed Dec. 2, 2025).

before using any water loss surcharge funds.<sup>4</sup> On December 26, 2023, McKinney District filed its QIIP.<sup>5</sup>

### DISCUSSION AND FINDINGS

On March 12, 2025, McKinney District filed a one-paragraph request to expend \$49,695 of surcharge revenue to reimburse itself for “Water Loss Reduction Plan expenditures.”<sup>6</sup> Along with the motion, McKinney District attached an Excel spreadsheet that listed 14 separate requests with the vendor name, invoice number, invoice date, date paid, invoice amount, amount to be paid from surcharge fund, and a description of the purchase.<sup>7</sup> The description of each purchase either included supplies or labor for line leaks.<sup>8</sup> One request included 200 Meters with Radio Reads.<sup>9</sup> Additional information was provided in responses to Commission Staff’s requests for information.<sup>10</sup> In order to properly address the motion, each invoice will be individually evaluated.

#### Invoice No. 419

Invoice No. 419 is from Scott Coffman Excavating for labor that occurred in September of 2023<sup>11</sup> at Tombs Holler, Old Hals Gap Road, New Salem Yolanda Estes,

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<sup>4</sup> Order (Ky. PSC Sept. 1, 2023), at 5-6, ordering paragraphs 3 and 7.

<sup>5</sup> McKinney District’s Water Loss Investigation and Response (QIIP) (filed Dec. 26, 2023).

<sup>6</sup> Motion at 1.

<sup>7</sup> Motion, Attachment.

<sup>8</sup> Motion, Attachment.

<sup>9</sup> Motion, Attachment.

<sup>10</sup> McKinney District’s Response to Commission Staff’s Third Request for Information (Staff’s Third Request) (filed Dec. 12, 2025); McKinney District’s Response to Commission Staff’s Fourth Request for Information (Staff’s Fourth Request) (filed Mar. 4, 2026).

<sup>11</sup> Coffman\_Excavating\_419 (Invoice 419) (filed Nov. 8, 2024) at 3-4.

and Rice Lane in the amount of \$4,840.<sup>12</sup> McKinney District stated that the repairs were to the service line or the main line, and that “per the QIIP these repairs were needed to prevent water loss.”<sup>13</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>14</sup>

While McKinney District asserted these repairs were necessary in relation to the QIIP, upon review, the Commission was unable to confirm these particular repairs were provided for in the QIIP and therefore, should be denied as the repairs were in the ordinary course of business for McKinney District.

Invoice No. 2233722-001

Invoice No. 2233722-001 is from Consolidated Pipe & Supply Company, Inc. (Consolidated Pipe & Supply) for two 6-inch gate valves in the amount of \$1,850 for repairs that occurred on October 10, 2023, at Short Pike/KY Highway 198.<sup>15</sup> McKinney District stated that this purchase was related to the QIIP as it was “the proper materials for the repair”.<sup>16</sup>

While McKinney District asserted this purchase was related to the QIIP, upon review, the Commission was unable to confirm this particular purchase was provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

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<sup>12</sup> McKinney District’s Response to Staff’s Fourth Request, Item 2. (The total invoice amount is for \$6,580, but McKinney District only requested \$4,840 to be reimbursed.)

<sup>13</sup> McKinney District’s Response to Staff’s Fourth Request, Item 2(b) and (c).

<sup>14</sup> Invoice 419 at 3-4.

<sup>15</sup> Consolidated Pipe & Supply 10-31-23 Invoice (Consolidated Pipe & Supply Invoice) (filed Nov. 8, 2024) at 4 and McKinney District’s Response to Staff’s Fourth Request, Item 3(b)

<sup>16</sup> McKinney District’s Response to Staff’s Fourth Request, Item 3(c).

Invoice No. 2233813-001

Invoice No. 2233813-001 is from Consolidated Pipe & Supply for 300 feet of CTS pipe used in October 2023 in the amount of \$270.<sup>17</sup> McKinney District stated that this purchase was related to the QIIP as it was the proper materials for the repair.<sup>18</sup> McKinney District stated that the pipe was “used at multiple locations” but did not specify the name of address of the locations.<sup>19</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs were in the ordinary course of business for McKinney District.

Invoice No. 428

Invoice No. 428 is from Scott Coffman Excavating for labor that occurred at New Salem Yolanda Estates, Maywood Pump House, Cocanougher Road, Short Pike, and Neal Creek in the amount of \$4,925.<sup>20</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>21</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>22</sup>

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<sup>17</sup> Consolidated Pipe & Supply Invoice at 5 and McKinney District’s Response to Staff’s Fourth Request, Item 4(a) and (b).

<sup>18</sup> McKinney District’s Response to Staff’s Fourth Request, Item 4(c).

<sup>19</sup> McKinney District’s Response to Staff’s Fourth Request, Item 4(b).

<sup>20</sup> Coffman\_Excavating\_428 (Invoice 428) (filed Nov. 8, 2024) and McKinney District’s Response to Staff’s Fourth Request, Item 5(a) and (b). (The total invoice amount is for \$5,525, but McKinney District only requested \$4,925 to be reimbursed.)

<sup>21</sup> McKinney District’s Response to Staff’s Fourth Request, Item 5(c).

<sup>22</sup> Invoice 428.

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

Invoice No. 430

Invoice No. 430 is from Scott Coffman Excavating for labor that occurred at Hope Young and Jeff Moore's Farm in the amount of \$900.<sup>23</sup> McKinney District stated that the repairs were to the service line or the main line, and that "the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss."<sup>24</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>25</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

Invoice No. 440

Invoice No. 440 is from Scott Coffman Excavating for labor that occurred at Pin Oak Hill Road and Rowland in the amount of \$880.<sup>26</sup> McKinney District stated that the repairs were to the service line or the main line, and that "the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to

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<sup>23</sup> Coffman\_Excavating\_430 (Invoice 430) (filed Nov. 8, 2024) and McKinney District's Response to Staff's Fourth Request, Item 6(b).

<sup>24</sup> McKinney District's Response to Staff's Fourth Request, Item 6(c).

<sup>25</sup> Invoice 430. (The total invoice amount is for \$1,700, but McKinney District only requested \$900 to be reimbursed.)

<sup>26</sup> Coffman\_Excavating\_440 (Invoice 440) (filed Jan. 23, 2025) and McKinney District's Response to Staff's Fourth Request, Item 7(a).

prevent water loss.”<sup>27</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>28</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

#### Invoice No. 449

Invoice No. 449 is from Scott Coffman Excavating for labor that occurred at Maywood in the amount of \$1,480.<sup>29</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>30</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>31</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

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<sup>27</sup> McKinney District’s Response to Staff’s Fourth Request, Item 7(a) and (b).

<sup>28</sup> Invoice 440. (The total invoice amount is for \$1,380, but McKinney District only requested \$880 to be reimbursed.)

<sup>29</sup> Coffman\_Excavating\_449 (Invoice 449) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 8(b).

<sup>30</sup> McKinney District’s Response to Staff’s Fourth Request, Item 8(b) and (c).

<sup>31</sup> Invoice 449. (The total invoice amount is for \$2,860, but McKinney District only requested \$1,480 to be reimbursed.)

Invoice No. 453

Invoice No. 453 is from Scott Coffman Excavating for labor that occurred at Neals Creek Church and Owens Road in the amount of \$880.<sup>32</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>33</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>34</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

Invoice No. 473

Invoice No. 473 is from Scott Coffman Excavating for labor that occurred at Bob Maples and Gary Taylor in the amount of \$405.<sup>35</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent

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<sup>32</sup> Coffman\_Excavating\_453 (Invoice 453) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 9(b).

<sup>33</sup> McKinney District’s Response to Staff’s Fourth Request, Item 9(b) and (c).

<sup>34</sup> Invoice 453. (The total invoice amount is for \$1,989, but McKinney District only requested \$880 to be reimbursed.)

<sup>35</sup> Coffman\_Excavating\_473 (Invoice 473) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 10(b).

water loss.”<sup>36</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>37</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

#### Invoice No. 500

Invoice No. 500 is from Scott Coffman Excavating for labor that occurred at Earl Dean McWhorter, Big Moccasin Road, Maywood Loop, Neals Creek, and Hunter Halls Gap, and Taylor Road in the amount of \$4,655.<sup>38</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>39</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>40</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

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<sup>36</sup> McKinney District’s Response to Staff’s Fourth Request, Item 10(b) and (c).

<sup>37</sup> Invoice 473. (The total invoice amount is for \$3,840, but McKinney District only requested \$405 to be reimbursed.)

<sup>38</sup> Coffman\_Excavating\_500 (Invoice 500) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 11(b).

<sup>39</sup> McKinney District’s Response to Staff’s Fourth Request, Item 11(b) and (c).

<sup>40</sup> Invoice 500. (The total invoice amount is for \$5355, but McKinney District only requested \$4655 to be reimbursed.)

Invoice No. 511

Invoice No. 511 is from Scott Coffman Excavating for labor that occurred at Rowland, Randy Brown, Maywood Sawmill, Halls Gap, Blue Lick, and Short Pike in the amount of \$4,110.<sup>41</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>42</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>43</sup>

The Commission notes that not all dates where outside contractor services were used on the invoice include equipment rental.<sup>44</sup> When asked why district employees were not performing the work, McKinney District stated “[t]he repairs that were done on August 12, 2024 were done by the same contractor for all the work that McKinney Water has done. District employees were on scene assisting with repairs.”<sup>45</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

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<sup>41</sup> Coffman\_Excavating\_511 (Invoice 511) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 12(b).

<sup>42</sup> McKinney District’s Response to Staff’s Fourth Request, Item 12(b) and (c).

<sup>43</sup> Invoice 511. (The total invoice amount is for \$4,710, but McKinney District only requested \$4,110 to be reimbursed.)

<sup>44</sup> Invoice 511 at 3-5.

<sup>45</sup> McKinney District’s Response to Staff’s Fourth Request, Item 12(d).

### Invoice No. 516

Invoice No. 516 is from Scott Coffman Excavating for labor that occurred at Maywood Woods, Eric Hartness West Bone Yard, Phillip Austin, Maywood Sawmill, Turnersville, Smith Traylor Park, and Hope Carrier in the amount of \$2,760.<sup>46</sup> McKinney District stated that the repairs were to the service line or the main line, and that “the repairs were done due to breaks in the pipes causing water to be lost. Per the QIIP, these repairs were needed to prevent water loss.”<sup>47</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer.<sup>48</sup>

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

### Invoice No. 533

Invoice No. 533 is from Scott Coffman Excavating for labor that occurred at Belcher Old Store, Neals Creek, and Halls Gap in the amount of \$1,680.<sup>49</sup> The invoice indicates that the repairs included renting a 305-mini excavator, an equipment operator, and a laborer and work performed on the service line or main line.<sup>50</sup>

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<sup>46</sup> Coffman\_Excavating\_516 (Invoice 516) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 13(b).

<sup>47</sup> McKinney District’s Response to Staff’s Fourth Request, Item 13(b) and (d).

<sup>48</sup> Invoice 516. (The total invoice amount is for \$4,7625, but McKinney District only requested \$2,760 to be reimbursed.).

<sup>49</sup> Coffman\_Excavating\_533 (Invoice 533) (filed Jan. 23, 2025) and McKinney District’s Response to Staff’s Fourth Request, Item 14(b).

<sup>50</sup> Invoice 533. (The total invoice amount is for \$6,700, but McKinney District only requested \$1,680 to be reimbursed.).

The Commission finds that this request was not provided for in the QIIP, and therefore, should be denied as the repairs are in the ordinary course of business for McKinney District.

Invoice No. KY0223461

Invoice No. KY0223461 is for 100 Mueller 2/4-5/8 radio read meters in the amount of \$20,000.<sup>51</sup> McKinney District proposed meter replacement in its QIIP and provided more detail in response to Commission Staff's First Request for Information (Staff's First Request).<sup>52</sup> In Year 1, it proposed spending \$125,000 on Mueller Meters, of which \$57,500 would be paid from the water loss surcharge account.<sup>53</sup> When asked if that estimated cost included labor and who would be performing the labor, McKinney District said the estimated cost did not include the labor and it would roughly costs \$170 per meter.<sup>54</sup> McKinney District also asserted that district employees would be installing the meters.<sup>55</sup>

The Commission notes that the record pertaining to the meter replacement project is unclear. Although meter replacement was listed in the Year 1 Plan (2024) and McKinney District submitted the \$20,000 invoice, when asked if any goals provided in the QIIP from Year 1 (2024) or Year 2 (2025) had been completed, McKinney District stated

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<sup>51</sup> Consolidated\_Invoice\_KY0223461 (Invoice KY0223461) (filed Mar. 5, 2025).

<sup>52</sup> QIIP at 9-10 and 14; McKinney District's Response to Staff's First Request (filed Feb. 14, 2024), Item 6(b).

<sup>53</sup> QIIP at 14.

<sup>54</sup> McKinney District's Response to Staff's First Request, Item 6(b).

<sup>55</sup> McKinney District's Response to Staff's First Request, Item 1(c) and (d).

no goals had been completed.<sup>56</sup> The Commission finds that this request should be continued at this time until Commission Staff issues an additional request for information to determine whether the meters have been installed, and if not, who will be installing them and if installed by district employees, an explanation for the \$170 labor charge.

The Commission encourages McKinney District to review its QIIP and update the planned projects to reduce unaccounted for water loss.

IT IS THEREFORE ORDERED that:

1. Invoice No. 419 in the amount of \$4,840 is denied.
2. Invoice No. 2233722-001 in the amount of \$1,850 is denied.
3. Invoice No. 2233813-001 in the amount of \$270 is denied.
4. Invoice No. 428 in the amount of \$4,925 is denied.
5. Invoice No. 430 in the amount of \$900 is denied.
6. Invoice No. 440 in the amount of \$880 is denied.
7. Invoice No. 449 in the amount of \$1,480 is denied.
8. Invoice No. 453 in the amount of \$880 is denied.
9. Invoice No. 473 in the amount of \$405 is denied.
10. Invoice No. 500 in the amount of \$4,655 is denied.
11. Invoice No. 511 in the amount of \$4,110 is denied.
12. Invoice No. 516 in the amount of \$2,760 is denied.
13. Invoice No. 533 in the amount of \$1,680 is denied.
14. Invoice No. KY0223461 in the amount of \$20,000 is continued at this time


for further discovery.

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<sup>56</sup> McKinney District's Response to Staff's Fourth Request, Items 17 and 18.

Entered on this 28th day of May, 2026.

PUBLIC SERVICE COMMISSION




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Angie Hatton  
Chair



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Mary Pat Regan  
Commissioner



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Andrew W. Wood  
Commissioner



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Barry L. Mayfield  
Commissioner

ATTEST:



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Linda C. Bridwell, PE  
Executive Director

Case No. 2023-00194

## Service List for 2023-00194

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

\* McKinney Water District  
2900 KY HWY 198  
Hustonville, KY 40437

\* Matt Rankin  
Chairman  
McKinney Water District  
P. O. Box 7  
McKinney, KY 40448