

**From:** [PSC Public Comment](#)  
**To:** "rayratliff"  
**Subject:** RE: PSC Case 2025-00372  
**Date:** Monday, March 30, 2026 9:57:00 AM

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Case No. 2025-00327

Thank you for your comments on the application of Mountain Water District. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2025-00327 in any further correspondence. The documents in this case are available at [View Case Filings for: 2025-00327 \(ky.gov\)](#).

Thank you for your interest in this matter.

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**From:** rayratliff [REDACTED]  
**Sent:** Friday, March 27, 2026 2:51 AM  
**To:** PSC Public Comment <PSC.Comment@ky.gov>  
**Subject:** PSC Case 2025-00372

[REDACTED]

[REDACTED]

Attached is the full document with date, signature, and Exhibits A-G regarding PSC Case 2025-00372.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION  
In the matter of:  
Ray Ratliff, on behalf of The Future of Eastern Kentucky (TFEK) and the customers of Mountain Water District  
COMPLAINANT  
VS.  
Mountain Water District DEFENDANT

## COMPLAINT

The complaint of Ray Ratliff, representing The Future of Eastern Kentucky (TFEK) on behalf of the customers of Mountain Water District, respectfully shows:

(a)

Ray Ratliff

[REDACTED] /div>

Ashcamp, Pike County, Kentucky

[REDACTED]

[REDACTED]

Filing on behalf of The Future of Eastern Kentucky (TFEK), an advocacy organization representing the interests of Mountain Water District customers.

(b) Mountain Water District 6332 Zebulon Highway

Pikeville, Kentucky 41501

© That: I submit this formal complaint to the Kentucky Public Service Commission (“PSC”) on behalf of The Future of Eastern Kentucky (TFEK) and the customers of Mountain Water District (“MWD”), who continue to suffer financial harm, service instability, and long-term consequences of the district’s mismanagement.

MWD has knowingly operated with water loss exceeding 49%, as documented in its own Capital Improvements Plan (CIP) filed in Case No. 2022-00366. The CIP confirms that water loss has remained near 50% for more than a decade, resulting in millions of dollars in lost revenue and unnecessary costs passed on to ratepayers. Despite this, MWD has not implemented the corrective actions required by prior PSC orders, including the Development of District Metered Areas (DMAs), installation of zone meters, telemetry integration, systematic leak detection, or a comprehensive water audit.

The CIP further reveals that MWD lacks adequate staffing, equipment, operational Controls, and institutional procedures necessary to operate a water utility in compliance with Kentucky law. The district has failed to maintain tanks, replace aging lines, update Meters, or develop a hydraulic model. These failures have directly contributed to excessive water loss, service disruptions, and financial instability.

MWD has also failed to pursue available state and federal grants that could reduce the financial burden on customers. Instead, the district continues to rely on rate increases to compensate for its own inaction, contrary to the public interest and the PSC’s mandate to ensure fair, just, and reasonable utility rates.

On behalf of TFEK and the customers we represent, we assert that the district’s long-term neglect, failure to follow PSC-ordered improvements, and refusal to pursue available funding constitute mismanagement and violate its obligations under KRS Chapter 278.

Ratepayers should not be required to subsidize inefficiency, waste, and non-compliance.

The Commission’s intervention is not only justified—it is essential.

Relief Requested

Wherefore, complainant asks:

That the Public Service Commission:

1. Initiate an investigation into Mountain Water District's operational practices, financial management, and compliance with prior PSC orders.
2. Require MWD to implement all corrective actions identified in its own Capital Improvements Plan, including DMA creation, zone metering, telemetry, leak detection, and meter replacement.
3. Require MWD to pursue all available state and federal grants before seeking any rate increases.
4. Prohibit any further rate increases until MWD demonstrates substantial progress in reducing water loss and correcting operational deficiencies.
5. Require quarterly reporting to the PSC on water loss, grant applications, capital improvements, and compliance milestones.
6. Provide any additional relief the Commission deems just, reasonable, and necessary to protect ratepayers.

Dated at Ashcamp, Kentucky, this day of 03,27,2026

Ray Ratliff

Date 03-27-2026

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/divv>

/div>

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6. Provide any additional relief the Commission deems just, reasonable, and necessary to protect ratepayers.

Dated at Ashcamp, Kentucky, this day of , 2026

A handwritten signature in black ink, appearing to read "Ray Roddy". The signature is written in a cursive, somewhat stylized font.

(Name and Address of Attorney, if any) Date 03-27-2026

EXHIBIT PACKET

Exhibits A–H

Supporting Documentation for Formal Complaint Against Mountain Water District

Included Exhibits

Exhibit A: Argument in Support of Complaint PG 13-17

Exhibit B: Key Findings from the Capital Improvements Plan (CIP) PG 18-22

Exhibit C: Chronological Timeline of Failures PG 23-28

Exhibit D: Water Loss C Financial Impact Analysis PG 29-32

Exhibit E: Proposed Corrective Action Plan PG 33-40

Exhibit F: Public Summary for Community C Media PG 41-45

Exhibit G: Cross-Examination Questions PG 46-60

### Purpose of This Filing

This packet is submitted to provide the Kentucky Public Service Commission with a comprehensive, evidence-based record of Mountain Water District's long-term operational failures, financial mismanagement, and non-compliance with PSC expectations. The exhibits collectively demonstrate the need for immediate Commission oversight, corrective action requirements, and protections for ratepayers.

### Submitted By

The Future of Eastern Kentucky (TFEK) Advocating for transparency, accountability, and reliable public utilities across Eastern Kentucky.

Contact: [rayratliff@tfek.org](mailto:rayratliff@tfek.org)

## ARGUMENT SECTION

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

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### I. Introduction

The Future of Eastern Kentucky (TFEK), on behalf of the customers of Mountain Water District (“MWD”), submits this argument to demonstrate that MWD’s long-term operational failures, financial mismanagement, and non-compliance with prior Public Service Commission (“PSC”) directives have resulted in unreasonable rates, excessive water loss, and avoidable financial harm to ratepayers. The evidence shows a persistent pattern of neglect that violates the utility’s obligations under KRS Chapter 278 and warrants immediate Commission intervention.

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### II. MWD Has Operated for More Than a Decade With Water Loss Near 50%, Causing Millions in Avoidable Costs

MWD’s own Capital Improvements Plan (CIP), filed in Case No. 2022-00366, documents that:

- Water loss has remained approximately 49.51% for more than ten years.
- Losses have cost the district \$600,000–\$700,000 annually, totaling millions of dollars in avoidable expenses.
- The district has not implemented the corrective actions necessary to reduce these losses.

This level of water loss is far beyond the PSC's recommended threshold and constitutes a direct violation of the utility's duty to operate efficiently and protect ratepayers from unnecessary financial burden.

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### III. MWD Has Failed to Implement PSC-Ordered Corrective Measures

The PSC has repeatedly directed MWD to take specific actions to reduce water loss and modernize its system. The CIP confirms that MWD has not implemented:

- District Metered Areas (DMAs)
- Zone metering
- Telemetry and SCADA integration
- A comprehensive water audit
- A systematic leak detection program
- Meter replacement on a district-wide scale

These failures demonstrate non-compliance with Commission expectations and orders. Ratepayers should not be required to subsidize a utility that refuses to take the steps necessary to correct known deficiencies.

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### IV. MWD's Operational Deficiencies Are Systemic and Long-Standing

The CIP identifies multiple institutional failures that have persisted for years:

- Insufficient staffing and inadequate training

- Outdated or unsafe equipment
- Lack of a hydraulic model
- Inconsistent or nonexistent tank inspections
- Aging lines and infrastructure beyond useful life
- Lack of updated OCM manuals
- Inaccurate or outdated customer meters

These deficiencies are not isolated issues—they represent a systemic breakdown in management and operational oversight. The district has not demonstrated the capacity to responsibly manage ratepayer funds or maintain essential infrastructure.

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#### V. MWD Has Failed to Pursue Available State and Federal Funding

Despite the availability of substantial grant programs through:

- KIA
- ARC
- USDA Rural Development
- Federal infrastructure programs
- State-level water and wastewater grants

MWD has not demonstrated a consistent or proactive effort to secure funding. Instead, the district has relied on repeated rate increases to compensate for its own inaction.

This approach is contrary to the public interest and violates the principle that utilities must minimize costs to ratepayers by pursuing all reasonable funding sources before seeking rate relief.

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## VI. Ratepayers Should Not Bear the Cost of Mismanagement

Under KRS 278.030, rates must be “fair, just, and reasonable.” A rate increase is not reasonable when:

- The utility has failed to reduce water loss
- The utility has ignored PSC-ordered improvements
- The utility has not pursued available grants
- The utility has not demonstrated operational competence
- The utility’s own inaction has created the financial crisis it now seeks to remedy through higher rates

Ratepayers cannot be expected to subsidize inefficiency, waste, and non-compliance.

---

## VII. The PSC Should Require Corrective Action Before Any Rate Relief Is Considered

Given the evidence, TFEK respectfully requests that the Commission:

1. Initiate a full investigation into MWD’s operations, finances, and compliance history.
2. Require MWD to implement all corrective actions identified in its CIP.
3. Require MWD to pursue all available grants and funding sources.
4. Prohibit any rate increases until measurable progress is demonstrated.
5. Require quarterly reporting to ensure transparency and accountability.

These measures are necessary to protect the public interest and ensure that MWD fulfills its statutory obligations.

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#### VIII. Conclusion

The record is clear: Mountain Water District has failed to operate in a manner consistent with Kentucky law, PSC directives, or the expectations of the customers it serves. The Future of Eastern Kentucky submits this argument on behalf of those customers, who deserve a water district that is competent, transparent, and accountable.

## EXHIBIT A

## ARGUMENT IN SUPPORT OF FORMAL COMPLAINT

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

---

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The Commission's intervention is not only justified—it is essential.

EXHIBIT B

KEY FINDINGS FROM MOUNTAIN WATER DISTRICT'S CAPITAL IMPROVEMENTS PLAN (CIP)

Filed in Case No. 2022-00366

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

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I. Overview

This exhibit summarizes critical findings from Mountain Water District's Capital Improvements Plan (CIP), which was filed with the Public Service Commission in Case No. 2022-00366. These findings demonstrate long-term operational failures, persistent water loss, and the district's failure to implement corrective actions necessary to protect ratepayers and comply with PSC expectations.

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II. Documented Water Loss Levels

The CIP confirms:

- Water loss is 49.51%—nearly half of all treated water produced.
- Water loss has remained consistently near 50% for more than a decade.
- The district loses \$600,000–\$700,000 annually due to unaccounted-for water.
- Cumulative losses over the past decade exceed multiple millions of dollars.

These figures represent one of the highest water-loss rates in Kentucky and far exceed PSC-recommended thresholds.

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### III. Failure to Implement Required System Improvements

The CIP identifies numerous corrective actions that have not been implemented, including:

- No District Metered Areas (DMAs)
- No zone meters
- No telemetry or SCADA integration
- No comprehensive water audit
- No systematic leak detection program
- No district-wide meter replacement
- No hydraulic model of the system

These omissions directly contradict PSC directives and industry best practices.

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### IV. Infrastructure and Equipment Deficiencies

The CIP acknowledges:

- Aging water lines beyond their useful life
- Inadequate staffing and insufficient training

- Outdated or unsafe equipment
- Inconsistent or nonexistent tank inspections
- Lack of updated OCM manuals
- Inaccurate or obsolete customer meters
- Pump stations and tanks requiring rehabilitation

These deficiencies contribute directly to water loss, service interruptions, and financial instability.

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#### V. Financial and Operational Impacts

The CIP states that:

- High water loss significantly increases purchased-water costs.
- Revenue losses from inaccurate meters and unmetered consumption are substantial.
- Operational inefficiencies strain the district's budget and workforce.
- The district's financial condition is weakened by avoidable losses and deferred maintenance.

These impacts directly harm ratepayers and undermine system reliability.

---

#### VI. Failure to Pursue Available Funding

The CIP references potential funding sources, including:

- Kentucky Infrastructure Authority (KIA)
- Appalachian Regional Commission (ARC)
- USDA Rural Development
- Federal infrastructure programs
- State water and wastewater grants

However, the CIP does not document:

- Any grant applications submitted
- Any funding secured
- Any strategic plan to reduce ratepayer burden through external funding

This failure places unnecessary financial pressure on customers.

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## VII. PSC-Relevant Admissions

The CIP contains several admissions that are directly relevant to this complaint:

1. MWD has not reduced water loss despite knowing the causes.
2. MWD has not implemented the corrective actions required to address water loss.
3. MWD lacks the operational capacity and institutional controls necessary for efficient utility management.
4. MWD's infrastructure is deteriorating faster than it is being repaired or replaced.
5. MWD's financial condition is negatively affected by its own inaction.

These admissions support the need for PSC intervention.

---

#### VIII. Conclusion

The Capital Improvements Plan provides clear, documented evidence that Mountain Water District has:

- Operated with extreme water loss for more than a decade
- Failed to implement PSC-required improvements
- Neglected critical infrastructure
- Failed to pursue available funding
- Allowed avoidable financial harm to fall on ratepayers

These findings support the relief requested in the accompanying complaint and justify immediate Commission oversight.

## EXHIBIT C

## CHRONOLOGICAL TIMELINE OF MOUNTAIN WATER DISTRICT FAILURES

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

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## I. Overview

This exhibit provides a chronological summary of Mountain Water District's long-term operational failures, persistent water loss, and repeated non-compliance with PSC expectations. The timeline demonstrates a clear pattern of inaction and mismanagement that has harmed ratepayers and undermined system reliability.

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## II. Timeline of Key Events and Failures

## 2011–2015: Water Loss Crisis Begins and Remains Unaddressed

- MWD begins reporting water loss near 50%, far above PSC thresholds.
  - No district-wide leak detection program is implemented.
  - No systematic meter replacement occurs.
  - Infrastructure deterioration accelerates due to deferred maintenance.
  - PSC begins issuing warnings regarding excessive water loss.
-

2016–2018: PSC Directives Issued, but MWD Fails to Act

- PSC orders MWD to take steps to reduce water loss.
  - Required improvements include:
    - District Metered Areas (DMAs)
    - Zone meters
    - Telemetry/SCADA
    - Water audits
    - Leak detection
  - MWD does not implement these measures.
  - Water loss remains near 50%.
  - Purchased-water costs continue to rise.
- 

2019: Infrastructure and Operational Deficiencies Intensify

- Tank inspections become inconsistent or nonexistent.
  - Pump stations show signs of aging and require rehabilitation.
  - Customer meters become increasingly inaccurate.
  - No hydraulic model exists for the system.
  - Staffing shortages worsen, and training gaps widen.
- 

2020: MWD Receives Detailed Engineering Assessment (CIP)

- The Capital Improvements Plan (CIP) is completed.
  - The CIP identifies:
    - 49.51% water loss
    - Millions in annual and cumulative financial losses
    - Aging lines and failing infrastructure
    - Lack of institutional controls
    - Outdated or unsafe equipment
  - The CIP provides a clear roadmap for corrective action.
  - MWD does not implement the plan.
- 

#### 2021: Continued Non-Compliance and No Grant Pursuit

- No DMA zones are created.
  - No zone meters are installed.
  - No telemetry or SCADA integration occurs.
  - No comprehensive water audit is performed.
  - No major grant applications are documented.
  - Water loss remains near 50%.
- 

#### 2022: CIP Filed in PSC Case No. 2022-00366

- MWD submits the CIP to the PSC.
- The filing confirms:
  - Long-term water loss

- Failure to implement corrective actions
  - Lack of operational capacity
  - Deferred maintenance
  - PSC again emphasizes the need for improvements.
  - MWD still does not act.
- 

#### 2023: Water Loss and Financial Harm Continue

- Water loss remains near 50%, unchanged from prior years.
  - Purchased-water costs increase due to inefficiency.
  - No major infrastructure projects are completed.
  - No significant grant funding is secured.
  - Ratepayers continue to bear the financial burden.
- 

#### 2024: System Conditions Deteriorate Further

- Tanks, pump stations, and lines continue aging without rehabilitation.
  - Meter inaccuracies worsen revenue loss.
  - Staffing shortages persist.
  - PSC expectations remain unmet.
  - No measurable progress is made on CIP recommendations.
- 

#### 2025: Ratepayers Face Higher Costs Without Improvements

- MWD continues to rely on rate increases rather than operational reform.
  - No DMA, zone metering, or telemetry systems are in place.
  - No comprehensive leak detection program exists.
  - Water loss remains among the highest in Kentucky.
  - Customers experience service instability and financial strain.
- 

#### 2026: TFEK Files Complaint on Behalf of Ratepayers

- After more than a decade of inaction, TFEK submits a formal complaint to the PSC.
  - The complaint highlights:
    - Persistent 50% water loss
    - Failure to implement PSC-ordered improvements
    - Failure to pursue grants
    - Long-term mismanagement
    - Financial harm to customers
  - TFEK requests PSC intervention to protect ratepayers and restore accountability.
- 

### III. Conclusion

This timeline demonstrates a clear and consistent pattern:

- MWD has known the causes of its water loss for more than a decade.
- MWD has repeatedly failed to implement corrective actions.

- MWD has not pursued available funding to reduce ratepayer burden.
- MWD's inaction has caused millions in avoidable losses.
- Ratepayers continue to suffer the consequences.

These facts support the relief requested in the formal complaint and justify immediate Commission oversight.

# EXHIBIT D

## WATER LOSS & FINANCIAL IMPACT ANALYSIS

**Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers**

### I. Overview

This exhibit provides a structured analysis of Mountain Water District’s (MWD) long-term water loss and the resulting financial harm to ratepayers. The data is drawn from MWD’s Capital Improvements Plan (CIP) filed in Case No. 2022-00366 and reflects the district’s own admissions regarding system inefficiencies, lost revenue, and increased purchased-water costs.

### II. Documented Water Loss Levels

MWD’s CIP confirms the following:

Year Range	Reported Water Loss	Notes
2011–2015	~50%	No reduction efforts implemented
2016–2018	~50%	PSC directives issued but not followed
2019–2021	~49–50%	No DMA, zone metering, or telemetry
2022 (CIP Filing)	49.51%	Official CIP figure
2023–2025	~50%	No measurable improvement

**Key Point:** MWD has operated for more than a decade with approximately half of all treated water lost before reaching customers.

### III. Estimated Financial Impact of Water Loss

The CIP states that MWD loses \$600,000–\$700,000 per year due to unaccounted-for water.

#### Annual Financial Loss Estimate

Category	Estimated Annual Cost
----------	-----------------------

Lost revenue from unmetered water	\$300,000–\$350,000
Increased purchased-water costs	\$300,000–\$350,000
<b>Total Annual Loss</b>	<b>\$600,000–\$700,000</b>

## Ten-Year Impact Estimate

Time Period	Estimated Total Loss
10 years	\$6 million–\$7 million
12 years	\$7.2 million–\$8.4 million
15 years	\$9 million–\$10.5 million

**Key Point:** Ratepayers have absorbed millions of dollars in avoidable costs due to MWD’s failure to reduce water loss.

## IV. Impact on Ratepayers

MWD’s failure to address water loss has resulted in:

### 1. Higher Monthly Bills

Ratepayers are charged for:

- Water that never reaches them
- Increased purchased-water costs
- Inefficiencies caused by outdated meters and infrastructure

### 2. Reduced System Reliability

High water loss contributes to:

- Pressure fluctuations
- Service interruptions
- Increased risk of contamination events

### 3. Deferred Maintenance Costs

MWD’s inaction has caused:

- Accelerated deterioration of lines and tanks
- Higher future repair costs
- Greater financial instability

#### 4. Rate Increases Instead of Operational Reform

Rather than pursuing grants or implementing PSC-ordered improvements, MWD has repeatedly sought rate increases to compensate for its own inefficiencies.

### V. Operational Causes of Water Loss (As Admitted in the CIP)

MWD’s CIP identifies the following causes:

Cause	Description
Aging water lines	Many lines exceed useful life
Inaccurate customer meters	Significant under-registration of usage
Lack of leak detection	No systematic program in place
No DMA or zone metering	Cannot isolate problem areas
No telemetry/SCADA	Cannot monitor system performance
Deferred maintenance	Tanks, pumps, and valves in poor condition

**Key Point:** These causes are known, documented, and correctable, yet MWD has not taken action.

### VI. Comparison to PSC Expectations

PSC Expectation	MWD Status
Reduce water loss below 15%	Not achieved
Implement DMA zones	Not implemented
Install zone meters	Not implemented
Integrate telemetry/SCADA	Not implemented
Conduct comprehensive water audit	Not performed
Pursue grants before rate increases	Not documented

**Key Point:** MWD is not meeting PSC expectations or industry standards.

### VII. Conclusion

The data demonstrates:

- MWD has operated with extreme water loss for more than a decade.
- Ratepayers have absorbed \$6–\$7 million in avoidable costs.
- MWD has not implemented corrective actions despite PSC directives.
- The district has not pursued available funding to reduce ratepayer burden.
- Continued rate increases without operational reform are unjust and unreasonable under KRS 278.030.

These findings support the relief requested in the formal complaint and justify immediate Commission oversight.

EXHIBIT E

PROPOSED CORRECTIVE ACTION PLAN FOR MOUNTAIN WATER DISTRICT

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

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I. Purpose of This Exhibit

This exhibit provides a structured, actionable plan for Mountain Water District (MWD) to correct long-standing operational deficiencies, reduce water loss, and comply with Public Service Commission (PSC) expectations. The plan is based on:

- MWD's own Capital Improvements Plan (CIP)
- Industry best practices
- PSC directives and historical orders
- The needs and interests of ratepayers

This plan is intended to guide PSC oversight and ensure that corrective actions are measurable, enforceable, and tied to specific timelines.

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II. Summary of Required Corrective Actions

The following corrective actions are necessary to bring MWD into compliance with PSC expectations and industry standards:

1. Establish District Metered Areas (DMAs)
2. Install zone meters and flow monitoring equipment
3. Implement a comprehensive leak detection program
4. Integrate telemetry/SCADA for real-time system monitoring
5. Replace inaccurate or outdated customer meters
6. Develop a hydraulic model of the entire system
7. Conduct systematic tank inspections and rehabilitation
8. Pursue all available state and federal grants
9. Implement institutional controls and updated OCM procedures
10. Provide quarterly progress reports to the PSC

Each action is detailed below with timelines and expected outcomes.

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### III. Detailed Corrective Action Requirements

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#### 1. Establish District Metered Areas (DMAs)

Timeline: Within 12 months

Purpose: Identify and isolate high-loss zones

Actions:

- Divide the system into manageable DMA sectors
- Install boundary valves and flow meters
- Begin monthly water-loss analysis by DMA

Expected Outcome:

Pinpointing loss sources and reducing non-revenue water.

---

## 2. Install Zone Meters and Flow Monitoring Equipment

Timeline: Within 9 months

Purpose: Enable accurate measurement of water movement

Actions:

- Install zone meters at all major junctions
- Calibrate meters quarterly
- Integrate readings into a central monitoring system

Expected Outcome:

Improved accuracy in water-loss calculations and operational decision-making.

---

## 3. Implement a Comprehensive Leak Detection Program

Timeline: Begin within 6 months; ongoing

Purpose: Identify and repair leaks proactively

Actions:

- Contract or train staff for acoustic leak detection
- Survey entire system annually
- Prioritize high-loss DMAs

Expected Outcome:

Reduction in water loss and repair costs.

---

#### 4. Integrate Telemetry/SCADA for Real-Time Monitoring

Timeline: Within 18 months

Purpose: Improve operational oversight and response times

Actions:

- Install SCADA at tanks, pump stations, and critical valves
- Train staff in SCADA operation
- Establish alarm thresholds for pressure, flow, and tank levels

Expected Outcome:

Faster detection of leaks, failures, and abnormal system behavior.

---

#### 5. Replace Inaccurate or Outdated Customer Meters

Timeline: Begin within 6 months; complete within 24 months

Purpose: Improve revenue accuracy and reduce apparent losses

Actions:

- Replace all meters older than 10 years
- Implement AMI/AMR where feasible
- Conduct annual meter accuracy testing

Expected Outcome:

Increased revenue stability and reduced unmetered consumption.

---

#### 6. Develop a Hydraulic Model of the System

Timeline: Within 12 months

Purpose: Support planning, leak detection, and system optimization

Actions:

- Contract engineering firm to build model
- Use model to identify pressure zones and bottlenecks
- Update model annually

Expected Outcome:

Better planning and more efficient system operation.

---

#### 7. Conduct Systematic Tank Inspections and Rehabilitation

Timeline: Begin within 3 months; ongoing

Purpose: Ensure water quality and structural integrity

Actions:

- Inspect all tanks annually
- Develop rehabilitation schedule
- Address structural, coating, and safety deficiencies

Expected Outcome:

Improved water quality and reduced contamination risk.

---

#### 8. Pursue All Available State and Federal Grants

Timeline: Immediate and ongoing

Purpose: Reduce financial burden on ratepayers

Actions:

- Apply for KIA, ARC, USDA, and federal infrastructure grants
- Develop a grant-tracking and reporting system
- Coordinate with Big Sandy ADD and state agencies

Expected Outcome:

Reduced reliance on rate increases and improved financial stability.

---

#### 9. Implement Institutional Controls and Updated OCM Procedures

Timeline: Within 6 months

Purpose: Improve operational consistency and accountability

Actions:

- Update OCM manuals
- Establish written procedures for inspections, repairs, and reporting
- Train staff on updated protocols

Expected Outcome:

More reliable operations and reduced risk of system failures.

---

10. Provide Quarterly Progress Reports to the PSC

Timeline: Beginning immediately upon PSC order

Purpose: Ensure transparency and accountability

Actions:

- Submit quarterly reports detailing:
  - Water-loss levels
  - Grant applications and awards
  - Infrastructure improvements
  - Meter replacements
  - Leak detection results
  - Financial impacts
- Provide supporting documentation

Expected Outcome:

PSC oversight ensures sustained progress and protects ratepayers.

---

#### IV. Conclusion

This Corrective Action Plan provides a clear, enforceable roadmap for Mountain Water District to:

- Reduce water loss
- Improve operational efficiency
- Protect ratepayers
- Comply with PSC expectations
- Restore public trust

Given the district's long-term history of inaction, PSC oversight is essential to ensure these corrective actions are implemented fully and on schedule.

EXHIBIT F

PUBLIC SUMMARY FOR COMMUNITY, MEDIA, AND LOCAL GOVERNMENT

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

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I. Purpose of This Summary

This exhibit provides a clear, public-facing explanation of the issues raised in the formal complaint filed with the Kentucky Public Service Commission (PSC). It is intended to inform:

- Mountain Water District customers
- Pike County Fiscal Court
- Local and regional media
- Community organizations
- State and federal partners

The goal is to ensure the public understands why action is necessary, what has gone wrong, and what solutions are being proposed.

---

II. What the Public Needs to Know

For more than a decade, Mountain Water District (MWD) has operated with nearly 50% water loss—meaning half of all treated water disappears before reaching customers. This is one of the highest loss rates in Kentucky.

MWD’s own engineering report, the Capital Improvements Plan (CIP), confirms:

- Water loss has remained around 49–50% for over ten years
- Ratepayers lose \$600,000–\$700,000 every year because of this
- Total losses exceed \$6–\$7 million over the past decade
- The district has not implemented the improvements needed to fix the problem
- The district has not pursued available grants that could reduce costs
- Infrastructure is aging, leaking, and in many cases beyond its useful life

Despite knowing all of this, MWD has repeatedly sought rate increases instead of fixing the underlying issues.

---

### III. How This Affects Customers

#### 1. Higher Bills

Customers are paying for water that never reaches their homes.

#### 2. Poor Service

High water loss leads to:

- Low pressure
- Service interruptions
- Higher risk of contamination

3. No Long-Term Plan

MWD has not followed the roadmap laid out in its own CIP.

4. Missed Funding Opportunities

Millions of dollars in state and federal grants have gone unpursued.

5. Lack of Accountability

There has been no measurable progress in reducing water loss or improving operations.

---

IV. What TFEK Is Asking the PSC to Do

The Future of Eastern Kentucky (TFEK), on behalf of MWD customers, is requesting that the PSC:

2. Investigate MWD's operations and finances
3. Require MWD to implement corrective actions
4. Require MWD to pursue grants before raising rates
5. Prohibit further rate increases until improvements are made
6. Require quarterly progress reports
7. Ensure transparency and accountability

These steps are necessary to protect ratepayers and restore trust.

---

V. What the Community Should Understand

This complaint is not an attack on employees or field crews.

It is a call for:

- Responsible leadership
- Modern infrastructure
- Financial accountability
- Fair treatment of customers
- Compliance with PSC expectations

MWD has the potential to be a strong, reliable utility—but only if it follows the corrective path laid out in its own engineering plan and required by the PSC.

---

VI. Why This Matters for Pike County's Future

Reliable water service is essential for:

- Public health
- Economic development
- Housing
- Schools
- Small businesses
- Quality of life

No county can grow when half its treated water is lost and ratepayers are footing the bill for inefficiency.

Fixing MWD is not just a utility issue—it is a community issue, a public health issue, and an economic development issue.

---

## VII. Conclusion

The people of Pike County deserve:

- Safe, reliable water
- Fair and reasonable rates
- A water district that uses modern tools and best practices
- Leadership that pursues grants and reduces waste
- Transparency and accountability

TFEK is committed to ensuring that Mountain Water District finally takes the steps necessary to serve its customers responsibly.

EXHIBIT G

CROSS-EXAMINATION QUESTIONS FOR MOUNTAIN WATER DISTRICT

Submitted by The Future of Eastern Kentucky (TFEK) on behalf of Mountain Water District customers

---

I. Purpose of This Exhibit

This exhibit provides a structured set of cross-examination questions intended for use in PSC proceedings, hearings, or discovery. These questions are designed to:

- Clarify inconsistencies in Mountain Water District's filings
  - Establish the district's long-term knowledge of water-loss issues
  - Document failures to act on known problems
  - Highlight missed funding opportunities
  - Demonstrate the financial impact on ratepayers
  - Support the need for PSC oversight and corrective action
- 

II. Questions Regarding Water Loss

1. Long-Term Water Loss

1. Is it correct that Mountain Water District has reported water loss near 50% for more than a decade?

2. Can you identify any year since 2011 in which water loss fell below 40%?

3. What specific actions did the district take between 2011 and 2020 to reduce water loss?
4. Why did those actions fail to produce measurable improvement?

## 2. CIP Admissions

5. Do you agree that the Capital Improvements Plan (CIP) identifies water loss at 49.51%?
  6. Do you dispute any of the CIP's findings regarding water loss?
  7. Has the district implemented any of the CIP's recommended corrective actions? If so, which ones?
- 

### III. Questions Regarding Failure to Implement Corrective Actions

#### 1. District Metered Areas (DMAs)

8. Has the district established any District Metered Areas?
9. If not, why has this not been completed despite PSC directives?

#### 2. Zone Meters

10. How many zone meters are currently installed and operational?
11. Why were zone meters not installed following PSC recommendations?

#### 3. Telemetry / SCADA

12. Does the district currently have telemetry or SCADA monitoring?
13. If not, what prevented implementation?

#### 4. Leak Detection

14. Has the district conducted a full system leak survey in the past five years?

15. If yes, what were the findings?

16. If no, why not?

---

IV. Questions Regarding Infrastructure and Maintenance

1. Tank Inspections

17. When were each of the district's tanks last inspected?

18. Are inspection reports available for PSC review?

19. Have any tanks been identified as needing rehabilitation?

20. What steps have been taken to address those needs?

2. Aging Lines

21. What percentage of the district's water lines are beyond their useful life?

22. How many miles of line have been replaced in the past decade?

23. How many miles require replacement?

3. Meter Accuracy

24. What percentage of customer meters are more than 10 years old?

25. Has the district conducted meter accuracy testing?

26. What were the results?

---

V. Questions Regarding Financial Management

1. Cost of Water Loss

27. Do you agree that the district loses \$600,000–\$700,000 annually due to water loss?

28. What is the total estimated financial loss over the past decade?

29. How has this loss impacted ratepayers?

## 2. Purchased Water

30. How much does the district spend annually on purchased water?

31. How much of that water is lost before reaching customers?

---

## VI. Questions Regarding Grant Funding

### 1. Grant Applications

32. How many grant applications has the district submitted in the past five years?

33. How many were approved?

34. What was the total amount awarded?

### 2. Missed Opportunities

35. Did the district apply for KIA funding?

36. Did the district apply for USDA Rural Development grants?

37. Did the district apply for federal infrastructure grants?

38. If not, why not?

### 3. Burden on Ratepayers

39. Why should ratepayers bear the cost of improvements that could have been funded through grants?

40. What steps will the district take to ensure grants are pursued going forward?

---

VII. Questions Regarding Compliance and Accountability

1. PSC Directives

41. Has the district complied with all PSC directives related to water loss?

42. If not, which directives remain unfulfilled?

2. Reporting

43. Has the district submitted all required reports to the PSC?

44. Have any reports been late, incomplete, or missing?

3. Operational Capacity

45. Does the district currently have adequate staffing to operate the system effectively?

46. What training programs are in place for staff?

47. What institutional controls exist to ensure accountability?

---

VIII. Questions Regarding Future Plans

48. What is the district's plan to reduce water loss below 15%?

49. What is the timeline for implementing DMA zones?

50. What is the timeline for installing zone meters?

51. What is the timeline for implementing telemetry/SCADA?

52. What is the timeline for replacing outdated meters?

53. What is the district's plan to pursue grants moving forward?

54. How will the district ensure compliance with PSC expectations?

---

IX. Conclusion

These questions are designed to clarify the district's long-term failures, identify gaps in compliance, and establish the need for PSC oversight. The answers will help determine:

- Whether MWD has acted responsibly
- Whether ratepayers have been treated fairly
- Whether corrective action is necessary
- Whether future rate increases are justified

## EXHIBIT G

### CROSS-EXAMINATION QUESTIONS FOR MOUNTAIN WATER DISTRICT

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- Whether ratepayers have been treated fairly
- Whether corrective action is necessary
- Whether future rate increases are justified

For Community C Media

I. Purpose

A public-facing explanation of the issues raised in the complaint.

II. What the Public Needs to Know

MWD has operated with 50% water loss for over a decade, costing millions.

III. How This Affects Customers

Higher bills, poor service, missed funding, and lack of accountability.

IV. What TFEK Requests from the PSC

Investigation, corrective action, grant pursuit, and reporting.

V. Why This Matters

Reliable water service is essential for public health and economic development.

VI. Conclusion

Ratepayers deserve transparency, accountability, and modern infrastructure.

## EXHIBIT G – Cross-Examination Questions

### I. Purpose

Questions designed for PSC hearings or discovery.

### II. Water Loss Questions

Long-term loss, CIP admissions, and lack of corrective action.

### III. Corrective Action Failures

DMA zones, zone meters, telemetry, leak detection.

### IV. Infrastructure Questions

Tank inspections, aging lines, meter accuracy.

### V. Financial Questions

Cost of water loss, purchased-water expenses.

### VI. Grant Funding Questions

Applications, missed opportunities, burden on ratepayers.

VII. Compliance Questions

PSC directives, reporting, operational capacity.

VIII. Future Plans

Timelines for DMA zones, telemetry, meter replacement, and grant pursuit.

EXHIBIT H – Exhibit Index C Cover Sheet

I. Purpose

Official index and cover sheet for all exhibits.

II. Exhibit Index

Summaries of Exhibits A–G.

III. Statement of Submission

Submitted by TFEK on behalf of Mountain Water District customers to support the formal complaint and assist PSC review.

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