

1 I. INTRODUCTION

2 Q. Please state your name, position, and business address.

3 A. My name is David Farrar. I am the Vice President of Operations for Kentucky-American
4 Water Company (“KAW” or “the Company”). My business address is 2300 Richmond
5 Road, Lexington, Kentucky 40502.

6 Q. Have you previously filed testimony at the Kentucky Public Service Commission
7 (“Commission”)?

8 A. No.

9 Q. Please state your educational and professional background.

10 A. I received an Associate Degree in Applied Science from Southern Illinois University in
11 Carbondale, Illinois in 1994. I completed a Bachelor of Science from Eastern Illinois
12 University in Charleston, Illinois in 2016. I earned a Master of Business Administration
13 from University of Illinois in 2018. I hold a Class A water operator and a Class 3
14 wastewater operator license in the state of Illinois. I hold a class 4A drinking water
15 treatment license in the state of Kentucky. I have been employed by American Water
16 Works Company, Inc. (“AWW”) or one of its subsidiaries since 2007. I began as a Plant
17 Operator for Illinois-American Water Company (“ILAWC”) in 2007. I was promoted to
18 Operations Supervisor in 2009 for ILAWC. In 2012, I accepted the position of Production
19 Superintendent with ILAWC. In 2015, I accepted Superintendent of Field Operations
20 position for ILAWC. In 2016 I was promoted to Senior Manager of Field Operations for
21 ILAWC. In 2019, I accepted my current position as Vice President of Operations for
22 KAW. From 2019 – 2021, I was a member of the Kentucky River Authority. In 2021, I
23 was appointed to the Kentucky Infrastructure Authority by Governor Andy Beshear.

24 Q. What is the purpose of your direct testimony?

1 A. KAW filed its Application in this matter on December 1, 2021 pursuant to 807 KAW 5:076
2 which is the Commission’s Alternative Rate Filing (“ARF”) procedure for small utilities
3 like KAW’s wastewater operations. Although ARF proceedings do not usually include
4 testimony, Commission Staff’s January 7, 2022 First Request for Information included a
5 request for KAW to provide written verified testimony of each witness upon whom KAW
6 will rely in this case. Thus, I am providing this testimony on the following topics: (1) the
7 labor KAW uses to staff its wastewater operations; (2) KAW’s efforts to control its
8 wastewater expenses; (3) capital improvements KAW has made to its wastewater systems
9 in recent years and KAW’s planned capital projects going forward.

10 **Q. Please describe the locations of KAW’s wastewater operations.**

11 A. KAW has five relatively small groups of wastewater customers. They are located in
12 Owenton (Owen County), Millersburg (Bourbon County), North Middletown (Bourbon
13 County), the Ridgewood subdivision in Franklin County, and the Rockwell Village mobile
14 home park in Clark County.

15 **Q. How many customers does KAW serve at each of those locations?**

16 A. Customer Count as of December 2020 at each of the wastewater operation locations is as
17 follows: Millersburg location serves 321 customers; North Middletown location serves 259
18 customers; Owenton location serves 617 customers; Ridgewood location serves 88
19 customers; and the Rockwell Village location serves 90 customers. The total customers
20 served by KAW wastewater operations is 1,375.

21 **Q. KAW’s wastewater operations are significantly smaller compared to its water**
22 **operations. How does KAW staff its wastewater operations?**

1 A. KAW staffs its wastewater operations with 2 full time employees and approximately 17
2 part time employees. These part time employees have dual roles in water and wastewater
3 operations. When they work on wastewater assets, they charge their time to the respective
4 wastewater cost center.

5 **Q. How is the cost of that staffing allocated to KAW's wastewater operations?**

6 A. Full time and part time employees direct charge their respective time spent on wastewater
7 to the appropriate cost center. For example, if an employee is working on an Owenton
8 wastewater project, they will direct charge to the appropriate Owenton cost center. Only
9 time that is direct charged to each respective sewer district will be allocated to that district.

10 **Q. KAW's last wastewater rate case concluded in 2015. What steps has KAW taken**
11 **since then to control its wastewater operational expenses?**

12 A. KAW continues to control its wastewater operational expenses by reviewing and analyzing
13 current operational practices and implementing more cost-effective solutions, while still
14 providing safe and adequate service and excellent customer service. KAW has optimized
15 its sampling and lab analysis so that travel and the number of overall trips is reduced. This
16 began in February 2021 for Millersburg and Rockwell Village for an annual savings of
17 \$4,080 and began in August 2021 at Ridgewood for an additional annual savings of \$2,040.
18 KAW has shifted work schedules of its employees to include weekend overtime coverages
19 for wastewater as regular time thereby saving on overtime expense. We did this in our
20 Northern Division beginning in March of 2020 and it equates to an annual savings of
21 \$10,038.00. We did it in our Central Division beginning in February 2020 and it equates
22 to an annual savings of \$26,769.00. KAW utilizes wastewater inspection cameras, which
23 improves the response time and reduces inspection costs saving approximately \$7,500

1 annually. KAW has installed UV disinfection at the Owenton Wastewater Treatment Plant
2 (“WWTP”), which eliminated chlorine gas and SO₂ gas dechlorination, saving \$2,500.00
3 annually. KAW upgraded the skimmers at the Millersburg and Rockwell Village treatment
4 plants, saving approximately \$8,000.00 per year on basin cleaning fees and sludge hauling
5 fees. KAW replaced an influent pump at the Millersburg WWTP with a new design that
6 reduced operational issues and provided savings in the amount of \$25,000.00. Some of the
7 major cost containment items that KAW has implemented that are not as easily quantifiable
8 are lift station rehabilitation and pump replacements with redesigned pumps to eliminate
9 clogs and blockages which results in a labor savings; added laboratory equipment to our
10 North Middletown treatment plant which helps to minimize delays in treatment changes;
11 the installation of a building for the blower equipment at Ridgewood to protect the
12 equipment and extend the life of the equipment by protecting it from the elements; the
13 installation of more efficient HVAC equipment (at North Middletown); and the installation
14 of more efficient piping for blower air (which is critical for the treatment process at
15 Millersburg) thereby reducing energy use.

16 **Q. What additional efforts are planned to control wastewater operational expenses going**
17 **forward?**

18 A. KAW plans to be complete its SCADA installations at all existing systems by 2025. The
19 existing Rockwell WWTP, Millersburg WWTP and four system lift stations currently have
20 complete SCADA installations. SCADA installations are planned for the Ridgewood
21 WWTP and one system lift station in 2022. SCADA installations for the North Middletown
22 WWTP, Owenton WWTP and Owenton’s fourteen system lift stations are planned for the

1 years 2023 through 2025. Full SCADA implementation allows for remote and real time
2 monitoring of operations leading to improved efficiencies.

3 **Q. What capital improvements has KAW made to its wastewater assets since 2015?**

4 A. KAW has made numerous capital improvements to its wastewater assets since the last
5 wastewater rate case. For all wastewater system capital improvements that KAW has put
6 into service, please see the Excel file that is attached to KAW's response to Item No. 8 of
7 the Attorney General's First Request for Information filed contemporaneously with this
8 testimony. That file shows each improvement broken down by location, including the
9 corresponding monetary amount associated with each project.

10 **Q. What capital improvements are planned for KAW's wastewater assets?**

11 A. KAW plans to invest over \$1.6 million in capital improvements over 2022 and 2023. These
12 investments include a change in the chemical treatment process at the Rockwell Village,
13 Millersburg, and Ridgewood WWTPs (which will result in savings) and planned
14 improvements to the sludge removal system at North Middletown WWTP. Collection
15 system improvements planned include various lift station pump replacements, lift station
16 fencing, and manhole replacements. In 2023, a capital improvements project is planned to
17 begin for the Millersburg WWTP which includes replacing the aeration basin diffusers,
18 addressing corrosion locations in the steel structure, replacing the scum removal
19 equipment, demolishing existing chlorine existing chlorine contact basin, relocating
20 existing cascade aeration, installing a new UV disinfection system, and installing a new
21 generator.

22 **Q. Does this conclude your testimony?**

23 A. Yes.

