

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

In an Order issued on September 4, 2024,<sup>1</sup> the Commission approved an unaccounted- for water loss reduction surcharge for Peaks Mill Water District (Peaks Mill District) and ordered Peaks Mill District to file a qualified infrastructure improvement plan (QIIP) with the Commission. The Commission opened this proceeding to monitor Peaks Mill District’s surcharge billings, collections, deposits, expenditures, and unaccounted-for water loss.<sup>2</sup> On January 2, 2025, Peaks Mill District filed a QIIP.

LEGAL STANDARD

The Commission approved a Water Loss Reduction Surcharge of \$3.09 per customer per month for 48 months, or until \$179,764 has been assessed, whichever occurs first.<sup>3</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

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<sup>1</sup> 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), final Order.

<sup>2</sup> Case No. 2023-00401, Sept. 4, 2024 final Order. *See also*, Opening Order (Ky. PSC Sept. 4, 2024).

<sup>3</sup> Case No. 2023-00401, Sept. 4, 2024 final Order. *See also*, Opening Order (Ky. PSC Sept. 4, 2024).

of the total water produced or purchased, excluding water consumed by a utility in its own operations. According to Peaks Mill District's 2023 Annual Report, Peaks Mill District reported a water loss of 28.2725 percent.<sup>4</sup>

Peaks Mill District was ordered to file a QIIP with the Commission that contained 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 the surcharge.<sup>5</sup>

### DISCUSSION AND FINDINGS

Peaks Mill District filed a QIIP on January 2, 2025.<sup>6</sup> Peaks Mill District stated in the QIIP that its goal is to reduce unaccounted-for water loss to 15 percent or less.<sup>7</sup> Peaks Mill District also provided a description of its system in its current state, and it provided a list of projects to improve water loss based on an expected time frame of expenditures and the estimated cost of each project.<sup>8</sup> Peaks Mill District provided the information regarding projects and purchases to reduce unaccounted-for water loss as well as the expected timing of each project in Exhibit 5.1 of the QIIP.

Peaks Mill District stated that equipment, meters and technology software to be purchased during 2025 would total an estimated \$20,900.<sup>9</sup> The listed equipment

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<sup>4</sup> *Annual Report of Peaks Mill to the Public Service Commission for the Calendar Year Ended December 31, 2022* (2023 Annual Report) at 57.

<sup>5</sup> Opening Order (Ky. PSC Sept. 4, 2024), ordering paragraph 3.

<sup>6</sup> QIIP (filed Jan. 2, 2025).

<sup>7</sup> QIIP at 22.

<sup>8</sup> QIIP at 2- 14.

<sup>9</sup> QIIP at 17 and Exhibit 5.1.

included: Pressure data loggers at an estimated total cost \$1,200; portable ultrasonic meter and data logger at an estimated cost of \$7,500; equipment to retrofit existing by-pass meters in Zones one, two, and three, with smart meter technology including software and equipment for six existing by-pass meters at an estimated cost of \$5,000; six smart flow meters for zone metering and leak detection at an estimated total cost of \$3,600; and two 2" smart flow meters for zone metering and leak detection at an estimated cost of \$3,600.<sup>10</sup>

Peaks Mill District stated that, in years 2025 and 2026, it plans to establish and install necessary equipment for zone one improvement and leak monitoring for a total estimated cost of \$49,000, which included the following: installing valves in zone one for sub-zone analysis at an estimated cost \$6,000; installing ¾' or 1' bypass meters at Manley/Black Oak, Ridgewood, Tracy, and Shadrick North at an estimated cost of \$8,000; installing pressure/flow telemetry at zone one FPB supply/Shadrick valve at an estimated cost of \$2,000; installing ultrasonic AMI meter pilot in Stonewall/Ridgewood at an estimated cost of \$28,000; and repairing leaks once identified by zone and by-pass meters at an estimated cost of \$6,000.<sup>11</sup>

Peaks Mill District stated in year 2026 it plans to install the necessary equipment to improve and monitor zone two for leaks at an estimated total cost of \$49,000.<sup>12</sup> Peaks Mill District stated this project will include: installing valves in zone two for sub-zone analysis at an estimated cost of \$5,000; installing ¾" or 1" by-pass meters at Steele

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<sup>10</sup> QIIP at 17 and Exhibit 5.1.

<sup>11</sup> QIIP at 18 and Exhibit 5.1.

<sup>12</sup> QIIP at 18 and Exhibit 5.1.

Branch, Wright, Sullivan 4", Strohmeier Campground, McDonald Ferry, Indian Gap/Bates, Indian Gap/Camp Pleasant at an estimated cost of \$14,000; installing pressure flow telemetry at zone two control valve at an estimated cost of \$2,500; installing valves and access vault at zone one and two Bermaid Control Valve/Meter on 8" PVC for use of portable ultrasonic meter to validate accuracy of zone two meter at an estimated cost of \$5,000; and repairing leaks once identified by zone and by-pass meters at an estimated cost of \$6,000.<sup>13</sup>

Peaks Mill District stated in years 2025, 2026, and 2027 it plans to install necessary equipment to improve and monitor zone three for leaks at a total estimated cost of \$49,000.<sup>14</sup> This project would include: installing valves in zone three for sub-zone analysis at an estimated cost of \$7,500; upgrading KAW/Old School zone two and zone three meters with Advanced Metering Infrastructure (AMI) cellular connectivity and ultrasonic meters at an estimated cost of \$7,500, installing ¾" or 1" by-pass meter installation (Union Ridge, Hamilton, Sharp, Harmony, Kays Branch) at an estimated cost of \$10,000; and repairing leaks once identified by zone and by-pass meters at an estimated cost of \$6,000.<sup>15</sup>

Peaks Mill District also stated that, as an ongoing part of its water loss reduction plan, it would have expenditures in 2025 through 2028 for project management, mapping, and reporting with an estimated total cost of \$33,000.<sup>16</sup>

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<sup>13</sup> QIIP at 18 and Exhibit 5.1.

<sup>14</sup> QIIP at 18 and Exhibit 5.1.

<sup>15</sup> QIIP at 18 and Exhibit 5.1.

<sup>16</sup> QIIP at 18 and Exhibit 5.1.

The Commission finds that the Surcharge Expenditure Plan satisfies the requirements set out in the final Order of Case No. 2023-00401<sup>17</sup> and the opening Order of this proceeding. The Commission notes that this Order is not an authorization to spend surcharge funds, and in accordance with ordering paragraphs 7 and 8 of the opening Order, Peaks Mill District shall not use any surcharge funds without receiving approval from the Commission prior to the expenditure.

IT IS THEREFORE ORDERED that the QIIP filed by Peaks Mill District on January 2, 2025, satisfies the requirement to file a QIIP as required by the final Order in Case No. 2023-00401 and the opening Order of this proceeding.

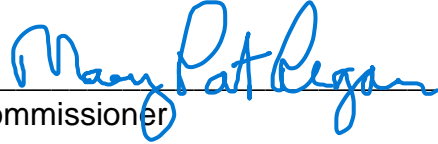
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<sup>17</sup> Case No. 2023-00401, Sept. 4, 2024 final Order.

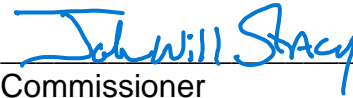
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



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