

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

RECEIVED

AUG - 9 2016

Public Service
Commission

August 5, 2016

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, Ky. 40601

RE: Case No. 2014-00342
Response to Order No. 3(d)

Dear Commission:

In accordance with the issued order in Case No. 2014-00342, Mountain Water District is submitting the following report and attachments in compliance with Order No. 3(d) of the Commission's Order in the above referenced case. Please refer to Mountain Water District's prior response to Order No. 3(a) for system description and mapping information.

SCHEDULING OF WATER LOSS ELIMINATION PROJECTS

The Public Service Commission has ordered the Mountain Water District to establish a schedule for elimination of water loss sources. The proposed initial water loss projects, Phase I [Refer to MWD Response 3(c)] have now been placed on a tentative schedule. The District has determined, due to the size and complexity of its water system that the best approach is to adopt a phased concept of project prioritization. Please find attached the proposed scheduling of Phase I of Mountain Water District's initial proposed projects for water loss elimination.

Please see attached the following Exhibits with regard to the District's water loss elimination scheduling for Phase I:

- EXHIBIT A: Sub Meter – Scheduling Installation Time Line
- EXHIBIT B: Service Line and Main Line Replacement – Scheduling Time Line

The Mountain Water District understands the need to reduce the water loss within its system to the allowable 15% and is working to meet that goal. The scheduling of Exhibits A and B is based upon the anticipated length of time it will take to complete each project, however the startup schedule for each project will be determined once funding has been secured. The District is working toward identifying funding sources at this time in anticipation of the response to the Commission's Order dated November 15, 2015, Item No. 4.

In deciding upon a phased approach to this issue, the District has prioritized the construction and installation of sub-meters into Phase 1. This will allow the District to more fully identify the areas of greatest water loss within its system containing over 1,000 miles of water line. This is crucial to the success of our water loss elimination plan. Phase 1 will also include the installation of new meter heads and batteries into the District's AMR meters in the areas of priority where main line and service line replacements are scheduled first.

CONCLUSION

The Board of Commissioners remains steadfast in their commitment to reduce or eliminate the water loss. We will continue our efforts to obtain cost estimates and to identify funding sources for the infrastructure repairs and replacement. Please see Exhibits C and D, the Summary Report of the District's monthly Water Loss Committee meeting held in July, 2016 and an updated Water Loss Percentage Graph.

MOUNTAIN WATER DISTRICT

SUB METERING CONSTRUCTION TIMELINE

MAP LOCATION #	PRIORITY #	LOCATION DESCRIPTION	CONSTRUCTION TIMELINE
1	4	US 119 - US 199 Intersection	Construction complete 4 - 6 months after project startup
2	5	US 319 - US 1056 Blackberry Intersection	Construction complete 5 - 7 months after project startup
3	7	US 194 - US 2062 Widows Br./Stopover	Construction complete 7 - 9 months after project startup
4	2	US 1499 - US 194 Nigh Bridge	Construction complete 2 - 4 months after project startup
5	1	Rockhouse Br - Upper Marrowbone	Construction complete 1 - 3 months after project startup
6	11	Marrowbone Intersection	Construction complete 11 - 13 months after project startup
7	9	US 610 - US 805 Intersection - Dorton	Construction complete 9 - 11 months after project startup
8	8	US 23 Dorton - Beefhide - Int. KY 611	Construction complete 8 - 10 months after project startup
9	10	Millard (US 460)	Construction complete 10 - 12 months after project startup
10	12	Route 292 - Near Martin Co Bridge	Construction complete 12 - 14 months after project startup
11	3	US 194 - US 632 - Phelps 1	Construction complete 3 - 5 months after project startup
12	6	Phelps Intersection	Construction complete 6 - 8 months after project startup

NOTE: CONSTRUCTION PROJECT TIMELINE IS PENDING AVAILABILITY OF FUNDS

EXHIBIT A

**MOUNTAIN WATER DISTRICT
SERVICE LINE / AMR METER REPLACEMENT
AND MAIN LINE REPLACEMENT CONSTRUCTION TIMELINE**

PRIORITY #	LOCATION DESCRIPTION	CONSTRUCTION TIMELINE
1	Burning Fork (Main Water Line)	Construction complete 2 - 4 months after project startup
2	Big Creek of Sidney (Service Line / AMR Meter Replacement)	Construction complete 4 - 12 months after project startup
3	Marrowbone Creek (Service Line / AMR Meter Replacement)	Construction complete 12 - 30 months after project startup

NOTE: CONSTRUCTION PROJECT TIMELINE IS PENDING AVAILABILITY OF FUNDS

EXHIBIT B

EXHIBIT C
MOUNTAIN WATER DISTRICT
WATER LOSS COMMITTEE
SUMMARY REPORT

JULY, 2016

Attendees:

- 1) Mike Blackburn – MWD Board Commissioner
- 2) Eddie Hurley – MWD Board Commissioner
- 3) Dan Stratton – MWD Legal Counsel
- 4) Tim Campoy – Engineer, EDC, Inc.
- 5) Jody Hunt – Engineer, Summit Engineering
- 6) Roy Sawyers – District Administrator
- 7) David Taylor – UMG/MWD Operations Manager

Current water loss report was reviewed by the Committee. Roy stated that current water loss percentage is 25.25%, which was down from 32.34% the prior month. It appears that May was an anomaly for various reasons.

Roy also reported that the zone meter locations have been mapped out and the priorities identified for new zone meters. These new meters will cost approximately \$40,000 each in-house. They will cost approximately \$90,000 each if installed by a third party. Installation will be subject to funding availability.

The Committee discussed the report due on August 9, 2016 to the Public Service Commission. David Taylor reported that we have eliminated a number of leaks, but that there are numerous service line replacements needed. The Committee, in reference to Phase I of the scheduling plan, discussed primary areas of concern based on known leakages which are Big Creek of Sidney, Marrowbone and Burning Fork. Those that are service lines will need to be replaced with copper line.

The committee discussed the need of meter replacement and noted that there is some unaccounted for water loss when meters go bad. Meters are currently being replaced as required, but due to the age of the batteries in the AMR meter heads, a substantial battery replacement will need to take place.

The Committee then discussed having Roy looking for financing sources for line replacement and meter/battery replacement.

OCT, 2015 NOV, 2015 DEC, 2015 JAN, 2016 FEB, 2016 MAR, 2016 APR, 2016 MAY, 2016 JUN, 2016

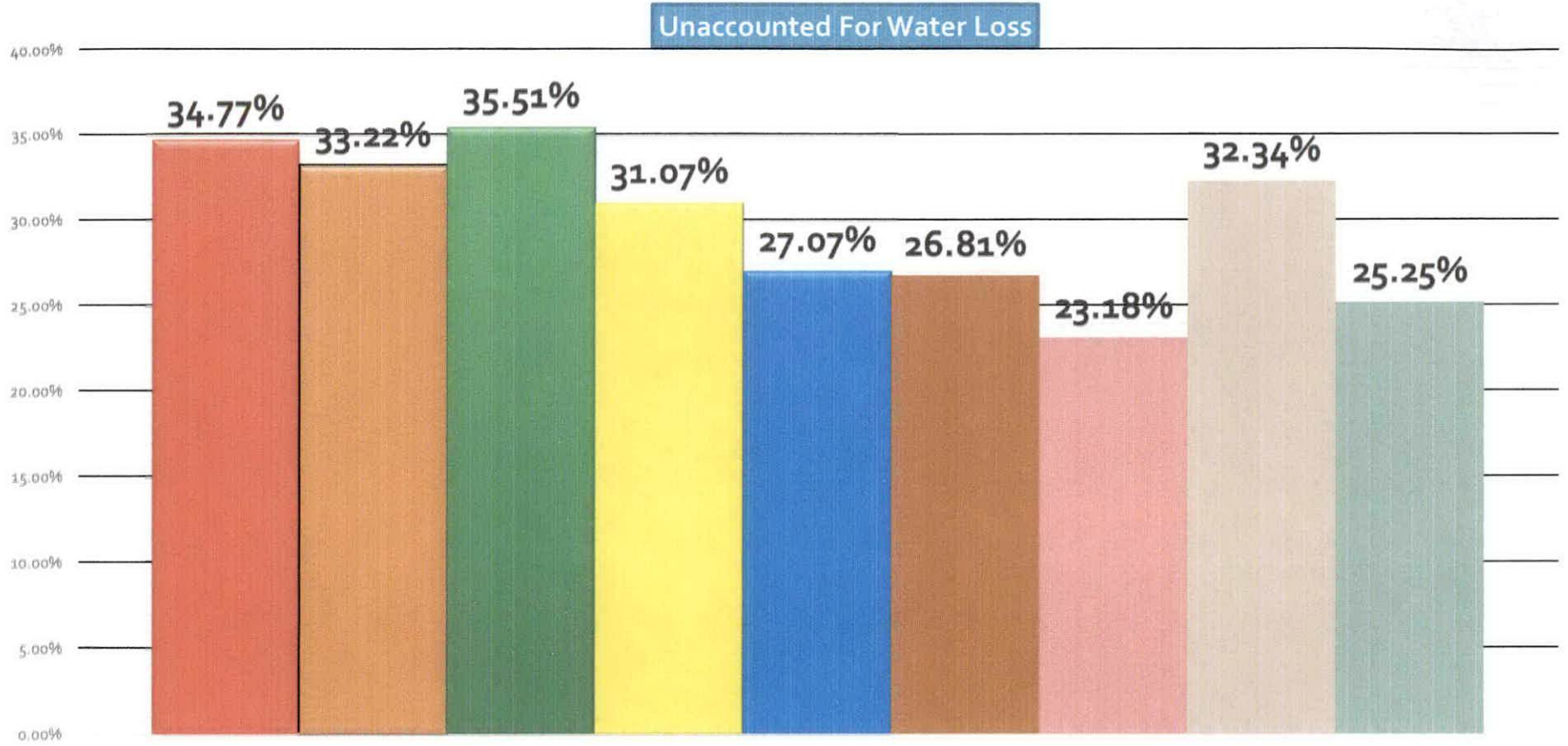


EXHIBIT D