

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.

Commission Staff’s Second Request for Information (Staff’s Second Request) to Black Mountain District was issued on May 8, 2024, and Black Mountain District filed its responses to that request on May 21, 2024. Black Mountain District also filed a motion on May 21, 2024, for an extension of two weeks to file its response to Staff’s Second Request, Item 4d.

By Order issued May 30, 2024, the Commission granted approval for expenditure from the surcharge account for the AQUASCOPE Water Leak Detector, but continued for further discovery the proposed QIIP as well as the request for expenditures for the leak repairs performed at Dayhoit Creek, Camp Creek, and Brooks Street.

BACKGROUND

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

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 Black Mountain District's excessive unaccounted-for water loss.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 utility in its own operations. In Black Mountain District's 2020 Annual Report, Black Mountain District reported a water loss of 47.91 percent.³

Black Mountain District was ordered to file a QIIP with the Commission. According to the Commission's final Order in Case No. 2022-00275, 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

¹ Case No. 2022-00275, *Electronic Application of Black Mountain Utility District for a Rate Adjustment Pursuant To 807 KAR 5:076*.

² Case No. 2022-00275, Oct. 3, 2022 Order at 15.

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

of unaccounted-for water loss and provide a detailed spending plan for the proceeds of a surcharge.”⁴

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 the one outdated device it currently has, and changing gate valves throughout the system necessary to isolate the system to assist with zoning.

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. In the May 30, 2024 Order, the Commission noted that Black Mountain District provided invoices regarding the costs for these repairs, but failed to provide any actual explanation of the action taken to repair these leaks, or the resulting decrease in water loss.

In response to Commission Staff’s Second Request, Black Mountain District provided further detail regarding the leaks at Dayhoit Creek, Camp Creek and Brooks Street, and the repairs that were performed at these locations. The leak at Dayhoit Creek was repaired by putting casing and concrete into the banks of the creek and then running PVC pipe through the casing.⁵ At the Camp Creek location, Black Mountain District replaced pipe with 2-inch Cason pipe and ¾-inch CTS pipe with a tie-in so service will not

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

⁵ Black Mountain District’s Response to Staff’s Second Request (filed May 21, 2024), Item 3a-b.

be washed out with further heavy rain events.⁶ The leak at Brooks Street included replacement of a service line under a driveway with casing for protection from further breaks.⁷ Black Mountain District stated these repairs have resulted in a reduction in unaccounted water loss, it continues to monitor these areas to ensure no additional leaks have occurred and Black Mountain District's water loss continues to decline.⁸

The Commission finds that, with the additional detail and documentation of the repairs provided by Black Mountain District that were performed at the Dayhoit Creek, Camp Creek and Brooks Street locations, and the fact that these repairs have resulted in a reduction of unaccounted for water loss at these locations, the request for expenditures for these repairs in the amount of \$11,403.13 should be approved.

Staff's Second Request, Item 4d requested the amount of salary that Black Mountain District proposed to pay the two dedicated employees for leak detection and repairs as presented in the proposed QIIP, including the amount of any benefits. Black Mountain District's May 21, 2024 motion requested an extension to provide its response to Staff's Second Request, Item 4d. Black Mountain District explained that its accountant was out for medical leave while the request was pending, and therefore, Black Mountain District was not able to provide a response to Item 4d as of May 21, 2024. Black Mountain District requested two additional weeks to provide this information.⁹ The Commission

⁶ Black Mountain District's Response to Staff's Second Request (May 21, 2024), Item 3a-b.

⁷ Black Mountain District's Response to Staff's Second Request (May 21, 2024), Item 3a-b.

⁸ Black Mountain District's Response to Staff's Second Request (May 21, 2024), Item 3a-b.

⁹ Black Mountain District's Supplemental Response to Staff's Second Request (filed June 5, 2024).


finds that Black Mountain District's motion for an extension to provide its response to Staff's Second Request Item 4d should be granted.

The Commission further finds review of the proposed QIIP will continue for further discovery, to review and, if necessary, provide the Commission more specific information on the projects Black Mountain District intends to fund with the water loss surcharge.

IT IS THEREFORE ORDERED that:

1. Black Mountain District's May 21, 2024 motion for an extension to provide its response to Staff's Second Request, Item 4d, is granted.
2. The expenditure of \$11,403.13 for repairs at Dayhoit Creek, Camp Creek, and Brooks Street, from the water loss surcharge funds is approved.
3. The remaining projects listed in the proposed QIIP are continued for further discovery.

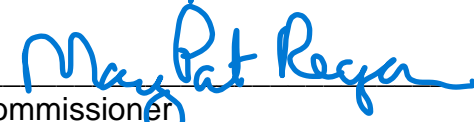
PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman



Commissioner

ENTERED
JUN 14 2024
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KENTUCKY PUBLIC
SERVICE COMMISSION

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