

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC SOUTH HOPKINS WATER)	
DISTRICT UNACCOUNTED-FOR WATER LOSS)	CASE NO.
REDUCTION PLAN, SURCHARGE AND)	2023-00018
MONITORING)	

ORDER

The Commission, on its own motion, initiates this proceeding for the purpose of monitoring South Hopkins Water District’s (South Hopkins District) unaccounted-for water loss reduction plan surcharge, which was approved in Case No. 2022-00122.¹ South Hopkins District has reported excessive unaccounted for water loss for years:²

Year	Reported Percentage Water Loss	Purchased Water and Power	Cost of Water Loss in Excess of 15%	Total Cost of Water Loss
2017	17.68%	\$ 768,662	\$ 20,600	\$ 135,899
2018	25.94%	866,989	94,849	224,897
2019	36.11%	944,494	199,383	341,057
2020	28.99%	895,944	125,345	259,734
2021	37.77%	896,078	204,037	338,449

¹ Case No. 2022-00122 *Electronic Application of South Hopkins Water District for an Alternative Rate Adjustment* (Ky. PSC Feb. 15, 2023) South Hopkins District did not propose a surcharge to address water loss. The Commission Staff recommended one in its Commission Staff Report (filed Sep. 23, 2022).

² *Annual Report South Hopkins District to the Public Service Commission for the Year Ended December 31, 2017* at 58; *Annual Report South Hopkins District to the Public Service Commission for the Year Ended December 31, 2018* at 59; *Annual Report South Hopkins District to the Public Service Commission for the Year Ended December 31, 2019* at 59; *Annual Report South Hopkins District to the Public Service Commission for the Year Ended December 31, 2020* at 59; *Annual Report South Hopkins District to the Public Service Commission for the Year Ended December 31, 2021* at 59.

In order to address South Hopkins District's excessive unaccounted for water loss the Commission ordered South Hopkins District to assess a monthly Water Loss Reduction Surcharge of \$3.50 per active meter for 48 months, or until \$500,668 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. 2022-00122, the Commission finds that:

1. Within 120 days of the date of service of this Order, South Hopkins District should 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.

2. South Hopkins 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, South Hopkins District should file with the Commission a monthly activity report that includes a statement of monthly surcharge billings and collections using the form attached to this Order as an Appendix, a monthly surcharge bank statement, a list of each payment from the account, its payee, and a description of the purpose, and invoices supporting each payment.

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, South Hopkins District should file a monthly water loss report with the Commission.³

5. South Hopkins District should not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

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

7. South Hopkins District should 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.

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

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

10. One year after the date of service of this Order and annually thereafter, South Hopkins District should file, in the record of this proceeding, a schedule of the

³ The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)"

estimated and actual progress of the water loss detection and repair program, and estimated and actual expenditures made with surcharge proceeds, for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

11. South Hopkins District should respond to any request for information propounded by Commission Staff according to the date set forth on the request.

12. South Hopkins 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 all surcharge proceeds previously collected.

IT IS THEREFORE ORDERED that:

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

2. The record of Case No. 2022-00122 is incorporated by reference in this proceeding.

3. Within 120 days of the date of service of this Order, South Hopkins 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.

4. South Hopkins 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, South Hopkins District shall file with the Commission a monthly activity report that includes a statement of monthly

surcharge billings and collections using the form attached to this Order as an Appendix, a monthly surcharge bank statement, a list of each payment from the account, its payee, and a description of the purpose, and invoices supporting each payment.

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, South Hopkins District shall file a monthly water loss report with the Commission.⁴

7. South Hopkins District shall not use any surcharge proceeds for reimbursement of unaccounted-for water loss reduction expenses without prior Commission authorization.

8. South Hopkins District shall file all requests to use surcharge proceeds in the record of this proceeding. The 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.

9. South Hopkins 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. South Hopkins District shall debit monthly billings for the surcharge to customers' accounts receivable and credit the contribution account.

⁴ The report format is found at <https://psc.ky.gov/Home/UtilForms> under "Water Use & Loss Calculations (Excel format)"

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

12. One year after the date of service of this Order and annually thereafter, South Hopkins District shall file, in the record of this proceeding, a schedule of the estimated and actual progress of the water loss detection and repair program, and estimated and actual expenditures made with surcharge proceeds, for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

13. South Hopkins District shall respond to any request for information propounded by Commission Staff according to the date set forth on the request.

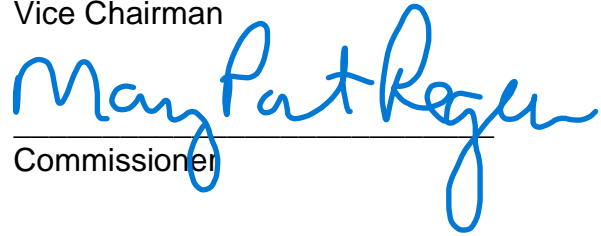
14. South Hopkins District's failure to comply with any conditions attached to its assessment of the surcharge shall result in termination of the surcharge and the refund of all surcharge proceeds previously collected.

PUBLIC SERVICE COMMISSION

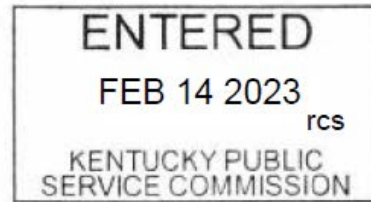


Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00018 DATED FEB 14 2023

Selected Financial Information and Better / Worse (B / (W)) Performance

Year Ended December 31, 202__

A	B	C	D	E	F D - C	G E - D	F C - D
Month	Record as Sales	Billings	Collections	Deposits	Collections B / (W) Billings	Deposits B / (W) Collections (1)	Billings B / (W) Recorded Sales (1)
January							
February							
March							
April							
May							
June							
July							
August							
September							
October							
November							
December							
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Specify the general ledger account where the surcharge is recorded _____.

(1) Explain reasons for difference if amount does not equal zero.

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Dawson Springs, KY 42408

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