

**P. O. BOX 3157
PIKEVILLE, KY 41502
PHONE: (606) 631-9162
FAX: (606) 631-3087
TDD: (606) 631-3711**

RECEIVED

JUN 7 2016

PUBLIC SERVICE
COMMISSION

June 6, 2016

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, Ky. 40601

RE: Case No. 2014-00342
Response to Order No. 3(c)

Dear Commission:

In accordance with the issued order in Case No. 2014-00342, Mountain Water District is submitting the following report and attachments in compliance with Order No. 3(c) of the Commission's Order in the above referenced case. Please refer to Mountain Water District's prior response to Order No. 3(a) for system description and mapping information.

PRIORITIZATION OF WATER LOSS PROJECTS

The Public Service Commission has ordered the Mountain Water District to prioritize the water loss projects within its system in an effort to identify infrastructure improvements that would achieve the most impact to reduce and/or aid in additional identification or quantification of water loss. The District has determined, due to the size and complexity of its water system, that the best approach is to adopt a phased concept of project prioritization. Please find below Phase I of Mountain Water District's initial proposed projects.

PHASE I

Installation of Sub-Master Meters at the following locations:

- Rockhouse Branch of Marrowbone Creek
- Hardy Area Near US 119
- Big Creek Road Near Nigh Bridge

(These areas were selected due to long distance with no sub-metering and areas of higher water loss.)

Service Line and Main Line Replacement:

- Big Creek of Sidney (Area of Older Service Lines Subjected to High Pressures)
- Marrowbone Creek (Area of Oldest Service Lines With Historical Multiple Leak Repairs)
- Burning Fork 4" Main Line (Area of Multiple Historic Leak Repairs)

Please see attached the following updated Exhibits with regard to the District's water loss reduction efforts:

- EXHIBIT A: Water Loss Committee Meeting Summary Report – May, 2016
- EXHIBIT B: Updated System-Wide Unaccounted For Water Loss Percentage

CONCLUSION

The Board of Commissioners of the Mountain Water District is encouraged by the continued progress in water loss reduction thus far and feels that the above referenced projects will provide verifiable results and be a reproducible template to apply moving forward. The District remains committed to the process of moving forward with scheduling water loss elimination within the next sixty (60) days for submission to the Public Service Commission, and to seeking funding opportunities for much needed infrastructure repair and replacement.

EXHIBIT A
MOUNTAIN WATER DISTRICT
WATER LOSS COMMITTEE
SUMMARY REPORT

MAY, 2016

Attendees:

- 1) Mike Blackburn – MWD Board Commissioner
- 2) Grondall Potter, Manager
- 3) Dan Stratton – MWD Legal Counsel
- 4) Tim Campoy – Engineer, EDC, Inc.
- 5) Jody Hunt – Engineer, Summit Engineering
- 6) Roy Sawyers – District Administrator
- 7) David Taylor – UMG/MWD Operations Manager

Current water loss report was reviewed by the Committee. It was reported that the two replacement meters have been installed and are being utilized. Twelve new master meter locations have been identified and depicted on our maps. Three locations were selected for the first installations for projects, also, three locations were identified for service and main line replacements. Committee agreed upon a phased approach to projects as the best scenario due to the large size of the District. Project accomplishment will hinge on additional funding, personnel and equipment being committed by the District.

Current unaccounted for water loss ~ 23.18% (April). A discussion was held with regard to customer adjustments concerning their impact on the water loss calculations due to the three (3) month adjustment policy in processing most leak adjustments by customers. Projections indicate actual water loss, factoring in customer adjustments, would be more along the lines of 25% for the month of April, 2016.

OCT, 2015

NOV, 2015

DEC, 2015

JAN, 2016

FEB, 2016

MAR, 2016

APR, 2016

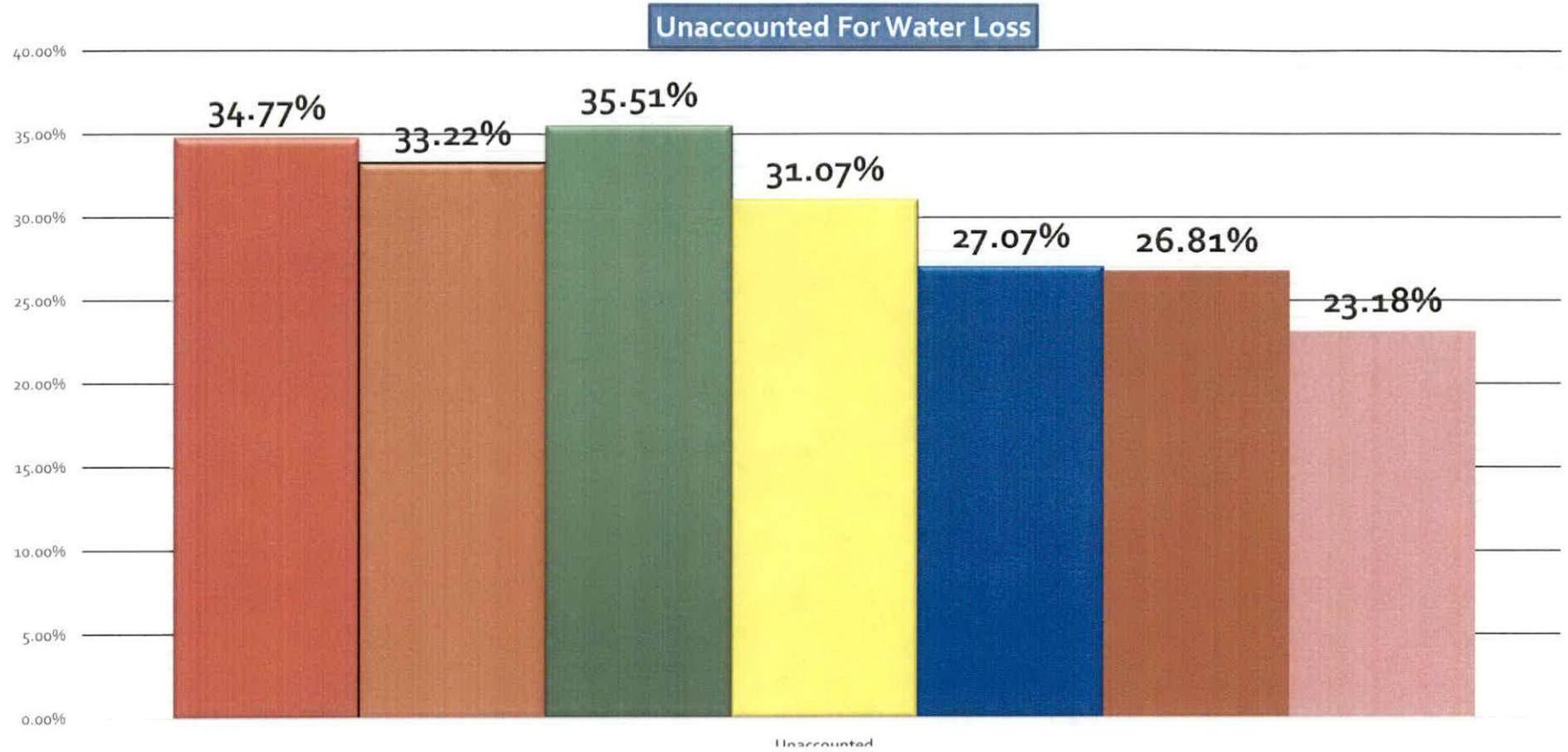


EXHIBIT B