

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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IN THE MATTER OF:)

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF KENTUCKY-AMERICAN)
WATER COMPANY FOR A CERTIFICATE OF)
CONVENIENCE AND NECESSITY AUTHORIZING)
THE CONSTRUCTION OF KENTUCKY RIVER)
STATION II, ASSOCIATED FACILITIES AND)
TRANSMISSION MAIN)

CASE NO. 2007-00134

ORDERING PARAGRAPH 9 REPORT

In accordance with Ordering Paragraph 9 of the Commission's April 25, 2008 Order, Kentucky-American Water Company ("KAW") provides the following monthly report on the status of the development and implementation of its water conservation, leak mitigation and demand-side management plans. KAW hereby incorporates all prior Ordering Paragraph 9 Reports it has filed in this matter.

As set forth in previous reports, KAW retained Gannett Fleming, Inc. to assist with the development of a leak mitigation plan and Strand Associates, Inc. to assist with the development of a conservation/demand management plan in accordance with Ordering Paragraph 8 of the Commission's April 25, 2008 Order. As for the leak mitigation plan, the consultant completed its final report and it has been submitted to the Commission. KAW formed a task force comprised of KAW personnel from various disciplines and job areas that implemented many of the recommendations in the report. A copy of the latest task force status report is attached.

As for the conservation/demand management plan, KAW formed a task force to assess the conservation study that has been submitted to the Commission. This task force is also comprised of KAW personnel from various disciplines and job areas. The task force determined the appropriateness, effectiveness, and best methods of implementing the conservation

recommendations set forth in the conservation study. The task force also determined that a team needed to be assembled that focuses on raising customer awareness of existing conservation programs and on internal efforts recommended by the consultant. As a result of that process, in January 2017, KAW's conservation outreach included providing tips on water conservation via the Company's website, promoting a call for applications to the Company's annual environmental grant program, and providing water conservation workbooks and shower timers to two 4th grade science classes at a Lexington elementary school.

Respectfully submitted,

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CERTIFICATE OF SERVICE

This is to certify that the original and six (6) copies of the foregoing have been filed with the Public Service Commission this the 1st day of February, 2017 and a copy mailed to:

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NRW Status Report

1 February 2017

The Gannett Fleming (GF) study on Non Revenue Water (NRW) for Kentucky American Water (KAW) was supplied to the PSC in early September 2009. KAW has assembled a task force that includes a cross section of KAW personnel from various disciplines and job duties to assess each recommendation, and determine how to best integrate the recommendation into KAW operations.

The report's Executive Summary identifies 6 tasks and makes recommendations related to each. Only the tasks with pending actions in October 2010 are referenced in this report.

Under Task 1, GF recommended four actions. Four of the four recommended main replacement projects are complete.

Under Task 4, GF has recommended two metering studies that may offer value in ensuring metering accuracy. KAW conducted a detailed meter demand study to ensure that all large meters with bypass settings are metered at the bypass. As standard operating practice, Kentucky American Water will continue to monitor large meters as recommended in GF executive summary task 4.

Under Task 5, the GF study made three recommendations. The first and third recommendation, were addressed in prior reports and are complete. The second recommendation deals with property owners who do not address known

leaks on private services. KAW continues to work with customers to address these issues.

Under Task 6, GF offers three recommendations, all involving adoption of the IWA/AWWA tracking methodology. KAW is already implementing both of the first two and continues to move forward on the third. The company's 12 month rolling NRW is 16.8 % at December 31, 2016, as compared to 13.7% at the time of the GF study.

The IWA/AWWA methodology offers transparency into the various components of non-revenue water that may supplement information provided on the current PSC water loss reports.