

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

March 27, 2017

RECEIVED

MAR 27 2017

PUBLIC SERVICE
COMMISSION

Dr. Talina R. Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Mountain Water District PSC Application Case No. 2017-00150

Dear Dr. Mathews:

Enclosed please find the original and ten (10) copies of the Application of the Mountain Water District for (i) a Certificate of Public Convenience and Necessity to construct a project pursuant to KRS 278.020; and (ii) an Order authorizing the issuance of securities pursuant to KRS 278.300.

This project consists of the acquisition of grinder pumps therefore no Plans, Specifications or Contract Documents were prepared.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By



W. Randall Jones

WRJ:jl
Enclosures
cc: Distribution List

DISTRIBUTION LIST

**Re: Mountain Water District - Acquisition of Grinder Pumps, PSC Case No.
2017-_____**

Mr. Roy Sawyers
Mountain Water District
P.O. Box 3157
Pikeville, Kentucky 41502-3157
rsawyers@mtwater.org

Telephone: (606) 631-9162
Fax: (606) 631-3087

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
wrjones@rubinhays.com

Telephone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

RECEIVED

MAR 27 2017

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE MOUNTAIN WATER)
DISTRICT FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT AND FINANCE A)
SEWER SYSTEM IMPROVEMENTS PROJECT)
PURSUANT TO THE PROVISIONS OF)
KRS 278.020, KRS 278.300, 807 KAR 5:001 AND)
807 KAR 5:071)

Case No. 2017 - 00150

** *** **** ***** **

APPLICATION

The Applicant, Mountain Water District (the "District"), files this Application pursuant to KRS 278.020(1), KRS 278.300, 807 KAR 5:001 and 807 KAR 5:071, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") grant the District a Certificate of Public Convenience and Necessity ("CPCN") to construct a sewer system improvements project and approve the issuance of securities to finance of said project. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Pike County, which Order is on file in the County Court Order Books in the office of the Clerk of Pike County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and

all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Mountain Water District
c/o Mr. Roy Sawyers
P.O. Box 3157
6332 Zebulon Highway
Pikeville, Kentucky 41501
Phone: (606) 631-9162
Fax: (606) 631-3087
email address: rsawyers@mtwater.org

4. A general description of the District's system property, together with a statement of the original cost, is contained in the District's Annual Report for 2015 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Pursuant to 807 KAR 5:001, Section 15 - Applications for Certificates of Public Convenience and Necessity, the District hereby responds as follows:

- (i) Section 15(2)(a): Facts Relied Upon to Show Public Necessity: The proposed replacement of residential grinder units (hereinafter the "Project") and the need for the Project is described in **Exhibit "A"** attached hereto.
- (ii) Section 15(2)(b): Copies of Permits: No permits are required in connection with this Project. Attached is a letter dated February 15, 2017 from Greg Goode, P.E., Kentucky Energy and Environment Cabinet, Department of

Environmental Protection, Division of Water to Mr. Roy Sawyers of Mountain Water District advising Mr. Sawyers that the Division concurs in allowing the District to continue to use Environment One Corporation grinder pump stations (See **Exhibit "B"** attached hereto).

- (iii) Section 15(2)(c): Description of Proposed Location or Route. The Project involves the purchase of approximately 260 grinder pump units, therefore Section 15(2)(c) does not apply in this case. District personnel are providing the labor necessary for installation of the units. The proposed Project will not compete with any other public utilities and will not result in any wasteful duplication.
- (iv) Section 15(2)(d)(1): Maps to Suitable Scale: As stated above, this Project is a purchase of equipment and accordingly, Section 15(2)(d)(1) is not applicable.
- (v) Section 15(2)(d)(2): Plans and Specifications: No plans and specifications are required or were prepared in connection with this Project, accordingly, Section 15(2)(d)(2) is not applicable.
- (vi) Section 15(2)(e) Financing: The District is financing the Project with the proceeds of a \$300,000 loan from the federally assisted wastewater revolving loan fund (Fund A) (the "SRF Loan") as approved by the Kentucky Infrastructure Authority (the "KIA"). The KIA commitment letter and supporting documentation are attached hereto as **Exhibit "C"**.

- (vii) Section 15(2)(f) Statement of Estimated Annual Cost of Operation: a statement of the estimated annual cost of operation after the Project is placed in service is attached hereto as **Exhibit “D”**.

6. The detailed income statement and balance sheet for the twelve month period ending on December 31, 2016 are attached hereto as **Exhibit “E”** respectively.

7. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

- (i) Section 12(1)(a): The District states that it had \$5,000,000 or more in gross annual revenue in the immediate past calendar year and the financial information required by Section (12)(2) covers operations for the period ending on December 31, 2106.
- (ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in financial statements attached hereto as **Exhibit “E”** and the KIA commitment attached hereto as **Exhibit “C”**.
- (v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.
- (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.

8. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of the District's property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District's 2015 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed SRF Loan is contained in this Application and the supporting exhibits. The SRF Loan will be secured by and payable from the gross revenues of the District's water and sewer system.
 - (iv) Section 18(1)(d): The District is not refunding any outstanding obligations in connection with this Project. The proceeds of the SRF Loan are being used for the purchase of grinder pump units.
 - (v) Section 18(1)(e): See paragraph 5(i) above and paragraph 8(x) below.
 - (vi) Section 18(1)(f): The District is not refunding any outstanding obligations in connection with this Project.
 - (vii) Section 18(1)(g): Written notification of the proposed issuance of the SRF Loan is being provided to the State Local Debt Officer (see **Exhibit "F"** attached hereto).
 - (viii) Section 18(2)(a): See paragraph #7 above.

- (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): A detailed estimate of the acquired property, arranged according to the Uniform System of Accounts for Class A/B Water Districts and Associations is attached hereto as **Exhibit "G"**.

9. The District did not bid the grinder pump units due to the fact that there is only one distributor of these specific pumps (WASCON) and the District has been authorized by the Division of Water to use said specific pumps in order to maintain consistency throughout the System (see letter from the pump manufacturer attached hereto as **Exhibit "H"**). The District believes the model procurement code does not apply in this situation.

10. Pursuant to 807 KAR 5:071, Section 3(1) - Applications for Certificates of Public Convenience and Necessity - Sewer Projects, the District hereby responds as follows:


- (i) Section 3(1)(a)(b)(c) and (d): these required filings do not apply to this Project since it is a purchase of equipment.
- (ii) Section 3(1)(e) - financial exhibit - See paragraph #7 above.
- (iii) Section 3(1)(f) - See paragraph #5 above.
- (iv) Section 3(1)(g) - cost of operation - see **Exhibit "D"** attached hereto.
- (v) Section 3(1)(h)(i)(j) and (k): these required filings do not apply to this Project since it is a purchase of equipment.
- (vi) Section 3(1)(l) - corporate relationship - an explanation of the District's corporate relationship was filed in **Case No. 2016-00356** which is incorporated herein by reference.

11. Pursuant to 807 KAR 5:071, Section 3(3) - Applications for Issuance of Securities - Sewer Projects, the District hereby responds as follows:
 - (i) Section 3(3)(a) - amortization schedules were filed in **Case No. 2016-00356** and are incorporated herein by reference.
 - (ii) Section 3(3)(b) - corporate relationship - see explanation provided in paragraph 10(vi) above.
12. No rate adjustment is being requested.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

- A. Grant the District a Certificate of Public Convenience and Necessity permitting the District to construct the Project;
- B. Authorize the execution by the District of the Assistance Agreement evidencing of the \$300,000 SRF Loan; and
- C. Grant the District any other relief to which said District is entitled.

Mountain Water District

By 
Michael Blackburn, Chairman
P.O. Box 3157
6332 Zebulon Highway
Pikeville, Kentucky 41501
Phone: (606) 631-9162
Fax: (606) 631-3087
email address: rsawyers@mtwater.org

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for Mountain Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF PIKE)

The affiant, Michael Blackburn, being first duly sworn, states: That he is the Chairman of the Mountain Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 16th day of March, 2017.

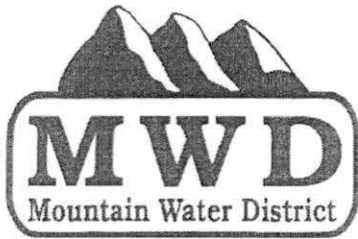
Michael Blackburn
Michael Blackburn, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Michael Blackburn, Chairman of the Mountain Water District on this the 16th day of March, 2017.

My Commission expires: January 16, 2020.

Sammy Olson
Notary Public
Notary ID#: 548290





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

February 13, 2017

Joel Murphy
Project Manager
State Revolving Fund (SRF) & Special Appropriations (SPAP) Section
Kentucky Division of Water
300 Sower Boulevard, Third Floor
Frankfort, KY 40601

**RE: Kentucky Infrastructure Authority (KIA)
State Revolving Fund (SRF) – Loan A16-079 (\$300,000)
SX21195025 – Residential Grinder Unit Upgrades
Plans and Specifications Approval**

Dear Mr. Murphy,

The Mountain Water District (District) has committed to a State Revolving Fund Loan (SRF) with Kentucky Infrastructure Authority (KIA) to replace aging and out of warranty residential grinder units within the force main system with newer, more efficient grinder units. The loan will serve as equipment purchase only and it will not be necessary to bid any kind of installation as the District's personnel will be installing the units themselves.

System wide standardization of the District's force main system would be beneficial for both the Mountain Water District and its customers as discussed previously with you and your colleagues. The District currently utilizes Environmental One Corporation's progressive cavity type (positive displacement) pumps in the force main system. Standardization of residential grinder units is a cost savings to the District and its customers due to the following:

- The District's personnel are trained to replace, install, and rebuild those specific units
- The District purchases those units at a reasonable price without the need to retrofit a different brand
- The more efficient models will save on energy costs which seem to be increasing annually and are a major expense for the District
- It contributes to the efficiency of installation, repair and maintaining inventory of the force main system, therefore helping to keep the cost of operation and maintenance lower than with the utilization of multiple brands, parts and the retrofitting that would be necessary. This will aid the District in its goal to keep costs at a reasonable rate for our valued customers.

The District anticipates the ability to purchase approximately 260 units with the above referenced funding.

If you have any further questions, or if I can be of further assistance, please contact me at 606-631-6165.

Sincerely,

Roy B. Sawyers
District Manager

cc: Mike Blackburn, MWD Chairman
Equal Opportunity Provider and Employer

MATTHEW G. BEVIN
GOVERNOR



CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

AARON B. KEATLEY
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

February 15, 2017

Mr. Roy B. Sawyers
Mountain Water District
PO Box 3157
Pikeville, KY 41502

RE: SX21195025
Mountain Water District
Residential Grinder Unit Upgrades

Dear Mr. Sawyers:

This letter is in response to your correspondence of February 13, 2017. In that letter multiple reasons are detailed for maintaining standardization of the Mountain Water District's grinder pump system. After internal discussion, the Division concurs that it is in the best operational and financial interest of the MWD to keep the grinder pump system uniform with respect to the pump model currently utilized. It is understood that this contract is for purchase only and all labor involved in installation will be conducted by the MWD.

If you have any questions concerning this project budget, please contact Mr. Joel Murphy at 502-782-7024. If you have any questions about this correspondence, please contact me at 502-785-6955.

Sincerely,

A handwritten signature in cursive script that reads "Greg Goode".

Greg Goode, P.E.
Engineering Section
Water Infrastructure Branch
Division of Water

Enclosures

C: SRF & SPAP Section



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

August 15, 2016

Mountain Water District
Ancie Casey, Chairperson
P.O. Box 3157
Pikeville, KY 41502

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (A16-079)

Dear Chairperson Casey:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On August 4, 2016, the Authority approved your loan for the Residential Grinder Unit Upgrade project, subject to the conditions stated below. The total cost of the project shall not exceed \$300,000 of which the Authority loan is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Mountain Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by August 15, 2017 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$300,000.

2. This loan does not qualify for principal forgiveness.
3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.20% of the outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "A" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", requires that all recipients and subrecipients **expending \$750,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes

will affect you.

11. The Authority requires that an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.

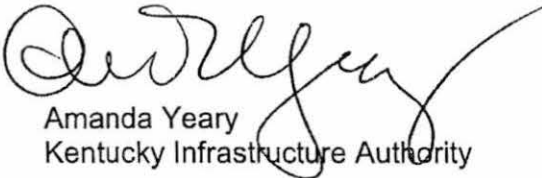
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving CWSRF funds.
9. Technical plans and specifications and a complete CWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the CWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.
18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Amanda Yeary
Kentucky Infrastructure Authority

Attachments

cc: Greg Heitzman, BlueWater Kentucky
State and Local Debt Office, DLG

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.

Accepted

Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND A16-079)

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Federal I.D. # _____

Contact Name: _____ Telephone: _____

Email: _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Phone No: _____

City: _____ State: ____ Zip: _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Please return completed form to:

Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157

ATTACHMENT A

**Mountain Water District
A16-079**

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND A, FEDERALLY ASSISTED WASTEWATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Jami Johnson August 4, 2016 A16-079 SX21195025	
BORROWER	MOUNTAIN WATER DISTRICT PIKE COUNTY			
BRIEF DESCRIPTION				
This project will upgrade and replace 222 aging and failing out-of-warranty residential grinder units with the newer technological high efficiency grinder units compatible with the force main system.				
PROJECT FINANCING		PROJECT BUDGET		
Fund A Loan	\$300,000	RD Fee %	Actual %	
		Administrative Expenses	\$1,500	
		Legal Expenses	3,000	
		Eng - Design / Const	12,000	
		Equipment	283,500	
TOTAL	\$300,000	TOTAL	\$300,000	
REPAYMENT	Rate Term	0.75% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw	
			\$16,781	
PROFESSIONAL SERVICES	Engineer Bond Counsel	None. Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Oct-16 Nov-16 May-17		
DEBT PER CUSTOMER	Existing Proposed	\$6,520 \$5,891		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current	<u>Users</u> 2,345	<u>Avg. Bill</u> \$40.69 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2013	1,033,127	1,332,110	(298,983)	0.8
Audited 2014	1,277,579	1,176,538	101,041	1.1
Estimated 2015	3,091,187	1,154,145	1,937,042	2.7
Projected 2016	2,659,475	1,313,517	1,345,958	2.0
Projected 2017	2,035,354	1,404,120	631,234	1.4
Projected 2018	1,862,842	1,393,808	469,034	1.3
Projected 2019	1,686,880	1,417,808	269,072	1.2
Projected 2020	1,507,399	1,441,308	66,091	1.0

Reviewer: Jami Johnson
Date: August 4, 2016
Loan Number: A16-079

**KENTUCKY INFRASTRUCTURE AUTHORITY
WASTEWATER REVOLVING LOAN FUND (FUND "A")
MOUNTAIN WATER DISTRICT, PIKE COUNTY
PROJECT REVIEW
SX21195025**

I. PROJECT DESCRIPTION

Mountain Water District is requesting a Fund "A" loan in the amount of \$300,000 for the Residential Grinder Unit Upgrade project. This project will upgrade and replace 222 aging and failing out-of-warranty residential grinder units with the newer technological high efficiency grinder units compatible with the force main system.

The District serves the area of Pike County and has approximately 17,200 water and 2,400 sewer customers.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 1,500
Legal Expenses	3,000
Engineering Fees - Design / Const	12,000
Equipment	<u>283,500</u>
Total	\$ 300,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund A Loan	\$ 300,000	100%
Total	\$ 300,000	100%

IV. KIA DEBT SERVICE

Amortized Loan Amount	\$ 300,000
Interest Rate	0.75%
Loan Term (Years)	<u>20</u>
Estimated Annual Debt Service	\$ 16,181
Administrative Fee (0.20%)	<u>600</u>
Total Estimated Annual Debt Service	\$ 16,781

V. PROJECT SCHEDULE

Bid Opening	September 2016
Construction Start	November 2016
Construction Stop	June 2017

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	<u>Current</u>
Residential	2,163
Commercial	<u>182</u>
Total	2,345

B) Rates

	<u>Future</u>	<u>Future</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	10/10/17	10/10/16	10/09/15	01/12/13
Minimum (up to 2,000 gallons)	37.73	29.82	\$21.91	\$14.00
Next 2,000 Gallons	16.17	12.78	9.39	6.00
Cost for 4,000 gallons	\$70.07	\$55.38	\$40.69	\$26.00
Increase %	26.5%	36.1%	56.5%	
Affordability Index (Rate/MHI)	2.7%	2.1%	1.6%	1.0%

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2009-2013, the Utility's service area population was 6,191 with a Median Household Income (MHI) of \$31,132. The median household income for the Commonwealth is \$43,036. The project will qualify for a 0.75% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	4,756		81,123		June 2004	7.5%
1990	6,324	33.0%	72,583	-10.5%	June 2009	10.7%
2000	6,295	-0.5%	68,736	-5.3%	June 2013	12.3%
2010	6,903	9.7%	65,024	-5.4%	June 2014	11.1%
Current	6,864	-0.6%	64,887	-0.2%		
Cumulative %		44.3%		-20.0%		

VIII. 2014 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project does not qualify for Green Project Reserve (GPR) funding.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended December 31, 2013 through 2014 with amounts for 2015 are estimated. The District reports water and sewer services in a combined statement. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues, expenses and cash flow available for debt service were relatively flat for the years 2013 through 2015. Revenues averaged \$9.2 million while operating expenses averaged \$7.9 million and cash flow before debt service averaged \$1.3 million. Debt coverage was 1.1, 0.8, and 1.1 in 2013, 2014, and 2015, respectively. Debt service averaged of \$1.2 million for 2013 and 2014.

The balance sheet reflects a current ratio of 0.6, debt to equity ratio of 0.3 and the collection period is 45.3 days. The number of months of operating expenses in unrestricted cash is 0.4. The District maintains multiple restricted funds including Construction, Depreciation, Maintenance and Replacement and Customer Deposits.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will increase the following amounts for a previously approved rate increase:
 - 30% in 2016
 - 20% in 2017
 - 2% in 2018
- 2) Expenses will increase 2% annually.
- 3) Debt service coverage is 1.4 in 2018 when principal and interest repayments begin.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund A loan.

REPLACEMENT RESERVE

The annual replacement cost is \$800. This amount should be added to the replacement account each December 1 until the balance reaches \$8,000 and maintained for the life

of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
RD 2005	\$ 668,000	2045
RD 2003	\$ 377,500	2043
RD 2002	\$ 673,000	2035
RD 2005	\$ 1,512,000	2027
RD 2009	\$ 621,000	2047
Ky Rural Water	\$ 5,755,000	2039
KIA (B291-07)	\$ 2,038,399	2023
KIA (B291-01)	\$ 134,422	2023
KIA (F01-07)	\$ 622,119	2024
KIA (A03-06)	\$ 96,950	2023
KIA (A209-32)	\$ 308,094	2031
KIA (A15-077 i/o/a \$3.1M)	\$ -	TBD
KIA (A16-079)	\$ -	TBD
Community Trust	\$ 4,818	2015
Community Trust	\$ 4,083	2015
Community Trust	\$ 4,014	2015
Community Trust	\$ 16,979	2014
Community Trust	\$ 18,312	2018
Community Trust	\$ 18,312	2018
Community Trust	\$ 18,312	2018
Community Trust	\$ 12,486	2014
Community Trust	\$ 13,840	2014
Community Trust	\$ 12,946	2015
Total	\$12,930,586	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Description</u>	<u>Funding Source</u>	<u>Amount</u>
2nd Magisterial District – Various Projects #B642	HB 265	500,000
Belfry - Pond Area Sewer - #565	HB 410	850,000
Belfry Sewer Project #B643	HB 265	308,846
Jonican Water Project #B644	HB 265	808,846
LMI Service Connections - #566	HB 410	205,400
Majestic – Knox Creek Sewer #B641	HB 410	640,000
Majestic Alternative Sewer Project - #365	HB 410	100,000
Phelps Wastewater - Upgrades #B639	HB 265	1,500,000

Tank and Pump Station Rehab - #366	HB 265	375,000
Various Short Line Extensions - #569	HB 265	100,000

XII. CONTACTS

Legal Applicant	
Name	Mountain Water District
Address	P.O. Box 3157 Pikeville, KY 41502
County	Pike
Authorized Official	Roy B. Sawyers (District Administrator)
Phone	606-631-9162 ext 309
Email	rsawyers@mtwater.org

Project Contact - Applicant	
Name	Mountain Water District
Representing	Carrie Hatfield
Address	P.O. Box 3157 Pikeville, KY 41502
Phone	(606) 631-9162 ext 305
Email	chatfield@mtwater.org

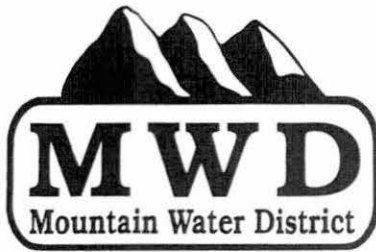
Consulting Engineer	
To Be Determined.	

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

MOUNTAIN WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	<u>Audited</u> <u>2013</u>	<u>Audited</u> <u>2014</u>	<u>Estimated</u> <u>2015</u>	<u>Projected</u> <u>2016</u>	<u>Projected</u> <u>2017</u>	<u>Projected</u> <u>2018</u>	<u>Projected</u> <u>2019</u>	<u>Projected</u> <u>2020</u>
Balance Sheet								
Assets								
Current Assets	1,175,101	1,301,423	1,452,610	2,666,431	3,038,218	3,171,489	3,312,199	3,392,920
Other Assets	93,787,274	92,553,708	90,503,669	89,191,898	87,071,249	83,877,945	80,571,101	77,124,284
Total	94,962,375	93,855,131	91,956,279	91,858,329	90,109,467	87,049,434	83,883,300	80,517,205
Liabilities & Equity								
Current Liabilities	1,985,959	2,463,469	2,492,104	2,699,189	2,838,129	2,879,887	2,949,083	3,018,923
Long Term Liabilities	18,233,268	15,831,164	16,679,741	18,163,012	17,718,326	16,725,047	15,696,268	14,632,089
Total Liabilities	20,219,227	18,294,633	19,171,845	20,862,201	20,556,455	19,604,934	18,645,351	17,651,012
Net Assets	74,743,148	75,560,498	72,784,434	70,996,128	69,553,012	67,444,500	65,237,949	62,866,192
Cash Flow								
Revenues	9,250,154	8,998,808	9,402,634	11,378,804	11,120,705	10,669,113	10,669,113	10,669,113
Operating Expenses	7,792,234	7,968,712	8,128,086	8,290,648	8,464,261	8,636,790	8,809,302	8,985,264
Other Income	2,886	3,031	3,031	3,031	3,031	3,031	3,031	3,031
Cash Flow Before Debt Service	1,460,806	1,033,127	1,277,579	3,091,187	2,659,475	2,035,354	1,862,842	1,686,880
Debt Service								
Existing Debt Service	1,349,286	1,332,110	1,176,538	1,154,145	1,313,517	1,387,339	1,377,027	1,401,027
Proposed KIA Loan	0	0	0	0	0	16,781	16,781	16,781
Total Debt Service	1,349,286	1,332,110	1,176,538	1,154,145	1,313,517	1,404,120	1,393,808	1,417,808
Cash Flow After Debt Service	111,520	(298,983)	101,041	1,937,042	1,345,958	631,234	469,034	269,072
Ratios								
Current Ratio	0.6	0.5	0.6	1.0	1.1	1.1	1.1	1.1
Debt to Equity	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Days Sales in Accounts Receivable	38.3	45.3	45.3	45.3	45.3	45.3	45.3	45.3
Months Operating Expenses in Unrestricted Cash	0.3	0.3	0.4	1.8	2.4	2.6	2.7	2.8
Debt Coverage Ratio	1.1	0.8	1.1	2.7	2.0	1.4	1.3	1.2



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

March 14, 2017

Talina R. Mathews, PhD
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

**RE: Kentucky Infrastructure Authority (KIA)
State Revolving Fund (SRF) – Loan A16-079 (\$300,000)
SX21195025 – Residential Grinder Unit Upgrades**

Dear Ms. Mathews,

The Mountain Water District (District) has committed to a State Revolving Fund Loan (SRF) with Kentucky Infrastructure Authority (KIA) to replace aging and out of warranty residential grinder units within the force main system with newer, more efficient grinder units.


System wide standardization of the District's force main system would be beneficial for both the Mountain Water District and its customers. Standardization of residential grinder units is a cost savings to the District and its customers due to the following:

- The District's personnel are trained to replace, install, and rebuild those specific units
- The District purchases those units at a reasonable price without the need to retrofit a different brand
- The more efficient models will save on energy costs which seem to be increasing annually and in return will assist in the cost savings for the District's customers whom supply the electrical source to power the grinder units.
- It contributes to the efficiency of installation, repair and maintaining inventory of the force main system, therefore helping to keep the cost of operation and maintenance lower than with the utilization of multiple brands, parts and the retrofitting that would be necessary.

In anticipation of utilizing standardization throughout the system and choosing not to perform retrofit installs, the District estimates a cost savings on the proposed 260 units to be approximately \$40,000 to \$75,000. This will aid the District in its goal to keep costs at a reasonable rate for our valued customers.

If you have any further questions, or if I can be of further assistance, please contact me at 606-631-6165.

Sincerely,


Roy B. Sawyers
District Manager

cc: Mike Blackburn, MWD Chairman
Mike Spears, Spears Management

Equal Opportunity Provider and Employer

**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of December 31, 2016 and 2015**

ASSETS

	Year-to-Date as of <u>December 31, 2016</u>	Comparative as of <u>December 31, 2015</u>
Current Assets		
CASH IN BANK	\$ 617,948	\$ 321,760
CASH IN BANK - RESTRICTED	3,073,436	2,714,480
ACCOUNTS RECEIVABLE	1,293,804	1,214,833
CLEARING ACCOUNTS	9,539	9,864
PREPAID EXPENSES	14,322	0
INVENTORY	22,950	0
RECEIVABLE - UMG R AND M	27,809	520,685
FEMA REC. - 2010 FLOOD	14,562	14,562
OTHER CURRENT ASSETS	<u>625</u>	<u>625</u>
Total Current Assets	<u>5,074,996</u>	<u>4,796,809</u>
Other Assets		
BOND REFINANCING COST	92,316	92,316
PLANT IN SERVICE	135,603,809	135,395,816
CONSTRUCTION IN PROGRESS	<u>6,959,895</u>	<u>4,142,936</u>
TOTAL PLANT IN SERVICE	142,656,021	139,631,068
LESS:		
ACCUMULATED DEPRECIATION	<u>(53,872,179)</u>	<u>(50,610,827)</u>
Total Other Assets	88,783,842	89,020,241
Total Assets	<u>\$ 93,858,838</u>	<u>\$ 93,817,049</u>

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**MOUNTAIN WATER DISTRICT
BALANCE SHEET
As of December 31, 2016 and 2015**

LIABILITIES & EQUITY

	<u>Year-to-Date as of December 31, 2016</u>	<u>Comparative as of December 31, 2015</u>
Current Liabilities:		
ACCOUNTS PAYABLE	1,244,823	2,624,825
CURRENT PORTION DUE - NOTES PAYABLE	988,260	988,260
CUSTOMER DEPOSITS	336,018	311,320
ACCRUED PAYROLL & RELATED EXPENSES	17,531	5,666
ACCRUED INTEREST - LONG TERM DEBT	386,436	162,005
OTHER CURRENT LIABILITIES	45,318	26,507
Total Current Liabilities	3,018,385	4,118,584
Long-Term Liabilities:		
NOTES PAYABLE	5,183,114	5,766,780
NOTES PAYABLE - KENTUCKY INFRASTRUCTURE AUTHORITY	2,589,033	2,898,329
BONDS PAYABLE - RURAL DEVELOPMENT	3,720,500	3,788,000
LESS: CURRENT PORTION DUE	(988,260)	(988,260)
Total Long-Term Liabilities	10,504,387	11,464,849
Equity & Contributions in Aid of Construction:		
RETAINED EARNINGS (DEFICIT)	(37,866,157)	(34,356,044)
CURRENT YEAR NET INCOME (LOSS)	(538,549)	(3,510,113)
ADVANCES FOR CONSTRUCTION	6,558,759	3,996,360
CONTRIBUTIONS IN AID OF CONSTRUCTION	105,843,286	105,843,286
TAP-ON-FEES	6,338,727	6,260,129
Total Equity & Contributions	80,336,066	78,233,617
Total Equity & Liabilities	\$ 93,858,838	\$ 93,817,049

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT**

Combined Operating Statement for the Period Ended December 31, 2016

	<u>Current</u>	<u>Year-to-Date</u>
Revenue		
Operating Revenue	\$ 888,856	\$ 10,886,276
Total Revenue	<u>888,856</u>	<u>10,886,276</u>
Operating Expenses		
Water Supply Expense	33,025	124,492
Transmission & Distribution Expense	90,199	476,015
Customer Service Expense	25,922	131,751
Administrator Expense	66,146	380,356
Sewer Expense	35,282	173,037
General & Administrative	395,047	6,343,740
Total Operating Expenses	645,620	7,629,390
Depreciation Expense	271,779	3,261,352
General Tax Expense	11,159	69,144
Utility Operating Expense	928,559	10,959,887
Utility Operating Income (Loss)	(39,703)	(73,611)
Other Income & Deductions:		
Interest Income	439	2,882
Interest Expense	(66,508)	(467,819)
Total Other Income & Deductions	<u>(66,069)</u>	<u>(464,938)</u>
Net Income (Loss) for Period	<u>\$ (105,772)</u>	<u>\$ (538,549)</u>

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS**
For the 1 Month and 12 Months Ended December 31, 2016

	For the Month Ended	For the Period Ended
	<u>December 31, 2016</u>	<u>December 31, 2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss)	\$ (105,772)	\$ (538,549)
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:		
Depreciation and Amortization	271,779	3,261,352
Losses (Gains) on sales of Fixed Assets	0	0
Decrease (Increase) in Operating Assets:		
Accounts Receivable	(12,520)	(78,971)
Inventory	(22,950)	(22,950)
Receivable - UMG R and M	0	492,876
Other assets	2,573	(28,320)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(68,811)	(1,380,002)
Accrued Interest	31,716	224,431
Accrued Payroll Liabilities	8,155	11,866
Customer Deposits	8,693	24,697
Misc. Accrued Liabilities	3,808	18,811
Total Adjustments	<u>222,443</u>	<u>2,523,788</u>
Net Cash Provided By (Used in) Operating Activities	116,671	1,985,240
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	(7,194)	(207,994)
Construction in Progress	(133,738)	(2,816,960)
Proceeds From Sale of Fixed Assets	0	0
Net Cash Provided By (Used In) Investing Activities	(140,931)	(3,024,953)
CASH FLOWS FROM FINANCING ACTIVITIES		
Notes Payable Borrowings	0	621,979
Notes Payable Repayments	(216,271)	(1,582,440)
(Increase) decrease in restricted assets	140,529	(358,957)
Advances for construction	114,928	2,640,998
Net Cash Provided By (Used In) Financing Activities	39,187	1,321,579
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,926	281,866
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	588,700	321,760

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**MOUNTAIN WATER DISTRICT
STATEMENT OF CASH FLOWS
For the 1 Month and 12 Months Ended December 31, 2016**

CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ <u>603,626</u>	\$ <u>603,626</u>
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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2016 and 2015

ASSETS:

	<u>Year-to-Date as of</u> <u>December 31, 2016</u>	<u>Comparative as of</u> <u>December 31, 2015</u>
Cash Reserves - Restricted:		
Regions Bank Escrow	\$ 268,860	\$ 268,860
BB & T - DEPRECIATION RESERVE	881,412	803,625
BB & T - Sinking Fund	303,650	192,706
CTB - JOHNS CREEK WATER PROJ.	2,272	2,272
BB&T - Special Projects	940	1,140
CTB - CUSTOMER DEPOSIT ESCROW	338,760	331,128
CTB - FEMA Receivables	92,798	67,757
CTB-SEWER CUSTOMER DEPOSIT ACCT.	19,534	18,041
CTB - O & M RESERVES	16,583	16,567
Community Trust Bank - Misc Line Extension	118,391	4,967
CTB - R & M RESERVE	866,399	827,723
CTB - Shelby Sewer Project	(30)	(30)
CTB - Cowpen Sewer Project	1,860	1,860
CTB - Phelps/Buskirk WW RD	9	9
WATER TREATMENT PLANT UPGRADE	1	1
CTB-PIKE COUNTY WATER SYSTEM IMPROVEM	(20)	0
CTB. Water Treatment Raw Water Intake Project	25	25
CTB-LMI Service Connection 08-09	656	656
CTB-Various Short Line Ext.	91	91
CTB-Various Water Line Ext.	100	100
CTB.M.W.D. Telemetry Project	99	100
CTB-M.W.D. Watson Hill Waterline Ext. Proj. Acct.	85	85
CTB.Long Fork Of Virgie Sewer Project Acct.	100	100
M.W.D. Belfry Pond Sewer	100	100
CTB- POMPEY PROJECT	0	(1)
CTB- Recycling Revenue Acct.	2,096	2,893
CTB-Smith Fork WW Phase II	100	100
CTB. PCFC Projects	158,566	173,606
Total Cash Reserves - Restricted	\$ 3,073,437	\$ 2,714,481
Operating Cash:		
CTB - DIST. WIDE TAP FEES	16,685	92,736
Petty Cash	320	320
CTB - Operating Account	518,668	128,429
CTB-MWD Payroll Account	51,333	7,095
CTB - Dist Wide WW Tap Fees	16,788	33,726
BIG CREEK SEWER-COAL SETTLEMENT	5,401	5,401
Penny Rd Water and Sewer	3,158	29,973
CTB - R & M REIMBURSEMENT ACCT.	435	2,200
CTB.-M.W.D. Rehab Project	5,160	21,880
Total Operating Cash	\$ 617,948	\$ 321,760
Accounts Receivable:		
RECEIVABLE - WATER SALES	969,466	1,007,527
RECEIVABLE - RETURNED CHECKS	43,949	3,529

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2016 and 2015

RECEIVABLE - OTHER FEES, ETC..	(15,286)	30,849
A/R - CIP - SEWER	15,849	15,849
RECEIVABLE - SEWER REVENUE	225,816	132,982
A/R - CIP	64,096	64,096
PROVISION FOR UNCOLLECTIBLES	<u>(10,085)</u>	<u>(40,000)</u>
Total Accounts Receivable	\$ 1,293,805	\$ 1,214,832
Clearing Accounts:		
MWD INTERCOMPANY TRANSFERS	<u>9,539</u>	<u>9,864</u>
Total Clearing Accounts	\$ 9,539	\$ 9,864
Prepaid Expenses:		
Prepaid Workers Comp Insurance	<u>14,322</u>	<u>0</u>
Total Prepaid Expenses	\$ 14,322	\$ 0
Other Current Assets:		
OTHER DEFERRED DEBTS	<u>625</u>	<u>625</u>
Total Other Current Assets	\$ 625	\$ 625

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2016 and 2015

LIABILITIES:

	Year-to-Date as of <u>December 31, 2016</u>	Comparative as of <u>December 31, 2015</u>
Bonds Payable:		
RD Loan -WTP	\$ 604,000	\$ 613,000
RD Bond 91-33	1,465,000	1,489,000
RD Bond - Shelby Sewer Project	645,500	657,000
RD Bond - 91-01 Phelps Sewer	364,000	371,000
RD BOND 91-24 RUSSELL FK WTP	<u>642,000</u>	<u>658,000</u>
Total Bonds Payable	\$ 3,720,500	\$ 3,788,000
Long-Term Debt:		
Note Payable Ky. Rural Water	4,870,169	5,400,000
KIA LOAN B291-07 MULTI AREA	1,629,931	1,837,105
KIA LOAN B291-01 INDIAN CREEK	107,583	121,202
KIA LOAN F01-07 WATER PLANT	499,800	561,508
KIA LOAN A03-06 SO WMSN III	78,325	87,684
KIA Shelby III Phase II	273,393	290,830
US Bank Big Creek Water Loan	(28,586)	27,158
US Bank Line of credit for rate study	83,306	149,956
CTB-Line Credit for FEMA BPS Recl.	137,466	93,790
N/P - CTB VEH.#138 2012 SILVERADO	2,531	9,872
N/P - CTB VEH.#140 2012 SILVERADO	2,489	8,269
N/P - CTB VEH.#141 2012 SILVERADO	0	4,998
N/P - CTB VEH. #142	2,242	7,475
N/P - CTB VEH. #143	7,928	13,276
N/P - CTB VEH.# 144	7,646	13,276
N/P - CTB VEH.# 145	7,646	13,276
N/P - CTB LOC N	271	271
N/P - CTB VEH. #146	18,745	25,163
COMMUNITY TRUST V#148	24,078	0
US Bank V#149	23,626	0
N/P - CTB VEH. #147	26,118	0
CTB-V# 150 FORD F-150	(1,281)	0
CTB. V# 151 FORD F-150	<u>(1,281)</u>	<u>0</u>
Total Long-Term Debt	\$ 7,772,145	\$ 8,665,109
Employee Related Payables:		
FICA TAXES WITHHELD	(90,043)	0
FEDERAL INCOME TAX WITHHELD	86,961	2,983
KY INCOME TAX WITHHELD	6,723	543
ACCRUED SUTA	1,038	0
ACCRUED FUTA	2,544	0
Accrued CERS	10,300	2,139
ACCRUED GARNISHMENT WTH	<u>8</u>	<u>0</u>
Total Employee Related Payables	\$ 17,531	\$ 5,665
Other Current Liabilities:		
Accrued County Withheld	4,554	354

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MOUNTAIN WATER DISTRICT
Supporting Balance Sheet Schedule
As of December 31, 2016 and 2015

SPECIAL CHG COLLECTED - S.W.D.	8,027	0
TAXES COLLECTED ON CUST. BILLS	<u>32,737</u>	<u>26,153</u>
Total Other Current Liabilities	\$ 45,318	\$ 26,507
Contributions in Aid of Construction:		
CONTRIBUTIONS - GOVT GRANTS	68,445,482	68,445,482
CONTRIBUTIONS IN AID - SEWER	26,992,605	26,992,605
CONTRIBUTIONS - OTHER AID	8,521,689	8,521,689
CONTRIBUTION IN AID - SEWER	<u>1,883,509</u>	<u>1,883,509</u>
Total Contributions In Aid of Construction	\$ 105,843,285	\$ 105,843,285

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of December 31, 2016 and 2015

	Year-to-Date as of <u>December 31, 2016</u>	Comparative as of <u>December 31, 2015</u>
Water Supply Plant in Service:		
LAND AND LAND RIGHTS	\$ 37,943	\$ 37,943
STRUCTURES AND IMPROVEMENTS	208,259	208,259
COLLECTING/IMPOUND RESERVOIRS	59,137	59,137
PUMPING EQUIPMENT	<u>2,814,469</u>	<u>2,814,469</u>
Total Cost of Supply Plant	3,119,808	3,119,808
Less: Accumulated Depreciation	<u>(2,453,850)</u>	<u>(2,237,367)</u>
Net Cost of Supply Plant	\$ 665,958	\$ 882,441
Water Treatment Plant:		
LAND AND LAND RIGHTS	\$ 2,400	\$ 2,400
STRUCTURES AND IMPROVEMENTS	116,997	116,997
WATER TREATMENT PLANT	<u>9,440,438</u>	<u>9,440,438</u>
Total Water Treatment Plant	9,559,835	9,559,835
Less: Accumulated Depreciation	<u>(2,139,344)</u>	<u>(2,124,276)</u>
Net Water Treatment Plant	\$ 7,420,491	\$ 7,435,559
Transmission & Distribution Plant:		
LAND AND LAND RIGHTS	\$ 381,194	\$ 381,194
DISTRIBUTION RESERVOIRS/STANDS	8,752,813	8,752,813
TRANSMISSION/DISTRIBUTION MAINS	66,231,202	66,231,202
WATER SERVICES	6,431,644	6,372,630
WATER METERS & INSTALLATIONS	4,139,187	4,109,680
HYDRANTS	<u>1,235,437</u>	<u>1,227,413</u>
Total Transmission & Distribution Plant	87,171,477	87,074,932
Less: Accumulated Depreciation	<u>(37,732,548)</u>	<u>(35,768,958)</u>
Net Transmission & Distribution Plant	\$ 49,438,929	\$ 51,305,974
Sewer Plant:		
STRUCTURES AND IMPROVEMENTS	\$ 1,495	\$ 1,495
COLLECTION SEWERS	25,205,660	25,205,660
PUMPING EQUIPMENT	26,000	26,000
TREATMENT AND DISPOSAL EQUIP.	6,095,742	6,095,742
SEWER SERVICES	351,990	344,411
SEWER METERS & INSTALLATIONS	151,798	148,009
OFFICE FURNITURE & EQUIPMENT	54,507	54,507
TRANSPORTATION EQUIPMENT	12,580	12,580
TOOLS & MISC. EQUIPMENT	<u>122,142</u>	<u>122,142</u>
Total Sewer Plant	32,021,914	32,010,546
Less: Accumulated Depreciation	<u>(8,672,313)</u>	<u>(7,923,488)</u>
Net Sewer Plant	\$ 23,349,601	\$ 24,087,058

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MOUNTAIN WATER DISTRICT
Schedule of Plant in Service
As of December 31, 2016 and 2015

General Plant in Service:			
LAND AND LAND RIGHTS	\$	127,905	\$ 127,905
STRUCTURES AND IMPROVEMENTS		351,050	351,050
OFFICE FURNITURE & EQUIPMENT		166,114	165,625
TRANSPORTATION EQUIPMENT		926,980	841,936
TOOLS, SHOP & GARAGE EQUIPMENT		135,377	122,315
LABORATORY EQUIPMENT		1,486	0
POWER OPERATED EQUIPMENT		164,399	164,399
COMMUNICATION EQUIPMENT		<u>1,857,465</u>	<u>1,857,465</u>
Total General Plant		3,730,776	3,630,695
Less: Accumulated Depreciation		<u>(2,853,347)</u>	<u>(2,535,961)</u>
Net General Plant	\$	877,429	\$ 1,094,734
Construction in Progress:			
CONSTRUCTION IN PROGRESS	\$	5,628,617	\$ 3,072,345
CIP-MATERIALS & SUPPLIES		50,123	0
RATE CASE EXPENSE IN PROGRESS		172,021	172,021
CONSTRUCTION IN PROGRESS		<u>1,109,134</u>	<u>898,570</u>
Total Construction in Progress		6,959,895	4,142,936
Less: Accumulated Amortization		<u>(9,583)</u>	<u>(9,583)</u>
Net Construction in Progress	\$	6,950,312	\$ 4,133,353
Bond Refinancing Cost:			
Bond Refinancing Cost	\$	<u>92,316</u>	\$ <u>92,316</u>
Total Bond Refinancing Cost		92,316	92,316
Less: Accumulated Amortization		<u>(11,195)</u>	<u>(11,195)</u>
Net Bond Refinancing Cost	\$	81,121	\$ 81,121
TOTAL PLANT IN SERVICE	\$	88,783,842	\$ 89,020,241

MOUNTAIN WATER DISTRICT

Schedule of Revenues for the Period Ended December 31, 2016

	<u>Current</u>	<u>Year-to-Date</u>
Operating Revenue:		
Metered Water Revenue		
METERED SALES - RESIDENTIAL	\$ 583,296	\$ 7,603,652
METERED SALES - COMMERCIAL	57,689	625,572
METERED SALES - INDUSTRIAL	5,716	82,157
METERED SALES - PUBLIC AUTH.	22,091	297,278
METERED SALES - MULTI FAMILY	29,012	356,014
Total Metered Water Revenue	<u>\$ 697,804</u>	<u>\$ 8,964,673</u>
Other Water Revenue		
FIRE PROTECTION REVENUE	\$ 100	\$ 1,000
CUSTOMER LATE PAYMENT CHARGES	18,979	254,949
OTHER WATER SERVICE REVENUE	10,456	180,491
SERVICE CONNECTION FEES	11,515	145,846
SERVICE CONNECTION FEES FOR WA	0	30
Total Other Water Revenue	<u>\$ 41,050</u>	<u>\$ 582,316</u>
Sewer Revenue		
SEWER REVENUE -RESIDENTIAL	\$ 113,014	\$ 989,471
SEWER REVENUE - COMMERCIAL	36,989	349,816
Total Sewer Revenue	<u>\$ 150,003</u>	<u>\$ 1,339,287</u>
Total Operating Revenue	<u>\$ 888,857</u>	<u>\$ 10,886,276</u>

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MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended December 31,

	<u>Current</u>	<u>Year-to-Date</u>
General & Administrative Expense		
COMP COMMISSIONERS - AUTO DIST	\$ 2,500	\$ 30,000
UNIFORM EXPENSE (PLANT)	0	1,329
UNIFORM EXPENSE (WATER)	818	10,545
WATER PURCHASED -PIKEVILLE	57,765	310,462
LABORATORY SUPPLIES	1,258	3,033
Chemicals-WW	7,649	30,564
SAFETY SUPPLIES	0	3,222
SAFETY SUPPLIES-WW	0	2,103
MATERIALS AND SUPPLIES USED	131,550	609,757
CONTRACT SERVICES -ENGINEERING	1,668	10,127
CONTRACT SERVICE - ACCOUNTING	5,024	82,459
CONTRACT SERVICE - LEGAL	1,414	86,824
CONTRACT SERVICE-GENERAL	2,000	14,975
CONTRACT SERVICE - MANAGEMENT	0	4,243,659
CONTRACT MGMNT EXP ASSUMED	(4,546)	(137,869)
Contract HR Services	0	11,825
AUTO & TRANSPORTATION EXPENSE	7,201	36,941
ADVERTISING	0	6,243
OTHER LEGAL PSC EXPENSE	0	15,668
MOBILE PHONE EXPENSE	1,684	8,481
TELEPHONE/INTERNET	2,167	9,457
TELEPHONE/INTERNET	129	395
EDUCATION, DUES, MEETINGS, ETC.	3,406	63,977
EMPLOYEE BENIFIT EXPENSE	1,004	11,792
Office Expense	24,416	124,882
SETTLEMENT EXPENSES	0	4,500
SERVICE FEE EXPENSE	2,945	6,326
BANK SERVICE FEES EXP	53	1,208
Worker's Compensation Insurance	7,161	31,124
PSC TAX ASSESSMENT	0	17,541
Rate Study Expense	0	33,267
MISCELLANEOUS SUPPLIES	116	116
REPAIRS AND MAINTENANCE	\$ 83,307	\$ 475,754
Total General & Administrative Expense	\$ 340,689	\$ 6,160,687

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT

General & Administrative Expenses for the Period Ended December 31,

Current

Year-to-Date

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT 12 Month Comparison For 2016

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD Total
Sales													
METERED SALES - RESID	637,542	665,943	625,937	639,106	629,513	705,004	651,677	649,546	645,103	613,125	557,860	583,296	7,603,652
METERED SALES - COM	46,340	67,189	53,822	45,070	33,165	50,719	51,585	51,035	55,973	60,198	52,788	57,689	625,572
METERED SALES - INDUS	6,436	7,089	6,831	6,323	6,436	6,960	7,622	7,622	8,147	6,169	6,806	5,716	82,157
METERED SALES - PUBLI	23,409	22,540	23,340	26,416	25,773	28,337	26,088	25,765	35,167	12,282	28,090	22,091	297,278
METERED SALES - MULTI	28,101	28,556	26,811	28,149	28,985	31,631	33,100	32,270	33,819	29,102	28,478	29,012	356,014
FIRE PROTECTION REVE	100	100	100	100	100	100	0	0	100	100	100	100	1,000
CUSTOMER LATE PAYME	19,072	20,336	20,341	18,604	20,299	21,833	24,587	21,944	23,643	23,276	22,036	18,979	254,949
OTHER WATER SERVICE	19,339	21,146	13,923	14,459	11,011	16,585	13,614	15,001	14,454	19,014	11,487	10,456	180,491
SERVICE CONNECTION F	8,650	11,765	11,840	13,350	12,470	12,065	11,530	13,045	13,035	14,171	12,410	11,515	145,846
SERVICE CONNECTION F	0	0	0	0	0	30	0	0	0	0	0	0	30
SEWER REVENUE -RESID	80,421	82,464	76,429	58,373	74,916	89,315	81,728	82,952	88,700	58,513	102,648	113,014	989,471
SEWER REVENUE - COM	17,286	24,297	23,741	53,073	24,856	27,255	27,455	27,838	25,096	26,554	35,375	38,989	349,816
Less Returns & Allowances	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales	886,696	951,425	883,115	903,023	867,524	987,834	928,986	927,018	943,237	862,484	856,078	888,857	10,886,276
Gross Profit	886,696	951,425	883,115	903,023	867,524	987,834	928,986	927,018	943,237	862,484	856,078	888,857	10,886,276
Operating Expenses													
DEPRECIATION EXPENSE	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	205,259	2,463,105
DEPRECIATION EXPENSE	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	66,521	798,248
PAYROLL TAXES - FICA &	1,394	1,244	1,087	1,043	1,043	1,116	1,060	1,119	16,572	11,348	10,958	11,159	69,144
WATER TREATMENT LAB	0	0	0	0	0	0	0	10,678	17,488	9,740	10,207	10,912	59,025
T & D LABOR - OPERATIO	0	0	0	0	0	0	0	56,286	89,541	61,882	58,860	60,333	326,903
T & D LABOR - MAINTENA	0	0	0	0	0	0	0	15,668	15,128	11,526	11,083	11,655	65,059
CUSTOMER ACCOUNTS L	0	0	0	0	0	0	0	16,342	25,592	19,252	18,956	18,493	98,634
ADMIN. & GENERAL LABO	0	0	0	0	0	0	0	7,758	14,766	10,549	10,426	11,034	54,534
SEWER LABOR	0	0	0	0	0	0	0	19,656	27,957	20,366	21,473	22,171	111,624
COMP COMMISSIONERS	2,500	2,500	2,500	2,500	2,500	2,500	2,000	3,000	2,500	2,500	2,500	2,500	30,000
COMPENSATION - ADMIN	10,447	10,447	10,447	10,447	10,447	11,410	11,410	16,951	26,743	17,828	17,828	18,103	172,508
HEALTH INSURANCE - W	0	0	0	0	0	0	0	1,080	1,209	923	1,593	1,593	6,398
HEALTH INSURANCE - T	0	0	0	0	0	0	0	12,004	11,550	10,228	11,702	11,702	57,188
HEALTH INSURANCE - CU	0	0	0	0	0	0	0	5,368	5,254	6,469	7,354	6,915	31,360
HEALTH INSURANCE - AD	0	0	0	0	0	0	0	2,052	1,936	3,003	2,582	2,582	12,155
HEALTH INSURANCE - SE	0	0	0	0	0	0	0	1,786	1,897	2,739	3,116	3,689	13,227
DENTAL INSURANCE - W	0	0	0	0	0	0	0	79	68	17	153	111	427
DENTAL INSURANCE - T	0	0	0	0	0	0	0	464	280	568	462	443	2,218

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2016**

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD Total
DENTAL INSURANCE - CU	0	0	0	0	0	0	0	153	121	153	284	239	950
DENTAL INSURANCE - AD	0	0	0	0	0	0	0	165	123	78	113	184	662
DENTAL INSURANCE - SE	0	0	0	0	0	0	0	104	89	104	218	120	636
VISION INSURANCE - WT	0	0	0	0	0	0	0	3	(5)	1	3	(34)	(32)
VISION INSURANCE - T &	0	0	0	0	0	0	0	2,022	1,935	(1,062)	16	129	3,041
VISION INSURANCE - T &	0	0	0	0	0	0	0	35	232	(5)	(6)	(6)	251
VISION INSURANCE - CU	0	0	0	0	0	0	0	5	(27)	23	14	8	23
VISION INSURANCE - AD	0	0	0	0	0	0	0	3	(13)	461	4	4	458
VISION INSURANCE - SE	0	0	0	0	0	0	0	(24)	(32)	(10)	5	5	(56)
LIFE INSURANCE - WTP	0	0	0	0	0	0	0	(22)	357	20	9	173	538
LIFE INSURANCE - T & D	0	0	0	0	0	0	0	(141)	(211)	(141)	(141)	(141)	(773)
LIFE INSURANCE - T & D	0	0	0	0	0	0	0	0	1,261	540	196	548	2,546
LIFE INSURANCE - CUST	0	0	0	0	0	0	0	(59)	374	134	95	279	823
LIFE INSURANCE - ADMIN	0	0	0	0	0	0	0	(63)	177	134	60	133	440
LIFE INSURANCE - SEWE	0	0	0	0	0	0	0	(52)	297	104	27	149	525
SHORT TERM DISAB. - W	0	0	0	0	0	0	0	(39)	59	100	(23)	21	118
SHORT TERM DISAB. - T	0	0	0	0	0	0	0	(130)	(158)	(106)	(106)	(106)	(605)
SHORT TERM DISAB. - T	0	0	0	0	0	0	0	0	416	126	76	85	702
SHORT TERM DISAB. - C	0	0	0	0	0	0	0	(101)	95	14	(35)	(11)	(39)
SHORT TERM DISAB. - A	0	0	0	0	0	0	0	(40)	39	3	(25)	(8)	(30)
SHORT TERM DISAB. - SE	0	0	0	0	0	0	0	(67)	29	(40)	(61)	20	(119)
UNIFORM EXPENSE (PLA	0	0	0	0	0	0	1,329	0	0	0	0	0	1,329
UNIFORM EXPENSE (WA	0	0	0	0	0	0	71	1,519	1,237	4,276	2,624	818	10,545
UNIFORM EXPENSE (WW	0	0	0	0	0	0	0	672	629	239	295	76	1,911
Employee Expense	0	0	0	0	0	0	0	309	15	1,935	3,807	1,272	7,338
Water Purchased -Williams	0	0	0	0	0	0	0	50,214	41,779	0	41,742	54,357	188,092
WATER PURCHASED -PIK	0	0	0	0	0	0	56,218	71,587	0	69,538	55,355	57,765	310,482
Sewage Fees	0	0	0	0	0	0	0	9,809	7,509	2,379	8,665	9,052	37,415
UTILITY EXPENSE	0	0	0	0	0	0	0	200	0	200	1,143	0	1,543
LABORATORY SUPPLIES	0	0	0	0	0	0	675	493	0	343	266	1,258	3,033
Laboratory Testing Expens	0	0	0	0	0	0	0	3,135	1,505	5,005	2,744	5,556	17,945
Laboratory Testing Expens	0	0	0	0	0	0	0	1,319	1,510	0	1,338	0	4,166
CHEMICALS	0	0	0	0	0	0	0	16,253	1,889	14,459	3,841	20,248	56,689
Chemicals-WW	0	0	0	0	0	0	5,122	5,822	7,822	2,217	2,133	7,649	30,564
SAFETY SUPPLIES	0	0	0	0	0	0	1,511	0	147	406	1,158	0	3,222
SAFETY SUPPLIES-WW	0	0	0	0	0	0	1,006	0	0	698	399	0	2,103
MATERIALS AND SUPPLI	0	0	0	0	0	0	92,394	98,834	104,316	99,511	83,153	131,550	609,757
CONTRACT SERVICES -E	0	0	0	0	0	0	3,403	558	0	465	4,033	1,668	10,127
CONTRACT SERVICE - A	3,928	4,132	4,384	3,550	4,104	4,400	9,517	14,986	17,908	4,865	5,681	5,024	82,459
CONTRACT SERVICE - LE	5,148	8,046	16,033	9,606	9,788	13,817	8,680	6,118	3,081	3,244	1,849	1,414	86,824

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2016**

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD Total
CONTRACT SERVICE-GE	0	0	0	0	0	0	5,365	5,085	1,425	700	400	2,000	14,975
CONTRACT SERVICE - M	646,472	646,472	646,472	646,472	646,472	646,472	364,829	0	0	0	0	0	4,243,659
CONTRACT MGMNT EXP	(5,943)	(7,424)	(14,581)	(22,471)	(8,042)	(8,857)	(3,998)	(41,365)	(5,391)	(10,734)	(4,516)	(4,546)	(137,869)
Contract HR Services	0	0	0	3,179	1,810	2,817	3,178	841	0	0	0	0	11,825
AUTO & TRANSPORTATI	0	0	528	0	0	0	0	3,593	8,807	8,114	8,699	7,201	36,941
ADVERTISING	0	118	209	547	1,511	3,759	49	0	49	0	0	0	6,243
OTHER LEGAL PSC EXPE	0	500	0	0	0	0	200	2,500	12,393	74	0	0	15,688
MOBILE PHONE EXPENS	0	0	0	0	0	0	152	1,681	1,685	1,654	1,625	1,684	8,481
TELEPHONE/INTERNET	0	0	0	0	0	0	173	1,923	1,555	1,911	1,728	2,167	9,457
TELEPHONE/INTERNET	0	0	0	0	0	0	43	93	43	86	0	129	395
EDUCATION, DUES, MEE	2,792	1,184	294	879	58	193	20,071	12,011	4,349	17,726	1,015	3,406	63,977
EMPLOYEE BENEFIT EXP	981	981	981	981	981	981	981	981	981	981	981	1,004	11,792
Office Expense	2,238	2,846	3,723	3,588	7,053	2,942	11,447	24,694	14,577	7,575	19,783	24,416	124,882
SETTLEMENT EXPENSES	0	0	0	0	0	3,500	0	1,000	0	0	0	0	4,500
SERVICE FEE EXPENSE	67	40	32	0	3,039	0	2	0	36	104	62	2,945	6,326
BANK SERVICE FEES EX	46	490	40	70	69	84	95	93	70	55	44	53	1,208
Worker's Compensation Ins	0	0	0	0	0	0	0	0	0	23,957	6	7,161	31,124
PSC TAX ASSESSMENT	0	0	0	0	0	0	17,541	0	0	0	0	0	17,541
Retirement Expense	1,624	1,624	1,624	1,624	1,624	1,663	1,663	1,549	2,400	50,454	33,600	32,841	132,292
Rate Study Expense	0	0	0	0	10,335	8,515	9,454	4,121	842	0	0	0	33,267
MISCELLANEOUS SUPPLI	0	0	0	0	0	0	0	0	0	0	0	116	116
Major Equipment R & M	0	0	0	0	0	0	509	503	895	1,120	15,148	2,142	20,317
Major Equipment R & M Se	0	0	0	0	0	0	14	0	9	0	0	0	23
Hand Tools R & M	0	0	0	0	585	(585)	803	308	431	137	2,841	946	5,466
Hand Tools R & M Sewer	0	0	0	0	0	0	0	317	357	241	0	0	915
PS/LS R & M	0	0	0	0	0	0	4,653	5,084	7,002	16,512	5,252	13,568	52,070
PS/LS R & M Sewer	0	0	0	0	0	0	8,858	49,078	34,033	30,615	32,014	35,719	188,317
Vehicle R & M	0	0	0	0	0	0	3,167	5,079	8,275	6,255	5,112	4,876	32,766
Vehicle R & M Sewer	0	0	0	0	0	0	1,342	0	0	817	270	0	2,429
Miscellaneous R & M	0	0	0	0	0	0	0	92	0	0	197	0	289
General R & M	0	0	0	0	0	0	12,291	30,239	29,823	43,201	23,193	25,806	164,555
General R & M Sewer	0	0	0	0	(2)	2	254	632	943	213	200	249	2,491
General R & M -Telemetry	0	0	0	0	0	0	0	3,119	0	1,414	0	0	4,533
SUPPLIES & EXPENSES T	0	0	0	0	0	0	0	1,584	0	0	0	0	1,584
Total Operating Expens	943,474	944,980	945,553	933,795	965,155	966,509	927,312	850,486	850,155	874,311	829,616	928,556	10,959,893
Operating Income (Los	(56,778)	6,445	(62,438)	(50,772)	(97,631)	21,325	1,674	76,532	93,082	(11,827)	26,462	(39,699)	(73,617)

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
12 Month Comparison For 2016**

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16	YTD Total
Other Income (Expense)													
INTEREST INCOME	143	136	366	145	155	366	158	172	422	175	189	439	2,882
INTEREST EXPENSE - TE	(27,786)	(28,455)	(58,109)	(29,034)	(28,571)	(30,287)	(29,621)	(31,682)	(29,651)	(29,889)	(29,805)	(60,647)	(413,539)
INTEREST EXPENSE - TE	(4,035)	(4,035)	(8,070)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(4,035)	(5,861)	(54,281)
Total Other Income (Ex	(31,678)	(32,354)	(65,813)	(32,924)	(32,451)	(33,936)	(33,500)	(35,545)	(33,264)	(33,749)	(33,651)	(66,069)	(464,938)
Net Income (Loss) Befo	(88,456)	(25,909)	(128,251)	(63,896)	(130,082)	(12,611)	(31,826)	40,987	59,818	(45,576)	(7,189)	(105,768)	(538,555)
Net Income (Loss)	\$ (88,456)	\$ (25,909)	\$ (128,251)	\$ (63,896)	\$ (130,082)	\$ (12,611)	\$ (31,826)	\$ 40,987	\$ 59,818	\$ (45,576)	\$ (7,189)	\$ (105,768)	\$ (538,555)

Restricted for Management's Use Only

MOUNTAIN WATER DISTRICT INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16
Sales												
METERED SALES - RESIDENT	637,541.68	665,942.95	625,936.79	639,106.43	629,513.31	705,003.93	851,677.13	649,546.21	645,102.74	613,125.06	557,859.58	583,295.70
METERED SALES - COMMER	46,340.46	67,188.52	53,822.25	45,069.88	33,165.18	50,718.52	51,584.61	51,034.52	55,972.79	60,198.07	52,787.95	57,688.91
METERED SALES - INDUSTRI	6,435.67	7,089.34	6,831.10	6,322.69	6,435.67	6,960.22	7,621.96	7,621.96	8,146.51	6,169.36	6,805.80	5,716.22
METERED SALES - PUBLIC A	23,409.32	22,540.21	23,340.44	26,416.11	25,772.54	26,336.64	26,088.30	25,764.85	35,167.18	12,262.04	28,089.67	22,090.94
METERED SALES - MULTI FA	28,100.58	28,556.08	26,811.17	28,149.43	28,984.85	31,831.19	33,100.12	32,270.36	33,818.63	29,102.45	26,477.70	29,011.77
FIRE PROTECTION REVENUE	100.00	100.00	100.00	100.00	100.00	100.00	0.00	0.00	100.00	100.00	100.00	100.00
CUSTOMER LATE PAYMENT	19,071.90	20,336.16	20,340.92	18,604.46	20,298.58	21,832.60	24,587.05	21,943.69	23,643.06	23,275.58	22,035.67	18,978.83
OTHER WATER SERVICE REV	19,339.34	21,146.10	13,923.26	14,459.09	11,011.43	16,585.24	13,613.96	15,001.25	14,454.44	19,014.15	11,486.94	10,456.15
SERVICE CONNECTION FEES	8,650.00	11,765.00	11,840.00	13,350.00	12,470.00	12,065.00	11,530.00	13,045.00	13,035.00	14,171.24	12,410.00	11,514.50
SERVICE CONNECTION FEES	0.00	0.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	0.00	0.00	0.00
SEWER REVENUE -RESIDENT	80,420.56	82,463.61	76,428.97	58,372.71	74,916.04	89,314.50	81,727.63	82,952.22	88,699.53	58,512.97	102,648.47	113,014.02
SEWER REVENUE - COMMER	17,286.12	24,297.27	23,740.65	53,073.39	24,856.39	27,255.20	27,454.98	27,837.95	25,095.71	26,554.39	35,375.28	36,989.12
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	886,695.63	951,425.25	883,115.55	903,024.19	867,523.99	987,833.04	928,985.74	927,018.01	943,235.59	862,485.31	856,077.06	888,856.16
Gross Profit	886,695.63	951,425.25	883,115.55	903,024.19	867,523.99	987,833.04	928,985.74	927,018.01	943,235.59	862,485.31	856,077.06	888,856.16
Operating Expenses												
DEPRECIATION EXPENSE	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71	205,258.71
DEPRECIATION EXPENSE - S	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64	66,520.64
PAYROLL TAXES - FICA & U C	1,393.63	1,244.38	1,087.33	1,043.35	1,043.35	1,116.15	1,059.90	11,119.37	16,571.86	11,347.56	10,957.67	11,159.47
WATER TREATMENT LABOR -	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,677.78	17,487.53	9,740.41	10,206.86	10,912.14
T & D LABOR - OPERATIONS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	56,286.17	89,540.69	61,862.09	58,860.28	60,333.30
T & D LABOR - MAINTENANCE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	15,667.68	15,127.96	11,526.11	11,082.87	11,654.57
CUSTOMER ACCOUNTS LAB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,341.83	25,592.19	19,251.53	18,955.55	18,493.21
ADMIN. & GENERAL LABOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,757.89	14,766.36	10,549.30	10,425.64	11,034.49
SEWER LABOR	0.00	0.00	0.00	0.00	0.00	0.00	0.00	19,656.07	27,957.46	20,365.57	21,473.14	22,171.37
COMP COMMISSIONERS - AU	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,000.00	3,000.00	2,500.00	2,500.00	2,500.00	2,500.00
COMPENSATION - ADMINIST	10,446.80	10,446.80	10,446.80	10,446.80	10,446.80	11,409.98	11,409.98	16,950.73	26,742.63	17,828.42	17,828.42	18,103.40
HEALTH INSURANCE - WTP O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,079.60	1,208.84	922.91	1,593.33	1,593.33
HEALTH INSURANCE - T & D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	12,004.08	11,550.41	10,228.21	11,701.57	11,701.57
HEALTH INSURANCE - CUSTO	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,367.84	5,254.39	6,469.06	7,354.01	6,914.55
HEALTH INSURANCE - ADMIN.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,051.66	1,935.60	3,003.02	2,582.48	2,582.48
HEALTH INSURANCE - SEWE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,785.76	1,896.52	2,739.09	3,116.26	3,888.94
DENTAL INSURANCE - WTP O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	78.78	67.96	16.80	153.03	110.84
DENTAL INSURANCE - T & D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	464.45	260.40	568.00	462.07	443.42
DENTAL INSURANCE - CUST.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	153.12	120.64	153.12	284.13	239.27
DENTAL INSURANCE - ADMIN.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	165.09	122.55	77.77	112.81	183.66

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MOUNTAIN WATER DISTRICT INCOME STATEMENT Trend Analysis - Most Recent 12 Months

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16
DENTAL INSURANCE - SEWE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	104.10	89.49	104.10	217.98	120.10
VISION INSURANCE - WTP OP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.95	(5.05)	1.46	2.83	(33.76)
VISION INSURANCE - T & D O	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,022.05	1,935.41	(1,061.55)	15.90	129.09
VISION INSURANCE - T & D M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	35.31	232.08	(5.30)	(5.72)	(5.72)
VISION INSURANCE - CUST. A	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.90	(28.83)	23.02	13.99	7.79
VISION INSURANCE - ADMIN.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.59	(12.80)	460.86	3.63	3.63
VISION INSURANCE - SEWER	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(24.06)	(32.47)	(9.68)	5.12	5.12
LIFE INSURANCE - WTP OPE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(21.50)	357.34	20.46	8.99	173.17
LIFE INSURANCE - T & D OPE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(140.62)	(210.93)	(140.62)	(140.62)	(140.62)
LIFE INSURANCE - T & D MAIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,261.39	540.29	196.11	548.25
LIFE INSURANCE - CUSTOME	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(58.98)	373.51	133.88	95.27	278.88
LIFE INSURANCE - ADMIN. &	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(63.40)	176.52	133.89	60.09	133.02
LIFE INSURANCE - SEWER	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(52.02)	297.45	104.00	26.91	149.01
SHORT TERM DISAB. - WTP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(38.70)	58.59	99.67	(22.97)	21.41
SHORT TERM DISAB. - T & D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(130.00)	(158.43)	(105.62)	(105.62)	(105.62)
SHORT TERM DISAB. - T & D	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	415.61	125.61	76.11	84.88
SHORT TERM DISAB. - CUST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(101.48)	94.59	14.41	(35.32)	(11.43)
SHORT TERM DISAB. - ADMIN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(39.92)	38.82	3.35	(25.10)	(7.51)
SHORT TERM DISAB. - SEWE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(67.02)	29.04	(39.90)	(60.82)	19.83
UNIFORM EXPENSE (PLANT)	0.00	0.00	0.00	0.00	0.00	0.00	1,328.55	0.00	0.00	0.00	0.00	0.00
UNIFORM EXPENSE (WATER)	0.00	0.00	0.00	0.00	0.00	0.00	70.74	1,519.16	1,237.26	4,275.68	2,623.90	818.07
UNIFORM EXPENSE (WW)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	671.87	629.18	238.84	295.28	75.51
Employee Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	309.05	15.08	1,934.62	3,806.89	1,272.19
Water Purchased -Williamson	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,213.52	41,779.42	0.00	41,741.95	54,356.90
WATER PURCHASED -PIKEVI	0.00	0.00	0.00	0.00	0.00	0.00	56,218.00	71,586.60	0.00	69,537.80	55,354.80	57,765.00
Sewage Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00	9,809.45	7,509.41	2,378.55	8,665.38	9,051.85
UTILITY EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	200.00	0.00	200.00	1,142.90	0.00
LABORATORY SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00	674.83	492.50	0.00	342.54	265.54	1,257.98
Laboratory Testing Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,135.25	1,504.62	5,004.88	2,743.75	5,556.25
Laboratory Testing Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,318.50	1,510.00	0.00	1,337.96	0.00
CHEMICALS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	16,252.55	1,889.42	14,458.63	3,840.52	20,247.50
Chemicals-WW	0.00	0.00	0.00	0.00	0.00	0.00	5,121.55	5,822.07	7,621.69	2,216.80	2,132.62	7,649.22
SAFETY SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00	1,511.01	0.00	146.52	406.34	1,158.37	0.00
SAFETY SUPPLIES-WW	0.00	0.00	0.00	0.00	0.00	0.00	1,006.00	0.00	0.00	698.00	398.50	0.00
MATERIALS AND SUPPLIES U	0.00	0.00	0.00	0.00	0.00	0.00	92,393.67	98,833.80	104,315.58	99,511.42	83,153.17	131,549.52
CONTRACT SERVICES-ENGI	0.00	0.00	0.00	0.00	0.00	0.00	3,403.26	558.03	0.00	465.03	4,033.33	1,667.82
CONTRACT SERVICE - ACCO	3,928.00	4,132.00	4,384.00	3,550.00	4,104.00	4,400.00	9,517.00	14,986.00	17,908.00	4,865.00	5,661.00	5,024.00
CONTRACT SERVICE - LEGAL	5,147.50	8,046.44	16,033.10	9,606.25	9,787.50	13,817.28	8,680.00	6,118.28	3,081.25	3,244.19	1,848.75	1,413.75
CONTRACT SERVICE-GENER	0.00	0.00	0.00	0.00	0.00	0.00	5,365.05	5,084.66	1,424.90	700.00	400.00	2,000.00
CONTRACT SERVICE - MANA	646,471.66	646,471.66	646,471.66	646,471.66	646,471.66	646,471.66	364,828.89	0.00	0.00	0.00	0.00	0.00
CONTRACT MGMT EXP ASS	(5,943.20)	(7,424.26)	(14,580.80)	(22,471.06)	(8,042.02)	(8,857.14)	(3,997.99)	(41,364.92)	(5,391.22)	(10,734.33)	(4,516.36)	(4,545.71)
Contract HR Services	0.00	0.00	0.00	3,179.00	1,810.25	2,816.75	3,177.75	840.75	0.00	0.00	0.00	0.00
AUTO & TRANSPORTATION E	0.00	0.00	527.92	0.00	0.00	0.00	0.00	3,593.21	8,806.78	8,114.07	8,698.77	7,200.73

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MOUNTAIN WATER DISTRICT INCOME STATEMENT

Trend Analysis - Most Recent 12 Months

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16
ADVERTISING	0.00	117.80	209.00	547.20	1,511.49	3,758.55	49.40	0.00	49.40	0.00	0.00	0.00
OTHER LEGAL PSC EXPENSE	0.00	500.00	0.00	0.00	0.00	0.00	200.00	2,500.00	12,393.34	74.38	0.00	0.00
MOBILE PHONE EXPENSE	0.00	0.00	0.00	0.00	0.00	0.00	152.11	1,681.14	1,684.66	1,653.65	1,625.31	1,683.88
TELEPHONE/INTERNET	0.00	0.00	0.00	0.00	0.00	0.00	173.10	1,922.93	1,554.66	1,910.84	1,728.32	2,167.48
TELEPHONE/INTERNET	0.00	0.00	0.00	0.00	0.00	0.00	43.15	93.15	43.15	86.30	0.00	129.45
EDUCATION, DUES, MEETING	2,791.55	1,183.66	293.65	879.12	57.63	193.48	20,071.45	12,010.87	4,348.50	17,725.89	1,014.58	3,406.30
EMPLOYEE BENEFIT EXPENS	980.73	980.73	980.73	980.73	980.73	980.73	980.73	980.73	980.73	980.73	980.73	1,004.29
Office Expense	2,237.75	2,845.74	3,722.79	3,588.14	7,052.92	2,942.41	11,447.22	24,694.47	14,576.78	7,575.31	19,783.21	24,415.55
SETTLEMENT EXPENSES	0.00	0.00	0.00	0.00	0.00	3,500.00	0.00	1,000.00	0.00	0.00	0.00	0.00
SERVICE FEE EXPENSE	66.50	39.50	32.00	0.00	3,038.71	0.00	2.00	0.00	36.00	103.95	61.83	2,945.19
BANK SERVICE FEES EXP	46.00	489.86	40.00	70.00	68.50	84.00	95.00	92.50	70.00	55.00	44.00	53.06
Worker's Compensation Insuran	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23,956.51	6.00	7,161.24
PSC TAX ASSESSMENT	0.00	0.00	0.00	0.00	0.00	0.00	17,540.72	0.00	0.00	0.00	0.00	0.00
Retirement Expense	1,624.22	1,624.22	1,624.22	1,624.22	1,624.22	1,663.42	1,663.42	1,548.70	2,400.12	50,454.27	33,600.43	32,840.55
Rate Study Expense	0.00	0.00	0.00	0.00	10,334.82	8,514.92	9,454.42	4,121.00	841.50	0.00	0.00	0.00
MISCELLANEOUS SUPPLIES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	116.03
Major Equipment R & M	0.00	0.00	0.00	0.00	0.00	0.00	508.95	503.08	894.75	1,119.72	15,148.30	2,142.09
Major Equipment R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	13.90	0.00	9.00	0.00	0.00	0.00
Hand Tools R & M	0.00	0.00	0.00	0.00	585.07	(585.07)	802.92	308.46	430.81	137.21	2,841.13	945.90
Hand Tools R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	316.64	357.21	240.97	0.00	0.00
PS/LS R & M	0.00	0.00	0.00	0.00	0.00	0.00	4,652.80	5,083.72	7,001.57	16,512.02	5,251.71	13,567.95
PS/LS R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	6,857.99	49,078.26	34,032.94	30,615.37	32,014.32	35,718.61
Vehicle R & M	0.00	0.00	0.00	0.00	0.00	0.00	3,167.11	5,079.25	8,275.43	6,254.96	5,112.42	4,876.48
Vehicle R & M Sewer	0.00	0.00	0.00	0.00	0.00	0.00	1,341.85	0.00	0.00	817.08	269.90	0.00
Miscellaneous R & M	0.00	0.00	0.00	0.00	0.00	0.00	0.00	91.70	0.00	0.00	196.83	0.00
General R & M	0.00	0.00	0.00	0.00	0.00	0.00	12,291.23	30,239.24	29,823.44	43,201.01	23,193.26	25,808.47
General R & M Sewer	0.00	0.00	0.00	0.00	(2.20)	2.20	253.77	632.23	942.50	213.25	200.00	249.37
General R & M -Telemetry	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,119.00	0.00	1,414.00	0.00	0.00
SUPPLIES & EXPENSES TREA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,583.68	0.00	0.00	0.00	0.00
Total Operating Expenses	943,470.49	944,977.88	945,551.75	933,794.76	965,152.78	966,508.67	927,310.78	850,482.53	850,151.05	874,311.13	829,615.51	928,559.25
Operating Income (Loss)	(56,774.86)	6,447.37	(62,436.20)	(30,770.57)	(97,628.79)	21,324.37	1,874.96	76,535.48	93,084.54	(11,825.82)	26,461.55	(39,703.09)
Other Income (Expense)												
INTEREST INCOME	143.28	135.67	365.80	144.77	154.75	385.56	155.72	171.85	421.60	174.79	189.08	438.64
INTEREST EXPENSE - TERM	(27,785.87)	(28,455.46)	(58,109.28)	(29,034.43)	(28,571.02)	(30,286.74)	(29,621.46)	(31,682.02)	(29,651.24)	(29,888.55)	(29,805.21)	(60,647.24)
INTEREST EXPENSE - TERM	(4,035.00)	(4,035.00)	(8,070.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(4,035.00)	(5,860.75)
Total Other Income (Expens)	(31,677.59)	(32,354.79)	(65,813.48)	(32,924.66)	(32,451.27)	(33,936.18)	(33,500.74)	(35,545.16)	(33,264.64)	(33,748.76)	(33,651.13)	(66,069.35)
Net Income (Loss) Before T	(88,452.45)	(25,907.42)	(128,249.68)	(63,695.23)	(130,080.06)	(12,611.81)	(31,825.78)	40,990.32	59,819.90	(45,574.58)	(7,189.58)	(105,772.44)

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Trend Analysis - Most Recent 12 Months**

	1/31/16	2/29/16	3/31/16	4/30/16	5/31/16	6/30/16	7/31/16	8/31/16	9/30/16	10/31/16	11/30/16	12/31/16
Net Income (Loss)	<u>\$ (88,452.45)</u>	<u>\$(25,907.42)</u>	<u>\$(28,249.68)</u>	<u>\$(63,695.23)</u>	<u>\$(130,080.06)</u>	<u>\$(12,611.81)</u>	<u>\$(31,825.78)</u>	<u>\$ 40,990.32</u>	<u>\$ 59,819.90</u>	<u>\$(45,574.58)</u>	<u>\$(7,189.58)</u>	<u>\$(105,772.44)</u>

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**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2016 Actual	1 Month Ended December 31, 2016 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2016 Budget	Over / (Under) Budget
Sales						
METERED SALES - RESIDENTIAL	\$ 583,295.70	\$ 0.00	\$ 583,295.70	\$ 7,603,651.52	\$ 0.00	\$ 7,603,651.52
METERED SALES - COMMERCIAL	57,688.91	0.00	57,688.91	625,571.66	0.00	625,571.66
METERED SALES - INDUSTRIAL	5,716.22	0.00	5,716.22	82,156.50	0.00	82,156.50
METERED SALES - PUBLIC AUTH.	22,090.94	0.00	22,090.94	297,278.24	0.00	297,278.24
METERED SALES - MULTI FAMILY	29,011.77	0.00	29,011.77	356,014.33	0.00	356,014.33
FIRE PROTECTION REVENUE	100.00	0.00	100.00	1,000.00	0.00	1,000.00
CUSTOMER LATE PAYMENT CHARG	18,978.83	0.00	18,978.83	254,948.50	0.00	254,948.50
OTHER WATER SERVICE REVENUE	10,456.15	0.00	10,456.15	180,491.35	0.00	180,491.35
SERVICE CONNECTION FEES	11,514.50	0.00	11,514.50	145,845.74	0.00	145,845.74
SERVICE CONNECTION FEES FOR	0.00	0.00	0.00	30.00	0.00	30.00
SEWER REVENUE -RESIDENTIAL	113,014.02	0.00	113,014.02	989,471.23	0.00	989,471.23
SEWER REVENUE - COMMERCIAL	36,989.12	0.00	36,989.12	349,816.45	0.00	349,816.45
Less Returns & Allowances	0.00	0.00	0.00	0.00	0.00	0.00
Total Sales	888,856.16	0.00	888,856.16	10,886,275.52	0.00	10,886,275.52
Gross Profit	888,856.16	0.00	888,856.16	10,886,275.52	0.00	10,886,275.52
Operating Expenses						
DEPRECIATION EXPENSE	205,258.71	0.00	205,258.71	2,463,104.52	0.00	2,463,104.52
DEPRECIATION EXPENSE - SEWER	66,520.64	0.00	66,520.64	798,247.68	0.00	798,247.68
PAYROLL TAXES - FICA & U.C.	11,159.47	0.00	11,159.47	69,144.02	0.00	69,144.02
WATER TREATMENT LABOR - OPER	10,912.14	0.00	10,912.14	59,024.72	0.00	59,024.72
T & D LABOR - OPERATIONS	60,333.30	0.00	60,333.30	326,902.53	0.00	326,902.53
T & D LABOR - MAINTENANCE	11,654.57	0.00	11,654.57	65,059.19	0.00	65,059.19
CUSTOMER ACCOUNTS LABOR	18,493.21	0.00	18,493.21	98,634.31	0.00	98,634.31
ADMIN. & GENERAL LABOR	11,034.49	0.00	11,034.49	54,533.68	0.00	54,533.68
SEWER LABOR	22,171.37	0.00	22,171.37	111,623.61	0.00	111,623.61
COMP COMMISSIONERS - AUTO DIS	2,500.00	0.00	2,500.00	30,000.00	0.00	30,000.00
COMPENSATION - ADMINISTRATOR	18,103.40	0.00	18,103.40	172,507.56	0.00	172,507.56

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2016 Actual	1 Month Ended December 31, 2016 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2016 Budget	Over / (Under) Budget
HEALTH INSURANCE - WTP OPERA	1,593.33	0.00	1,593.33	6,398.01	0.00	6,398.01
HEALTH INSURANCE - T & D OPERA	11,701.57	0.00	11,701.57	57,185.84	0.00	57,185.84
HEALTH INSURANCE - CUSTOMER	6,914.55	0.00	6,914.55	31,359.85	0.00	31,359.85
HEALTH INSURANCE - ADMIN. & GE	2,582.48	0.00	2,582.48	12,155.24	0.00	12,155.24
HEALTH INSURANCE - SEWER	3,688.94	0.00	3,688.94	13,226.57	0.00	13,226.57
DENTAL INSURANCE - WTP OPERA	110.84	0.00	110.84	427.41	0.00	427.41
DENTAL INSURANCE - T & D OPERA	443.42	0.00	443.42	2,218.34	0.00	2,218.34
DENTAL INSURANCE - CUST. ACCO	239.27	0.00	239.27	950.28	0.00	950.28
DENTAL INSURANCE - ADMIN. & GE	183.66	0.00	183.66	661.88	0.00	661.88
DENTAL INSURANCE - SEWER	120.10	0.00	120.10	635.77	0.00	635.77
VISION INSURANCE - WTP OPER.	(33.76)	0.00	(33.76)	(31.57)	0.00	(31.57)
VISION INSURANCE - T & D OPER.	129.09	0.00	129.09	3,040.90	0.00	3,040.90
VISION INSURANCE - T & D MAINT.	(5.72)	0.00	(5.72)	250.65	0.00	250.65
VISION INSURANCE - CUST. ACCOU	7.79	0.00	7.79	22.87	0.00	22.87
VISION INSURANCE - ADMIN. & GEN	3.63	0.00	3.63	457.91	0.00	457.91
VISION INSURANCE - SEWER	5.12	0.00	5.12	(55.97)	0.00	(55.97)
LIFE INSURANCE - WTP OPER.	173.17	0.00	173.17	538.46	0.00	538.46
LIFE INSURANCE - T & D OPER.	(140.62)	0.00	(140.62)	(773.41)	0.00	(773.41)
LIFE INSURANCE - T & D MAINT.	548.25	0.00	548.25	2,546.04	0.00	2,546.04
LIFE INSURANCE - CUSTOMER ACC	278.88	0.00	278.88	822.56	0.00	822.56
LIFE INSURANCE - ADMIN. & GENER	133.02	0.00	133.02	440.12	0.00	440.12
LIFE INSURANCE - SEWER	149.01	0.00	149.01	525.35	0.00	525.35
SHORT TERM DISAB. - WTP OPER.	21.41	0.00	21.41	118.00	0.00	118.00
SHORT TERM DISAB. - T & D OPER.	(105.62)	0.00	(105.62)	(605.29)	0.00	(605.29)
SHORT TERM DISAB. - T & D MAINT.	84.98	0.00	84.98	702.31	0.00	702.31
SHORT TERM DISAB. - CUSTOMER	(11.43)	0.00	(11.43)	(39.23)	0.00	(39.23)
SHORT TERM DISAB. - ADMIN. & GE	(7.51)	0.00	(7.51)	(30.36)	0.00	(30.36)
SHORT TERM DISAB. - SEWER	19.63	0.00	19.63	(119.07)	0.00	(119.07)
UNIFORM EXPENSE (PLANT)	0.00	0.00	0.00	1,328.55	0.00	1,328.55
UNIFORM EXPENSE (WATER)	818.07	0.00	818.07	10,544.81	0.00	10,544.81
UNIFORM EXPENSE (WW)	75.51	0.00	75.51	1,910.68	0.00	1,910.68
Employee Expense	1,272.19	0.00	1,272.19	7,337.83	0.00	7,337.83
Water Purchased -Williamson	54,356.90	0.00	54,356.90	188,091.79	0.00	188,091.79

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2016 Actual	1 Month Ended December 31, 2016 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2016 Budget	Over / (Under) Budget
WATER PURCHASED -PIKEVILLE	57,765.00	0.00	57,765.00	310,462.20	0.00	310,462.20
Sewage Fees	9,051.85	0.00	9,051.85	37,414.64	0.00	37,414.64
UTILITY EXPENSE	0.00	0.00	0.00	1,542.90	0.00	1,542.90
LABORATORY SUPPLIES	1,257.98	0.00	1,257.98	3,033.39	0.00	3,033.39
Laboratory Testing Expenses	5,556.25	0.00	5,556.25	17,944.75	0.00	17,944.75
Laboratory Testing Expense	0.00	0.00	0.00	4,166.46	0.00	4,166.46
CHEMICALS	20,247.50	0.00	20,247.50	56,688.62	0.00	56,688.62
Chemicals-WW	7,649.22	0.00	7,649.22	30,563.95	0.00	30,563.95
SAFETY SUPPLIES	0.00	0.00	0.00	3,222.24	0.00	3,222.24
SAFETY SUPPLIES-WW	0.00	0.00	0.00	2,102.50	0.00	2,102.50
MATERIALS AND SUPPLIES USED	131,549.52	0.00	131,549.52	609,757.16	0.00	609,757.16
CONTRACT SERVICES -ENGINEERI	1,667.82	0.00	1,667.82	10,127.47	0.00	10,127.47
CONTRACT SERVICE - ACCOUNTIN	5,024.00	0.00	5,024.00	82,459.00	0.00	82,459.00
CONTRACT SERVICE - LEGAL	1,413.75	0.00	1,413.75	86,824.29	0.00	86,824.29
CONTRACT SERVICE-GENERAL	2,000.00	0.00	2,000.00	14,974.61	0.00	14,974.61
CONTRACT SERVICE - MANAGEME	0.00	0.00	0.00	4,243,658.85	0.00	4,243,658.85
CONTRACT MGMNT EXP ASSUMED	(4,545.71)	0.00	(4,545.71)	(137,869.01)	0.00	(137,869.01)
Contract HR Services	0.00	0.00	0.00	11,824.50	0.00	11,824.50
AUTO & TRANSPORTATION EXPEN	7,200.73	0.00	7,200.73	36,941.48	0.00	36,941.48
ADVERTISING	0.00	0.00	0.00	6,242.84	0.00	6,242.84
OTHER LEGAL PSC EXPENSE	0.00	0.00	0.00	15,667.72	0.00	15,667.72
MOBILE PHONE EXPENSE	1,683.88	0.00	1,683.88	8,480.75	0.00	8,480.75
TELEPHONE/INTERNET	2,167.48	0.00	2,167.48	9,457.33	0.00	9,457.33
TELEPHONE/INTERNET	129.45	0.00	129.45	395.20	0.00	395.20
EDUCATION, DUES, MEETINGS, ET	3,406.30	0.00	3,406.30	63,976.66	0.00	63,976.66
EMPLOYEE BENEFIT EXPENSE	1,004.29	0.00	1,004.29	11,792.32	0.00	11,792.32
Office Expense	24,415.55	0.00	24,415.55	124,882.29	0.00	124,882.29
SETTLEMENT EXPENSES	0.00	0.00	0.00	4,500.00	0.00	4,500.00
SERVICE FEE EXPENSE	2,945.19	0.00	2,945.19	6,325.68	0.00	6,325.68
BANK SERVICE FEES EXP	53.06	0.00	53.06	1,207.92	0.00	1,207.92
Worker's Compensation Insurance	7,161.24	0.00	7,161.24	31,123.75	0.00	31,123.75
PSC TAX ASSESSMENT	0.00	0.00	0.00	17,540.72	0.00	17,540.72
Retirement Expense	32,840.55	0.00	32,840.55	132,292.01	0.00	132,292.01

Restricted for Management's Use Only

**MOUNTAIN WATER DISTRICT
INCOME STATEMENT
Actual vs. Budget**

	1 Month Ended December 31, 2016 Actual	1 Month Ended December 31, 2016 Budget	Over / (Under) Budget	12 Months December 31, Actual	12 Months Ended December 31, 2016 Budget	Over / (Under) Budget
Rate Study Expense	0.00	0.00	0.00	33,266.66	0.00	33,266.66
MISCELLANEOUS SUPPLIES	116.03	0.00	116.03	116.03	0.00	116.03
Major Equipment R & M	2,142.09	0.00	2,142.09	20,316.89	0.00	20,316.89
Major Equipment R & M Sewer	0.00	0.00	0.00	22.90	0.00	22.90
Hand Tools R & M	945.90	0.00	945.90	5,466.43	0.00	5,466.43
Hand Tools R & M Sewer	0.00	0.00	0.00	914.82	0.00	914.82
PS/LS R & M	13,567.95	0.00	13,567.95	52,069.77	0.00	52,069.77
PS/LS R & M Sewer	35,718.61	0.00	35,718.61	188,317.49	0.00	188,317.49
Vehicle R & M	4,876.48	0.00	4,876.48	32,765.65	0.00	32,765.65
Vehicle R & M Sewer	0.00	0.00	0.00	2,428.83	0.00	2,428.83
Miscellaneous R & M	0.00	0.00	0.00	288.53	0.00	288.53
General R & M	25,806.47	0.00	25,806.47	164,554.65	0.00	164,554.65
General R & M Sewer	249.37	0.00	249.37	2,491.12	0.00	2,491.12
General R & M -Telemetry	0.00	0.00	0.00	4,533.00	0.00	4,533.00
SUPPLIES & EXPENSES TREATMEN	0.00	0.00	0.00	1,583.68	0.00	1,583.68
Total Operating Expenses	<u>928,559.25</u>	<u>0.00</u>	<u>928,559.25</u>	<u>10,959,886.58</u>	<u>0.00</u>	<u>10,959,886.58</u>
Operating Income (Loss)	<u>(39,703.09)</u>	<u>0.00</u>	<u>(39,703.09)</u>	<u>(73,611.06)</u>	<u>0.00</u>	<u>(73,611.06)</u>
Other Income (Expense)						
INTEREST INCOME	438.64	0.00	438.64	2,881.52	0.00	2,881.52
INTEREST EXPENSE - TERM DEBT	(60,647.24)	0.00	60,647.24	(413,538.52)	0.00	413,538.52
INTEREST EXPENSE - TERM DEBT	(5,860.75)	0.00	5,860.75	(54,280.75)	0.00	54,280.75
Total Other Income (Expense)	<u>(66,069.35)</u>	<u>0.00</u>	<u>(66,069.35)</u>	<u>(464,937.75)</u>	<u>0.00</u>	<u>(464,937.75)</u>
Net Income (Loss) Before Taxes	<u>(105,772.44)</u>	<u>0.00</u>	<u>(105,772.44)</u>	<u>(538,548.81)</u>	<u>0.00</u>	<u>(538,548.81)</u>
Net Income (Loss)	<u>\$ (105,772.44)</u>	<u>\$ 0.00</u>	<u>\$ (105,772.44)</u>	<u>\$ (538,548.81)</u>	<u>\$ 0.00</u>	<u>\$ (538,548.81)</u>

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Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

March 21, 2017

Honorable Sandra K. Dunahoo
Commissioner and State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: Mountain Water District
Notice of Intent to Issue Securities

Dear Ms. Dunahoo:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Mountain Water District (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a \$300,000 loan through the Kentucky Infrastructure Authority pursuant to an Assistance Agreement for the purpose of financing the acquisition of residential grinder pumps.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117 once the securities are issued.

Very truly yours,

Rubin & Hays

By 
W. Randall Jones

WRJ:ilm
Enclosures
cc: Distribution List

**Detailed Estimate of Acquired Property
Classified According to The Uniform System of Accounts
Class C and D - Sewer Utilities**

Account No.	Account Description	Amount
376	Other Treatment and Disposal Plant Equipment	\$ 300,000.00
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
		\$
	EQUIPMENT PURCHASE TOTAL	\$ 300,000.00



February 21, 2017

Mountain Water District
6324 Zebulon Hwy
Pikeville, KY 41501

Environment One Corporation (E/One) currently has a sole Distributor representative agreement with WASCON, Inc. in the state of Kentucky. E/One uses Distributors as the primary means to sell grinder pump stations and related equipment to customers and end users throughout the United States. WASCON is the only authorized representative for the sale and service of E/One grinder pump products in the state of Kentucky. There are no other sources in this territory to obtain E/One Factory grinder pump stations and related equipment.

The Sales and Service Departments of WASCON have been trained by E/One factory personnel to provide unparalleled; sizing and application assistance, product sales, and after sale support/service on all E/One sewer system products.

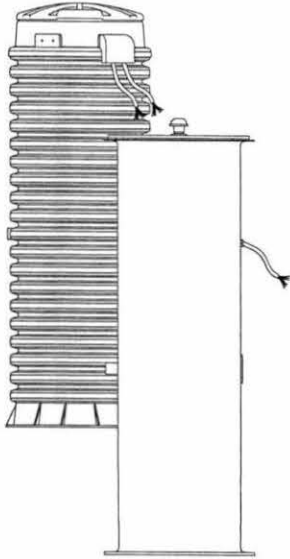
WASCON has a complete inventory of E/One grinder pump stations, pumps, panels and repair parts for E/One sewer system products in their stocking warehouses.

We would like to thank you for your interest in Environment One Sewer System products and extend our sincerest invitation for you to contact us if we can be of further assistance.

Regards,

Marvin Springer
National Project Sales Manager
Environment One Corporation

Direct Telephone: (816) 719-2501
E-mail: mspringer@eone.com



Grinder Pump Specification

Positive
Displacement
Type

SECTION: GRINDER PUMP STATIONS

1.0 General

- 1.01 GENERAL DESCRIPTION:** Complete factory-built and tested grinder pump unit(s), each consisting of a grinder pump core suitably mounted on an integral stand of stainless steel, electrical quick disconnect (NEMA 6P), supply cable electrical quick disconnect housing and electrical insert, pump removal harness, anti-siphon valve/check valve assembly, all necessary internal wiring, and controls. All pump motor/grinder units shall be of like type and horsepower.
- 1.02 OPERATING CONDITIONS:** The pumps shall be capable of delivering 15 GPM against a rated total dynamic head of 0 feet (0 PSIG), 11 GPM against a rated total dynamic head of 92 feet (40 PSIG), and 7.8 GPM against a rated total dynamic head of 185 feet (80 PSIG). The pump(s) must also be capable of operating at negative total dynamic head without overloading the motor(s). Under no conditions shall in-line piping or valving be allowed to create a false apparent head.
- 1.03 WARRANTY:** The grinder pump **MANUFACTURER** shall provide a part(s) and labor warranty on the pumps for a period of 60 months, but no greater than 66 months after receipt of shipment. Any manufacturing defects found during the warranty period will be reported to the **MANUFACTURER** by the **OWNER** and will be corrected by the **MANUFACTURER** at no cost to the **OWNER**.

2.0 PRODUCT

- 2.01 PUMP:** The pump shall be a custom designed, integral, vertical rotor, motor driven, solids handling pump of the **progressing cavity type** with a single mechanical seal. Double radial O-ring seals are required at all casting joints to minimize corrosion and create a protective barrier. All pump castings shall be cast iron, fully epoxy coated to 8-10 mil Nominal dry thickness, wet applied. The rotor shall be through-hardened, highly polished, precipitation hardened stainless steel. The stator shall be of a specifically compounded ethylene propylene synthetic elastomer. This material shall be suitable for domestic wastewater service. Its physical properties shall include high tear and abrasion resistance, grease resistance, water and detergent resistance, temperature stability, excellent aging properties, and outstanding wear resistance. Buna-N is not acceptable as a stator material because it does not exhibit the properties as outlined above and required for wastewater service.
- 2.02 GRINDER:** The grinder shall be placed immediately below the pumping elements and shall be direct-driven by a single, one-piece motor shaft. The grinder impeller (cutter wheel) assembly shall be securely fastened to the pump motor shaft by means of a threaded connection attaching the grinder impeller to the motor shaft. Attachment by means of pins or keys will not be acceptable. The grinder impeller shall be a one-piece, 4140 cutter wheel of the rotating type with inductively hardened cutter teeth. The cutter teeth shall be inductively hardened to Rockwell 50 – 60c for abrasion resistance. The shredder ring shall be of the stationary type and the material shall be white cast iron. The teeth shall be ground into the material to achieve effective grinding. The shredder ring shall have a staggered tooth pattern with only one edge engaged at a time, maximizing the cutting torque. These materials have been chosen for their capacity to perform in the intended environment as they are materials with wear and corrosive resistant properties.

This assembly shall be dynamically balanced and operate without objectionable noise or vibration over the entire range of recommended operating pressures. The grinder shall be constructed so as to minimize clogging and jamming under all normal operating conditions including starting. Sufficient vortex action shall be created to scour the tank free of deposits or sludge banks which would impair the operation of the pump. These requirements shall be accomplished by the following, in conjunction with the pump:

1. The grinder shall be positioned in such a way that solids are fed in an upward flow direction.

2. The maximum flow rate through the cutting mechanism must not exceed 4 feet per second. This is a critical design element to minimize jamming and as such must be adhered to.
3. The inlet shroud shall have a diameter of no less than 5 inches. Inlet shrouds that are less than 5 inches in diameter will not be accepted due to their inability to maintain the specified 4 feet per second maximum inlet velocity which by design prevents unnecessary jamming of the cutter mechanism and minimizes blinding of the pump by large objects that block the inlet shroud.
4. The impeller mechanism must rotate at a nominal speed of no greater than 1800 rpm.

The grinder shall be capable of reducing all components in normal domestic sewage, including a reasonable amount of "foreign objects," such as paper, wood, plastic, glass, wipes, rubber and the like, to finely-divided particles which will pass freely through the passages of the pump and the 1-1/4" diameter stainless steel discharge piping.

- 2.03 ELECTRIC MOTOR:** As a maximum, the motor shall be a 1 HP, 1725 RPM, 240 Volt 60 Hertz, 1 Phase, capacitor start, ball bearing, air-cooled induction type with Class F installation, low starting current not to exceed 30 amperes and high starting torque of 8.4 foot pounds. The motor shall be press-fit into the casting for better heat transfer and longer winding life. Inherent protection against running overloads or locked rotor conditions for the pump motor shall be provided by the use of an automatic-reset, integral thermal overload protector incorporated into the motor. This motor protector combination shall have been specifically investigated and listed by Underwriters Laboratories, Inc., for the application. Non-capacitor start motors or permanent split capacitor motors will not be accepted because of their reduced starting torque and consequent diminished grinding capability. The wet portion of the motor armature must be 300 Series stainless. To reduce the potential of environmental concerns, the expense of handling and disposing of oil, and the associated maintenance costs, oil-filled motors will not be accepted.
- 2.04 MECHANICAL SEAL:** The pump/core shall be provided with a mechanical shaft seal to prevent leakage between the motor and pump. The seal shall have a stationary ceramic seat and carbon rotating surface with faces precision lapped and held in position by a stainless steel spring.
- 2.05 ELECTRICAL QUICK DISCONNECT:** The grinder pump core shall include a factory-installed NEMA 6P electrical quick disconnect (EQD) for all power and control functions. The EQD shall require no tools for assembly, seal against water before the electrical connection is made, and include radial seals to assure a watertight seal regardless of tightening torque. Plug-type connections of the power cable onto the pump housing will not be acceptable due to the potential for leaks and electrical shorts. Junction boxes are not acceptable due to the large number of potential leak points. The EQD shall be so designed to be conducive to field wiring as required.
- 2.06 CHECK VALVE:** The pump discharge shall be equipped with a factory installed, gravity operated, flapper-type integral check valve built into the discharge piping. The check valve will provide a full-ported passageway when open, and shall introduce a friction loss of less than 6 inches of water at maximum rated flow. Moving parts will be made of a 300 Series stainless steel and fabric reinforced synthetic elastomer to ensure corrosion resistance, dimensional stability, and fatigue strength. A nonmetallic hinge shall be an integral part of the flapper assembly providing a maximum degree of freedom to assure seating even at a very low back-pressure. The valve body shall be an injection molded part made of an engineered thermoplastic resin. The valve shall be rated for continuous operating pressure of 235 psi. Ball-type check valves are unacceptable due to their limited sealing capacity in slurry applications.
- 2.07 ANTI-SIPHON VALVE:** The pump discharge shall be equipped with a factory-installed, gravity-operated, flapper-type integral anti-siphon valve built into the discharge piping. Moving parts will be made of 300 Series stainless steel and fabric-reinforced synthetic elastomer to ensure corrosion resistance, dimensional stability, and fatigue strength. A nonmetallic hinge shall be an integral part of the flapper assembly, providing a maximum degree of freedom to ensure proper operation even at a very low pressure. The valve body shall be injection-molded from an engineered thermoplastic resin.

Holes or ports in the discharge piping are not acceptable anti-siphon devices due to their tendency to clog from the solids in the slurry being pumped. The anti-siphon port diameter shall be no less than 60% of the inside diameter of the pump discharge piping.

2.08 CORE UNIT: The grinder pump shall have an easily removable core assembly containing pump, motor, grinder, all motor controls, check valve, anti-siphon valve, electrical quick disconnect and supply cable electrical quick disconnect housing with supply cable electrical insert. The watertight integrity of the core unit shall be established by a 100% factory test at a minimum of 5 PSIG.

2.09 CONTROLS: All necessary motor starting controls shall be located in the cast iron enclosure of the core unit secured by stainless steel fasteners. Locating motor starting controls in a plastic enclosure is not acceptable. Wastewater level sensing controls shall be housed in a separate enclosure from motor starting controls. Level sensor housing must be sealed via a radial type seal; solvents or glues are not acceptable. Level sensing control housing must be integrally attached to pump assembly so that it may be removed from the station with the pump and in such a way as to minimize the potential for the accumulation of grease and debris accumulation, etc. Level sensing housing must be a high-impact thermoplastic copolymer over-molded with a thermo plastic elastomer. The use of PVC for the level sensing housing is not acceptable.

Non-fouling wastewater level controls for controlling pump operation shall be accomplished by monitoring the pressure changes in an integral air column connected to a pressure switch. The air column shall be integrally molded from a thermoplastic elastomer suitable for use in wastewater and with excellent impact resistance. The air column shall have only a single connection between the water level being monitored and the pressure switch. Any connections are to be radial sealed with redundant O-rings. The level detection device shall have no moving parts in direct contact with the wastewater and shall be integral to the pump core assembly in a single, readily-exchanged unit. Depressing the push to run button must operate the pump even with the level sensor housing removed from the pump.

All fasteners throughout the assembly shall be 300 Series stainless steel. High-level sensing will be accomplished in the manner detailed above by a separate air column sensor and pressure switch of the same type. Closure of the high-level sensing device will energize an alarm circuit as well as a redundant pump-on circuit. For increased reliability, pump ON/OFF and high-level alarm functions shall not be controlled by the same switch. Float switches of any kind, including float trees, will not be accepted due to the periodic need to maintain (rinsing, cleaning) such devices and their tendency to malfunction because of incorrect wiring, tangling, grease buildup, and mechanical cord fatigue. To assure reliable operation of the pressure switches, each core shall be equipped with a factory installed equalizer diaphragm that compensates for any atmospheric pressure or temperature changes. Tube or piping runs outside of the station tank or into tank-mounted junction boxes providing pressure switch equalization will not be permitted due to their susceptibility to condensation, kinking, pinching, and insect infestation. The grinder pump will be furnished with a 6 conductor 14 gauge, type SJOW cable, pre-wired and watertight to meet UL requirements with a **FACTORY INSTALLED** NEMA 6P EQD half attached to it.

2.10 SERVICEABILITY: The grinder pump core, including level sensor assembly, shall have two lifting hooks complete with lift-out harness connected to its top housing to facilitate easy core removal when necessary. The level sensor assembly must be easily removed from the pump assembly for service or replacement. All mechanical and electrical connections must provide easy disconnect capability for core unit removal and installation. The pump push-to-run feature will provide for field trouble shooting. The push-to-run feature must operate the pump even if the level sensor assembly has been removed from the pump assembly. All motor control components shall be mounted on a readily replaceable bracket for ease of field service.

2.11 OSHA CONFINED SPACE: All maintenance tasks for the grinder pump station must be possible without entry into the grinder pump station (as per OSHA 1910.146 Permit-required confined spaces). *“Entry means the action by which a person passes through an opening into a permit-required confined space. Entry includes ensuing work activities in that space and is considered to have occurred as soon as any part of the entrant’s body breaks the plane of an opening into the space.”*

- 2.12 SAFETY:** The grinder pump shall be free from electrical and fire hazards as required in a residential environment. As evidence of compliance with this requirement, the completely assembled and wired grinder pump station shall be listed by Underwriters Laboratories, Inc., to be safe and appropriate for the intended use. UL listing of components of the station, or third-party testing to UL standard are not acceptable.

The grinder pump shall meet accepted standards for plumbing equipment for use in or near residences, shall be free from noise, odor, or health hazards, and shall have been tested by an independent laboratory to certify its capability to perform as specified in either individual or low pressure sewer system applications. As evidence of compliance with this requirement, the grinder pump shall bear the seal of NSF International. Third-party testing to NSF standard is not acceptable.

3.0 EXECUTION

- 3.01 FACTORY TEST:** Each grinder pump shall be submerged and operated for 1.5 minutes (minimum). Included in this procedure will be the testing of all ancillary components such as, the anti-siphon valve, check valve, discharge assembly and each unit's dedicated level controls and motor controls. All factory tests shall incorporate each of the above listed items. Actual appurtenances and controls which will be installed in the field shall be particular to the tested pump only. A common set of appurtenances and controls for all pumps is not acceptable. Certified test results shall be available upon request showing the operation of each grinder pump at two different points on its curve. Additional validation tests include: integral level control performance, continuity to ground and acoustic tests of the rotating components.

- 3.02 CERTIFIED SERVICE PROGRAM:** The grinder pump **MANUFACTURER** shall provide a program implemented by the **MANUFACTURER'S** personnel as described in this specification to certify the service company as an authorized serviced center. As evidence of this, the **MANUFACTURER** shall provide, when requested, sufficient evidence that they have maintained their own service department for a minimum of 30 years and currently employ a minimum of five employees specifically in the service department.

As part of this program, the **MANUFACTURER** shall evaluate the service technicians as well as the service organization annually. The service company will be authorized by the **MANUFACTURER** to make independent warranty judgments. The areas covered by the program shall include, as a minimum:

1. Pump Population Information — The service company will maintain a detailed database for the grinder pumps in the territory that tracks serial numbers by address.
2. Inventory Management — The service company must maintain an appropriate level of inventory (pumps, tanks, panels, service parts, etc.) including regular inventory review and proper inventory labeling. Service technicians will also maintain appropriate parts inventory and spare core(s) on service vehicles.
3. Service Personnel Certification — Service technicians will maintain their level-specific certification annually. The certifications are given in field troubleshooting, repair, and training.
4. Service Documentation and Records — Start up sheets, service call records, and customer feedback will be recorded by the service company.
5. Shop Organization — The service company will keep its service shop organized and pumps will be tagged with site information at all times. The shop will have all required equipment, a test tank, and cleaning tools necessary to service pumps properly.

- 3.03 DELIVERY:** All grinder pump core units, including level controls, will be delivered to the job site 100 percent completely assembled, including testing, ready for installation. Grinder pump cores must be boxed for ease of handling.