

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

On April 11, 2024, Henderson County Water District (Henderson District) filed a proposed Qualified Infrastructure Improvement Plan (QIIP). On June 20, 2024, Henderson District further filed a request for approval to expend water loss surcharge funds for leak identification services provided by Reveal Underground Services, as well as the purchase of a portable valve exerciser.

BACKGROUND

By Order issued December 13, 2023, in Case No. 2023-00101,<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for Henderson District and ordered Henderson District to file a QIIP with the Commission. The Commission opened this proceeding to monitor Henderson District's surcharge billings, collection, deposits, and expenditures.

LEGAL STANDARD

The Commission approved a \$1.87 per customer per month surcharge for 48 months, or until \$584,220 has been assessed, whichever comes first, to address its

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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*.

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 Henderson District's 2021 Annual Report, Henderson District reported a water loss of 24.2780 percent.<sup>3</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>4</sup>

### DISCUSSION AND FINDINGS

In its QIIP, Henderson District presented various proposals for projects to assist with water loss reduction efforts, including, among other things, the purchase of leak detection equipment, a SCADA upgrade, the purchase of valves, flow meters and zone meters, and the purchase of a towable hydro-excavator with integrated valve exerciser.

On June 20, 2024, Henderson District requested approval to expend water loss surcharge funds to pay Reveal Underground Services for leak detection services

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<sup>2</sup> Case No. 2023-00101, Dec. 13, 2023 Order at 26.

<sup>3</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>4</sup> Opening Order, ordering paragraph 3; See also Case No. 2023-00101, Dec. 13, 2023 Order, ordering paragraph 8a.

performed in May 2024 and for the purchase of a portable valve exerciser, in the total amount of \$13,135. Henderson District provided invoices regarding these costs.<sup>5</sup>

Henderson District stated it does not have the resources, staff or equipment to perform its own leak detection survey efforts, so it has partnered with Reveal Underground Services to identify leaks in the area of the system that has the highest daily flow.<sup>6</sup> After five days of leak detection, Reveal Underground Services identified more than 18 service line leaks and one main break that had not surfaced, and Henderson District stated it is currently working on fixing the leaks that were found.<sup>7</sup> Henderson District requested authorization to pay Reveal Underground Services for Invoice 1643, for the provision of leak detection services rendered thus far in the amount of \$7,000.<sup>8</sup>

The June 20, 2024 request also included a quote for the purchase of a hydrant buddy valve exerciser and an adjustable gate valve key from Consolidated Pipe & Supply Company, in the amount of \$5,935, plus freight, for a total of \$6,135.<sup>9</sup> Henderson District stated the device would help its efforts when operating valves in the system and benefit its water loss reduction efforts twofold: first, by assisting our field staff when operating valves for the purposes of identifying areas in the system that are ripe for leak detection

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<sup>5</sup> Henderson District's Invoice 1643 from Reveal Underground Services (filed June 20, 2024); Hydrant Buddy Quote (filed June 20, 2024).

<sup>6</sup> Henderson District's Letter Request to Purchase Leak Detection and Equipment (filed June 20, 2024).

<sup>7</sup> Henderson District's Letter Request to Purchase Leak Detection and Equipment.

<sup>8</sup> Henderson District's Letter Request to Purchase Leak Detection and Equipment.

<sup>9</sup> Henderson District's Letter Request to Purchase Leak Detection and Equipment.

surveys; and second, by assisting the field staff when operating valves when isolating a leak.<sup>10</sup>

The Commission finds that review of the proposed QIIP should be continued for further discovery, to provide the Commission more specific information on the projects and purchases proposed therein that Henderson District intends to fund with the water loss surcharge. The Commission further finds that the request to expend funds from the water loss surcharge account for the services provided by Reveal Underground Services in May 2024 and the purchase of a hydrant buddy valve exerciser should be approved. The services provided by Reveal Underground Services have assisted Henderson District in finding water leaks to repair in order to reduce water loss, and the valve exerciser will assist Henderson District's efforts with identifying areas of the system that require leak surveys and isolating those leaks, and therefore the total expenditure of \$13,135 from the water loss surcharge for this purpose should be approved.

IT IS THEREFORE ORDERED that:

1. The payment to Reveal Underground Services in the amount of \$7,000, for Invoice 1643, for services provided to Henderson District in May 2024, from the water loss surcharge funds is approved.
2. The expenditure of \$6,135 for the purchase of a hydrant buddy valve exerciser, from the water loss surcharge funds is approved.
3. The remaining projects listed in the proposed QIIP are continued for further discovery.

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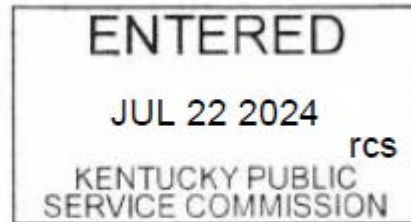
<sup>10</sup> Henderson District's Letter Request to Purchase Leak Detection and Equipment.

PUBLIC SERVICE COMMISSION

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Chairman

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Vice Chairman

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Commissioner



ATTEST:

Linda L. Bridwell  
Executive Director

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