

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC MOUNTAIN WATER DISTRICT	)	
UNACCOUNTED-FOR WATER LOSS	)	CASE NO.
REDUCTION PLAN, SURCHARGE AND	)	2023-00351
MONITORING	)	

ORDER

By Order issued on October 31, 2023,<sup>1</sup> the Commission approved an unaccounted-for water loss reduction surcharge for Mountain Water District (Mountain District) and ordered that Mountain District shall not use any surcharge proceeds without prior authorization from the Commission.<sup>2</sup> The Commission opened this proceeding to monitor Mountain District's surcharge billings, collections, deposits, expenditures, and unaccounted-for water loss.<sup>3</sup> On December 2, 2024, Mountain District filed a motion to amend its Qualified Infrastructure Improvement Plan (QIIP) and to request authorization to use surcharge funds for several pieces of equipment.<sup>4</sup> By Order entered on February 21, 2025, the Commission granted the motion excluding the request for certain leak

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<sup>1</sup> Case No. 2022-00366, *Electronic Application of Mountain Water District for a General Adjustment of Water Rates* (Ky. PSC Oct. 31, 2023), Order.

<sup>2</sup> Case No. 2022-00366, Oct. 31, 2023 Order.

<sup>3</sup> Opening Order (Ky. PSC Oct. 31, 2023).

<sup>4</sup> Mountain District's Motion to Amend Qualified Infrastructure Improvement Plan (Motion to Amend QIIP) (filed Dec. 2, 2024).

detection equipment pending an additional request for information.<sup>5</sup> On April 11, 2025, Mountain District responded to Staff's Second Request for Information.<sup>6</sup>

### LEGAL STANDARD

The Commission approved a water loss reduction surcharge of \$1.72 per active meter for 48 months, or until \$341,402 has been assessed, whichever occurs first.<sup>7</sup> The total amount to be collected was later corrected from \$341,402 to \$1,365,608 by Commission Order.<sup>8</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.

Mountain District was ordered to not use any water loss surcharge proceeds without prior Commission authorization. Additionally, all requests to use surcharge proceeds shall include a complete description of the equipment, project, or services 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 QIIP and the goal of reducing unaccounted-for water loss.<sup>9</sup>

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<sup>5</sup> Order (Ky. PSC Feb. 21, 2015).

<sup>6</sup> Mountain District's Response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Apr. 11, 2025).

<sup>7</sup> Case No. 2022-00366, Oct. 31, 2023 Order at 34.

<sup>8</sup> Case No. 2022-00366, Nov. 29, 2023 *Nunc* Order, ordering paragraph 4.

<sup>9</sup> Opening Order (Ky. PSC Oct. 31, 2023), ordering paragraphs 7 and 8.

## DISCUSSION AND FINDINGS

Mountain District requested approval to use water loss surcharge funds for the purchase of leak detection equipment to replace aging and in need of repair equipment.<sup>10</sup> Mountain District provided cost estimates for the requested leak detection equipment in its original request.<sup>11</sup> In response to Staff's Second Request for Information, Mountain District provided that, as of February 2025, it has sufficient funds in the water loss surcharge account to pay for the leak detection equipment.<sup>12</sup> Mountain District requested approval to use surcharge funds for several pieces of equipment.

Mountain District requested a valve exerciser with an estimated cost of \$11,000, stating that it will allow the district to make faster and more efficient repairs and assist in following a regular valve exercising program.<sup>13</sup> Furthermore, Mountain District requested five subsurface ground microphones at an estimated cost of \$4,950. Mountain District stated that it currently owns seven units, but that all are past their expected useful service life and are needed to use in combination with the requested water leak detectors.<sup>14</sup> Mountain District also requested five LD-18 water leak detectors at an estimated cost of \$32,000. Mountain District stated it currently owns one unit, but that it is passed its expected useful service life.<sup>15</sup> Mountain District asserted that purchasing five units will

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<sup>10</sup> Motion to Amend QIIP at 3.

<sup>11</sup> Motion to Amend QIIP, Attachment B.

<sup>12</sup> Mountain District's Response to Staff's Second Request, Item 2.2.

<sup>13</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>14</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>15</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3

allow each two person crew to have a detector and enable the teams to cover greater areas over a shorter period of time.<sup>16</sup> Additionally, Mountain District requested five power supply units at an estimated cost of \$1,680, which would be utilized in conjunction with the four ultrasonic flow meters being requested.<sup>17</sup> The district also requested five subsurface instruments headphones for leak detectors at an estimated cost of \$1,894. Mountain District stated these headphones are required to be used with the requested leak detectors.<sup>18</sup> Mountain District requested a Subsurface Digital Correlator at an estimated cost of \$32,000, stating that it currently owns one unit that is ten years beyond its expected useful life.<sup>19</sup> Finally, Mountain District included four ultrasonic flow meters at an estimated cost of \$17,152 in its request. Mountain District stated that it currently only has one working unit.<sup>20</sup>

The Commission finds that Mountain District has met the filing requirements for requesting use of surcharge funds, that the requested items will assist in achieving the goal of the water loss surcharge to reduce unaccounted-for water loss, and that Mountain District has sufficient funds in its water loss surcharge account to pay for the expenses.

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<sup>16</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>17</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>18</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>19</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

<sup>20</sup> Motion to Amend QIIP, Attachment B, *see also* Mountain District's Response to Staff's Second Request, Items 1 and 3.

IT IS THEREFORE ORDERED that: Mountain District is authorized to use water loss surcharge funds to pay for the listed leak detection equipment at a cost not to exceed \$100,676.

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PUBLIC SERVICE COMMISSION

  
\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Vice Chairman

  
\_\_\_\_\_  
Commissioner

ATTEST:

  
\_\_\_\_\_  
Executive Director *RP*



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