

RECEIVED

**COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

AUG 27 2007  
PUBLIC SERVICE  
COMMISSION

**IN THE MATTER OF:** )  
 )  
**THE APPLICATION OF KENTUCKY-AMERICAN** )  
**WATER COMPANY FOR A CERTIFICATE OF** ) **CASE NO. 2007-00134**  
**CONVENIENCE AND NECESSITY AUTHORIZING** )  
**THE CONSTRUCTION OF KENTUCKY RIVER** )  
**STATION II, ASSOCIATED FACILITIES AND** )  
**TRANSMISSION MAIN** )

**KENTUCKY-AMERICAN WATER COMPANY'S RESPONSE**  
**IN OPPOSITION TO LOUISVILLE WATER COMPANY'S**  
**MOTION TO AMEND PROCEDURAL SCHEDULE**

Louisville Water Company's ("LWC") August 21, 2007, Motion to Amend Procedural Schedule ("LWC's Motion") seeks to change this case in ways that are fundamentally prejudicial to Kentucky-American Water Company ("KAW") and its customers and in blatant violation of the rule<sup>1</sup> that intervenors cannot unduly disrupt or complicate Public Service Commission proceedings. As explained in more detail below, the Commission should deny LWC's Motion.

On March 14, 2006,<sup>2</sup> KAW announced publicly its intention to construct facilities on the Kentucky River ("KRS II") to solve the Central Kentucky water supply problem. Both before and after that public announcement, KAW's plans for a Kentucky River solution were the recurring subject of discussion at numerous Bluegrass Water Supply Commission ("BWSC") meetings. A representative from LWC attended a vast majority of BWSC meetings in which the KAW Kentucky River plan was discussed. Copies of the minutes of those meetings, which

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<sup>1</sup> See 807 KAR 5:001, Section 3(8)(b).

<sup>2</sup> On that date, KAW and many others attended an informal conference at the Commission for the purpose of discussing plans to solve the regional water supply problem as part of Case No. 2001-00117. The conference was attended and covered by the press.

reflect that KAW's Kentucky River solution was discussed *and* that LWC attended the meeting are attached collectively as Exhibit A. Clearly, LWC's claim that it "has only had notice of KAWC's plans for just over four months"<sup>3</sup> is incorrect.

Contrary to LWC's suggested solution, KAW's proposal is the culmination of years of study, consideration and hard work with the BWSC. In fact, KAW began the enormous task of planning for and designing the facilities it has proposed in this case in or about March, 2006 and the proposal had been identified by the BWSC as its preferred solution in February, 2004. When it filed its Application in this case on March 30, 2007, KAW had designed the proposed facilities, applied for and obtained numerous permits necessary for the construction and operation of the facilities, completed detailed cost studies for the facilities, obtained rights to real estate that would be necessary for the facilities, and conducted numerous meetings and informational sessions with citizens and affected landowners who are concerned about the project. In short, KAW came to the Commission with a very detailed and considered plan for KRS II, all in accordance with rigorous requirements of 807 KAR 5:001, Section 9.

KAW filed its Application when it did for two reasons. First, the timing of the Application allowed for thorough review by the Commission Staff and for full due process to occur for any person or entity who intervened timely. Second, the timing allowed for the case to be completed and a decision rendered by the Commission by the end of 2007. As KAW had hoped and expected, the Commission set a procedural schedule that allows for a decision by the end of 2007. In its April 20, 2007 Order, the Commission set August 27, 2007 as the deadline for any intervenor to respond to discovery. The Commission also stated, "[t]he Commission does not favor motions for continuance or extensions of time and will grant them only when such

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<sup>3</sup> LWC's Motion, p. 6.

a motion is made in writing and states compelling reasons for granting the motion.”<sup>4</sup> As expected, numerous entities<sup>5</sup> intervened in time to allow them to participate in the case without disrupting the procedural schedule the Commission entered on April 20, 2007. In contrast, LWC chose not to intervene at that time.

LWC has a strong incentive to sell water. Its water sales to industrial customers have declined dramatically over the years and that decline is expected to continue.<sup>6</sup> Consequently, it has been conducting a series of visits to various communities proposing to provide them with water: Frankfort, Shelbyville, Lexington, Georgetown, and others. One such visit was made to the LFUCG on July 10, 2007. Shortly afterwards, Commission Staff appropriately issued an open records request to LWC which, generally, asked for more information about LWC’s “proposal.”

Soon after LWC responded to Commission Staff’s open records request, LWC moved to intervene in this case so that it could “help the Commission understand the Louisville Water Company documents it is receiving pursuant to the Open Records Act.”<sup>7</sup> Now, it has become clear that LWC has other motives. Not only does it want to “explain” its documents, LWC now wants to offer proof that its proposal will cost less than KAW’s proposal. When it moved to intervene, LWC filed the sworn testimony of its President, Mr. Greg Heitzman. In his testimony, Mr. Heitzman is unequivocal about the cost of the LWC proposal. He states:

The water needs of the Bluegrass Region clearly require additional water supply of potable water, and the Louisville Water Company is in a unique position to

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<sup>4</sup> April 20, 2007 Order, p. 2, ¶ 5.

<sup>5</sup> Those intervenors are: the Attorney General; the Lexington-Fayette Urban County Government (“LFUCG”); Citizens for Alternative Water Solution (“CAWS”); the Kentucky River Authority (“KRA”); the Kentucky Industrial Utility Customers (“KIUC”).

<sup>6</sup> See LWC’s 2002 – 2021 Facilities Plan prepared by Black & Veatch, Volume II of II, pp. 3-4 and 3-8.

<sup>7</sup> LWC’s July 30, 2007 Motion for Full Intervention, p. 3, ¶ 10.

meet this need with *less cost to end-user customers*, less environmental impact, all the while presenting a more permanent solution than the proposed Kentucky River Station II project.<sup>8</sup>

Subsequent to Mr. Heitzman's claim that the LWC proposal is cheaper than KRS II, the Commission allowed LWC to intervene. However, when it moved to intervene, LWC gave no indication that it would seek to disrupt the existing procedural schedule. If it had, Commission precedent would have required the Commission to deny LWC's intervention. In Case No. 99, 477,<sup>9</sup> the Commission denied intervention when the intervention would "require the procedural schedule to be amended again to allow IGS adequate time to fully participate in the proceeding and thus unduly disrupt and delay the proceedings." The Commission held similarly in Case No. 2001-092.<sup>10</sup> Now that LWC has intervened and seeks to unduly disrupt the procedural schedule, those efforts must be thwarted.<sup>11</sup>

After LWC intervened, KAW and other parties sought discovery from LWC relating to the LWC proposal in general and Mr. Heitzman's lowest cost claim in particular. Now, in the face of a serious challenge to Mr. Heitzman's sworn testimony, LWC explains that it needs more time to respond to that challenge so that its consultant – R.W. Beck – can complete a study it is conducting on the cost of the LWC proposal. The chronology of those events illustrates the problem LWC's Motion presents. LWC made that claim without providing support. Now, when

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<sup>8</sup> See July 30, 2007 Testimony of Greg Heitzman, p. 5.

<sup>9</sup> *In the Matter of: A Formal Review of Western Kentucky Gas Company's Decision to Terminate a Natural Gas Sales, Transportation and Storage Agreement* (Order of March 2, 2000).

<sup>10</sup> *In the Matter of: Adjustment of Gas Rates of the Union Light, Heat and Power Company* (Order of September 13, 2001).

<sup>11</sup> In its August 13, 2007 Order allowing LWC to intervene in this case, the Commission cautioned that LWC does not have the right to intervene on the basis that it is a "failed bidder." (August 13, Order, p. 1). The attached BWSC minutes and LWC's response to the Open Records Request show that LWC submitted multiple proposals to the BWSC that were not accepted. To the extent that LWC now seeks to complain about being a "failed bidder," those efforts would violate a key condition of the Order allowing intervention.

challenged on the claim, it wants to turn the procedure in this case on its head so that it will have time to obtain support for its sworn testimony. This proceeding should not be put “on hold” while LWC tries to garner evidence in support of statements it has already made. LWC is a large and sophisticated water utility. Its outside counsel is a large and sophisticated law firm. LWC has the resources to respond to the discovery propounded on it within the time frame that has existed since April 20, 2007. LWC can and must provide the information it has to support its claims. If it does not have such supporting information, then it must say so now so that this proceeding can move on to a timely conclusion.<sup>12</sup>

A summary of LWC’s conduct as it relates to this case is: (1) LWC attended numerous BWSC meetings as long ago as March, 2006 in which KAW’s KRS II proposal was discussed; (2) LWC was either aware or should have been aware of KAW’s public announcement of its KRS II proposal at the informal conference on March 14, 2006; (3) LWC was either aware or should have been aware of KAW’s Application in this case which was filed on March 30, 2007; (4) despite all that prior knowledge, LWC chose to sit on the sidelines until approximately two months before the scheduled hearing in this case; (5) when LWC decided to enter the game, it made a “lowest cost” claim for which it has offered no support; and (6) now that its position has been challenged, it seeks to bring the case to a screeching halt – *for at least 45<sup>13</sup> days* – while it hopes to find support for its claim and so that vacations will not be disrupted.<sup>14</sup>

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<sup>12</sup> LWC’s Motion to Amend Procedural Schedule seeks more than the extraordinary request for more time to discovery. It also seeks to give LWC the right to file rebuttal or “cross-rebuttal” testimony to the Attorney General’s expert testimony. The Attorney General has indicated that it will oppose LWC’s Motion to Amend Procedural Schedule on the grounds that LWC’s request to file rebuttal testimony should be denied. KAW agrees with and adopts the Attorney General’s argument on that point in full.

<sup>13</sup> To put the length of the requested delay in context, the amount of time LWC has requested to respond to discovery is a total of 60 days from receipt of the discovery requests. That amount of time is over *four times* longer than the 14 days the Commission ordered. Since KAW filed its

In the meantime, KAW was moving forward with its KRS II plan to ensure that the KRS II facility would be operational in early 2010 at the lowest cost possible. A critical aspect of KAW's effort in that regard is the construction bidding process. As mentioned above, KAW filed its Application when it did so that the Commission would be in a position to decide this case by the end of 2007. Based upon that timing, KAW established the construction bidding process to be complete by the end of 2007. Specifically, KAW invited bids on August 2, 2007. Bids must be submitted no later than October 2, 2007, which is before the scheduled hearing. The bids are required to have a "90-day hold period" which would mean that a bid can be accepted no later than January 1, 2008. Thus, if the Commission decides this case favorably prior to the end of 2007, a bid will be accepted shortly thereafter and construction will begin.

LWC's proposed schedule would disrupt the bidding process and the commencement of construction to the prejudice of KAW and its customers. Without question, if the bidding process gets delayed, the amount of the bids will increase. To the extent that happens, KRS II will cost more. For that reason alone, LWC's proposed schedule is unduly prejudicial to KAW and its customers and should be rejected. Additionally, any delay in the commencement of construction of KRS II increases the risk of KRS II not being operational in 2010 in time for summer demands and the Alltech FEI World Equestrian Games. Finally, any delay increases the risk that KAW customers will suffer from a drought event.

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Application, it has responded to 146 data requests at the same or nearly the same time that it has responded to 596 data requests in its pending rate case. KAW has never and will never complain about the burden of responding to extensive discovery within rigid and compressed time periods. Indeed, KAW recognizes *and expects* that when it comes to this Commission with a proposal, that proposal will be vigorously challenged in every conceivable aspect. Based upon the significance of this proceeding, LWC should have expected likewise.

<sup>14</sup> By electronic correspondence of August 22, 2007, the Commission Staff asked whether LWC's proposed schedule creates scheduling conflicts for KAW and its attorneys. In short, it does. Nevertheless, KAW and its attorneys will resolve those conflicts internally without burdening the Commission, the Commission Staff, or any other party in this case.

The mere fact that LWC filed a motion in which it requested more time to respond to discovery requests does not eliminate LWC's obligation to respond by the existing deadline of August 27, 2007.<sup>15</sup> That deadline, imposed in the Commission's April 20, 2007, Order, has been in place for over four months. Additionally, LWC received the discovery requests on August 13, 2007, yet it waited *eight* days – until August 21, 2007 – to file its Motion to Amend Procedural Schedule. That eight-day delay has had the practical effect of preventing the Commission from ruling on the Motion to Amend Procedural Schedule until after the August 27, 2007, deadline has passed, and prejudicing the opportunity for all other parties to review the responses adequately before the hearings. KAW urges the Commission to require LWC to respond to its data request without further delay.

In conclusion, LWC's Motion seeks to delay this proceeding to the prejudice of KAW and its customers. That delay will also unduly disrupt the case. When LWC moved to intervene at such a late juncture, it made no mention that it would make the extraordinary request contained in LWC's Motion. On the contrary, LWC promised that its intervention would *not* disrupt this proceeding.<sup>16</sup> In reliance on that promise, the Commission permitted the intervention. LWC's Motion runs afoul of that finding and of the rule that intervenors are not permitted to disrupt proceedings. Consequently, LWC's Motion must be denied.

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<sup>15</sup> Rule 6.02 of the Kentucky Rules of Civil Procedure allows for motions to enlarge time periods. However, the "pendency of the request obviously would not itself enlarge the period without the necessary court order." 6 Kurt Phillips, et al., *Kentucky Practice Rules of Civil Procedure Annotated*, Rule 6.02, p. 124 (2005).


<sup>16</sup> LWC's Motion for Full Intervention, p. 4, ¶ 20.

Respectfully submitted,

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and

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BY:   
Lindsey W. Ingram, Jr.  
Lindsey W. Ingram III

Attorneys for Kentucky-American Water Company



CERTIFICATE OF SERVICE

This is to certify that on the 27<sup>th</sup> day of August, 2007, the original and eight (8) copies of the foregoing were filed with the Public Service Commission and a copy of each served upon the following via U.S. Mail:

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Frankfort, Kentucky 40601-8204

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Leslye M. Bowman, Esq.  
Lexington-Fayette Urban County Gov't.  
Department of Law  
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Lexington, Kentucky 40507

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David F. Boehm, Esq.  
Boehm, Kurtz & Lowry  
36 East Seventh Street, Suite 1510  
Cincinnati, Ohio 45202

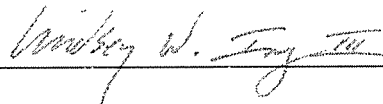
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STOLL KEENON OGDEN PLLC

By 



**MINUTES  
of the  
BLUEGRASS WATER SUPPLY COMMISSION**

**March 27, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, February 27, 2006. Chair Calkins convened the meeting at 9:38 a.m. at the Town Branch Wastewater Treatment Plant in Lexington.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Charlie Martin	Lexington-Fayette Urban County Government
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown
Bill Grier	Ex-officio member representing the Kentucky River Authority
Jody Hughes	Ex-officio member representing the Kentucky Infrastructure Authority

Commissioners absent: Mayor Virgie Wells

Associates, staff and contractors who were present included:

Linda Bridwell	Kentucky American Water
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
Donald Blackburn	Berea Utilities

Others present included:

Bob Blankenship	HMB Engineers
Larry Gaddis	Black & Veatch Engineers
Joe Lewis	Quest Engineers
Joe Pavoni	R. D. Zande Engineers
Dan Pence	MSE of Kentucky
Dan Shoemaker	Tetra Tech Engineers
Jim Smith	Louisville Water Company
Bruce Southworth	Versailles
John Steinmetz	CDP Engineers
Bunk Sullivan	Frankfort
George Wakim	KY Public Service Commission
Mike Wilmoth	Bell Engineering
Mike Woolum	Strand Associates
Ora Main	Nesbitt Engineers
Warren Rogers	W. Rogers Co.

Minutes of the February 27, 2006 meeting were then considered. There was a motion by Mr. Martin, second by Mr. Azevedo, and, by unanimous vote, the Commission approved the minutes with minor revisions to page 4.

Mr. Hassall presented the February financial report which included the accounts payable. With the February financial report was included corrected copy of the January, 2006 financial report amended to include the mention of one BWSC check (to KIA) that was outstanding at the time that the January financial report was compiled.

Following a motion by Mr. Pearce and a second by Mr. Riddle, the total financial report—including the payment of the accounts payable was approved unanimously. The February financial report together with the corrected first page of the January financial report is appended as *Attachment A*.

### **Public Comments**

Mr. Calkins opened the floor for comments from the public. There were none.

### **Old Business**

Mr. Billings updated the Commission on the topic of the Frankfort EWPB Request for Qualifications regarding water plant attributes. He reported that, on March 22, the Plant Board received eight Statements of Qualifications in response

to the FEWPB's RFQ. The eight SOQs are to be evaluated and ranked by a committee within the next few weeks. The FEWPB may or may not interview the top ranked firms. Once that process is complete, the FEWPB will attempt to negotiate a fee for the effort. The fee must be acceptable to both the FEWPB and the BWSC. After that occurs, the FEWPB would draft an agreement by which the BWSC would reimburse the FEWPB for the study. Once that agreement is approved, the study can commence. Mr. Billings said that he hoped to have the fee information by the date of the April BWSC meeting.

There was no other old business.

### **Committee Reports and Recommendations**

Mr. Azevedo presented a written report concerning the March 9 meeting of the Administrative Guidelines Committee. That report is appended as *Attachment B*.

To Mr. Azevedo's report, Mr. Talley added that the water rate charged to KAWC could and probably would be different (and lower) than the cents per 1,000 gallons rate charged to the municipal members. This would be so if and as KAWC brought cash to the table as a part of that company's overall project contribution.

With the Sullivan's recent resignation and Mr. Billings' being named to fill the vacancy as the Finance Committee, Mr. Calkins said that it was important that the Finance Committee meet soon to name a replacement for former Committee Chair J. H. Sullivan.

Mr. Riddle said that he had nothing new to report from the Master Planning and Capital Construction Committee.

Mr. Crump said that he had nothing new to report from the Operations and Maintenance Committee.

### **Program Manager's Report**

Mr. Lovan presented a written report of the Program Manager. That report is appended as *Attachment C*.

### **New Business**

Mr. Calkins reminded the group of a special called meeting to be held jointly with the Kentucky River Authority on Wednesday, April 19. The likely starting time would be 1:00 p.m. at the Kentucky Higher Education Authority Conference Room at 100 Airport Road in Frankfort.

## **Commissioner's and General Manager's Business**

Mr. Blackburn asked that Berea be sent information on the non-binding letters of commitment to purchase BWSC water that had earlier been submitted by the other members. Mr. Hassall agreed to deal with that.

Mr. Hassall announced that the BWSC had received a Community Economic Growth Grant (CEGG) award in the amount of \$250,000.

Mr. Grier reported that his recent comments to Kentucky River Authority were to the effect that the Bluegrass Water Supply Consortium and its successor organization, the Bluegrass Water Supply Commission, had spent approximately \$800,000 since 1999 but that only about 16 percent of the \$900,000 KIA grant had been expended.

Ms. Bridwell reported that RWE expects to "spin off" its American Water Company as an IPO. The IPO changeover process is likely to take about 18 months to consummate. Ms. Bridwell said that she expected to bring a KAWC report to the April 24 BWSC meeting.

Mr. Hughes discussed the status of the Non-coal Producing Counties projects within the State Budget. Mr. Hughes said he felt that the House/Senate Conference Committee seems to be headed in the direction of a sum of \$150 million of water/wastewater projects for non-coal producing counties.

## **Time/Place for Upcoming Regular BWSC Meeting**

Mr. Calkins announced that the next regular BWSC meeting will be held at 9:30 a.m. on April 24 at a site yet to be selected in Nicholasville.

Ms. Powell announced that the May BWSC meeting will be held on May 22 in Lancaster.

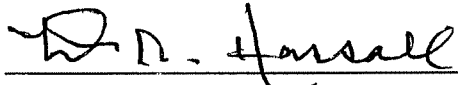
There being no further regular business, Mr. Calkins recessed the meeting at 10:37 a.m.—to be reconvened at 12:30 p.m. to interview the four shortlisted Financial Advisor firms according to the following schedule.

12:30 p.m. Ross, Sinclaire & Associates  
1:45 p.m. Morgan Keegan & Company  
3:00 p.m. J.J.B. Hilliard & W.L. Lyons, Inc.  
4:15 p.m. Public Financial Management

## ADJOURNMENT

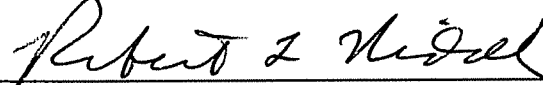
There being no further business, the meeting was adjourned at 5:15 p.m.

Respectfully Submitted,



Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
ROBERT L. RIDDLE, SECRETARY

Attachments A-C

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: 4/24/06

Retyped 4-12-06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**April 24, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, April 24, 2006. Chair Calkins convened the meeting at 9:38 a.m. in the meeting room of the Lone Oak Country Club in Nicholasville.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Charlie Martin	Lexington-Fayette Urban County Government
David Pearce	Mt. Sterling
Donna Powell	Lancaster

Commissioners absent:

Bill Grier	Ex-officio member representing the Kentucky River Authority
Jody Hughes	Ex-officio member representing the Kentucky Infrastructure Authority
Bob Riddle	Georgetown
Mayor Virgie Wells	Cynthiana

Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Billy Jenkins	Representing Bob Riddle of Georgetown
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
Bob Ware	Representing Bill Grier of the Kentucky River Authority



Others present included:

Paul Danheiser	DLR Consultants
Sandy Dunahoo	Kenvirons
Carlos Miller	Kenvirons
Joe Henry	GRW Engineers
Mayor John Martin	Nicholasville
Joe Lewis	Quest Engineers
Ryan Owens	Bell Engineering
Dan Pence	MSE of Kentucky
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
George Wakim	KY Public Service Commission
Mike Woolum	Strand Associates

Minutes of the March 24, 2006 Special BWSC Meeting and the March 27, 2006 regular BWSC Meeting were then considered. There was a motion by Mr. Crump, second by Mr. Azevedo, and, by unanimous vote, the Commission approved the two sets of minutes.

Mr. Hassall presented the March financial report which included the accounts payable. Following a motion by Mr. Martin and a second by Mr. Azevedo, the total financial report—including the payment of the accounts payable was approved unanimously. The March financial report is appended as *Attachment A*.

### **Public Comments**

Mr. Calkins opened the floor for comments from the general public. There were none.

Mr. Azevedo remarked that the FY 05 KIA grant drawdown level was at \$138,801.93. This sum is less than 16 percent of the \$900,000 KIA grant.

### **Old Business**

Mr. Calkins distributed a list of current standing committee assignments which was as follows:

**Administrative Guidelines**

Azevedo, Chair  
Crump  
Martin  
Powell

**Operations & Maintenance**

Crump, Chair  
Billings  
Pearce  
Powell

**Financial Guidelines**

Billings  
Pearce  
Riddle  
Wells

**Master Planning & Capital Construction**

Azevedo  
Martin  
Riddle  
Wells

Mr. Calkins said that he was looking for the committees without chairpersons to meet and to name their own chairs. Mr. Calkins said that committee assignments could be expected to change again once Berea's membership is ratified. Mr. Talley said he would contact the LFUCG legal staff to commence the process of seeking the ratification of Berea's request to join the BWSC.

Mr. Hassall was instructed to invoice the ten participating municipalities (including Berea) and the KAWC for their annual voluntary contributions. Annual contribution requests would be \$5,000 for Frankfort, Georgetown, KAWC, Lexington, Nicholasville, and Winchester; and \$2,500 for Berea, Cynthiana, Lancaster, Mt. Sterling, and Paris. Mr. Hassall said that the invoices would be mailed by early May and would be payable by July 31, 2006.

Mr. Hassall brought up the topic of the Community Economic Growth Grant award of \$250,000 to BWSC to apply toward the acquisition of property for the Phase 1 project. He suggested that junior associates at the ADD could deal with the grant administration on an *actual cost plus indirect* basis just as the ADD is paid for other administrative tasks. Mr. Hassall said that the rules associated with the CEGG program are that the funds shall be expended within a 12 month period with the open possibility of a three month extension. The 12 month clock has started since the ADD has a signed grant agreement.

Mr. Azevedo remarked that the BWSC should be able to earmark BWSC payments; i.e., disbursements, with the source of the funds used to pay each bill. There was a motion by Mr. Azevedo, seconded by Mr. Martin that this matter be referred to the Financial Guidelines Committee to come up with a refinement to the BWSC bookkeeping system to be able to track the source of funds used to make the various disbursements of funds. The motion carried unanimously.

Mr. Hassall then referred to various opportunities for KIA Fund F loan financing. The completion of a KDOW questionnaire by April 26 is required to get a project "on the list" for FY 2007 funding. It was agreed that Mr. Hassall undertake the completion of that questionnaire and ask for the maximum \$4 million to be applied to project development costs for the Phase 1 project and/or the water treatment plant design. Mr. Talley said that the total project cost should be not much more than the \$4 million requested in order that the BWSC not run into a matching funds problem.

In addition, the BWSC has the opportunity to complete a Fund F-1 application for FY 06 funding for a \$1.2 million loan on a \$1.9 million project for engineering costs associated with the regional water treatment plant. Such an application is due shortly but not by April 26. Mr. Hassall said that the BWSC would not be irretrievably bound by either of the two next steps with KDOW/KIA.

Mr. Azevedo moved and Ms. Powell seconded that the General Manager move forward to complete the DOW questionnaire asking for a \$4 million FY 07 KIA Fund F (or F-1) loan to be applied to legal, administrative, engineering, acquisition of real property, planning and preliminary design related to the implementation of the regional water supply project. The motion carried unanimously.

Mr. Azevedo brought up the topic of the procurement of a financial advisor. Mr. Calkins asked the Financial Guidelines Committee to begin to negotiate with the first ranked firm and to develop a scope of services and to determine what fee would go with the scope of service. Fee negotiations would follow thereafter.

Mr. Azevedo asked about the timing of action on the procurement of professional services for the acquisition of easements and real property associated with the Phase 1 project. Mr. Calkins suggested the BWSC continue to defer action on this matter for now, but that the commencement of the effort seems to be getting closer on the timeline.

### **Committee Reports and Recommendations**

Mr. Azevedo presented an 18 page report on the Administrative Guidelines Committee's April 4 meeting. Included within that report was a draft of an agreement for BWSC to provide water to a wholesale customer/member, an agreement for BWSC to provide water to Kentucky-American Water Company, and an Appendix A to a Water Purchase Agreement regarding Services, Terms, Definitions, and Computation of Billing Rate. Appendix A would accompany either/both of the two above-referenced agreements.

Items 1 through 12 on page 1 on the committee report constituted a general summary of salient understandings that came out of that meeting. Mr. Azevedo asked the individual commissioners to review the work of the Administrative Guidelines Committee and to offer comments/suggestions.

There was no report from the Financial Guidelines Committee.

Mr. Martin reported on an April 17 meeting of the Master Planning and Capital Construction Committee. He deferred to Mr. Billings who discussed that status of the FEWPB's procurement of engineering services to review the FEWPB's water treatment plant and its ability to provide water and thereby allow BWSC to assist in meeting KAWC's short term needs for potable water. The Frankfort EWPB has completed its procurement process, has identified the top ranked firm, has identified a scope of services, and has a fee amount. Mr. Calkins said that the appropriate committee would deal with Mr. Billings information during a recess in the BWSC meeting that he expected to call shortly.

Mr. Crump said that he expected the Operations and Maintenance Committee would need to interact with some of the other standing committees shortly since progress is being made on numerous associated fronts.

### **Program Manager's Report**

Mr. Lovan reported on:

- the Louisville Water Company proposal
- the City of Versailles proposal
- the aerial photogrammetry work for the Phase 1 project and
- the Frankfort EWPB water treatment plant evaluation

The first two pages of that written report are appended as *Attachment B*. Mr. Lovan said that the final report on the Frankfort water treatment plant would be ready in 45 days after the authorization to proceed,

Mr. Lovan said that he had not received an invoice for the aerial photogrammetry work that had been completed and delivered to O'Brien & Gere Engineers.

### **New Business**

Mr. Azevedo asked if the KAWC report that was committed by Mr. Rowe was in hand. Ms. Bridwell said that her report was under review by her

supervisors and that she expected to be able to present that report to BWSC shortly.

### **Commissioner's and General Manager's Comments/Business**

Mr. Crump required about the progress on the BWSC Op-Ed piece that had been discussed at the March 27 meeting. Mr. Calkins said that the piece had undergone two or three iterations and that he expected to furnish it to BWSC by Wednesday, April 26. Mr. Calkins also suggested the desirability of meeting with the Herald-Leader Editorial Board.

Mr. Ware discussed the impact of likely state legislative funding for Kentucky Dams 9, 10, and 3 and for work at Locks 3 and 4. Mr. Hassall said that Governor Fletcher apparently has until midnight April 24 to line item veto or to refrain from the use of his line item veto power for projects that would impact the BWSC's efforts.

### **Designation of Time/Place for the May Meeting**

Ms Powell said that the May BWSC meeting would be held in Lancaster on Monday, May 22, beginning at 9:30 a.m. at a site yet to be determined.

### **Recess**

Mr. Calkins called a recess at 10:50 a.m. to allow the Master Planning and Capital Construction to meet to discuss the proposed Frankfort EWPB water plant study effort.

Mr. Calkins reconvened the BWSC meeting at 11:30 a.m. Mr. Martin moved and Mr. Azevedo seconded that the BWSC approve and financially support the Frankfort water plant study to review the needs to expand the capacity of the Frankfort water treatment plant by 5 MGD and by 9 MGD at a cost of \$34,000. The motion was passed unanimously with the exception of Mr. Billings who recused himself from the voting. Mr. Martin would draft a letter on this action that would go to the Frankfort EWPB.

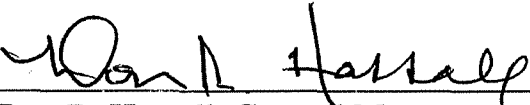
Upon motion by Mr. Crump, a second by Ms. Powell and unanimous action, the BWSC went into Executive Session to discuss the acquisition of real property.

No actions were taken as a result of the discussions in Executive Session.

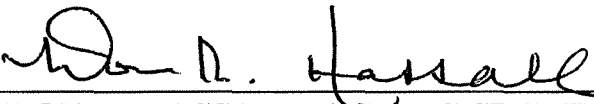
## ADJOURNMENT

There being no further business, Mr. Calkins adjourned the meeting at 12:10 p.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

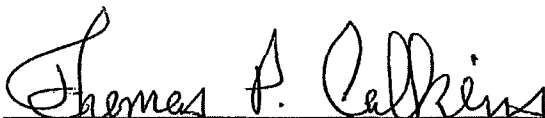
BY:   
DON R. HASSALL, ACTING SECRETARY

## Attachments A-B

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: \_\_\_\_\_

retyped 5-09-06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**June 26, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, June 26, 2006. Chair Calkins convened the meeting at 9:36 a.m. in the Berea City Council Chambers in Berea.

The following commissioners were present:

<b><u>Commissioners</u></b>	<b><u>Representing</u></b>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioner absent:

Virgie Wells	Cynthiana
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Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Bob Blankenship	HMB Engineers
Tommy Bussell	Southern Madison Water District
Mike Bethurem	MWWAK
Steven Connelly	Mayor, City of Berea
Mike Eirich	Berea Utilities
David Duttlinger	Tetra Tech Engineers
Larry Gaddis	Black & Veatch Engineers
Joe Lewis	Quest Engineers
Ryan Owens	Bell Engineering
Kendra Palmer	Franklin County Health Department
Dan Pence	MSE of Kentucky, Inc.
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Randy Stone	City Administrator, City of Berea
Mark Willis	Burgess & Niple Engineers
Mike Woolum	Strand Associates

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Minutes of the May 22, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Crump, second by Mr. Billings, and, by unanimous vote, the Commission approved the minutes.

Mr. Hassall presented the May financial report which included the accounts payable. Following a motion by Mr. Martin and a second by Mr. Pearce, the total financial report—including the approval of the accounts payable—was approved unanimously. The May financial report is appended as *Attachment A*.

### **Public Comments**

Mr. Calkins opened the floor for comments from the general public. There were none.

### **Old Business**

Mr. Lovan presented the outcome of the Photo Science revision to the 2005 Phase 1 Construction Project Routing Study. The western end of the proposed water transmission line was proposed to be shifted in a northerly direction so that most of it will traverse through Scott County. The route that had the lowest, i.e.,



the most advantageous, score involved segments 1, 2, 5, 9, 11, 14, 15, and 18. This route is identified within the Photo Science study as Route M. The estimated cost for the water line along with the recommended route (exclusive of land acquisition costs) is \$30.26 million. The Photo Science study outcome was referred to the Master Planning and Capital Construction Committee for further study. Further, that committee was empowered to make a final decision on the Phase 1 project routing on behalf of the BWSC.

A revision of O'Brien & Gere's Task Order No. 5 was discussed as were the reasons for its reconfiguration. As yet, O'Brien & Gere has not performed any work under the original Task Order No. 5 that was approved by the BWSC at its May 22, 2006 meeting other than that which is authorized under the revised Task Order No. 5.

Mr. Martin discussed the *Aqua Indiana* proposal relative to a potential ground water source at Charlestown, IN. Mr. Martin reminded the BWSC of the LFUCG's December, 1999 resolution which stipulated that a Kentucky River water source was preferred insofar as possible. In addition, the source was considered to be "too distant." There was a motion by Mr. Martin, second by Mr. Riddle to table the Aqua Indiana proposal. The motion was approved unanimously.

### **Committee Report and Recommendations**

There was no report from the Administrative Guidelines Committee apart from matters to be considered under New Business.

There was no report from the Financial Guidelines Committee.

There was no report from the Master Planning and Capital Construction Committee apart from the discussion under Old Business.

There was no report from the Operations and Maintenance Committee.

### **Program Manager's Report**

Mr. Lovan presented the Program Manager's Report which is appended as *Attachment B*. It was stated that O'Brien & Gere shall review the KAWC water treatment plant design memorandum, when completed. That KAWC effort is presently about 95 percent complete.

Mr. Martin asked that the Master Planning and Capital Construction Committee be allowed to review the Frankfort Water Plant Board Water Treatment Plant study that was received in draft form by the Plant Board staff on June 23. Mr. Billings agreed to provide the draft report to BWSC upon its release by the Plant Board. Certain aspects of the draft report have yet to be tweaked, according to Mr. Billings. The Plant Board's proposed point of water sales to the BWSC would be KY 1685 at Georgetown Road (US 460).

The revised O'Brien & Gere Task Order No. 5 was presented. Upon a motion by Mr. Azevedo, seconded by Ms. Powell, and unanimous action, the revised Task Order No. 5 was approved (to replace the task order approved at the May 22, 2006 meeting). Revised Task Order No. 5 is appended as *Attachment C*.

### **New Business**

Mr. Azevedo summarized the efforts undertaken to procure the services of an auditor. Two written proposals were received. The BWSC team of Azevedo, Pearce, and Hassall reviewed the proposals and decided to seek to negotiate an agreement with the Winchester firm of Ludwig, Blair & Bush, PLLC. A written proposal was in hand that, if accepted, would allow Ludwig, Blair & Bush:

- to prepare a chart of accounts for BWSC for a not-to-exceed cost of \$750 and,
- to audit the financial statements of the BWSC from its creation in August, 2004 through June 30, 2006 for a not-to-exceed fee of \$3,000.

Both activities were approved as the scope of service for Task Order No. 1 to Ludwig, Blair & Bush.

Upon a motion by Mr. Azevedo, seconded by Ms. Powell, and by unanimous action, the agreement with Ludwig, Blair & Bush was approved.

Next discussed was the status of the procurement of a financial advisor. The firm of Public Financial Management (PFM) had been earlier selected subject to negotiations concerning a scope of services and a price. The services proposed to be performed initially had been revised from the original proposal. Tasks 2, 3, and 4 of Section I of the revised draft agreement being satisfactory to the BWSC for a lump sum fee of \$45,000 (exclusive of out-of-pocket expenses), Mr. Riddle moved and Mr. Pearce seconded for approval of the agreement with the understanding that

Mr. Azevedo would revise the agreement to match the BWSC standard format for agreements and that there be an established maximum on out-of-pocket expenses. The motion was adopted unanimously. It was further agreed that the Commission would deal with the subject of hourly rates by the PFM on future work. The draft of the PFM proposed agreement is appended as *Attachment D* (even though it will be re-formatted and restricted by Mr. Azevedo prior to its execution).

Mr. Calkins presented a draft version of the FY 2007 budget for BWSC (appended as *Attachment E*). After discussion, a motion was made by Mr. Azevedo, seconded by Mr. Billings, to adopt the FY 2007 budget with the understanding that Mr. Calkins would provide to the Commission the backups to his figures and to the thoughts that went into the development of the draft budget. The motion passed unanimously.

### **Commissioner's and General Manager's Comments/Business**

Mr. Talley reported that with Berea's non-binding letter of commitment to purchase BWSC water in hand, he expected to work with Mayor Isaac's staff in an effort to schedule a public hearing—probably in August—so that Berea could officially join the BWSC as a full member.

Further, Mr. Talley indicated that he expected to file additional paperwork with the Kentucky Public Service Commission soon—relative to PSC Case 2001-00117.

Mr. Hughes said that the KIA bond sale was scheduled for some time after January, 2007 and that grant funds from the Fiscal Years 2007 and 2008 round of Economic Development Fund grants, i.e., appropriations, by the 2006 General Assembly should be available on a timetable that would not likely impede the progress of approved projects. KIA letters to grantees have been mailed—although the letter concerning the \$900,000 appropriation to the BWSC probably was sent to the Kentucky River Authority who will serve as the pass-thru agency. Mr. Calkins reported that the state appropriation can be used to pay a number of different types of expenses associated with upcoming BWSC efforts.

Mr. Calkins referred to a letter draft to KRA prepared by Mr. Hassall. The letter would have addressed the BWSC's plans as those plans relate to the Kentucky River's Pool 3. Mr. Calkins indicated that with modest revisions, the letter could likely be signed and transmitted to Mr. Reeder at the River Authority in the near future.

**Designation of time/place for the July Meeting**

Mr. Pearce volunteered that the City of Mt. Sterling would host the July meeting of the BWSC. The date of Tuesday, July 18, 2006 was agreed upon with a meeting site (in Mt. Sterling) to be announced later. The meeting would commence at 9:30 a.m.

**ADJOURNMENT**

There being no further business, Mr. Calkins adjourned the meeting.

Respectfully Submitted,

  
Don R. Hassall, General Manager

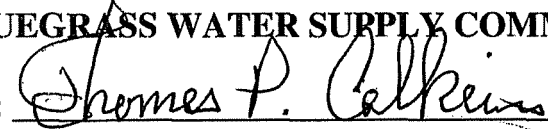
**BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
ROBERT L. RIDDLE, SECRETARY

**Attachments A-E**

**APPROVAL OF MINUTES**

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

**BLUEGRASS WATER SUPPLY COMMISSION**  
BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: 7-18-06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**July 18, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Tuesday, July 18, 2006. Chair Calkins convened the meeting at 9:34 a.m. in the Clay Community Center in Mt. Sterling.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioner absent:

Virgie Wells	Cynthiana
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Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
Tom Dumm	O'Brien & Gere Engineers
George Rest	O'Brien & Gere Engineers

Others present included:

Mike Bethurem	MWWAK
Angie Elser	FMSM Engineers
Joe Henry	GRW Engineers
Joe Lewis	Quest Engineers
Dan Pence	MSE of Kentucky, Inc.
Mike Redmon	ACIPCO
Dan Shoemaker	Tetra Tech Engineers
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Chris Stewart	HMB Engineers
Jim Watterson	ACIPCO
Mike Woolum	Strand Associates

Minutes of the June 26, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Martin, second by Mr. Azevedo, and, by unanimous vote, the Commission approved the minutes as amended.

Mr. Hassall presented the June financial report which included the accounts payable. Following a motion by Mr. Billings and a second by Mr. Azevedo, the total financial report—including the approval of the accounts payable—was approved unanimously with a change in the section identifying BWSC checks that cleared the bank during the month. The June financial report is appended as *Attachment A*.

### **Old Business**

Mr. Martin asked that discussion of the Phase I Construction Project Routing Study Amendment and the Analysis of the Frankfort EWPB Water Treatment Plant be deferred to the Master Planning and Capital Construction Committee report later on the agenda.

Mr. Azevedo discussed the fine tuning of the financial advisor agreement and its accompanying Work Order No. 1 together with the auditor agreement and its accompanying Work Order No. 1. Both sets of documents had been completed and the content of these documents had been approved by Mr. Talley. Mr. Azevedo announced that the documents were ready for execution by BWSC Chairman Calkins and transmittal to two contractors for their review and execution. The financial advisor is Public Financial Management. The auditor is Ludwig, Blair & Bush.

There was no other Old Business.

## **Committee Report and Recommendations**

Mr. Azevedo announced that the Administrative Guidelines Committee had nothing further to report.

Mr. Riddle announced that, with the conclusion of the procurement efforts of the financial advisor and the auditor, the Financial Guidelines Committee had nothing more to report.

Mr. Martin presented a written report of the Master Planning and Capital Construction Committee's July 14 meeting. The committee recommends that decisions regarding the alignment of the Phase 1 Construction Project water transmission line west of US 460's intersection with KY 1685 be delayed for a short time until the Frankfort EWPB water treatment plant study and the effort authorized in O'Brien & Gere's Task Order 5 are finalized. The committee's report is appended as *Attachment B*.

Mr. Crump announced that the Operations and Maintenance Committee had nothing to report at this time.

## **Program Manager's Report**

Mr. Lovan presented his report, which is appended as *Attachment C*. In efforts to shift the Phase 1 Construction Project water transmission line, the lowest ranked amended route, i.e., the most desirable route, would increase the line length by about 1.2 miles and would increase the estimated project cost by about \$2.0 million. Mr. Lovan agreed with the Master Planning and Capital Construction Committee's conclusion that the selection of the final route for the water transmission line be delayed until the completion of the work associated with O'Brien & Gere's Task Order No. 5.

O'Brien & Gere has reviewed a draft of the FEWPB's water treatment plant study and is awaiting receipt of the Frankfort final report.

Considering Kentucky American Water's announced decision to remove itself from further discussions relative to a public/private partnership with BWSC, Mr. Lovan reported that alternatives are being studied concerning how BWSC might best proceed to solve the regional potable water supply problem if KAW were to move forward on its own (parallel) track.

## **New Business**

Mr. Calkins called upon Ms. Bridwell to share with the Commission news/activities relative to Kentucky American Water. Ms. Bridwell reported that

KAW has an August 16 hearing scheduled before the Public Service Commission on the proposed IPO regarding KAW. Ms. Bridwell suggested the possibility of a meeting between KAW and BWSC *after* August 16. The consummation of the IPO continues to be scheduled for early 2007.

### **Commissioner's and General Manager's Comments/Business**

Mr. Azevedo referred the Commission to a June 23, 2006 letter from Nick Rowe, President, Kentucky American Water, to Tom Calkins, BWSC Chair. Mr. Azevedo disputed Mr. Rowe's assertions stating that BWSC was making progress in resolving the potable water deficit facing central Kentucky and further stating the reason for the delays rests with Kentucky American Water – not BWSC. He stated that the members of BWSC do not desire to purchase water from Kentucky American Water but desire a public private partnership as proposed by the consulting team in the 2004 feasibility study. Mr. Azevedo challenged Ms. Bridwell to definitively state the position of Kentucky American Water with respect to real participation with BWSC, or in the absence of a commitment, to state that Kentucky American Water did not desire to participate with BWSC. Mr. Rowe's letter is appended to these minutes as *Attachment D*.

A discussion ensued. Mr. Calkins referred to the BWSC's June 2 to KAW offering some equity ownership in facilities needed to solve the regional potable water supply problem. A copy of that June 2 letter is appended as *Attachment E*.

Mr. Calkins presented to the Commission the backup materials that went into his development of the FY 07 budget. The approved FY 07 budget and the project flow of funds, i.e., the backup materials, are appended as *Attachment F*.

KRA ex-officio member Bill Grier reported that it is possible that the Kentucky River Authority would seek construction bids later this year on the Kentucky River Dam 9 work. The dam would essentially be a new one. The lock at Dam 9 would no longer be functional.

Mr. Grier further reported that Congress has appropriated another \$500,000 to the USACE for further studies regarding Kentucky River Dam 10.

Work on the stabilization of Kentucky River Dam 3 (or reconstruction if Pool 3 is to be used as a regional water supply source) seems likely within the next several years, according to Mr. Grier.

Mr. Hughes said that changing signals are being received concerning whether or not the KIA can release Economic Development Fund grant monies (for non-coal counties) prior to the associated State bond sale which is targeted for



some point in time after January 1, 2007. The current advice is that KIA may not be able to release those grant funds prior to the 2007 bond sale.

Mr. Hughes encouraged BWSC and KAWC to continue to talk—suggesting that the Public Service Commission may be the final arbiter in the dispute between BWSC and KAW. Others pointed out that KAW is the only regulated utility associated with BWSC and that PSC may choose *not* to look beyond what KAW needs to do to meet the needs of KAW's customers—thereby ignoring the needs of Commission members who are municipal utilities and; as such, are not PSC-regulated.

Mr. Talley said that the annual election of BWSC officers would occur at the August 2006 meeting. Mr. Hassall will review the minutes of the August 2004 BWSC organizational meeting to check on member terms, which members' terms are expiring, etc.

### **Designation of Time/Place for the August Meeting**

Mr. Riddle volunteered that Georgetown would host the August 2006 BWSC meeting. The meeting will be Monday, August 21, beginning at 9:30 a.m. as a Georgetown site to be announced later.

### **Other**

Mr. Calkins announced a short recess at 10:50 a.m., which would resume with an executive session.

Mr. Calkins reconvened the BWSC meeting at 11:08. Upon a motion by Mr. Pearce, second by Mr. Crump, and unanimous action, the BWSC went into Executive Session to discuss the acquisition of real property.

The BWSC returned to open session on 11:45 a.m.

A motion was made by David Billings and seconded by David Pearce, to take the following action: (1) to ratify and approve the terms and conditions contained in the Option dated July 12, 2006, which was executed by Damon R. Talley in his capacity as attorney and agent for BWSC; (2) to accept the Option on the land parcel in Franklin County proposed as the site for a regional water treatment plant; and (3) to authorize the Treasurer to reimburse Damon R. Talley, P.S.C. in the sum of \$10,000 for the Option payment made on behalf of BWSC. Motion carried by unanimous vote.


At 11:54 a.m., Messrs. Rest and Lovan commenced an *Alternatives Screening Workshop* associated with O'Brien & Gere Task Order No. 5.

Mr. Rest announced that if BWSC develops Pool 3 water supply independent of KAW, unit costs are estimated or expected to be greater for BWSC than if BWSC and KAW worked in partnership. The actual percentage are not known at this time and will be presented upon finalizing Task Order #5. Further, if KAWC develops a Pool 3 water supply independent of BWSC, unit costs are also expected to be greater for KAW than if KAWC and BWSC worked in partnership.

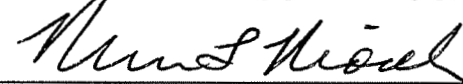
### **ADJOURNMENT**

There being no further business, David Pearce moved and Bob Riddle seconded for an adjournment. The meeting was adjourned at 2:57 p.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

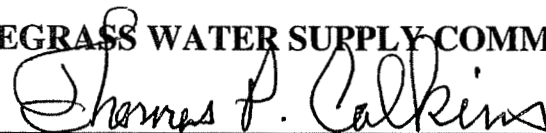
### **BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
**ROBERT L. RIDDLE, SECRETARY**

### **Attachments A-E**

### **APPROVAL OF MINUTES**

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

**BLUEGRASS WATER SUPPLY COMMISSION**  
BY:   
**THOMAS P. CALKINS, CHAIR**

DATE APPROVED: 8/21/06

8/03/06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**August 21, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, August 21, 2006. Chair Calkins convened the meeting at 9:30 a.m. in the Thomas & King Conference Center of the Cincinnati Bengals Training Center in Georgetown.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Donna Powell	Lancaster
Bob Riddle	Georgetown
Virgie Wells	Cynthiana

Commissioners absent:

Charles Martin	LFUCG
David Pearce	Mt. Sterling

Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Rick Fletcher	Mt. Sterling Water and Sewer Commission
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
George Rest	O'Brien & Gere Engineers

Others present included:

Connie Allen	CDP Engineers
Angie Elser	FMSM Engineers
Larry Gaddis	Black & Veatch Engineers
Fred Goins	Franklin County Judge-executive's office
Joe Gormley	Woodford County Judge-executive
David Hamilton	Kentucky River Authority
Joe Lewis	Quest Engineers
Andy Mead	Lexington Herald-Leader
Dan Pence	MSE of Kentucky, Inc.
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
Bruce Southworth	City of Versailles
John Steinmetz	CDP Engineers
Mike Woolum	Strand Associates
Michael Wright	Scott County Judge-executive's office

Minutes of the July 18, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Azevedo, second by Ms. Powell, and, by unanimous vote, the Commission approved the minutes as presented.

Mr. Hassall presented the July financial report, which included the accounts payable. It was pointed out that a portion of O'Brien & Gere's July invoice was omitted from the *accounts payable* portion of the financial report. O'Brien & Gere's invoice for \$10,218.63 for July efforts on Task Order 2 was added to the list and the financial report, appended as *Attachment A* within these minutes, has been corrected. Following a motion by Mr. Billings and a second by Mr. Crump, the total financial report—including the revised accounts payable listing—was approved unanimously.

### **Comments from the Public**

Chairman Calkins opened the floor for comments by members of the public. There were no comments.

### **Old Business**

Mr. Hassall reported that the BWSC had in hand a fully executed agreement and Work Order No. 1 from its financial advisor, Public Financial Management and that he had discussed upcoming efforts with PFM's Kevin Thompson.

Mr. Hassall reported that the BWSC had in hand a fully executed agreement and Work Order No. 1 from its auditor, Ludwig, Blair & Bush and that he had discussed upcoming efforts with the firm's David Bush.

Mr. Hassall called attention to the Division of Water's July 29, 2006 letter to the BWSC indicating a high ranking for a BWSC application for low interest loan funding from the KIA Fund F (Drinking Water Revolving Fund). Mr. Talley suggested that there be a prompt reply from the BWSC so as to *keep open* all possible sources of project financing. KIA fund F loans are capped at \$4 million per project while the loan terms for a regional project such as a BWSC project would likely be 20 years at 1.0 percent interest.

### **Committee Report and Recommendations**

Mr. Azevedo announced that the Administrative Guidelines Committee had no report.

Mr. Riddle announced that the Financial Guidelines Committee had no report.

On behalf of Mr. Martin, Mr. Calkins reported that the Master Planning and Capital Construction Committee planned an early meeting to review and discuss the Frankfort EWPB's consultant-prepared study of the Frankfort water treatment plant.

Mr. Crump announced that the Operations and Maintenance Committee had no report.

### **Program Manager's Report**

Mr. Lovan presented the O'Brien & Gere report, which is appended as *Attachment B*.

### **New Business**

Mr. Crump presented his letter of reappointment as Paris' representative to the Commission. Mr. Riddle presented his letter of reappointment as Georgetown's representative to the Commission. Since Mr. Pearce was absent, it was not immediately known if he had been reappointed as Mt. Sterling's representative to the Commission. Mr. Talley said that commissioners whose terms have expired may continue to serve until their successors have been duly appointed.

Mr. Calkins then opened the floor for nominations for BWSC officers for the year beginning August, 2006. Motion was made by Mr. Azevedo and seconded by Mr. Crump to elect the following officers:

Chair	-	Tom Calkins
Vice-Chair	-	Donna Powell
Secretary	-	Bob Riddle
Treasurer	-	David Pearce

The motion was approved by unanimous vote.

In regard to Berea's formal acceptance into the BWSC, Mr. Talley reported that he had been in contact with the LFUCG Department of Law and that he expected Mayor Isaac to schedule the matter for a public hearing in September. Only after a public hearing is held may Mayor Isaac act to add Berea to the BWS Commission.

Mr. Hassall reported that there was an immediate need to name a project administrator for the 2006 General Assembly's line item appropriation in the form of a \$900,000 grant through KIA. He reported that CDP Engineers had performed well in its role as administrator of the initial KIA grant, and that CDP Engineers has submitted a proposal to undertake the administrative work on the second KIA grant for a *not-to-exceed* sum of \$3,500. Mr. Hassall recommended the acceptance of the CDP Engineers' proposal. Upon a motion by Mr. Riddle, seconded by Mayor Wells, and unanimous vote, the CDP Engineers proposal was accepted and Mr. Calkins was authorized to enter into an agreement on behalf of the BWSC. The CDP Engineers' agreement is appended as *Attachment C*.

There was no other new business.

#### **Commissioner's and General Manager's Comments/Business**

Mr. Talley pointed to the need to respond promptly to the KDOW letter concerning possible KDOW funding through KIA's Fund A. Mr. Lovan and Mr. Hassall agreed to collaborate on a prompt reply.

Mr. Grier read to the commissioners the adopted BWSC mission statement and encouraged all to be familiar with this statement.

Ms. Bridwell reported that Kentucky American's August 16, 2006 hearing before the Kentucky Public Service Commission went well in regard to the planned IPO by RWE-AG as it seeks to offer for sale the American Water Company and its many divisions (including Kentucky American Water).

Mr. Crump complimented Bluegrass ADD for its efforts to promote regional cooperation in the area of water supply.

Mr. Azevedo questioned Ms. Bridwell regarding the intent of Kentucky American Water Company (KAWC) to partner in a meaningful way with BWSC. Ms. Bridwell responded that KAWC had no plans or intent to purchase water from BWSC.

Mr. Rest questioned Ms. Bridwell regarding review of the KAWC water treatment plant design memorandum by O'Brien & Gere (OB&G) on behalf of BWSC. Ms. Bridwell responded that KAWC would provide OB&G a copy of KAWC's preliminary engineering report for the water treatment plant proposed for Pool No. 3 of the Kentucky River. She stated that the report was still in the draft stage.

### **Designation of Time/Place for the August Meeting**

Cynthiana's representative, Mayor Virgie Wells, offered to host the September 2006 meeting of the BWS Commission. The meeting will be Monday, September 25, beginning at 9:30 a.m. The precise meeting place in Cynthiana has yet to be determined.

Frankfort agreed to host the October BWSC meeting with no specific date selected. Paris agreed to host the November BWSC meeting with no specific date selected.

### **Executive Session**

Mr. Billings moved and Mr. Azevedo seconded that, following a brief recess, the Commission go into Executive Session to discuss the acquisition of real property. The motion carried unanimously. A recess was called at 10:39 a.m. The Commission reconvened at 10:53 a.m. for an Executive Session.

### **\* \* \* EXECUTIVE SESSION DISCUSSION \* \* \***

The Executive Session concluded at 11:45 a.m. Chair Calkins announced that it would not be necessary to take any action as a result of the matters discussed in Executive Session.

The Commission recessed for lunch.

The Commission reconvened at 12:30 p.m. with Mr. Rest leading an *interim briefing on water supply alternatives* in workshop format. Various options—both with and without KAW's participation--were discussed. Mr. Rest sought and gained Commission guidance as to how O'Brien & Gere might best move forward with the work assigned to it under Task Order No. 5.

## ADJOURNMENT

There being no further business, the meeting was adjourned at 1:30 p.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

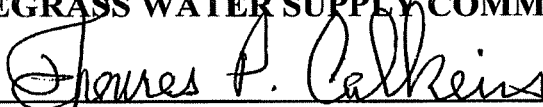
BY:   
ROBERT L. RIDDLE, SECRETARY

Attachments A-C

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: 9/25/06

9/05/06



**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**September 25, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, September 25, 2006. Chair Calkins convened the meeting at 9:30 a.m. in the headquarters building of Blue Grass Energy in Cynthiana.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown
Virgie Wells	Cynthiana

Commissioners absent:

None

Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
George Rest	O'Brien & Gere Engineers

Others present included:

Tim Ball	JJG Engineers
Bill Caldwell	KY DOW
Angie Elser	FMSM Engineers
Larry Gaddis	Black & Veatch Engineers
Joseph Henry	GRW Engineers
Susan Lancho	Kentucky American Water
Jamie Luche	Lexington Herald-Leader
John P. Martin	Mayor, City of Nicholasville
Andy Mead	Lexington Herald-Leader
Mike Redmon	ACIPCO
Bob Smallwood	GRW Engineers
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Robert J. Sturdivant	Quest Engineers
Mark Willis	Burgess & Niple Engineers
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates
Chris Yeary	KY DOW

Mayor Virgie Wells welcomed the group and expressed appreciation to the host company, Blue Grass Energy.

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the August 21, 2006 regular BWSC Meeting were then considered. Upon a motion by Mayor Wells and a second by Mayor Powell, and, by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the August financial report, which included the accounts payable. Following a motion by Mr. Crump and a second by Mr. Pearce, the total financial report—including the accounts payable listing—was approved unanimously. The August financial report is appended as *Attachment A*.

### **Comments from the Public**

Chairman Calkins opened the floor for comments by members of the public. There were no comments.

## **Old Business**

There was no Old Business.

## **Committee Report and Recommendations**

Mr. Azevedo announced that the Administrative Guidelines Committee had no report.

Mr. Riddle announced that the Financial Guidelines Committee had no report.

Mr. Martin reported that the Master Planning and Capital Construction Committee met on September 8, 2006 and reviewed a draft of the GRW Engineers—prepared Frankfort Electric and Water Plant Board Water Treatment Plant Study. The two committee's recommendations are included in the MPCC Committee report which is appended as *Attachment B*.

Joe Henry and Bob Smallwood of GRW Engineers, then presented a PowerPoint summary of the key aspects of the Frankfort Water Treatment Plant Study. The PowerPoint presentation is appended to the minutes as *Attachment C*.

One basic conclusion became apparent early in the GRW Engineers study. That is that recent year peak day water demands upon the Frankfort Water Treatment Plant strongly suggest that Frankfort has no appreciable unused capacity during dry times and that the FEWPB is close to having to plan a water treatment plant expansion if only for itself.

Various scenarios were painted for the BWS Commission—Frankfort water treatment expansions of 5 MGD, 9 MGD, and 18 MGD as well as the delivery system improvements (i.e., water distribution system improvements) that would be required to convey 5 MGD, 9 MGD, or 18 MGD to two possible connection points, either of which could be utilized by the BWSC as a starting point for a Frankfort to Fayette County potable water transmission line.

Upon a motion by Mr. Martin, seconded by Mr. Riddle, and by unanimous action, the BWS Commission authorized O'Brien & Gere Engineers to review the conclusions of the GRW Engineers—prepared Frankfort *Water Treatment Plant Study* and to complete tasks as directed in O'Brien & Gere's Task Orders 4 and 5. Mr. Billings recused himself from the vote on the motion.

Mr. Crump announced that the Operations and Maintenance Committee had no report.

## **Program Manager's Report**

Mr. Lovan presented the Program Manager's report, which is appended as *Attachment D*.

## **New Business**

Inasmuch as it was deemed expedient to establish a Negotiating Committee for the purpose conducting communication with Kentucky American Water, Mr. Azevedo made a motion, seconded by Mr. Crump that the following commissioners be named to serve on a negotiating committee.

Mr. Pearce  
Mr. Riddle  
Mr. Calkins  
Mr. Martin

The motion was approved unanimously. It was made clear that the Negotiation Committee had no authority of its own—that being reserved to the full BWS Commission.

Ms. Bridwell then delivered an 11-page PowerPoint presentation which communicated Kentucky American Water's analysis and suggested plan of action to the BWS Commission. That presentation is attached to these minutes as *Attachment E*.

A Q&A and comments period followed Ms. Bridwell's presentation.

Mr. Calkins reported that there was no need for an executive session.

## **Designation of Time/Place for the August Meeting**

Mr. Billings offered the use of the FEWPB Clubhouse as the site of the October meeting. A meeting date/time of Monday, October 23 beginning at 9:30 a.m. was established. Mr. Billings' offer was accepted for the October meeting in Frankfort.

## **Commissioner's and General Manager's Comments/Business**

Mr. Riddle pointed out that there was to be a PFM Seminar on financial management—scheduled in Memphis on November 16-17, 2006 that might be worth the \$125 registration fee.

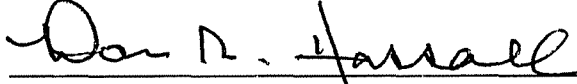
Mr. Grier suggested that it would be timely for BWSC to renew its efforts to seek grant support on the event of an early construction project.

Mr. Hughes said that grants continue to be available, but the available grant funds are expected to be less over time. Mr. Hughes urged consideration of a BWSC option that would utilize existing unused treatment capacity of others. Mr. Hughes said that the Kentucky General Assembly has invested an aggregate of about \$500 million in water/sewer infrastructure in the last two sessions of the General Assembly.

## ADJOURNMENT

There being no further business, the meeting was adjourned at 11:15 .m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
ROBERT L. RIDDLE, SECRETARY

Attachments A-E

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: 10-23-06

10/02/06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**October 23, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its monthly meeting on Monday, October 23, 2006. Chair Calkins convened the meeting at 9:30 a.m. in the Frankfort Electric and Water Plant Board Clubhouse.

The following commissioners were present:

<b><u>Commissioners</u></b>	<b><u>Representing</u></b>
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioners absent:

Vernon Azevedo	Winchester
Virgie Wells	Cynthiana

Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC
George Rest	O'Brien & Gere Engineers

Others present included:

Tim Ball	JJG Engineers
David Duttlinger	Tetra Tech Engineers
David Hamilton	KRA
Beth Nodurft	Quest Engineers
Ryan Owen	Bell Engineering
Dan Pence	MSE Engineers
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates
Chris Yeary	KY DOW

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the September 25, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Billings and a second by David Pearce, and, by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the September financial report, which included the accounts payable. Following a motion by Mr. Riddle and a second by Mayor Powell, the total financial report—including the accounts payable listing—was approved unanimously. The September financial report is appended as *Attachment A*.

### **Comments from the Public**

Chairman Calkins opened the floor for comments by members of the public. There were no comments.

### **Old Business**

There was no Old Business.

### **Committee Report and Recommendations**

Mayor Powell announced that the Administrative Guidelines Committee had no report.

Mr. Riddle announced that the Financial Guidelines Committee had no report.

Mr. Martin reported that the Master Planning and Capital Construction Committee has a meeting planned for 10:00 a.m. Wednesday, October 25, 2006 at the office of Georgetown Municipal Water and Sewer Service to receive a revised proposal from the Louisville Water Company on the topic of possible potable water sales by the LWC to the BWSC.

Mr. Crump announced that the Operations and Maintenance Committee had no report.

### **Program Manager's Report**

Mr. Lovan presented the Program Manager's report, which is appended as *Attachment B*. Most of the Program Manager's report involved work on O'Brien & Gere's Task 5—dealing with the water supply alternatives. That discussion is well covered on page 2 and 3 of *Attachment B*.

Mr. Rest reiterated that certain specific information is now in hand that will facilitate the final decision – making process on water supply alternatives. He mentioned,

- the receipt of preliminary cost figures from the Louisville Water Company
- information and projected costs from the Frankfort Water Treatment Plant Study
- the Kentucky American Water proposal, and
- input from Public Financial Management (PFM) relative to projections of unit cost for BWSC water.

### **New Business**

Mr. Lovan reported that O'Brien & Gere was ready to meet with Negotiating Committee as soon as the October 25 LWC meeting is complete and as additional information is made available by Kentucky American Water.

Mr. Talley reported that necessary paperwork regarding Berea's entry to the BWSC should be in Mayor Connelly's hands very soon.

In response to an inquiry by Mr. Grier, the Kentucky River Authority's David Hamilton replied that the reconstruction of Kentucky River Dam 9 was set



to be advertised for bids within one month. (The pool created by that dam is the primary water source of Kentucky American Water.) The dam is to be reconstructed as its existing height. Mr. Hamilton further reported that there has been no recent change in the plans for the reconstruction of Dam 10. The project continues to languish because of insufficient federal financial support. However, Mr. Hamilton reported that the stabilization work had been completed on the toe of existing Dam 10.

Ms. Bridwell reported that the basis of design of the new regional water treatment plant on Pool 3 should be available to O'Brien & Gere Engineers before the end of October.

### **Commissioners' and General Manager's Business**

Mr. Talley reported on current efforts to achieve the release of funds on the \$900,000 KIA grant approved by the General Assembly earlier this year. Mr. Talley said he hoped that the project paperwork would be ready to go to the December meeting of the General Assembly's Capital Projects Oversight Committee.

### **Designation of Time/Place for the next Meeting**

Monday, December 4, 2006 was tentatively selected as the date of the next regular meeting of the BWSC. The City of Paris would host the meeting at a site yet to be selected.

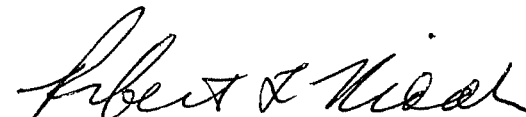
### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:35 a.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

### **BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
ROBERT L. RIDDLE, SECRETARY

Attachments A-B

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

**BLUEGRASS WATER SUPPLY COMMISSION**

BY: \_\_\_\_\_

*Thomas P. Calkins*

THOMAS P. CALKINS, CHAIR

DATE APPROVED: \_\_\_\_\_

*12/4/06*

10/24/06

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**December 4, 2006**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, December 4, 2006. Chair Calkins convened the meeting at 9:30 a.m. in the Parish Center of the Church of the Annunciation in Paris, Kentucky.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown
Virgie Wells	Cynthiana

Commissioners absent:

None

Associates, staff and contractors who were present included:

Donald Blackburn	Berea Utilities
Linda Bridwell	Kentucky American Water Company
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Connie Allen	CDP Engineers
Bob Blankenship	HMB Engineers
Fred Goins	Franklin County Fiscal Court
Joe Gormley	Woodford County Judge-Executive
Eugene Kelley	Mayor, City of Carlisle
Dan Pence	MSE Engineers
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
Bob Sturdivant	Quest Engineers
Mark Willis	Burgess & Niple Engineers
Nancy Wiser	Wiser, Hemlepp & Assoc.
Kenneth York	City of Cynthiana

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the October 23, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Martin and a second by David Pearce, and, by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the October financial report, which included the accounts payable. Following a motion by Mr. Riddle and a second by Mr. Billings, the total financial report—including the accounts payable listing—was approved unanimously. The October financial report is appended as *Attachment A*.

### **Comments from the Public**

Chairman Calkins opened the floor for comments by members of the public. Mr. Blankenship spoke on behalf of the Greater Fleming Water Commission. Mr. Blankenship stated that the GFWC continues to be interested in selling potable water to all or part of the BWSC.

### **Old Business**

There was no Old Business.

### **Committee Report and Recommendations**

Mr. Azevedo announced that the Administrative Guidelines Committee had no report.

Mr. Riddle announced that the Financial Guidelines Committee had no report.

Mr. Martin reported that the Master Planning and Capital Construction Committee met twice since the October 23 BWSC meeting and that the issues discussed there would be reported upon under the Program Manager's report.

Mr. Crump announced that the Operations and Maintenance Committee had no report.

### **Program Manager's Report**

Mr. Lovan presented the Program Manager's report, which is appended as *Attachment B*. Issues relating to work to be performed under Task Orders 2 and 4 are *on hold* pending additional significant progress on the water supply alternatives evaluation which is the thrust of Task Order 5. The Program Manager's Report consisted primarily of a report of two meetings with representatives of Kentucky American Water. That report is summarized in some detail within pages 2 through 4 of the Program Manager's report.

Mr. Lovan concluded by calling attention to a 10:00 a.m. to 12:30 p.m. Tuesday, December 12 meeting of the BWSC Negotiating Committee with Nick Rowe et al. of the Kentucky American Water Company. Mr. Lovan said that he thought the O'Brien & Gere Engineers could conclude its water supply alternatives analysis by the next regular meeting of the BWSC on January 22, 2007.

### **New Business**

Mr. Talley presented his draft of Resolution 2006-02, a resolution of the BWSC accepting KIA Grant ID# 445N-2007: authorizing the grant assistance agreement, authorizing the amendment of the local budget, and authorizing a BWSC representative to sign all related documents.

Mr. Martin moved and Mr. Pearce seconded for an amendment to Section 1 of Resolution 2006-02 so that Section 1 would read as follows:

"That the Sub-Grantee hereby accepts the grant award and approves the Agreement, in substantially the form on file with the Sub-Grantee, with such modifications as the Chair, upon advice of counsel and the Chair of the Financial Guidelines and Budget Committee, may subsequently approve, as evidenced by his signature thereon, for the purpose of providing a portion of the necessary financing for the Project."

Following the unanimous approval of the amendment, upon a motion by Mr. Martin and a second by Mr. Riddle, and by unanimous vote, the Commission approved the amended motion. The amended motion is appended as *Attachment C*.

It was anticipated that the project budget would receive the appropriate review and oversight in order that the Grant Assistance Agreement could be submitted to the Kentucky River Authority before its December 14, 2006 meeting. It is the stated hope and expectation of BWSC that all paperwork associated with KIA Grant 445N-2007 could be ready for the appropriate legislative oversight committee so that the *release of funds* for this KIA Grant No. 2 could occur as early as possible in calendar year 2007.

### **Commissioners' and General Manager's Business**

Mr. Grier and others asked Mr. Hughes if and how KIA grant funds could be applied to the BWSC project. Mr. Hughes said that, at times, the General Assembly has identified a few projects that needed an *extra boost* to get them to advance. Grants have generally been just below or just above the \$1 million mark.

Mr. Hassall commended Mr. Calkins for the BWSC progress report Mr. Calkins made to the October 25 Bluegrass Area Development District Board of Directors—a meeting at which Governor Fletcher was in attendance.

Mr. Hassall reported that under the announced rules, BWSC has only about seven months remaining to draw down its \$250,000 Community Economic Growth Grant (CEGG) which *was* to be used to acquire lands and rights-of-way in connection with what was to have been the BWSC Phase I pipeline project.

Mr. Hassall reported that at its recent annual planning meeting, the Kentucky River Authority reaffirmed its support for the BWSC and its efforts to deal decisively and soon with the regional potable water supply deficit. Plans to reconstruct Dam 3 are high on the KRA's "to do" list. Mr. Hassall also praised KRA Executive Director Steve Reeder for his April 2006 efforts to bring before the House-Senate Conference Committee (on the State budget) issues related to the raw and potable water needs of Central Kentucky. Mr. Hassall said that the efforts of the BWSC and the KRA appear to be complimentary.

Mayor Powell invited all attendees to the 2:00 p.m. Sunday, December 10 dedication of Lancaster's new City Hall, the Billy C. Moss Municipal Center, located at 309 West Maple Street, Lancaster.

Mr. Azevedo suggested that the Commission move to Executive Session at the end of regular business to discuss items related to the acquisition of real property.

Mayor Wells acknowledged that her term as Cynthiana's Mayor will expire at the end of the calendar year and said that she was extremely honored to have served on the BWSC with a group of professionals whose purpose was so noble.

**Designation of Time/Place for the next Meeting**

Monday, January 22, 2007 was selected as the date of the next regular meeting of the BWSC. Lexington-Fayette would host the meeting at the Town Branch WWTP beginning at 9:30 a.m.

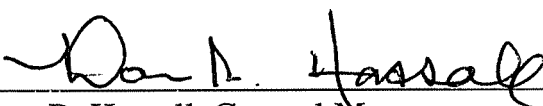
Upon motion by Mr. Azevedo, a second by Mr. Billings, and unanimous action, the Commission moved to Executive Session at 10:58 a.m. to discuss items related to the acquisition of real property.

No action items came from the Executive Session.

**ADJOURNMENT**

There being no further business, the regular BWSC meeting was adjourned at 11:22 a.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

**BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
**ROBERT L. RIDDLE, SECRETARY**

**Attachments A-C**

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

### BLUEGRASS WATER SUPPLY COMMISSION

BY: Thomas P. Calkins  
THOMAS P. CALKINS, CHAIR

DATE APPROVED: January 22, 2007



**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**January 22, 2007**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, January 22, 2007. Chair Calkins convened the meeting at 9:40 a.m. in the Fellowship Hall of Broadway Baptist Church in Lexington, Kentucky.

The following commissioners were present:

<b><u>Commissioners</u></b>	<b><u>Representing</u></b>
Vernon Azevedo	Winchester
David Billings	Frankfort
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown
Virgie Wells	Cynthiana

Commissioners absent:

None

Staff, associates and contractors who were present included:

Donald Blackburn	Berea Utilities
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Bob Blankenship	HMB Engineers and Greater Fleming County Regional Water Commission
Linda Bridwell	Kentucky American Water Company
Solitha Dharman	KY Division of Water
Stan Galbraith	Paris City Commissioner
Michael Galovotti	Kentucky American Water
Joe Gormley	Woodford County citizen
Laura Hackney	MSE Engineers
John Martin	KY River Authority
Andy Mead	Lexington Herald-Leader
Beth Nordurft	Quest Engineers
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Tim Wells	Harrison County citizen
Mark Willis	Burgess & Niple Engineers
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates

#### **Consideration of the Minutes of the Previous Meeting**

Minutes of the December 4, 2006 regular BWSC Meeting were then considered. Upon a motion by Mr. Crump and a second by Mr. Martin, and, by unanimous vote, the Commission approved the minutes as presented.

#### **Consideration of the Financial Report**

Mr. Hassall presented the November and December financial reports, which included the accounts payable. Following a motion by Mr. Martin and a second by Mr. Pearce, the accounts payable listing was approved unanimously. The second page of the financial reports was discovered to have errors. As such, staff was directed to correct the errors and to bring both reports to the February meeting.

*Accounts Payable* approved were as follows:

November

Bluegrass ADD – administrative services for November	\$ 3,448.84
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December

Damon Talley – legal service July-December	\$32,346.75
--	-------------

Bluegrass ADD – administrative services for December	\$ 3,831.40
--	-------------

O’Brien & Gere – Task Order 2 for November and December	\$ 3,112.14
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O’Brien & Gere – Task Order 5 for November and December	\$10,810.15
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Note: As of January 22, 2007, BWSC continued to owe O’Brien & Gere \$5,501.79 for Task Order 5 work undertaken in October. The invoice had been approved, but the check had not been issued.

Mr. Hassall informed the Commission that Draw 5 of KIA Grant 1 was submitted to the Kentucky Infrastructure Authority on January 8, 2007. The draw request was in the amount of \$249,864.62. Electronic payment on the draw request is expected by month’s end.

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**Comments from the Public**

There were no comments from the public.

Chairman Calkins recognized former Cynthiana Mayor Virgie Wells for her tireless efforts on behalf of her community and the region to deal with water supply issues. Ms. Wells was presented with a *certificate of appreciation* signed by all commissioners, ex-officio members, and associates. Further, Mr. Calkins presented Ms. Wells with a plaque as a symbol of the high regard in which she is held by the BWSC. Ms. Wells responded with kind words. A copy of the text of Ms. Wells’s *certification of appreciation* and her plaque are appended as *Attachment A*.

**Committee Report and Recommendations**

**Administrative Guidelines Committee**

Committee Chair Azevedo reported on a recent committee meeting at which an *Attorney Conflict of Interest Waiver* letter was discussed. One attorney who has offered and continues to offer advice to the BWSC is now a member of a large law firm that includes Kentucky American Water’s attorney. The waiver letter, if

approved and signed, would permit both attorneys to function in their capacities. The waiver letter would be revocable, said Mr. Azevedo.

Further, Mr. Azevedo reported that it was time to contact those firms that had competed—more than a year ago—for the engineering design work and for easement and property acquisition work associated with projects that had, at that time, been identified as the BWSC's Phase 1 Project. The contacts would officially notify the competing firms that the effort would not proceed further under the auspices of the BWSC. Further, also to be notified is the contractor on the nearly completed Phase 1 Project Routing Study. That contractor should be informed that work on the last three or four percent of that project would not be pursued.

Mr. Calkins suggested that the committee soon turn its attention to the Lexington-to-Winchester water line connector that needed to be in place by 2009.

#### Financial Guidelines Committee

To Mr. Riddle's report, Mr. Talley added that several conference calls and one-on-one telephone calls to the BWSC's financial advisor, Public Financial Management (PFM) had been productive. Expected from PFM within the next month are the following:

- projections of cost of water per 1,000 gallons under various scenarios, and
- the draft of a business plan for the BWSC.

#### Master Planning and Capital Construction Committee

Committee Chair Martin said that the committee had met twice since the December 4, 2006 BWSC meeting and he would defer the committee report until the Program Manager had made his report.

#### Operations and Maintenance Committee

Committee Chair Crump reported that the Operations and Maintenance Committee had not met and that he had nothing to report.

## **Program Manager's Report**

Mr. Lovan of O'Brien & Gere Engineers presented the Program Manager's report which is appended as *Attachment B*.

The appended report is significant, because, from its findings, crucial decisions concerning the direction of the BWSC effort are expected to be made. Attention is directed to the interim findings on water supply alternatives as listed on page 3 of the Program Manager's report where a discussion of the possible BWSC / KAW business relationship appears. Following that discussion is the conclusions segment on page 4 followed by the recommendations on page 5.

The recommendations of the Program Manager are considered to be of such importance that those five sentences are replicated below:

- *It is recommended that BWSC negotiate with KAW for cost sharing of a 25 MGD facility.*
- *If KAW accepts the 5 MGD initial share in Pool 3, then this will allow for lesser unit cost to BWSC for the initial phase and explore further the possibility to combine that with a supplemental supply from the Ohio River for the remainder of the 4MGD.*
- *Based on an estimated minimum purchase amount of 5 MGD, the calculated unit cost to the Commission would be in the range of \$2.45 to \$2.55 per 1,000 gallons.*
- *It should be noted that the costs per 1,000 gallons are dependent on several factors (terms of borrowing, interest rates, rate coverage, daily withdrawal rates, etc.) which should be common to all options.*
- *Both O'Brien & Gere and PFM will work together to conduct additional analysis to provide a more detailed cost analysis of the rates and will look for guidance on using the appropriate factors for the purpose of projecting wholesale rates.*

At the conclusion of the Program Manager's report, Mr. Martin again addressed the commission in his capacity of Master Planning and Capital Construction Committee chair.

Several attempts were made to word a motion to address the Program Manager's conclusions. After several false starts, Mr. Martin offered the following motion that was seconded by Mr. Billings:

--that the Commission instruct its Negotiating Committee to continue negotiating with KAW toward a joint equity ownership of a 25 MGD project with KAW owning 20MGD and BWSC owning 5 MGD.

The motion was approved unanimously.

Mr. Martin then moved with Mr. Riddle seconding that the Commission authorize the reimbursement to KAW, at a time to be determined later, the sum of \$171,000 for engineering design costs associated in upsizing the regional water treatment plant from 20 MGD to a new daily capacity of 25 MGD.

The motion was approved unanimously.

Mr. Azevedo discussed the public sector investments that have been made by the Commission in planning and engineering beginning in year 2000. He suggested that KAW be asked to reimburse the BWSC for those costs since KAW was utilizing much of those results in its own project apart from the BWSC. Mr. Billings suggested that the BWSC Negotiating Committee make this line of thought one of its issues as it negotiates with KAW.

### **New Business**

Mr. Talley offered additional information covering the waiver of conflict issue subject that had been initially discussed under the Administrative Guidelines Committee report. Upon a motion by Mr. Azevedo, seconded by Ms. Powell, and unanimously approved, the BWSC chairman was authorized to sign the *attorney conflict of interest waiver* letter.

There was no other new business.

### **Commissioners' and General Manager's Comments / Business**

Mr. Hassall reported upon a meeting held on January 18, 2007 at the GOLD office in Frankfort. Attendees were Tom Calkins, Damon Talley, Don Hassall, Jody Hughes, and three GOLD officials. The meeting related to the \$250,000 Community Economic Growth Grant (CEGG) commitment for lands and right-of-way acquisition along the Phase 1 pipeline route. Since the particular task is

defined in the project description is, according to present plans, to be a KAW effort, various options were explored as to how the CEG grant could be retained and expended. Mr. Hughes offered a scenario at that January 18 meeting under which the grant funds could be drawn down under the grant scope as it was originally defined. Mr. Talley will assist Mr. Hassall as together they work with KAW to that end. All CEG grant funds need to be expended prior to June 30, 2007.

Mr. Riddle announced to the Commission his retirement from the Georgetown Municipal Water and Sewer Services as of January 31, 2007. He will be able to continue as a BWSC commissioner.

Mr. Talley announced that documents have been prepared and forwarded to the City of Berea would likely lead to Berea's officially joining the BWSC. Mr. Martin will work with Mayor Jim Newberry and the LFUCG Department of Law to the end that such a public hearing on this issue could be held by Mayor Newberry within 30 to 45 days.

Ms. Powell related that while she continues to represent the City of Lancaster in the BWSC, she is no longer affiliated with Lancaster city government. Rather, she is now serving as Garrard County Judge-executive John Wilson's special assistant.

Mr. Calkins called for a recess at 11:14 a.m. The Commission reconvened the meeting at 11:28 a.m. Mr. Azevedo made a motion, seconded by Mr. Martin that the Commission go in to Executive Session for the discussion of the acquisition of lands and rights-of-way. The motion was unanimously approved.

The Commission later returned to public session. No action was taken as a result of the Executive Session.

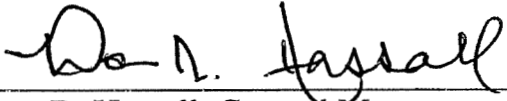
#### **Designation of Time/Place for the next Meeting**

Monday, February 26 was selected as the date of the next regular meeting of the BWSC. Winchester would host the meeting at a site in Winchester yet to be selected. The meeting will begin at 9:30 a.m.

## ADJOURNMENT

There being no further business, and upon a motion by Mr. Billings, seconded by Mr. Riddle, and unanimous action, the January 22, 2007 meeting was adjourned.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

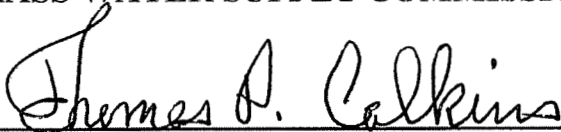
BY:   
ROBERT L. RIDDLE, SECRETARY

Attachments A-B

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: February 26, 2007



**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**February 26, 2007**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, February 26, 2007. Chair Calkins convened the meeting at 9:30 a.m. at the UK Extension Service Offices in Winchester, Kentucky.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
David Pearce	Mt. Sterling
Donna Powell	Lancaster

Commissioners absent:

David Billings	Frankfort
Charles Martin	LFUCG
Bob Riddle	Georgetown
Virgie Wells	Cynthiana

Staff, associates and contractors who were present included:

Donald Blackburn	Berea Utilities
Billy Jenkins	Georgetown MWSS
Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Linda Bridwell	Kentucky American Water Company
Ed Burtner	Mayor, City of Winchester
David Bush	Ludwig, Blair and Bush, PLLC
Solitha Dharman	KY Division of Water
Sandy Dunahoo	Nesbitt Engineers
Angie Elser	FMSM Engineers
Stan Galbraith	Paris City Commissioner
Jim Hagerty	Brown & Caldwell Engineers
Bill McDonald	Venture Enterprises
Andy Mead	Lexington Herald-Leader
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Robert Sturdivant	Quest Engineers
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates

### **Consideration of the Minutes of the Previous Meeting**

Chair Calkins appointed Don R. Hassall to serve as Acting Secretary in the absence of Secretary Riddle.

Minutes of the January 22, 2007 regular BWSC Meeting were then considered. Upon a motion by Mr. Crump and a second by Mr. Azevedo, and, by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the November, December and January financial reports. Only the January financial report contained *accounts payable* that had *not* previously been approved. Following a motion by Mr. Pearce and a second by Mr. Azevedo, the November, December and January financial reports were unanimously approved together with the January *accounts payable*. November, December and January financial reports are appended as *Attachments A, B, and C*.

January *Accounts Payable* approved were as follows:

Bluegrass ADD (January 2007 Administrative Services)	\$ 2,768.29
CDP Engineers (grant admin. on KIA Grant 2)	1,592.50
CDP Engineers (additional grant admin. on KIA Grant 2)	1,000.00
O'Brien & Gere Task Order 2 (January 2007)	2,100.00
O'Brien & Gere Task Order 4 (January 2007)	6,450.00
O'Brien & Gere Task Order 5 (January 2007)	<u>2,100.00</u>
Total	\$16,010.79

### **Comments from the Public**

There were no comments from the public.

David Bush, of the CPA firm Ludwig, Blair & Bush, PLLC, presented the Audit Report for the years ended June 30, 2005 and June 30, 2006. Mr. Bush stated that the Audit Report is a "clean" one and does not contain any reportable conditions. The Commission decided to take the Audit Report under advisement, to distribute the Audit Report to those Commissioners absent from the February 26, 2007 Meeting, and to consider acceptance of the Audit Report at the March BWSC Meeting.

### **Old Business**

Ms. Bridwell brought a report on the status of the KAW regional water treatment plant / potable water transmission line effort. The water plant design effort is progressing on target, with the engineering design nearing the 90 percent completion level. Completion of engineering design is expected in late March. KAW still plans in late March to file with the Public Service Commission its request for the issuance of a certificate of public convenience and necessity.

Some opposition is being posed, she said, to the selected potable water transmission line route in northeastern Franklin County, but KAW continues to believe that it has selected the most environmentally acceptable route. The engineering cost estimate has not changed from that previously presented to BWSC and discussed. A public hearing before the PSC in mid-summer continues to be likely. Ms. Bridwell welcomed the involvement of the BWSC program manager as plan submission to DOW approaches. KAW has established a website concerning its effort. The website address is [www.bluegrasswater.com](http://www.bluegrasswater.com).

Ms. Bridwell said that KAW was conducting a cultural and environmental review investigation and that no requirement for an Environmental Impact Statement (EIS) is anticipated.

Mr. Talley then brought a progress report on efforts to bring Berea into the BWSC family. It is likely, he said, that LFUCG Mayor Newberry will schedule a public hearing on this matter for 5pm Tuesday, March 27 in the Urban County Council Chambers. After that public hearing, Mayor Newberry may issue an order approving the addition of Berea to the BWSC.

### **Committee Reports and Recommendations**

#### **Administrative Guidelines Committee**

Mr. Azevedo said that there was no report from the Committee.

#### **Financial Guidelines Committee**

Mr. Hassall said that a meeting of the Committee was scheduled at the close of the February 26 BWSC meeting.

#### **Master Planning and Capital Construction Committee**

Mr. Calkins said that there was no report from the Committee.

#### **Operations and Maintenance Committee**

Mr. Crump said that there was no report from the Committee.

### **Program Manager's Report**

Mr. Lovan's brief report is appended as *Attachment D*. The program manager awaits feedback upon the preliminary analysis of alternative sources of supply that had previously been presented to the Master Planning and Capital Construction Committee.

### **New Business**

Mr. Talley stated that he had in hand from Public Financial Management (PFM) the skeleton of a draft business plan. Commissioner input was requested by PFM.

Messrs. Calkins, Azevedo, Talley, Hughes, and Hassall reported upon various meetings involving the BWSC that were held in Frankfort in February. The following meetings occurred during the month:

- a meeting with the Governor's Office,
- a meeting with the State Budget Director, and
- a meeting / presentation before the Central Kentucky Legislative Caucus.

All meetings were viewed as positive but no financial support from the Executive Branch or the Legislative Branch was promised.

### **Commissioners' and General Manager's Comments / Business**

Mr. Talley discussed initiatives to secure from Frankfort and from Georgetown a strong statement of interest in purchasing BWSC water. Mr. Azevedo referred to similar discussions with the Winchester leadership. Mr. Calkins discussed ongoing economic initiatives in Nicholasville—development that could require additional potable water.

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### **Designation of Time/Place for the next Meeting**

The next monthly BWSC meeting will be Monday, March 19, 2007 BWSC meeting at the same site as the prior BWSC meeting in Lancaster—that being the First Southern National Bank's *Community Room* on southeast corner of Lancaster's Public Square. That meeting will commence at 9:30 a.m.

### **Executive Session**

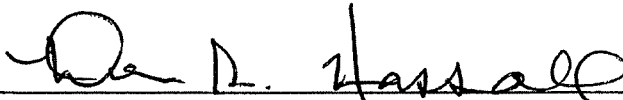
Mr. Calkins called for a brief recess at 10:30 a.m. The meeting reconvened at 10:45 a.m. Upon a motion by Mr. Azevedo, second by Mr. Pearce and unanimous action, the Commission went into Executive Session to discuss the acquisition of real property.

No action resulted from the Executive Session.

## ADJOURNMENT

Upon a motion by Mr. Crump, second by Mr. Azevedo and unanimous action, the meeting was adjourned at 11:10 a.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

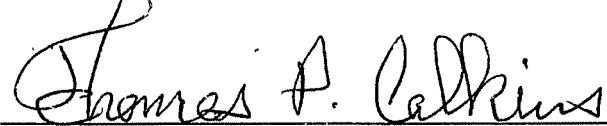
BY:   
DON R. HASSALL, ACTING SECRETARY

## Attachments A-D

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: April 16, 2007

**MINUTES  
of the  
BLUEGRASS WATER SUPPLY COMMISSION**

**April 16, 2007**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, April 16, 2007. Chair Calkins convened the meeting at 9:30 a.m. in the Community Room of the First Southern National Bank Building in downtown Lancaster, Kentucky.

The following commissioners were present:

<b><u>Commissioners</u></b>	<b><u>Representing</u></b>
Vernon Azevedo	Winchester
David Billings	Frankfort
Donald Blackburn	Berea
Thomas P. Calkins	Nicholasville
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioners absent:

Mayor Jim Brown	Cynthiana
Kevin Crump	Paris

Staff, associates and contractors who were present included:

Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Linda Bridwell	Kentucky American Water Company
Sandy Broughman	Broughman & Associates Engineers
Ed Burtner	Mayor, City of Winchester
Solitha Dharman	KY Division of Water
Sandy Dunahoo	Nesbitt Engineers
Wayne Dunson	GRW Engineers
Lynne Harris	Bluegrass ADD
Phil Kerrick	CCEIDA
Joe Lewis	Quest Engineers
Mike Redmon	ACIPCO
Don Rinthen	Mayor, City of Lancaster
Fred Simpson	Magistrate, Garrard County
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Lenny Stoltz	Executive Director, Bluegrass ADD
Garland VanZant	Woodford County Health Department
John Wilson	Judge-executive, Garrard County
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates

Donna Powell introduced Garrard County Judge-executive John Wilson and Lancaster Mayor Don Rinthen.

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the February 26, 2007 regular BWSC Meeting were then considered. Upon a motion by Mr. Azevedo and a second by Mr. Martin, and by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the February and March financial reports. Following a motion by Mr. Billings and a second by Mr. Azevedo, the February and March financial reports, including the accounts payable, were unanimously approved and are appended as *Attachments A and B*.



## **Comments from the Public**

There were no comments from the public.

## **Old Business**

Ms. Bridwell gave an oral report concerning KAW's progress on the water treatment plant project and the 42-inch diameter water transmission line project.

- Engineering plans on the water transmission line were submitted to KDOW on March 5.
- Engineering plans on the 20 MGD water treatment plant were submitted to KDOW on March 9.
- In mid March, there was a 90 percent engineering completion plan review session that was attended by BWSC program manager O'Brien & Gere's Bryan Lovan.
- The 404 permit request has been submitted to the USACE.
- The 401 permit request has been submitted to KDOW.
- DOT highway encroachment permit requests have been filed.
- KAW filed, on March 30, its request for a *Certificate of Convenience and Necessity* with the KY Public Service Commission.
- KAW expects to be ready to seek construction bids by about June 1, although that date could be pushed back.
- The concept of the water transmission line is expected to be aired at the April 19 meeting of the Franklin County Fiscal Court. Don Hassall is expected to present the BWSC's case to the fiscal court. David Billings said that he expected to be present at the April 19 Fiscal Court meeting as well.

On behalf of David Bush, Mr. Azevedo presented the modestly amended audit report of BWSC for the period ending June 30, 2006. The audit's conclusions remained unchanged. Upon a motion by Mr. Azevedo and a second by Mr. Riddle, and by unanimous vote, the Commission accepted and approved the audit report as presented.

### **Committee Reports and Recommendations**

#### **Administrative Guidelines Committee**

Mr. Azevedo said that there was no report from the Committee.

#### **Financial Guidelines Committee**

Mr. Riddle said that a meeting of the Financial Guidelines Committee will be scheduled at an early date.

#### **Master Planning and Capital Construction Committee**

Mr. Martin said that there was no report from the Committee.

#### **Operations and Maintenance Committee**

Mr. Calkins said that there was no report from the Committee.

### **Program Manager's Report**

Mr. Lovan's brief report is appended as *Attachment C*. The program manager's report indicates that budget ceilings for Tasks 2, 3, and 5 are being approached.

### **New Business**

Chairman Calkins introduced Bluegrass ADD Executive Director Lenny Stoltz. Mr. Stoltz reported that the ADD would schedule, at an early date, meetings with affected mayors, judges-executive and selected other local officials in an effort to marshal solid support for the BWSC's efforts. Further, Mr. Stoltz reported that meetings would be scheduled with state representatives, state senators, and selected other leaders in an attempt to gain tangible support for BWSC's efforts to supplement the region's supply of potable water. Mr. Calkins suggested that an

optional level of outside financial support would be \$35 million from the Federal Government and \$25 million from State Government.

Mr. Talley spoke to the opportunity for BWSC to seek to be a friendly intervenor in PSC Case 2007-00134. Upon a motion by Mr. Azevedo, a second by Mr. Martin and unanimous action, the Commission authorized its attorney, Damon R. Talley, to file a Motion for Full Intervention on behalf of BWSC in PSC Case No. 2007-00134.

In response to Mr. Martin's question as to the deadline for BWSC to come up with local financial commitments, Ms. Bridwell, Mr. Calkins and others remarked that February to early Spring, 2008 or nine months after KAW's bid opening on its water treatment plant project would be the likely deadline. Mayor Burtner asked for a cleaner definition of "commitment at the local level." Mr. Talley said that local commitment could best be described in two levels which were:

- a resolution of strong interest now, and
- a take or pay contract to purchase water by early 2008.

Mayor Burtner said that Winchester and others will need to know in more definite terms what BWSC's water rates are likely to be.

#### **Commissioners' and General Manager's Comments / Business**

Mr. Grier brought a report on the Kentucky River Dam 9 reconstruction efforts.

Mr. Hughes suggested that BWSC be prepared to address questions concerning average existing residential water customer water rates as well as proposed rates with and without federal/state financial participation.

Mr. Hassall discussed recent news that:

- Governor Fletcher had approved grants totaling \$25 million for selected Lake Cumberland-affected municipal water utilities and how that financial commitment might impact State support for the BWSC efforts.
- Harrodsburg city officials were discussing an expansion of the municipal water treatment plant to 6 MGD from the current 4.0 MGD rated capacity.

Mr. Talley announced that, with the execution of Mayor Jim Newberry's March 27, 2007 order, Berea had joined the BWSC family as the tenth municipal member. Donald Blackburn is Berea's designated commissioner to the BWSC. Mr. Blackburn's term would expire on August 1, 2009.

**Designation of Time/Place for the next Meeting**

The next regular BWSC meeting will be held in Nicholasville at a date and place yet to be determined.

**ADJOURNMENT**

There being no further business, Chairman Calkins adjourned the meeting at 11:00 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Don R. Hassall, General Manager

**BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
\_\_\_\_\_  
**BOB RIDDLE, SECRETARY**

**Attachments A-C**

## **APPROVAL OF MINUTES**

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

### **BLUEGRASS WATER SUPPLY COMMISSION**

BY: Thomas P. Calkins  
THOMAS P. CALKINS, CHAIR

DATE APPROVED: May 21, 2007

5-4-07

**MINUTES**  
**of the**  
**BLUEGRASS WATER SUPPLY COMMISSION**

**May 21, 2007**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, May 21, 2007. Chair Calkins convened the meeting at 9:35 a.m. in the High Bridge Park Pavilion at High Bridge, Kentucky.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Donald Blackburn	Berea
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioners absent:

Mayor Jim Brown	Cynthiana
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Staff, associates and contractors who were present included:

Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Scott Althausser	Richmond Utilities
Matt Belcher	Paris Asst. City Manager
Tom Buford	State Senator (22 <sup>nd</sup> District)
Ed Burtner	Mayor, City of Winchester
Bob Casher	Paris City Manager
Ed Councill	Canoe Kentucky
David Carlstedt	City of Wilmore
Wm. Neal Cassity	Jessamine County Judge-Executive
Ted Collins	Franklin County Judge-Executive
Shannon Cox	City Commissioner, Winchester
Sandy Dunahoo	Nesbitt Engineers
David Duttlinger	Bluegrass ADD
Ira Fannin	Franklin County Magistrate
Wayne Foster	Jessamine County Economic Development Authority
Jamie Franklin	House Majority Caucus Office of Rep. Charlie Hoffman
Michael Galavotti	Kentucky American Water Company
Stan Galbraith	Paris City Commissioner
Fred Goins	Franklin County Judge-Executive's office
Vince Guenther	Louisville Water Company
Tara Hackney	MSE Engineers of KY
Mike Haydon	House Majority Rep. Rocky Adkins' Office
Greg Heitzman	Louisville Water Company
Billy Jenkins	Georgetown Municipal Water Service
Phil Kerrick	CCEIDA
Jeff Laake	Woodford County Economic Development Authority
Joe Lewis	HDR/Quest Engineers
Tom Marshall	Attorney for Peaks Mill Water District
Andy Mead	Lexington Herald-Leader
Russ Meyer	Mayor, City of Nicholasville
Bart Miller	City of Versailles
Dan Pence	MSE Engineers of KY
Don Pratt	citizen, Lexington
Mike Redmon	ACIPCO
Carl Rollins	State Representative (56 <sup>th</sup> District)
Peggy Sharon	Woodford County Economic Development Authority
Ned Sheeby	LFUCG
Jim Smith	Louisville Water Company
Ron Sturgeon	Franklin County Magistrate
Roger C. Wallin	Toyota Motor Manufacturing
John Wilson	Garrard County Judge-Executive
Nancy Wiser	Wiser, Hemlepp & Assoc.
Bob Vaughan	Strand Associates

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the April 16, 2007 regular BWSC Meeting were then considered. Upon a motion by Mr. Pearce and a second by Mr. Martin, and by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the April financial report. Following a motion by Mr. Martin and a second by Mr. Pearce, the April financial report, including the accounts payable, was unanimously approved and is appended as *Attachment A*. Mr. Hassall announced that a draw request in the amount of \$82,183.40 had been submitted to the Kentucky Infrastructure Authority against the BWSC's initial grant.

### **Program Manager's Report**

Mr. Lovan presented the Program Manager's written report which is appended as *Attachment B*.

### **Old Business**

Mr. Galavotti, representing Ms. Bridwell of the Kentucky American Water Company (KAWC), presented an update on the KAWC water treatment plant and water transmission line effort. Milestones enumerated included the following:

- Engineering plans on the 42-inch water transmission line were submitted to the Division of Water on March 5.
- Engineering plans on the 20 MGD water treatment plant were submitted to Kentucky Division of Water on March 9. The plans are such that the water plant could be expanded to 25 MGD before a construction start.
- KAW has received Division of Water approval on the water treatment plant engineering plans.
- KAW has received from the Kentucky Transportation Cabinet's District 6 the needed encroachment permit for the use of the highway right-of-way in Owen County.
- The Corps of Engineers continues its review of the required 404 permit.
- The Division of Water continues its review of the required 401 permit.
- The Kentucky Transportation Cabinet's Districts 5 and 7 continue their review of encroachment permit requests.
- Under review by KDOW is the KAW's request for a KPDES permit for the discharge of residuals supernatant.
- Under review by the Division of Water are the plans for the water booster pumping station.



- KAW is beginning in May the easement acquisition effort with a joint team of consultants. Letters to all property owners along the route went out in mid-May explaining some of the terms of easements and what to expect.
- KAW has continued to respond to information requests, including recent presentations to *Leadership Central Kentucky* on May 9 and to the Switzer Ruritan Club on May 7.
- The Public Service Commission has issued its procedural order—with a hearing likely in October. Hopefully, this will result in a PSC decision by the end of 2007.
- KAW is preparing to request construction bids in early August with bids due in early October—just prior to the PSC hearing. The bids would contain a 90-day *hold* provision.
- KAW expects to file today (May 21) its response to the first data requests from the Public Service Commission.
- KAWC plans to send a representative to Washington, DC with the Greater Lexington Chamber of Commerce in July to push for federal funding for a portion of the BWSC effort.
- KAWC is to the point of choosing to work soon on a partnership agreement with the Bluegrass Water Supply Commission.

Mr. Talley updated the Commission on BWSC's intervention KAWC's case before the Public Service Commission.

At the present time, intervenors include:

- the Kentucky Attorney General's Office
- LFUCG
- BWSC
- Kentucky Industrial Water Users
- Citizens for Alternative Water Supply (CAWS)

From the Finance Committee, Mr. Riddle brought a recommendation that the ceiling on O'Brien & Gere's Task Order 2 be increased by \$45,000 since more work of a miscellaneous nature was being required than was initially anticipated. Upon a motion by Mr. Riddle, a second by Mr. Pearce, and unanimous action, the Task Order 2 ceiling increase of \$45,000 was approved.

### **Leadership Briefing/Discussion**

Mr. Azevedo made a PowerPoint presentation to area leaders. That presentation is appended as *Attachment C*.

### **Comments from the Public**

Comments were entertained. Mr. Azevedo sought to reply to the comments as appropriate.

Mr. Grier discussed the status of the Kentucky River Dam 9 reconstruction effort.

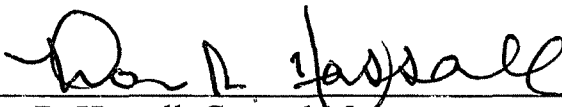
### **Designation of Time/Place for the next Meeting**

The next regular BWSC meeting will be held in Berea at a date and place yet to be determined.

### **ADJOURNMENT**

There being no further business, Chairman Calkins adjourned the meeting at 11:10 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Don R. Hassall, General Manager

### **BLUEGRASS WATER SUPPLY COMMISSION**

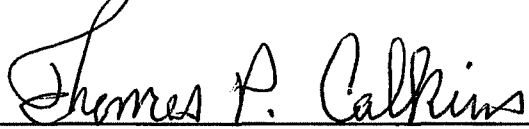
BY:   
\_\_\_\_\_  
BOB RIDDLE, SECRETARY

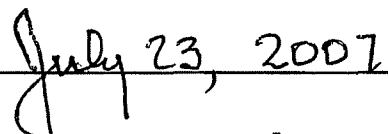
Attachments A-C

### **APPROVAL OF MINUTES**

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

### **BLUEGRASS WATER SUPPLY COMMISSION**

BY:   
\_\_\_\_\_  
THOMAS P. CALKINS, CHAIR

DATE APPROVED:   
\_\_\_\_\_  
6-6-07

**MINUTES  
of the  
BLUEGRASS WATER SUPPLY COMMISSION**

**July 23, 2007**

The Board of Commissioners of the Bluegrass Water Supply Commission (BWSC) held its regular meeting on Monday, July 23, 2007. Chair Calkins convened the meeting at 9:34 a.m. in the Council Chambers at the Berea Municipal Building in Berea.

The following commissioners were present:

<u><b>Commissioners</b></u>	<u><b>Representing</b></u>
Vernon Azevedo	Winchester
David Billings	Frankfort
Donald Blackburn	Berea
Thomas P. Calkins	Nicholasville
Kevin Crump	Paris
Bill Grier	KRA ex-officio member
Jody Hughes	KIA ex-officio member
Charles Martin	LFUCG
David Pearce	Mt. Sterling
Donna Powell	Lancaster
Bob Riddle	Georgetown

Commissioners absent:

Mayor Jim Brown	Cynthiana
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Staff, associates and contractors who were present included:

Don Hassall	General Manager, BWSC
Bryan Lovan	O'Brien & Gere Engineers
Damon Talley	Legal Counsel, BWSC

Others present included:

Ed Burtner	Mayor, City of Winchester
Steve Connelly	Mayor, City of Berea
Michael Eirich	Berea Utilities
Michael Galavotti	Kentucky American Water Company
Stan Galbraith	Paris City Commissioner
Fred Goins	Franklin County Judge-Executive's office
Jim Gray	Vice-mayor, LFUCG
Bart Miller	City of Versailles
Dan Pence	MSE Engineers of KY
Mike Redmon	ACIPCO
Jim Smith	Louisville Water Company
John Steinmetz	CDP Engineers
Randy Stone	City Administrator, Berea
Jason Walton	City of Versailles
Ruth Webb	Legislative Research Commission
Nancy Wiser	Wiser, Hemlepp & Assoc.
Mike Woolum	Strand Associates

### **Consideration of the Minutes of the Previous Meeting**

Minutes of the May 21, 2007 BWSC meeting were then considered. Upon a motion by Mr. Martin and a second by Mr. Pearce, and by unanimous vote, the Commission approved the minutes as presented.

### **Consideration of the Financial Report**

Mr. Hassall presented the financial report for the May-June, 2007 period. Berea's \$2,500 voluntary contribution was received during the period as was a KIA draw of \$82,183.40. Following a motion by Mr. Martin and a second by Mr. Pearce, the financial report, including the accounts payable, was unanimously approved and is appended as *Attachment A*. Approval of the invoice from the BWSC's auditor was withheld pending the completion of the work with regard to guidance on the establishment of an improved financial reporting system.

### **Comments from the Public**

Winchester Mayor Ed Burtner addressed the Commission to announce that he had named himself to represent Winchester on the BWSC, replacing Mr. Azevedo whose term will expire on August 1, 2007. Members of the Commission expressed their

admiration and appreciation of Mr. Azevedo who advocated regional action on the topic of water supply long before such cooperative action was popular.

### **Old Business**

Representing KAWC's Linda Bridwell, Michael Galavotti reported on progress on the KAWC water treatment plant, intermediate booster pump station and tank, and water transmission line effort. He reported that:

- Data requests by the Public Service Commission are being handled expeditiously.
- Highway rights-of-way encroachment permits are continuing to be pursued.
- The USACE 404 permit and the KDOW 401 permit are being sought.
- KDOW approval of *all* engineering plans and specifications has been received.
- KAWC is prepared to commence the bidding process on August 2, 2007 seeking bids on all construction contracts with October 2 being established as the date bids are to be received. Once received, the construction bids would then have a 90-day life.
- A PSC hearing date of October 9 has been established and a decision by PSC is expected before the end of the calendar year.
- KAWC is seeking to acquire 109 easements.
- KAWC's anticipated schedule would suggest a "project-in-service" date of about 32 months after the October 2, 2007 reception of construction bids.

Mr. Talley reported on the KAWC certificate case pending before the Public Service Commission. Intervenors at this time are the following:

KY Attorney General's Office  
Lexington-Fayette Urban County Government  
Bluegrass Water Supply Commission  
KY River Authority  
Citizens for an Alternative Water Solutions, Inc. (CAWS)  
KY Industrial Utility Customers

PSC has gone through three different rounds of information requests, and KAWC has responded to each request in a timely fashion. Mr. Talley said he had detected no procedural slippage that could result in a delay in the October 9 hearing or in the announcement of a decision on the KAWC certificate case by the Public Service Commission.

Mr. Talley reported that, as of yet, there had been no face-to-face negotiations between BWSC and KAWC but he has had preliminary conversations with KAWC's attorney. The next step would seem to be a refinement of the BWSC discussion points that would precede contract negotiations.

### **Committee Reports and Recommendations**

Mr. Riddle reported that Financial Guidelines Committee would meet following the July 23 Commission meeting.

Mr. Martin reported the Master Planning and Capital Construction Committee would likely need to meet several times before the August 2007 Commission meeting.

No other committee reports were rendered.

### **Program Manager's Report**

Mr. Lovan reviewed and summarized the Program Manager's budget for Tasks 2, 3, 4 and 5. That information together with the "on hold" status of the water withdrawal permit application is summarized as follows:

#### **SUMMARY OF PROGRAM MANAGER BUDGET**

	Budget	Effort Spent To Date	Remaining Budget
Task Order #2	\$139,000.00	\$ 98,890.59	\$40,109.41
Task Order #3	79,000.00	77,099.37	1,900.63
Task Order #4	59,500.00	30,537.57	28,962.43
Task Order #5	63,730.00	63,248.69	481.31
Total	\$341,230.00	\$269,776.22	\$71,453.78

#### Task Order #2

- Kentucky River Pool 3 – Water Withdrawal Application

This item has been placed on hold pending the final outcome of the alternatives evaluation in Task Order #5 and needs to be addressed as to whether the application is withdrawn or still pending. Notification will need to be submitted to KDOW.

Mr. Lovan, together with many others, discussed various versions and aspects of proposals brought by the Louisville Water Company (LWC) beginning with the initial July 3, 2003 proposal and continuing through July 10, 2007 proposal before the Lexington-Fayette Urban County Council. Mr. Lovan sought to define the difference between *reserved capacity* and *available capacity* in the context of various proposals brought by the Louisville Water Company. The LWC was encouraged to craft a comprehensive offer to furnish potable water to Central Kentucky and to do so as soon as possible and in writing. LFUCG Vice-mayor Jim Gray said he felt the Urban County Council would like to see an evaluation matrix that would compare *apples to apples* before the Urban County Council Planning Committee (UCC) meets at 1:00 p.m. on August 21. Vice-mayor Gray said he expected the Planning Committee would likely meet as a committee of the full Council. Councilperson Gorton chairs that UCC committee.

Discussion on this topic was extensive. Jim Smith, a representative of LWC, was present to reply to some of the comments.

### **New Business**

#### **Election of Officers**

— Mr. Calkins then opened the floor for nominations for BWSC officers for the year beginning August, 2007. A motion was made by Mr. Azevedo and seconded by Mr. Martin to elect the following officers:

Chair	-	Tom Calkins
Vice-Chair	-	Donna Powell
Secretary	-	Bob Riddle
Treasurer	-	David Pearce

The motion was approved by unanimous vote.

#### **Washington, D. C. Fly-in of July 11-12, 2007**

Mr. Calkins described the July 11-12 fly-in to Washington, D. C. by Central Kentucky leaders to meet with all eight members of the Kentucky Congressional delegation. Mr. Calkins described the sessions as both cordial and beneficial. He related that the congresspersons seemed receptive to the plea for federal support for the region's top priority of dealing conclusively and soon to solve the region's water supply deficit. Mr. Calkins encouraged area mayors and judges-executive to return to Washington in October to press again for federal support for the effort.

Discussion of the BWSC's FY 08 Budget Preparation and the Need to Consider Retaining a Qualified Legislative Consultant

Mr. Calkins said he had undertaken a start at the development of a FY 08 Budget for BWSC that he wished to discuss with the Financial Guidelines Committee. Further, he reported it appeared timely to consider retaining professional services to work with legislators at the federal and state levels. That issue too would be aired before the Financial Guidelines Committee.

Commissioner's and General Manager's Comments/Business

Mr. Grier briefed the Commission on current issues before the Kentucky River Authority including the Dam 9 reconstruction effort.

Mr. Calkins distributed a listing of current standing committee assignments and requested that commissioners express to him their committee assignment preferences as soon as possible.

Mr. Hughes reported he was retiring from the Kentucky Infrastructure Authority and his last meeting with the BWSC would be July 23 meeting. On behalf of the Commission, Chairman Calkins thanked Mr. Hughes for his faithful service to the BWSC and his insightful contributions to the regional water supply effort. Mr. Hughes reported Tim Thomas had been named as the new executive director of the Kentucky Infrastructure Authority.

Mr. Azevedo reported on his recent telephone conversation with the Kentucky River Authority's Stephen Reeder. Mr. Azevedo suggested Mr. Talley develop, for BWSC consideration at the August meeting, a resolution that would express the official *opposition* of the BWSC for the utilization of any KRA water withdrawal fees for recreational purposes such as river locks rehabilitation / construction / reconstruction.

Designation of Time/Place for the next Meeting

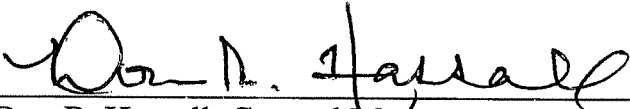
Mr. Pearce invited the Commission to Mt. Sterling for its August 2007 meeting. A meeting date of Thursday, August 16 was selected. The normal starting time of 9:30 a.m. will be observed. The precise meeting place in Mt. Sterling will be announced at a later date.



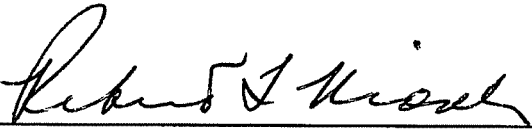
## ADJOURNMENT

There being no further business, Chairman Calkins adjourned the meeting at 11:50 a.m.

Respectfully Submitted,

  
Don R. Hassall, General Manager

## BLUEGRASS WATER SUPPLY COMMISSION

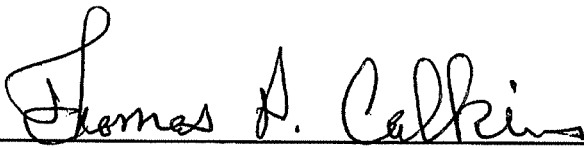
BY:   
BOB RIDDLE, SECRETARY

## Attachment A

## APPROVAL OF MINUTES

I hereby certify that the foregoing Minutes were duly approved by the Board of Commissioners of the Bluegrass Water Supply Commission at a meeting held on the date shown below:

## BLUEGRASS WATER SUPPLY COMMISSION

BY:   
THOMAS P. CALKINS, CHAIR

DATE APPROVED: 8-16-07