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April 29, 2025

Linda Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Ky. 40602

RE: Annual Surcharge Report for 2024
Original Case No: 2022-00366
Surcharge Reporting Case No: 2023-00351

Dear Ms. Bridwell,

Per the Public Service Commission's Order in Case No. 2022-00366 regarding the assessment of a surcharge of \$1.72 on each customer bill over forty-eight (48) months for the purpose of water loss reduction, the Commission required certain information from Mountain Water District to be submitted on an annual basis by April 30th of each year, in order for the Commission to ensure compliance by the District with the intent and purpose of the surcharge expenditures.

The District began billing the surcharge in mid-January, 2024. Please see the e-filed spreadsheet detailing this information for the year of 2024 uploaded to Case No. 2023-00351.

The District's Annual Water Loss Report has been uploaded to the case as well, showing the annual average percentage of 28% for 2024 compared to the annual average percentage of 22.8% for 2023. As of December 31, 2024, the Mountain Water District had not spent any funds accumulated through the surcharge proceeds, as the District's plan was to begin expending funds for water loss reduction in the second year of the surcharge collection term. Year one (2024) was an accrual year in order to gather the funding necessary to make headway in year two, or in 2025.

A revised QIIP was submitted to the Commission in 2024 and approved in the case, and the District has Commission approval at this time to begin the hiring of two (2) additional daytime leak detection employees, and to purchase the vehicles and equipment necessary to accommodate those employees. The District is currently waiting on the Commission's response to the request for approval to purchase additional leak detection equipment such as leak detection correlators, LD-12s or 18s, headphones and other electronic devices as listed on the approved QIIP before moving forward with those expenditures.

Equal Opportunity Provider and Employer

The Mountain Water District's annual Public Service Commission Audit Report, normally due in March of each year, has not yet been submitted to the Commission; as an extension through June 30, 2025 has been requested. The District is waiting on the response from the Commission regarding that request. The District's Annual Financial Audit is also not yet completed for 2024. However, those documents will be uploaded to the case file as they are completed and approved by the Board of Commissioners.

Please contact me with any questions or concerns you may have with regard to this filing for the annual surcharge report requirements by phone at (606) 631-6165 or via email at tolson@mtwater.org.

Sincerely,



Tammy Olson
General Manager
Mountain Water District