

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC FILING OF BLACK MOUNTAIN	)	
WATER DISTRICT UNACCOUNTED FOR WATER	)	CASE NO.
LOSS REDUCTION PLAN, SURCHARGE AND	)	2023-00202
MONITORING	)	

ORDER

On February 1, 2024, Black Mountain Water District (Black Mountain District) filed a proposed Infrastructure Improvement Plan, Water Loss Reduction Plan and Water Loss Surcharge Spending Plan (collectively, Qualified Infrastructure Improvement Plan “QIIP”). On April 22, 2024, Black Mountain District further filed a request for approval to expend water loss surcharge funds for leak repairs performed at Dayhoit Creek, Camp Creek, and Brooks Street, as well as the purchase of a leak detector.

BACKGROUND

By Order issued October 9, 2023, in Case No. 2022-00275<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for Black Mountain District and ordered Beech Grove Water to file a QIIP with the Commission. The Commission opened this proceeding to monitor Black Mountain District’s surcharge billings, collection, deposits, and expenditures.

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<sup>1</sup> Case No. 2022-00275, *Electronic Application of Black Mountain Utility District for a Rate Adjustment Pursuant To 807 KAR 5:076* (Ky. PSC Oct. 9, 2023).

## LEGAL STANDARD

The Commission approved a \$7.91 per customer per month surcharge for 48 months, or until \$319,316 has been assessed, whichever comes first, to address its excessive unaccounted-for water loss.<sup>2</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. In Black Mountain District's 2020 Annual Report, Black Mountain District reported a water loss of 47.91 percent.<sup>3</sup>

Black Mountain District was ordered to file a qualified infrastructure improvement plan with the Commission. According to the Commission's final Order in Case No. 2022-00275, and the opening Order in this proceeding, the infrastructure improvement plan 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>4</sup>

## DISCUSSION AND FINDINGS

In its QIIP, Black Mountain District presented various proposals for projects to assist with water loss reduction efforts, including, among other things, two dedicated employees for leak detection and repair, the purchase of two leak detectors to replace

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<sup>2</sup> Case No. 2022-00275, Oct. 3, 2022 Order at 15.

<sup>3</sup> *Annual Report of Black Mountain District to the Public Service Commission for the Calendar Year Ended December 31, 2020* (2020 Annual Report) at 58.

<sup>4</sup> Opening Order (Ky. PSC Oct. 9, 2023), ordering paragraph 3; See also Case No. 2022-00275, Oct. 3, 2023 Order, ordering paragraph 13a.

the one outdated the device it currently has, and changing gate valves throughout the system necessary to isolate the system to assist with zoning.<sup>5</sup>

On April 22, 2024, Black Mountain District requested approval to expend water loss surcharge funds for costs incurred to make repairs at Dayhoit Creek, Camp Creek, and Brooks Street, to fix leaks that were causing water loss, in the amount of \$11,403.13.<sup>6</sup> Black Mountain District provided invoices regarding the costs for these repairs, but failed to provide any explanation as to how the leaks were identified, a description of the action taken to repair these leaks beyond the invoices,<sup>7</sup> or the resulting decrease in water loss as a result of the repairs. Black Mountain District stated only that it had been working diligently to address water loss issues and had incurred these costs for parts and labor to repair leaks in these three areas, and requested approval to use water loss surcharge funds to pay for the improvements.<sup>8</sup>

The April 22, 2024 request also included a quote for the purchase of an AQUASCOPE leak detection device, in the amount of \$2,800. Black Mountain District stated the device would enable it to continue locating leaks in order to repair the system and lower its water loss.<sup>9</sup>

The Commission finds that proposed QIIP should be continued for further discovery, to provide the Commission more specific information on the projects Black

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<sup>5</sup> Black Mountain District's QIIP (filed Feb. 1, 2024).

<sup>6</sup> Black Mountain District's Motion to Use Surcharge Proceeds (Motion) (filed Apr. 22, 2024).

<sup>7</sup> For example: reasons why these pipes were replaced before other more damaged infrastructure was addressed, information related to project bidding or alternatives considered.

<sup>8</sup> Black Mountain District's Motion.

<sup>9</sup> Black Mountain District's Motion.

Mountain District intends to fund with the water loss surcharge. The Commission further finds that, given the lack of detail provided regarding the repairs performed at the Dayhoit Creek, Camp Creek, and Brooks Street locations, the April 22, 2024 request to expend surcharge funds for those repairs should also be continued for further discovery.

The Commission finds that the request to expend funds from the water loss surcharge account for the purchase of an AQUASCOPE Water Leak Detector will assist in finding water leaks and reducing water loss and therefore the expenditure of \$2,800 from the water loss surcharge for this purpose should be approved.

IT IS THEREFORE ORDERED that:

1. The purchase of the AQUASCOPE Water Leak Detector in the amount of \$2,800 from the water loss surcharge funds is approved.
2. The expenditure of \$11,403.13 for repairs at Dayhoit Creek, Camp Creek, and Brooks Street, from the water loss surcharge funds is continued for further discovery.
3. The remaining projects listed in the proposed QIIP are continued for further discovery.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ENTERED  
MAY 30 2024 rcs  
KENTUCKY PUBLIC  
SERVICE COMMISSION

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