

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEN COUNTY WATER)	CASE NO.
DISTRICT UNACCOUNTED-FOR WATER LOSS)	2023-00212
REDUCTION PLAN, SURCHARGE MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Allen County Water District's (Allen District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2020-00296.¹ The Commission ordered Allen District to assess a monthly Water Loss Reduction Surcharge of \$1.77 per active meter for 48 months. Additionally, the Commission found that Allen District should request Commission authorization before spending surcharge funds, and that Allen District was to file with the Commission a qualified infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that establishes priorities, a time schedule for eliminating each source of unaccounted-for water loss, and provides a detailed spending plan for the proceeds of the requested surcharge. Consistent with the findings in Case No 2020-00296, the Commission finds that:

1. Within 120 days of the date of service of this Order, Allen District should file with the Commission a qualified infrastructure improvement plan, including a

¹ Case No. 2020-00296, *Electronic Application of Allen County Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 3, 2021).

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. Allen District should deposit surcharge collections in a separate interest-bearing account.

3. On the 15th day of each month until all surcharge proceeds are expended, Allen District should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the format in the Surcharge Reporting form,² 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 until all surcharge proceeds are expended, Allen District should file a monthly water loss report with the Commission.³

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

6. Allen 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

² The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

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

related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

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

9. When Allen District collects the surcharge from the customers, it should debit special funds and credit the customer account.

10. For the purpose of evaluating whether adjustments in the surcharge are required, Allen District should file an annual report of surcharge activity and water loss improvement progress no later than April 30 of each year. The report should be based on the preceding year ended December 31 with reported surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Allen District's audited financial statements.

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

12. Allen 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 Allen District's Water Loss Reduction Surcharge proceeds and collections.
2. The record of Case No. 2020-00296 is incorporated by reference in this proceeding.
3. Within 120 days of the date of service of this Order, Allen 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. Allen District shall deposit surcharge collections in a separate interest-bearing account.
5. On the 15th day of each month until all surcharge proceeds are expended, Allen District shall file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the Surcharge Reporting form that can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab, 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 until all surcharge proceeds are expended, Allen District shall file a monthly water loss report with the Commission.
7. Allen District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

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

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

12. No later than April 30 of each year, Allen District shall file, in the record of this proceeding, a report of surcharge activity and water loss improvement progress based on the preceding year ended December 31 with reported annual surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Allen District audited financial statements. Cumulative surcharge billings and expenditures shall also be reported. A schedule of the estimated and actual progress of the water loss detection and repair program, actual expenditures made with surcharge proceeds, and encumbered amounts of future surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount shall be provided.

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

14. Allen 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.

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PUBLIC SERVICE COMMISSION

Hunt Clark
Chairman

ABH
Vice Chairman

May Pat Regan
Commissioner

ENTERED
AUG 03 2023 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:

Linda E. Bridwell
Executive Director

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