

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC HENDERSON COUNTY WATER	)	
DISTRICT UNACCOUNTED FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00333
MONITORING	)	

ORDER

By Order issued on December 13, 2023,<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for Henderson County Water District (Henderson District) and ordered Henderson District to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Henderson District’s surcharge billings, collections, deposits, expenditures, and unaccounted-for water loss. On April 11, 2024, Henderson Water submitted the required QIIP.<sup>2</sup>

On July 22, 2024, the Commission authorized Henderson District to use surcharge funds for a payment to Reveal Underground Services in the amounts of \$7,000, authorized the expenditure of \$6,135 for the purchase of a hydrant buddy valve exerciser and continued the QIIP for further review.<sup>3</sup>

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<sup>1</sup> Case No. 2023-00101, *Electronic Application of Henderson County Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC, Dec. 13, 2023), final Order.

<sup>2</sup> Henderson District’s QIIP (QIIP) (filed Apr. 11, 2024).

<sup>3</sup> Order (Ky. PSC July 22, 2024).

## LEGAL STANDARD

The Commission approved a \$1.87 per customer per month water loss reduction surcharge for 48 months, or until \$584,220 has been assessed, whichever comes first, to address its excessive unaccounted-for water loss.<sup>4</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. According to Henderson District's 2021 Annual Report, Henderson District reported a water loss of 24.2780 percent.<sup>5</sup>

Henderson District was ordered to file a QIIP with the Commission. According to the Commission's final Order in Case No. 2023-00101, and the opening Order in this proceeding, the QIIP should contain 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 provided a detailed spending plan for the proceeds of a surcharge."<sup>6</sup>

## DISCUSSION AND FINDINGS

Henderson District filed its proposed QIIP on April 11, 2024. Henderson District stated that the goal of its water loss program was to reduce unaccounted-for water loss to below 15 percent.<sup>7</sup> Henderson District stated that the key to reaching this goal is proper distribution management, which first requires dividing the system into distribution

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<sup>4</sup> Case No. 2023-00101, Dec. 13, 2023 final Order at 26.

<sup>5</sup> *Annual Report of Henderson County Water District to the Public Service Commission for the Calendar Year Ended December 31, 2021* (2021 Annual Report) at 57.

<sup>6</sup> Opening Order (Ky. PSC Dec. 13, 2023), ordering paragraph 3; See also Case No. 2023-00101, Dec. 13, 2023 final Order, ordering paragraph 8a.

<sup>7</sup> QIIP at 9.

management arears (DMAs) that would allow Henderson District to obtain a baseline flow within each zone to determine where water loss occurs.<sup>8</sup>

Henderson District proposed prioritizing the DMA's and the installation of isolation valves and zone meters.<sup>9</sup> Henderson District also sought to take advantage of a geographic information system (GIS) based Asset Management program through the Division of Water and Kentucky Rural Water Association (KRWA) to create a GIS data framework, assist it in identifying and decreasing unaccounted for water loss.<sup>10</sup> Additionally, Henderson District proposed upgrading the pump station motor controls to reduced voltage soft starters, which should extend the life of the motor and decrease pressure spikes and stress on the pipe network.<sup>11</sup> Henderson District noted the need to upgrade its Supervisory Control and Data Acquisition (SCADA) system with data analysis capability to detect variations in low rates, tank levels, pressure, and other parameters to assist in early detection of leaks before they become major issues.<sup>12</sup> Finally, Henderson District proposed purchasing leak detection and repair equipment such as flow metering, acoustic listening devices and hydro-excavation equipment.<sup>13</sup>

Henderson District provided a project timeline as part of its QIIP. It stated the short term goals, proposed to be completed within the first six months, were to purchase leak detection equipment, conduct a water audit, update the GIS data, inspect all meters, and

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<sup>8</sup> QIIP at 9.

<sup>9</sup> QIIP at 11.

<sup>10</sup> QIIP at 11.

<sup>11</sup> QIIP at 11.

<sup>12</sup> QIIP at 11.

<sup>13</sup> QIIP at 12.

purchase and install soft starters on several pump stations.<sup>14</sup> Henderson District stated the medium range goals, proposed to be completed within the first eighteen months, were to prioritize creating the first five DMAs, continue valve and hydrant assessments, and implement SCADA upgrades.<sup>15</sup> Henderson District stated its long term goals, proposed to be completed within the next sixty months, were to develop a capital asset plan for replacing the remaining Asbestos Cement pipe, create the last three DMAs, and purchase a towable hydro-excavator with integrated valve exerciser.

Henderson District estimated the project costs to be a total of \$687,700, including \$10,000 for leak detection equipment; \$12,000 for sub-foot grade GPS; \$100,000 for pumpstation soft starter and installation; \$75,000 for SCADA upgrade; \$350,000 for mag-flow meters and zone meters; \$75,000 for valves and installation; and \$65,000 for a towable hydro-excavator.<sup>16</sup> Though \$687,700 exceeds what is approved to be billed and collected by the unaccounted for water loss surcharge, Henderson District stated that it will also seek grants to help fund the projects.<sup>17</sup>

The Commission finds that the proposed QIIP filed by Henderson District satisfies the requirements set out in the final Order of Case No. 2023-00101,<sup>18</sup> and the opening Order of this proceeding, dated December 13, 2023 (opening Order). The Commission notes that this Order is not an authorization to spend surcharge funds, and that in accord

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<sup>14</sup> QIIP at 12.

<sup>15</sup> QIIP at 12.

<sup>16</sup> QIIP at 13.

<sup>17</sup> QIIP at 12.

<sup>18</sup> Case No. 2023-00101, Dec. 13, 2023 final Order.

with ordering paragraphs 7 and 8 of the opening Order, Henderson District shall not use any surcharge without receiving approval from the Commission prior to the expenditure.

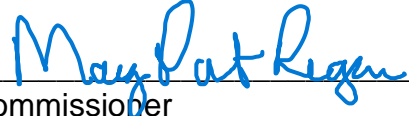
IT IS THEREFORE ORDERED that the QIIP filed by Henderson District on April 11, 2024, satisfies the requirement to file a QIIP as required by the final Order in Case No. 2023-00101, and the opening Order of this proceeding.

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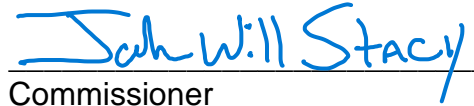
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:

  
Executive Director

ENTERED  
FEB 06 2025 AH  
KENTUCKY PUBLIC  
SERVICE COMMISSION

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