

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED WATER	)	CASE NO.
ADJUSTMENT FILING OF SOUTH EASTERN	)	2024-00005
WATER ASSOCIATION, INC.	)	

ORDER

On January 18, 2024, South Eastern Water Association, Inc. (South Eastern Water) applied for approval to adjust its rates pursuant to the purchased water adjustment procedure set forth in KRS 278.012 and 807 KAR 5:068. By Order dated February 15, 2024, the Commission, approved a purchased water adjustment (PWA) factor effective February 18, 2024, and ordered South Eastern Water to file responses to Commission Staff's First Request for Information (Staff's First Request) that would provide the Commission information related to South Eastern Water's usage of its cash reserves and reduction of its system usage. On March 18, 2024, South Eastern Water filed its responses to Staff's First Request.

In its responses, South Eastern Water provided information to the Commission pertaining to its cash basis income usage for the years 2020, 2021, and 2022.<sup>1</sup> South Eastern Water provided a detailed list of items for each of the years, with dollar amounts for the projects as approved by the Commission in separate cases.<sup>2</sup> The Commission granted a Certificate of Public Convenience and Necessity (CPCN) to South Eastern

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<sup>1</sup> South Eastern Water's Response to Staff's First Request (filed Mar. 18, 2024), Item 1.

<sup>2</sup> South Eastern Water's Response to Staff's First Request, Item 1.

Water in 2021 for a system-wide meter replacement, which was financed with cash reserves.<sup>3</sup> Additionally, the Commission granted a CPCN to South Eastern Water in 2022 for an office and operations building which was also financed with cash reserves.<sup>4</sup> South Eastern Water explained that it anticipates using the projected undesignated 2024 income to install generators at all the pump stations within the system to alleviate electric power interruptions due to weather events and unforeseen problems.<sup>5</sup> South Eastern Water stated that two aging pumping stations were replaced in 2023, with unrestricted and depreciation reserves.<sup>6</sup>

South Eastern Water explained, in detail, its efforts to reduce the system usage of water.<sup>7</sup> South Eastern Water's system is comprised of four former distribution systems, with eleven storage tanks, eleven booster pump stations, and approximately 550 miles of water mains ranging in size from 3-inches to 12-inches in diameter.<sup>8</sup> According to the response to Staff's First Request, the system has many dead-end water mains that must be flushed frequently to maintain the water quality standards of the Kentucky Division of Water (DOW).<sup>9</sup> South Eastern Water purchases all its water from the city of Somerset,

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<sup>3</sup> Case No. 2021-00222, *Electronic Application of South Eastern Water Association, Inc, for Commission Approval Pursuant to 807 KAR 5:001 and KRS 278.020 for a Certificate of Public Convenience and Necessity to Deploy an Advanced Metering Infrastructure (AMI) System* (Ky. PSC Aug. 12, 2021), Order.

<sup>4</sup> Case No. 2022-00065, *Electronic Application of South Eastern Water Association, Inc, for Commission Approval Pursuant to 807 KAR 5:001 and KRS 278.020 for a Certificate of Public Convenience and Necessity to Construct a Customer Service and Operations Facility* (Ky. PSC Aug. 22, 2022).

<sup>5</sup> South Eastern Water's Response to Staff's First Request, Item 2.

<sup>6</sup> South Eastern Water's Response to Staff's First Request, Item 2.

<sup>7</sup> South Eastern Water's Response to Staff's First Request, Item 3.

<sup>8</sup> South Eastern Water's Response to Staff's First Request, Item 3.

<sup>9</sup> South Eastern Water's Response to Staff's First Request, Item 3.

which is pumped from the supplier's tanks to the eleven storage tanks, in some cases, the water moves through several tanks to reach the outer limits of the system.<sup>10</sup> In addition, South Eastern Water stated that, as water is stored longer and subjected to warmer weather conditions, the chlorine levels drop below what is necessary to maintain safe drinking water, which required South Eastern Water to flush frequently.<sup>11</sup> South Eastern Water explained that it has installed Tide Flex mixing system in five<sup>12</sup> of its tanks in order to hold a positive chlorine residual longer and to reduce the amount of flushing necessary to meet DOW requirements.<sup>13</sup> South Eastern Water also stated that it anticipates installing mixing systems in additional tanks in 2024.<sup>14</sup>

South Eastern Water also provided information about its pending 2023 Audit,<sup>15</sup> explaining that it had contracted with a Certified Public Accountant and that the expected date of completion was May 2024.<sup>16</sup> The 2023 Audit for South Eastern Water was submitted in July 2024.

The Commission, on its own motion, finds that South Eastern Water has satisfied the requirements of the Commission's February 15, 2024 Order, by filing responses to Commission Staff's First Request for Information, and therefore this case should be closed and removed from the Commission's docket.

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<sup>10</sup> South Eastern Water's Response to Staff's First Request, Item 3.

<sup>11</sup> South Eastern Water's Response to Staff's First Request, Item 3.

<sup>12</sup> Eagles Nest, Dahl, Highway 192, Bandy, and Tateville.

<sup>13</sup> South Eastern Water's Response to Staff's First Request, Item 3.

<sup>14</sup> South Eastern Water's Response to Staff's First Request, Item 3.


<sup>15</sup> South Eastern Water's Response to Staff's First Request, Item 5.

<sup>16</sup> South Eastern Water's Response to Staff's First Request, Item 5.


IT IS THEREFORE ORDERED that this case is closed and removed from the Commission's docket.

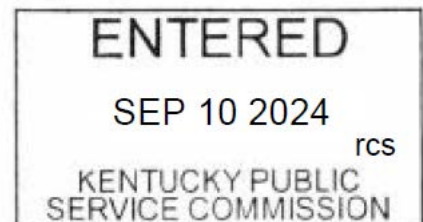
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PUBLIC SERVICE COMMISSION

  
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Chairman

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Vice Chairman

  
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Commissioner



ATTEST:

  
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