

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC RATTLESNAKE RIDGE WATER)	
DISTRICT UNACCOUNTED FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2024-00176
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring Rattlesnake Ridge Water District's (Rattlesnake Ridge District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2023-00338.¹ Information provided by Rattlesnake Ridge 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
2018	59.5251%	\$ 14,389	\$ 6,407	\$ 8,565
2019	63.1033%	X	X	X
2020	63.3080%	X	X	X
2021	64.2511%	X	X	X
2022	64.2511%	340,180	167,542	218,569

¹ Case No. 2023-00338, *Electronic Application of Rattlesnake Ridge Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (Ky. PSC July 12, 2024).

² *Annual Reports of Rattlesnake Ridge District to the Public Service Commission for the years ending December 31, 2018, 2019, 2020, 2021, and 2022.*

Upon review of the Annual Reports, Rattlesnake Ridge District did not report its purchased water and power expenses for 2019, 2020, and 2021.³ Rattlesnake Ridge District did not report its purchased power expenses for 2018.⁴ To gather the forgoing information necessary to appropriately monitor Rattlesnake Ridge District's water loss, Commission Staff will issue its First Request for Information. Rattlesnake Ridge District shall file its responses on or before the date set forth in Commission Staff's First Request for Information, attached to this Order as Appendix A, and shall respond to any future requests for information propounded by Commission Staff by the date or dates set forth on any such requests.

In order to address Rattlesnake Ridge District's excessive unaccounted-for water loss, the Commission ordered Rattlesnake Ridge District to assess a monthly Water Loss Reduction Surcharge of \$5.53 per customer for 48 months, or until \$1,122,280 has been assessed, whichever occurs first. Additionally, the Commission ordered 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. 2023-00338, the Commission finds that:

1. Within 120 days of the date of service of this Order, Rattlesnake Ridge 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

³ *Annual Reports of Rattlesnake Ridge District to the Public Service Commission for the years ending December 31, 2020, 2021, and 2022.*

⁴ *Annual Report of Rattlesnake Ridge District to the Public Service Commission for the years ending December 31, 2018.*

of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge.

2. Rattlesnake Ridge 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, Rattlesnake Ridge 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,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.

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, Rattlesnake Ridge District should file, 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.⁶

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

6. Rattlesnake Ridge District should file requests to use surcharge proceeds into the record of this proceeding. The request should include a complete description of

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.

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

7. Rattlesnake Ridge 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. Rattlesnake Ridge District should debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

9. When Rattlesnake Ridge 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, Rattlesnake Ridge 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 reported surcharge billings and expenditures reflecting the amounts reported for surcharge activity in the financial and statistical Annual Report filed with the Commission and Rattlesnake Ridge 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. Rattlesnake Ridge District should respond to any requests for information propounded by Commission Staff according to the date set forth in the request.

12. Rattlesnake Ridge 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. Rattlesnake Ridge District shall file its responses to the Commission Staff's Request for Information attached to this Order as Appendix A.

2. This case is opened to monitor Rattlesnake Ridge District's Water Loss Reduction Surcharge proceeds and collections.

3. The record of Case No. 2023-00338 is incorporated by reference in this proceeding.

4. Within 120 days of the date of service of this Order, Rattlesnake Ridge District shall file with the Commission a qualified infrastructure improvement plan, 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.

5. Rattlesnake Ridge District shall deposit surcharge collections in a separate interest-bearing account.

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, Rattlesnake Ridge 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,⁷ 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.

7. 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, Rattlesnake Ridge District shall file, into this proceeding, a monthly water loss report using the format in the Water Use & Loss Calculations form.⁸

8. Rattlesnake Ridge District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses or any other purpose without prior Commission authorization.

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

10. Rattlesnake Ridge 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.

⁷ The Surcharge Reporting form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

⁸ The Water Use & Loss Calculations form can be found at <https://psc.ky.gov/Home/UtilForms> under the Water tab.

11. Rattlesnake Ridge District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

12. When Rattlesnake Ridge District collects the surcharge from the customers, it shall debit special funds and credit the customer account.

13. No later than April 30 of each year, Rattlesnake Ridge 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 Rattlesnake Ridge 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.

14. Rattlesnake Ridge District shall respond to any requests for information propounded by Commission Staff as provided in those requests.

15. Rattlesnake Ridge 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.

PUBLIC SERVICE COMMISSION

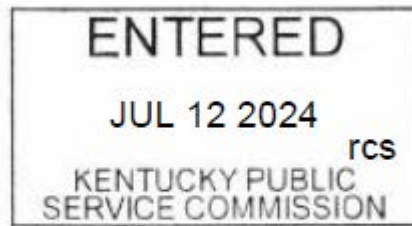
Chairman



Vice Chairman



Commissioner



ATTEST:

 *FOR*

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00176 DATED JUL 12 2024

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO RATTLESNAKE RIDGE WATER DISTRICT

Rattlesnake Ridge Water District Rattlesnake Ridge District, pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on July 22, 2024. The Commission directs Rattlesnake Ridge District to the Commission's July 22, 2021 Order in Case No. 2020-00085⁹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Rattlesnake Ridge District shall make timely amendment to any prior response if Rattlesnake Ridge District obtains information that indicates the response was incorrect

⁹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Rattlesnake Ridge District fails or refuses to furnish all or part of the requested information, Rattlesnake Ridge District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Rattlesnake Ridge District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the purchased water expense and purchased power expense for the years 2019, 2020, and 2021.
2. Provide the purchased power expense for the year 2018.

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