

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PEAKS MILL WATER DISTRICT)	
UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2024-00256
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Peaks Mill Water District’s (Peaks Mill District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2023-00401.¹ Information provided by Peaks Mill District in its past five Annual Reports filed with the Commission reflect the following.²

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2022	28.1063%	\$ 393,064	\$ 51,516	\$ 110,476
2021	29.8248%	434,897	64,473	129,707
2020	24.0415%	404,755	36,596	97,309
2019	24.1174%	265,998	24,252	64,152
2018	28.1308%	241,424	31,701	67,915

In order to address Peaks Mill District’s excessive unaccounted-for water loss, the Commission ordered Peaks Mill District to assess a monthly Water Loss Reduction

¹ Case No. 2023-00401, *Electronic Application of Peaks Mill Water District for a Rate Adjustment Pursuant 807 KAR 5:076* (Ky. PSC Sept. 4, 2024).

² *Annual Reports of Peaks Mill District to the Public Service Commission for the Years Ending (Annual Report) December 31, 2018, 2019 Annual Report, 2020 Annual Report, 2021 Annual Report, and 2022 Annual Report.*

Surcharge of \$3.09 per active meter for 48 months, or until \$179,764 has been assessed, whichever occurs first, and that a review of the necessity to continue the surcharge beyond the 48-month period be conducted before its expiration. Consistent with the findings in Case No 2023-00401, the Commission finds that:

1. Within 120 days of the date of service of this Order, Peaks Mill District should file into the record of this proceeding a Qualified Infrastructure Improvement Plan (QIIP), including 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 provides a detailed spending plan for the proceeds of a surcharge.

2. Peaks Mill District should deposit surcharge collections in a separate interest-bearing account.

3. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Peaks Mill District should file, into the record of this proceeding, a monthly activity report that includes a statement of monthly surcharge billings and collections using the format in the Surcharge Reporting form,³ a monthly surcharge bank statement,³ and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

4. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Peaks Mill District should file,

³ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

into the record of this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form located on the Commission's website.⁴

5. Peaks Mill District should not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses or for any other reason without prior Commission authorization.

6. Peaks Mill District should file requests to use surcharge proceeds into the record of this proceeding. The request should include a complete description of the equipment, project, or service 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.

7. Peaks Mill District should consider all surcharge collections as contributions and should account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

8. Peaks Mill District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When Peaks Mill District collects the surcharge from the customers, it should debit special funds and credit the customer account.

10. For the purpose of evaluating whether adjustments in the surcharge are required, Peaks Mill District should file, into the record of this proceeding, an annual report of surcharge activity and water loss improvement progress no later than April 30 of each year. The report should be based on the preceding year ended December 31 with

⁴ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

reported surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Peaks Mill District's audited financial statements. Cumulative surcharge billings and expenditures over the life of the surcharge should also be included, a schedule of the estimated and actual progress of the water loss detection and repair program. This report should include encumbered amounts of future surcharge proceeds.

11. Peaks Mill District should respond to any requests for information propounded by Commission Staff according to the date set forth in the request.

12. Peaks Mill District's failure to comply with any conditions attached to its assessment of the surcharge will result in termination of the surcharge and the refund of collected surcharge proceeds disbursed on expenses or projects outside the scope of the expenses and projects approved by the Commission.

IT IS THEREFORE ORDERED that:

1. This case is opened to monitor Peaks Mill District's Water Loss Reduction Surcharge proceeds and collections.

2. The record of Case No. 2023-00401 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, Peaks Mill District shall file with the Commission a QIIP, including 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 provides a detailed spending plan for the proceeds of a surcharge.

4. Peaks Mill District shall deposit surcharge collections in a separate interest-bearing account.

5. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Peaks Mill District shall file, into this proceeding, a monthly activity report that includes a statement of monthly surcharge billings and collections using the Surcharge Reporting form,⁵ a monthly surcharge bank statement; and a list of all payments made for the month from the surcharge account that includes the following for each payment: the payee, a description of the purpose, and the supporting invoice.

6. On the 15th day of each month for 48 months from the date of service of this Order or until all surcharge proceeds are expended, Peaks Mill District shall file, into this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form.⁶

7. Peaks Mill District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses or for any other reason without prior Commission authorization.

8. Peaks Mill District shall file all requests to use surcharge proceeds in the record of this proceeding. A request shall include a complete description of the equipment, project, or service for which approval is sought; bids, invoices, or price quotes as applicable; and a statement describing how the proposed purchase, project, or service

⁵ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

⁶ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

is related to the qualified infrastructure improvement plan and the goal of reducing unaccounted-for water loss.

9. Peaks Mill District shall consider all surcharge collections as contributions and shall account for them in the manner that the Uniform System of Accounts for Class A and B Water Districts and Associations prescribes.

10. Peaks Mill District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

11. When Peaks Mill District collects the surcharge from the customers, it shall debit special funds and credit the customer account.

12. No later than April 30 of each year, Peaks Mill District shall file, in the record of this proceeding, a report of surcharge activity and water loss improvement progress based on the preceding year ended December 31 with reported annual surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Peaks Mill District audited financial statements. Cumulative surcharge billings and expenditures shall also be reported. A schedule of the estimated and actual progress of the water loss detection and repair program, actual expenditures made with surcharge proceeds, and encumbered amounts of future surcharge proceeds for the purpose of evaluating whether adjustments to the program or to the surcharge amount shall be provided.

13. Peaks Mill District shall respond to any requests for information propounded by Commission Staff as provided in those requests.

14. Peaks Mill District's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund

of collected surcharge proceeds disbursed on expenses or projects outside the scope of expenses and projects approved by the Commission.


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PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

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