COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR PROJECTS AT THE DELAPLAIN SITE	**)**	**Case No. 2022-00104**

NOTICE OF CHANGE IN COST OF THE CONSTRUCTION PROJECT AT THE DELAPLAIN SITE

In compliance with the Kentucky Public Service Commission's (the "Commission") Order entered on March 30, 2023, (the "Final Order"), approving Bluegrass Water Utility Operating Company, LLC's ("Bluegrass Water") Application for a Certificate of Public Convenience and Necessity ("CPCN") to install a moving bed biofilm reactor ("MBBR") treatment system, a solids handling system, security fencing, and a gravel access road at its Delaplain wastewater treatment plant ("Delaplain") in Scott County, Kentucky, Bluegrass Water hereby provides notice to the Commission of an increase in costs of the construction project.

1. Pursuant to the Commission's Final Order, Bluegrass Water is required to notify the Commission of any material increases in the cost of the approved project and must seek approval for any material deviations from the approved construction plans.

2. On December 20, 2023, Bluegrass Water notified the Commission of such an increase in costs and sought a deviation from the approved plans following the discovery of unforeseen subsurface conditions at the Delaplain site.

3. Bluegrass Water solicited bids for the project and intended to award the contract to the lowest bidder, Clearwater Solutions, once it received Commission approval of the deviation.

4. During the pendency of the Commission's review of the proposed changes in scope and associated cost increase, Bluegrass Water obtained an extension of the bid acceptance period until May 12, 2024.[1]

5. The Commission granted Bluegrass Water's request for a deviation on Thursday, May 9, finding that the project was still the least-cost reasonable option among several alternatives, including connecting to the Georgetown sewer system.

6. Upon outreach to Clearwater Solutions following receipt of the order, however, Clearwater Solutions indicated that it was no longer interested in the project.

7. As a result, Bluegrass Water was forced to solicit a subsequent round of bids, which ultimately created a delay in procuring the needed construction services. Bluegrass Water again solicited bids by publishing the project through Keeley Construction Company to over fifty different construction companies, as depicted in the Bid Solicitation List, which is attached hereto as Exhibit A.[2] As demonstrated in Exhibit A, Bluegrass Water received only two bids for the project.

8. Thieneman Construction provided the lower of the two bids received. *See* Bid Evaluation, attached hereto as CONFIDENTIAL Exhibit B.

9. Because of the delay occasioned by the necessary second round of bids, limited interest from potential contractors, and the associated increases in the cost of labor and materials,

[1] *See* Bluegrass Water's Responses to Commission Staff's Fifth Requests for Information, Response to Request No. 5-4, Case No. 2022-00104.

[2] Pursuant to 807 KAR 5:001, Section 10, the personal information of individuals who are not parties to this matter and who have not requested to be parties to this matter have been redacted.

the cost to complete the project increased to approximately $2,300,000. *See* Bid Evaluation, CONFIDENTIAL Exhibit B.

10. In light of Clearwater Solutions' decision to withdraw its bid and in order for Bluegrass Water to complete the project as expeditiously and efficiently as possible, Bluegrass Water directed Thieneman to commence construction. Bluegrass Water notified the Commission that construction had begun at the Delaplain site on April 1, 2025.

11. The scope of construction has not materially changed since the Commission approved Bluegrass Water's updated plans on May 9, 2024, and therefore a deviation from the previously approved plans is unnecessary.

12. Notably, the cost of the project remains significantly less expensive than connecting to the Georgetown sewer system, which was estimated to cost $4,398,000 over three years ago.[3]

13. Barring any unforeseen circumstances, the construction is expected to be completed by the end of February 2026.

This the 22nd day of October, 2025.

/s/ *Edward T. Depp*
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[3] *See* Bluegrass Water's Response to Staff's First Set of Requests for Information, Spreadsheet re Estimated Costs of City Connection, Case No. 2022-00104 (filed June 13, 2022).

Certification

Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission. I hereby certify that a copy of this Notice has been served electronically on all parties of record for whom an e-mail address is given in the online Service List for this proceeding through use of the Commission's electronic filing system.

/s/ *Edward T. Depp*

Counsel to Bluegrass Water Utility Operating Company, LLC