

**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
)	

**ORDERING PARAGRAPH 2 NOTICE AND REQUEST FOR APPROVAL PURSUANT
TO ORDERING PARAGRAPH 3**

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, and Ordering Paragraphs 2 and 3 thereof, Bluegrass Water hereby provides notice to the Commission of a material increase in anticipated costs of construction, and requests approval of the Commission regarding a material deviation from the construction approved by the Final Order.

1. Following the Final Order in this matter, Bluegrass Water sought bids for construction of the project. It did so by publishing this project through Keeley Construction

Company to forty-two different construction companies, as depicted in the Bid Solicitation List attached hereto as Exhibit A.¹ As reflected in Exhibit A, two contractors bid on the project.

2. Clearwater Solutions was the lowest of the two bids received. (Bid Evaluation, attached hereto as CONFIDENTIAL Exhibit B²; August 7, 2023 Bid Award Letter, attached hereto as CONFIDENTIAL Exhibit C.)

3. After evaluating the bids and options, in light of the higher than anticipated costs, Bluegrass Water requested an updated bid from Clearwater Solutions. (November 10, 2023 Bid Award Letter, attached hereto as CONFIDENTIAL Exhibit D.)

4. Pursuant to Exhibit F of the Application, Bluegrass Water estimated its total capital expenditure for this Application to be \$609,900.

5. The awarded contract price is \$1,322,958, which results in a change of \$713,058.

6. Clearwater has advised that in conducting geotech boring for the site of the filter building and foundation, it was discovered that the bearing elevations for the building would need to be lowered to the underlying bedrock due to the soil quality, resulting in additional cost.

7. Furthermore, the height of the filter building will need to be raised in order to properly remove and perform maintenance on the filter disks within the building.

8. Additionally, the filter building must be relocated from the originally planned lower lying portion of the site due to the planned facility being located within a flood zone. Once it was determined that the building would need to be moved to a higher elevation, a pump station became necessary because gravity will no longer allow direct flow to the filter, and a unique design for the pump station is required to convert the pre-equalization to post-equalization. Installation of the

¹ 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.

² The publicly-filed copy of the Bid Evaluation is redacted. A contemporaneously filed Motion for Confidential Treatment seeks protection of the confidential information contained within the Bid Evaluation.

post-equalization pumps in the existing tank will require specialized construction, a new valve vault outside of the clarifier where aluminum sulfate will be fed to increase the efficiency of the filter, and additional piping is required.

9. The necessary changes in construction have resulted in additional cost. (Updated Construction Plans, attached hereto as Exhibit E.)

10. All other estimates submitted with the Application remain unchanged.

11. As a consequence of the need for the facilities, the potential for additional cost increases that may result from a delayed commencement of the project, and the limited bidding interest from potential contractors, Bluegrass Water respectfully requests that the Commission approve this deviation from the approved plans so that work can commence.

This the 20th day of December, 2023.

Respectfully submitted,

/s/ Edward T. Depp
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*Counsel to Bluegrass Water Utility
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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*