

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

PETITION OF MOUNTAIN WATER)
DISTRICT FOR MODIFICATION OF) Case No. 2016-00062
ORDER OF CASE 2014-00324)

MAR 31 2016

PUBLIC SERVICE
COMMISSION

SUPPLEMENTAL RESPONSE

Mountain Water District (MWD), by counsel, provides this supplemental information related to the Commission's initial data request, Item 11.

Since the MWD's termination of the management contract with Utility Management Group (UMG), the Board, District Administrator and counsel have been engaged in the process of transitioning to self-management. To assure that a comprehensive evaluation of all aspects of the transition has been made, MWD has engaged independent assistance to oversee and assist with the transition process.

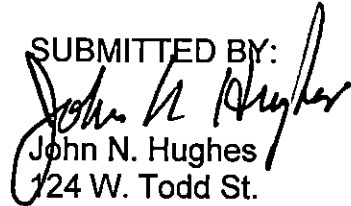
The Kentucky Rural Water Association (KRWA) has agreed to provide any assistance available from it. A copy of the letter from KRWA is attached. Based on recommendations of potential consultants from KRWA, the Board has hired Blue Water Kentucky. A copy of the qualifications is attached.

The Board has developed a preliminary organizational structure, salary and benefits package. It has engaged an experienced Human Resources contractor for four months to help develop personnel policies and other matters related to MWD's employment of staff. Counsel for the MWD is drafting a HR policy for review by the consultants.

Finally, all insurance coverage needs are being assessed and when completed, bids for coverage will be issued.

MWD continues to move toward the termination of the UMG contract and will take all other steps necessary to assure a comprehensive, professional reorganization of the management structure.

SUBMITTED BY:



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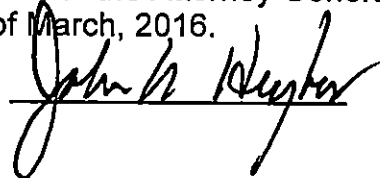
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Attorneys for Mountain Water
District

Certificate:

I certify that a copy of this reply was mailed to the Attorney General's Office of Rate Intervention on the 31 day of March, 2016.





Kentucky Rural Water Association

Helping water and wastewater utilities help themselves

March 21, 2016

Roy Sawyers, District Administrator
Mountain Water District
P.O. Box 3157
Pikeville, KY 41502

RE: Mountain Water District Transition

Dear Mr. Sawyer:

This correspondence is in response to your letter dated February 29, and as a follow-up to several phone conversations regarding the engagement of the services of the Kentucky Rural Water Association (KRWA). KRWA welcomes the opportunity to assist Mountain Water District (MWD) through its transition from contract management to independent operations.


As discussed in previous phone conversations, KRWA provides numerous services to Kentucky water and wastewater utilities at no charge and would do the same for the Mountain Water District. I believe KRWA can best serve MWD and its customers in an advisory role. We have already provided MWD, in separate correspondence, sample water district personnel policies and compensation structures and a list of potential consultants to assist with the transition. We are ready to assist MWD, as we do other KRWA member utilities, with the research and information needed to make well informed decisions.

We offer customized on-site training for water and wastewater utility decision makers and personnel. Any KRWA member utility can request this customized, fee-based training on most any topic, presented at the utility's own facilities or elsewhere in the community. KRWA designs the training program (one day, two days, or more) and submits it to the state (PSC, DOW) for continuing education credit approval. This is a great way to control limited budget expenditures. Plus, the training meets MWDs exact operational, management and governance needs. A fee schedule for the customized training is included with this correspondence.

Mr. Sawyer
March 21, 2016
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KRWA looks forward to working with MWD during this transition and stand ready to serve as needed. If there are any questions, please do not hesitate to contact me.

Sincerely,



Gary Larimore
Executive Director

GL:bs

Enclosure

cc: Michael Blackburn, Chairperson



On-site Training for Drinking Water and Wastewater Utilities
Provided By
Kentucky Rural Water Association

Kentucky Rural Water Association (KRWA) is pleased to offer customized on-site training classes for water and wastewater utility personnel. The **Training Catalog** is designed to allow utilities to select from a variety of class offerings that will best suit its training requirements. Courses listed in the catalog offer flexibility for meeting the needs of individual utilities. If you don't see a topic or specific course, please ask. We will work with each utility to deliver quality training classes to its specifications.

- Requesting utility provides the location and set up of tables & chairs to accommodate expected attendance.
- Training date(s) will be decided (for scheduling purposes, please select more than one date).
- Topics can be specific to drinking water (including water district commissioners*), wastewater, or both. *New commissioner training is not offered by KRWA.
- A training course will be developed by KRWA to meet the requirements of the Kentucky Division of Compliance Assistance (DCA) and/or the Public Service Commission (PSC) for continuing education credit and will submit all necessary information to the agencies to obtain approval for the sessions.
- Upon completion of class, KRWA will submit documentation to the appropriate agencies to report names of attendees and credits earned.
- If a utility chooses, surrounding systems may be invited to join the training. (If mutually agreed, utilities can work out a cost share. However, the utility making the arrangements for the training session will be responsible for the charges/invoice.)

Fee Schedule for On-site Training
(Member Rate)

Number of Days	Hours of Instruction	Cost
One	Six (6)	\$1500
Two	Twelve (12)	\$2500
Three	Eighteen (18)	\$3500



BlueWater Kentucky
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Greg C. Heitzman, PE, MBA

Career Summary

Senior utility executive with 35 years of experience in the water and wastewater industry, including: executive management, strategic planning, policy development, quality programs, performance benchmarking, operations, engineering, customer service, water branding and capital program management. Advocate for One Water philosophy and the renewal of America's aging water infrastructure. Education includes a MBA and Bachelors and Masters degrees in Civil Engineering. Licensed Professional Civil Engineer, Kentucky.

Qualifications and Experience

President, 2016 - Present
BlueWater Kentucky, Louisville, KY

Founder and President of BlueWater Kentucky, providing management consulting services to water and wastewater utilities and non-profit organizations. BlueWater Kentucky incorporated January, 2016.

Executive Director/CEO, 2011 – 2015
Louisville and Jefferson County Metropolitan Sewer District (MSD), Louisville, KY

Executive Director/CEO of the Louisville Metropolitan Sewer District, an urban wastewater, storm water and flood protection utility serving a population of 750,000 through 230,000 customers. Manage the strategic direction and daily operations of the utility. Responsible for 650 employees. FY 2016 budget includes annual revenue of \$270 million, operating budget of \$116 million and capital budget of \$187 million. Retired October 1, 2015.

President /CEO, 2007 – 2013
Louisville Water Company, Louisville, KY

President/CEO of the Louisville Water Company, a drinking water utility serving a population of 850,000 through 300,000 customer service connections. Manage the strategic direction and daily operations of the utility. Responsible for 425 employees. 2013 budget included annual revenue of \$150 million with operating budget of \$75 million and capital budget of \$90 million. In December, 2011, appointed by Mayor Greg Fischer to serve as Executive Director of Louisville MSD. From December 2011 to July 2013 served as CEO of both utilities with a combined annual revenue of \$375 million, operating budget of \$190 million and capital budget of \$200 million.

Senior Vice President Operations & Chief Engineer, 2006 – 2007
Louisville Water Company, Louisville, KY

Senior officer for engineering, planning, operations and customer service for the utility. Direct staff of 325 management, professional, technical, clerical and union employees. Selected achievements:

- Led a strategic planning team of Board members and senior management in development of a new top line growth strategy to expand water utility service in the region. The plan identifies prime markets for growth, including mergers, acquisitions, and new product development.

- Completed a 15 year, \$150 million program to renew over 500 miles of aging cast iron water mains and lead service lines installed prior to 1935. The program is considered “best-in-class” for renewal of aging water infrastructure in North America.
- Directed a \$55 million, 60 MGD Riverbank Filtration Tunnel project for the BE Payne Water Treatment Plant to improve water quality and meet future drinking water regulations.
- Developed plan and initiated \$100 million capital program to upgrade the Crescent Hill Water Treatment Plant, including on-site chlorine production, new filters and backwash system, new softening and coagulation systems, and a new chemical feed facility.

Vice President Operations & Chief Engineer, 2001 – 2005
Louisville Water Company, Louisville, KY

Senior officer for operations, engineering and planning for production and distribution of water. Directed a staff of 225 management, professional, technical, clerical and union employees. Selected achievements:

- Developed the strategy for merger and acquisition of water utilities, including: Kentucky Turnpike Water District, Goshen Utilities, West Oldham Utilities and the City of Shepherdsville
- Completed the \$20 million upgrade of the BE Payne Water Treatment Plant, including plant expansion to 60 MGD, filter renovation, electrical switchgear, and emergency power generation.
- Completed a 10 year, \$60 million expansion of water service throughout un-served areas of Jefferson County. Program included planning, design and construction of the 150 miles main, storage tanks and pumping stations.
- Led the effort to create the Center for Infrastructure Research at the University of Louisville in 2001. The Center is a collaborative partnership between the University of Louisville and area utilities to pursue applied research for improving urban infrastructure.

Vice President & Chief Engineer, 1991 – 2000
Louisville Water Company, Louisville, KY

Director of Engineering, including project management, design, and construction administration of annual Capital Improvement Program. Managed design and construction staff of 135 professional, technical, clerical and union employees. Selected achievements:

- Planned, designed and implemented annual capital improvement program for upgrade of plant, transmission, and distribution facilities.
- Developed and led a partnership with Local Union 1683 to in-source metered service installations in new development. This program reduced cycle time by 50 percent and saved developers and home builders nearly \$4 million in construction costs and fees.
- Participated with Executive Leadership Team to author the Next Level Plan for Total Quality Management, including systems based management, quality of work life, partnership with employees, and empowerment.

Various Engineering Positions, 1982 – 1990
Louisville Water Company, Louisville, KY

Various engineering and planning positions, including Assistant Chief Engineer, Principal Planning Engineer, Project Engineer, and Resident Construction Engineer. Duties included project management, engineering design, hydraulic modeling, asset management and capital planning.

Education, Licenses, and Leadership Training

BSCE - Bachelor of Science in Civil Engineering, University of Kentucky, 1980, Lexington, KY
 MSCE - Master of Science in Civil Engineering, University of Kentucky, 1982, Lexington, KY
 MBA - Master of Business Administration, University of Louisville, 1988, Louisville, KY
 Licensed Professional Civil Engineer, Kentucky License #14003 - 1984
 Leadership Institute graduate, Louisville Water Company - 2003
 Leadership Louisville graduate, 2005; Leadership Kentucky graduate, 2011
 Strategic Leadership graduate, Center for Creative Leadership, 2006, Colorado Springs, CO

Board and Committee Appointments

Kentucky-Tennessee Section AWWA (Trustee 2015-2016)
Louisville Water Foundation (Founder and Director 2012-2016)
Louisville Better Business Bureau (Director 2008-2013, Secretary 2012-2014, Vice Chair 2014, Chair 2015-16)
Water Research Foundation (Director 2009-2016)
Water Information Sharing and Analysis Center – Water ISAC (Director 2011-2016)
Greater Louisville Chamber of Commerce – GLI (Director 2008-2015)
Kentucky-Indiana Exchange, Regional Leadership Coalition (Director 2011-2015)
WaterStep (formerly Edge Outreach) Advisory Board (Director 2011-2014)
Louisville Fund for the Arts (Director 2008-2014, Campaign Chair 2013)
Lincoln Heritage Council, Boy Scouts of America (Director 2008-2013)
Association of Metropolitan Water Agencies – AMWA (Director 2011-2013)
River Road Business Association (Treasurer 2007-2012)
Kentucky Infrastructure Authority (Director 2000-2010), appointed by Governors Patton, Fletcher, Beshear
University of Louisville, Center for Infrastructure Research Advisory Board (Director 2001-2007)
AWWARF Research Advisory Council Infrastructure Reliability Workgroup (2002-2005, Chairman 2005)
KIPDA Regional Water Management Council (Chairman 2001-2002)
AWWA Water Utility Infrastructure Committee (Member 1995-2008, Chairman 1995-1997)
Kentuckiana Construction Users Council (Director 1995-2007, Chairman 1997-1999, Treasurer 2002-2007)
Highland Community Ministries (Director 1993-2004, Administrative Division Chair 1999-2004)
Kentucky Society of Professional Engineers (Regional Vice President 1998-2001)
Louisville Chapter KSPE (President 1997, President-elect 1996, Vice President 1995, Treasurer 1993-1994)
Kentuckiana AutoCAD User Group (Charter President 1987-1989)

Honors and Awards

KSPE Distinguished Service Award (1998, 2003, 2015)
Paul Harris Fellow, Louisville Rotary Club (2014)
Kentucky-Tennessee AWWA Service Award (2013)
Kentucky ASCE Gillim Award (2011)
Kentucky Water Resources Institute Lyle Sendlein Award for Water Practice (2010)
George Warren Fuller Award – Kentucky-Tennessee Section AWWA (2007)
KSPE Professional Development Award for Industry (1996)
Louisville Chapter KSPE Young Engineer of the Year (1994)
Chi Epsilon Civil Engineering Honor Society (1979)
Eagle Scout (1973)

Community Investment Activities

MSD Cares Campaign for Metro United Way, Fund for the Arts, Wednesday's Child (2012-2015)
WaterStep Fund Raising (2010-2015)
Fund for the Arts, Community-wide Campaign Chair (2012-13)
Louisville Water Company - United Way Campaign Chair (2003) and Volunteer (1997-2012)
Louisville Water Company - Fund for the Arts Campaign Chair (2004)
Water-for-People Golf Tournament Fund Raising Committee (1999, 2007)
Boy Scouts of America Fund Raising Volunteer (1992-2012)
St. Xavier High School Scholarship - Elpers Endowment Fund (2003-2015)

Professional and Community Memberships

American Society of Civil Engineers (ASCE)
American Water Works Association (AWWA)
Kentucky and National Society Professional Engineers (KSPE/NSPE)
Rotary Club of Louisville
University of Kentucky Alumni Association
University of Louisville Alumni Association
Water Environment Federation/Association (WEF/WEA)

Publications in Water

Numerical Modeling of Surcharged Storm Sewer Systems, co-authored with Dr. Don J. Wood, Ninth International Symposium on Urban Hydrology, Hydraulics, and Sediment Control Proceedings, July 1982. University of Kentucky, Lexington, KY.

Geo-based Micro CAD Applications in Water Main Replacement and Rehabilitation Selection, AWWA Seminar Proceedings, AWWA Distribution System Symposium, September, 1987. American Water Works Association, Denver, CO.

Micro CAD Applications to the Louisville Water Company's Main Replacement and Rehabilitation Program (MRRP), AWWA Computer Specialty Conference Proceedings, AWWA Computer Conference, April 1989. American Water works Association, Denver, CO.

Distribution System Rehabilitation, Developing a Program, AWWA Out of Sight, Out of Mind Satellite Teleconference and Participant Manual, 1994, American Water Works Association, Denver, Colorado.

Considerations in Implementing a Comprehensive Infrastructure Renewal Program, co-author with Karen Willis, AWWA Annual Conference Proceedings, AWWA Annual Conference and Exposition, June 1995. American Water Works Association, Denver, CO.

2003 Kentucky ASCE Report Card, Steering Committee and contributing author for Drinking Water Report, Kentucky Section ASCE, 2003.

Infrastructure Performance Methodology, Buried Asset Management, contributing author for Participant Manual, AWWA Research Foundation Technology Transfer Workshop, October 28, 2004, American Water Works Association, Denver, CO.

Repair, Replacement, and Rehabilitation of Distribution System, co-author with Neil Grigg, Ph D., Buried Asset Management, Participant Manual, AWWA Research Foundation Technology Transfer Workshop, October 28, 2004, American Water Works Association, Denver, CO.

Louisville Case Study, Buried Asset Management, Participant Manual, AWWA Research Foundation Technology Transfer Workshop, October 28, 2004, American Water Works Association, Denver, CO.

Standardizing Performance Indicators for Water and Wastewater Utilities, Chapter 3, co-author with Nora Freeman, Management Innovation in U.S. Public Water and Wastewater System, Paul Seidenstat et al, 2005 John Wiley & Sons, Inc.

Incorporating Condition Assessment into a Comprehensive Asset Management Program, co-author with Neil S. Grigg, Ph D., Underground Infrastructure Management, November/December, 2005.

Setting Standards for Success, Chapter 3, co-author with Nora Freeman, Management Innovation in U.S. Public water and Wastewater System, 2005, John Wiley & Sons, Hoboken, NJ.

The Louisville Water Company - 150 Years of History, October 10, 2010, The Courier Journal, Louisville, KY.

2011 Kentucky ASCE Report Card, Steering Committee and contributing Author for Water and Wastewater Report, Kentucky Section ASCE, 2011.

Bluegrass Economic Advancement Movement (BEAM) Regional Infrastructure Report, Vice Chair and contributing Author for Water and Wastewater Chapter, 2014, Louisville, KY.

Water and Wastewater Finance and Pricing: The Changing Landscape, George Raftelis, Fourth Edition, Executive Review Panel and contributing Author, 2014, CRC Press.

Select Water/Wastewater Presentations

Regional Water Planning in Kentucky, AWWA Annual Conference, June 2002, American Water Works Association, Denver, CO.

The Business Case for a Comprehensive Infrastructure Renewal Program, AWWA Annual Conference, June, 2005, Orlando, Florida, American Water Works Association, Denver, CO.

Pharmaceuticals in US Drinking Water. A Technical and Managerial Perspective, Louisville Water Company, May 14, 2009, Louisville, KY.

Operating Strategies to Effectively Manage During the 2008-2010 Recession, Louisville Water Company, September 15, 2009, Louisville, KY.

Surviving or Thriving in Economic Recession: Strategies for Water Utility Leaders, Association of Metropolitan Water Agencies (AMWA) Annual Conference, October 25, 2010, Henderson, NV.

Louisville's Water Works: Celebrating 150 Years of Quality, Service and Innovation, Bingham Fellows, March 24, 2011, Louisville, KY.

Drinking Water Infrastructure Report, Kentucky Infrastructure Report Card, Kentucky Section American Society of Civil Engineers, September, 2011, Kentucky ASCE Convention, Louisville, KY.

The Corporatized Municipal Water Company, American Water Summit, November 14, 2012, Chicago, IL.

The Top 12 Challenges Facing the Water/Wastewater Industry, Neptune Technology Group, Strategic Planning Meeting, May 8-9, 2013, Montgomery, AL.

One Water Consolidation Plan for Water and Sewer Service, AWWA Annual Conference and Exposition, June 10, 2013, Denver, CO.

One Water: The Future of Louisville Water and MSD, Water Professionals Conference, July 16, 2013, Louisville, KY.

The Value of Water: How Water Will Transform Our Economy, IF Water Conference, September 24, 2013, Louisville, KY.

Transformation in the Water Industry, Five Cities Plus Conference, November 13, 2013, Louisville, KY.

The Future of Water, 57th Annual Water & Wastewater Operators Conference, April 7, 2014, Louisville, KY.

Transition to a One Water Partnership for Louisville, AWWA Annual Conference and Exposition, June 9, 2014, Boston, MA.

BEAM Regional Infrastructure Report, Governor's Conference on Energy and the Environment, October 8, 2014, Lexington, KY.

Louisville's Transition to a One Water Partnership, Louisville Branch ASCE Meeting, December 12, 2014, Louisville, KY.

Water Industry Trends and Challenges, Leadership Institute, Army Corp of Engineers, Louisville Branch, February 11, 2015

The Value of Water – The Utility Manager's Perspective, Value of Water Summit, Kentucky-Tennessee Section AWWA, Bowling Green, March 12, 2015.