2026 ANNUAL PROGRESS REPORT OF GARRISON QUINCY-KY-O-HEIGHTS WATER DISTRICT'S WATER LOSS DETECTION AND REPAIR PROGRAM

On November 24, 2021, the Public Service Commission in Case No. 2021-00094 authorized Garrison Quincy-KY-O Heights (Garrison Water) to collect a monthly surcharge of $1.73 per metered customer on and after January 1, 2022 and continuing for 48 months or until the total amount of the surcharge assessed equaled $88,468.00, whichever occurred first, subject to certain conditions. These conditions included the submission of a yearly report containing a schedule of the estimated and actual progress of Garrison Water's water loss detection and repair program and the estimated and actual expenditures made with surcharge proceeds. The Public Service Commission indicated that this yearly report will be used to evaluate the need for prospective adjustment to the water loss detection and repair program and the authorized surcharge.

This report addresses Garrison Water's water loss and detection program for the period from January 1, 2026 to November 1, 2026. It compares the results of the program's year to the schedule of the estimated and actual progress of the water loss detection and repair program, and estimated and actual expenditures made with surcharge proceeds, for the purpose of evaluating whether adjustments to the program or to the surcharge amount are required.

During this report year, Garrison Water District has had an increase in water loss. At this time, we have increased over the past year from 26% to 29%. This fell short on the anticipated 5% loss for 2026. We have had many leaks due to the hot and dry weather in our rougher terrain areas. We spent countless hours looking for leaks in remote areas before we could get them fixed. The past purchases from the water loss surcharge program helped us greatly to locate many of these leaks throughout the year. We are in great need for the requested disbursements to be approved. We have had Disbursement Request #4 in since December of 2025. We had one request for information in June of 2026 and we still have not had the approval for this request. This is one of our more frequent and troublesome areas outlined in this request. We also have asked for a Disbursement Request #5 in June of 2026 and have yet to gain approval for it either. These requests being approved would help us greatly to be able to improve water loss.

Program Implementation

In its Order of November 24, 2021, the Commission directed Garrison Water to submit an infrastructure improvement plan, including a comprehensive unaccounted-for water loss reduction plan that established priorities and a time schedule for eliminating each source of unaccounted-for water loss and provides a detailed spending plan for the proceeds of a surcharge. With assistance from Kentucky Rural Water Association (KRWA), Garrison Water completed and submitted that plan on March 23, 2022. As advised by Public Service Commission Staff, Garrison Water has created a revised plan, including some new items and excluding some other original submitted plans. As stated, some expenditures have been made and some improvement have also been made. The plan is as follows:

Leak Detection Equipment

Garrison Water District added an additional listening device in 2023 from water loss surcharge funds. This extra device has helped to assist in locating water leaks by listening to valves, meter, and hydrants or above the location of the water line. The addition of this listening device has given us the opportunity to use 2 operators at the same time to make leak detection more time efficient.

A portable flow meter to measure gallons flowing through the water main was purchased in 2023. The application of a portable flow meter is needed to assist in narrowing down the search area for the listening device. The portable flow meter had a warranty issue that has been resolved and has since proven its worth. Once our staff was properly trained, the flow meter was put into use. It has become an important part of our equipment to assist in leak detection.

One zone/bypass meter was installed in 2025 below our tank site. This meter will register the usage for 30% of the customers on this section of our system. This zone meter will allow the field staff to read the meter daily and monitor increases in water usage. Upon an increase in usage, the District will focus its leak detection efforts in that zone. Currently, Garrison Water District has been using that meter to monitor the flow to that section of our system and has been useful to determine the sections to look for leaks. The District is in the process of adding this zone meter to the telemetry system so that we can read the meter in real time back at the plant. It will read gallons per minute and include a totalization of the meter for each day.

Distribution System

In 2025, Garrison Water District has installed the Bypass/Zone Meter that was in our Infrastructure Improvement Plan. It was the equipment listed in the Disbursement Request #3. We have used this meter to monitor trends in our usage for about 30% of our system. It has proven to be useful to quickly narrow down the areas that we see an increase of usage in to find leaks. The District has found this meter very useful and has been able to use it multiple times a week since we have installed it to quickly identify problem areas.

The District has several valves in the system that need replaced. The valve exercising that we had done with KRWA helped bring some back to being useful but others are in need of replacement. We have had a Disbursement Request (#5) in since June 2026 for valves but have not received approval to purchase the needed malfunctioning valves.

There are some sections of the 3 inch water line that was listed in the Infrastructure Improvement Plan that need replaced. The Disbursement Request #4 has been submitted, since December 2025, to replace a section of the most troubled area but it has yet to be approved.

Bypass Meters

Garrison Water acquired grant money from Round 1 Cleaner Water Program. Within the budgeted amount allowed, Garrison Water has purchased enough supplies to install ten (10) bypass meters on some of our smaller sections of line to be used for leak detection. Garrison Water installed 2 additional new bypass meter sets in 2026. This item is not part of the water loss surcharge but was advised by Public Service Commission Staff to include into our water loss report.

Customer Meters

In the allotted money from the Round 1 Cleaner Water Grant, Garrison Water Districts used a portion of that for meter replacement within our system. Garrison Water received 200 - 5/8" X 3/4" residential meters. 15 of these new meters have been installed into the system this year. The change out process was cut short of more installations due to the amount of problems we encountered this year with the severe drought. This money did not come from the water loss surcharge funds but was advised by Public Service Commission Staff to include into our report.

Service Line

With funds from Cleaner Water Round 1 we were able to replace a troubled service line. This 300 foot long 1 inch line had been a repetitive problem due to the terrain it was in. We were able to get it replaced and installed into a casing pipe to ensure its longevity. Replacing this line has eliminated water loss for it for the entire year of 2025.

Summary of plan

Garrison Water District's water loss on average is above 15%. The overage is approximately 30-40 gallons per minute. In a distribution system of over 100 miles of water main with 3 distribution employees, consistently lowering the water loss below 15% is not a small task and will require time. The existing funds along with the items we have already been able to purchase will assist Garrison Water District in lowering its water loss. These purchased tools along with the permanent fixtures will be a valuable investment in the infrastructure by Garrison Water District to assist in water loss detection.

Surcharge Revenue

During the period of January 1, 2026 to November 1, 2026, Garrison Water collected $1,980.20 in surcharge revenues. The duration of the Water Loss Surcharge lapsed in January 2026 and charges were ceased at that point. As shown in Table 1 below.

TABLE 1

Month Collected	Customers Billed	Customers Paid	Actual Collected
January 2025	1038	942	$1629.20
February 2025	Late Payment Collections	203	$351.00
March 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
April 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
May 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
June 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
July 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
August 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
September 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
October 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
November 2025	**Surcharge**	**Collections Time**	**Has Lapsed**
December 2025	**Surcharge**	**Collections Time**	**Has Lapsed**

Expenditures

There were no expenditures in 2026. We have two Disbursement Requests, one has been in since 12/2025 and the other since 06/2026 and neither have been approved.

Conclusion

With the remaining balance of $36,470.10, Garrison Quincy-KY-O-Heights Water District would like to use the available revenue to fix a troubled 3 inch water line (Disbursement Request #4) and replace some of the unusable gate valves (Disbursement Request #5). Upon the Public Service Commission's approval, we would like to initiate the replacement of the 3 inch water line that is prone to leaks. Also, the necessary valves that need replaced to be able to isolate sections of the system and allow the District to install bypass meters on these sections. The water loss surcharge revenue along with the items already purchased with these funds will be equally important in controlling our water loss. Over the past 12 months Garrison Water District's water loss has increased by 3%. It is estimated that 5% will be reduced by the end of 2027. It is of most importance to gain approval for the Disbursement Requests (#4 and #5) that we have in place already to help us achieve this goal.