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Angie Hatton
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John Will Stacy
Commissioner

December 19, 2024

PARTIES OF RECORD

Re: Case No. 2024-00359

Notice is given to all parties that the attached Wood Creek Water District requirement letter has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Justin Young, at JustinW.Young@ky.gov.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda C. Bridwell, PE
Executive Director

Attachment

LARRY G. BRYSON, P.S.C.

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December 19, 2024

Sent via Electronic Mail

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RE: Livingston, Kentucky Water Issue

Ladies and Gentlemen,

As a follow up to the meeting that took place on November 26, 2024. There was discussion about the debt owed by City of Livingston to Wood Creek Water District, the future of the relationship between the two and how the City might deliver water and sewer services to its residents. It is the position of Wood Creek that it is patently unfair for Livingston or anyone else to expect Wood Creek customers to subsidize Livingston or pay Livingston's debt. Wood Creek expressed an interest in taking over the ownership and operation of the Livingston water and sewer service. This has now been discussed with the Wood Creek Board. The Livingston Mayor has been authorized by the City Council to negotiate this matter with all concerned.

For purposes of discussion in this letter, let us assume that Livingston and Wood Creek can come to an agreement that the Wood Creek will own the water and sewer system in Livingston. Transfer of ownership of the water system to Wood Creek would be necessary,

but there are numerous other significant matters that must be agreed upon before this could occur.

The Debt: as of the writing of this letter, Wood Creek has not received any money from KIA toward payment of the Livingston debt. KIA said at the meeting that we could expect approximately \$57,000 before Christmas. There will be an outstanding debt balance of almost the same amount that will have to be paid. There is likely to be a future debt as well; but payments are currently being made to Wood Creek by Livingston. .

State and other Agencies: For Wood Creek to take over Livingston's water and sewer systems, the cooperation and agreement of several state and other agencies and groups.

We understand that Livingston has outstanding violations with the Division of Water and it appears that these will be continuing without correction and that these will likely continue until or unless Wood Creek Water is in charge of the water service. Wood Creek does not have any exact information or status of the violations other than what was stated at the meeting in November. This must be addressed so that Wood Creek does not become the owner of fines and penalties; an agreement could be made that upon the successful completion of the repair/replacement of the water and sewer systems, which has roughly been estimated to be 3-5 years, any outstanding and future fines/penalties would be forgiven due to the new ownership until repair and replacement of the systems are made.

The Division of Water and any other State agency that has written any violations to Livingston would have to agree that until such time that Wood Creek can replace the water and sewer lines and repair the systems, no violations would be assessed against Wood Creek. For a more responsible time assessment, a feasibility study should be made, design and engineering, advertisement for bids, bids awarded and repairs and replacement and other costs are associated with such a study. All state agencies involved in this situation would have to agree in writing that Wood Creek would not be responsible worked past fines and penalties and any fines and penalties during this period of time until the water and sewer systems are replaced or repaired. Wood Creek would also have to receive from the Division of Water, the wastewater discharge permit into the Rockcastle River and the daily limit increased to 0.5 MGD to allow Wood Creek to build a treatment facility, to be located between Livingston and Filter Plant Road on North US 25.

There would have to be some commitment from KIA and the Legislature, of grants to pay for the replacement/repair/upgrade of the water and sewer system for the Livingston residents.

We would want some assurance from the PSC that a justifiable rate increase would likely be granted. At present, the rate approval controlled by the PSC is the wholesale water rate charged by Wood Creek, but if the ownership of the water system is being transferred to

Wood Creek, rather than Livingston (as a municipality) the PSC would be in the position of approving the residential and commercial water rate.

This letter is a skeleton of the areas in which there must be an agreement with Livingston and the State Agencies for Wood Creek to agree to take ownership of the Livingston water and sewer system. This letter paints in a broad brush but it points to the areas of concern.

Frankly, I do not know if the PSC and Division of Water can agree or give any assurances that are being requested in this letter. If not, after the discussion or this with the Wood Creek Board, it is unlikely that Wood Creek would agree to taking the ownership of the Livingston water and sewer system. On the other hand, if assurances are made, even though I may not have asked in the proper manner, please let me know. We would need these assurances from at least the KIA, Division of Water and the PSC. I trust you understand the position of Wood Creek.

Very truly yours,



Larry G. Bryson

LB/rm

cc: Donta Evans

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