

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
BARKLEY LAKE WATER)	
DISTRICT FOR APPROVAL TO)	
ISSUE EVIDENCE OF)	
INDEBTEDNESS AND A)	CASE NO. 2024-00052
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND)	
NECESSITY)	

RESPONSE OF
BARKLEY LAKE WATER DISTRICT
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED SEPTEMBER 6, 2024

Filed: September 24 , 2024

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
BARKLEY LAKE WATER)	
DISTRICT FOR APPROVAL TO)	
ISSUE EVIDENCE OF)	
INDEBTEDNESS AND A)	CASE NO. 2024-00052
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND)	
NECESSITY)	

**RESPONSE OF BARKLEY LAKE WATER DISTRICT TO
COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION**

Barkley Lake Water District (the “District”) submits its Response to
Commission Staff’s First Request for Information.



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Counsel for Barkley Lake Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on September 24, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding


A handwritten signature in blue ink that reads "Damon P. Talley". The signature is written in a cursive style with a horizontal line underneath it.

Counsel for Barkley Lake Water District

SWORN CERTIFICATION AND VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF TRIGG)

The undersigned, John-Michael S. Herring, being duly sworn, deposes and states that he, as General Manager for Barkley Lake Water District has personal knowledge of the matters set forth in the responses for which he is identified as the witness in Kentucky Public Service Commission Case No. 2024-00052, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



John-Michael S. Herring
General Manager
Barkley Lake Water District

Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said county and state, this ___ day of September 2024.



Notary Public

My Commission Expires: 10/2/28

Notary ID: KUNP8148

8/2/24

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION


In the Matter of:

ELECTRONIC APPLICATION OF)	
BARKLEY LAKE WATER)	
DISTRICT FOR APPROVAL TO)	
ISSUE EVIDENCE OF)	
INDEBTEDNESS AND A)	CASE NO. 2024-00052
CERTIFICATE OF PUBLIC)	
CONVENIENCE AND)	
NECESSITY)	

**CERTIFICATION OF RESPONSE OF
BARKLEY LAKE WATER DISTRICT
TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Barkley Lake Water District's Response to Commission Staff's First Request for Information as required by 807 KAR 5:001, Section 4(12)(d)(2)(b). The Response submitted on behalf of Barkley Lake Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: September 24 , 2024

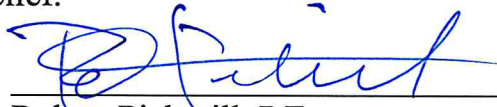


John-Michael S. Herring, General Manager
Barkley Lake Water District

SWORN CERTIFICATION AND VERIFICATION


COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CHRISTIAN)

The undersigned, Robert (Bob) Pickerill, being duly sworn, deposes and states that he, as a licensed professional engineer and Vice President of Bell Engineering, has personal knowledge of the matters set forth in the responses for which he is identified as the witness in Kentucky Public Service Commission Case No. 2024-00052, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.



Robert Pickerill, P.E.
Vice President
Bell Engineering

Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said county and state, this 23RD day of September 2024.



Notary Public

My Commission Expires:
10/21/25



BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-1

Responding Witness: John-Michael S. Herring, General Manager

Q 1-1. Confirm that Barkley Lake District is requesting a Certificate of Public Convenience and Necessity (CPCN) inclusive of all Divisions A-H.

A 1-1 Confirmed. Barkley Lake District is seeking a CPCN for all Divisions A-H.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-2

Responding Witness: John-Michael S. Herring, General Manager

Q 1-2. Explain whether Barkley Lake District anticipates receiving additional financing for Divisions G-H within the next year. If Barkley Lake District does receive additional financing for Divisions G-H, state whether Barkley Lake District anticipates beginning the project within one year of the Order issuance date granting a CPCN, should the Order grant its request.

A 1-2. Barkley Lake District is seeking additional state and federal grant funds to complete Divisions G and H. Because plans have already been developed to construct Divisions G and H, Barkley Lake District anticipates it would have no problem beginning construction on these Divisions within one year of obtaining a CPCN, should adequate funds become available.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-3

Responding Witness: Robert Pickerill, P.E. Bell Engineering

Q 1-3. Provide the estimated cost of installing ductile iron pipe.

A 1-3. Based upon an actual job-specific supplier quote obtained in April 2024, the material cost for ductile iron pipe for constructing Divisions A-E is \$2,178,896 more than the cost of PVC pipe. For Division F, the additional cost of the ductile iron is \$420,786 above the cost of PVC. Ductile iron is also more expensive to install. Based on this, the estimated cost to complete Divisions A-F using ductile iron is **\$9,331,767**, a \$3,000,000 increase over the cost to construct these Divisions using PVC pipe.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-4

Responding Witness: Robert Pickerill, P.E. Bell Engineering

Q 1-4. Provide the estimated lifespan of polyvinylchloride (PVC) pipe and ductile iron pipe.

A 1-4. The drinking water and waste water industries each claim that ductile iron and PVC have useful lives of at least 100 years. Some ductile iron pipe has seen service in excess of 150 years. Since installation of PVC pipe in the water industry did not begin until the 1960's there is insufficient data to support a 100-year useful life, simply because the pipe has not been in use that long. However, dig-up tests and material testing supports the assertion that PVC water pipe and ductile iron pipe can have a useful life of 100 years or more. It is important to note that under some corrosive soil conditions ductile iron pipe can fail abnormally early. Both products, ductile iron pipe and PVC pipe, should be considered 100-year products.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-5

Responding Witness: John-Michael S. Herring, General Manager

Q 1-5. Confirm whether existing Asbestos Cement (AC) pipes are fully depreciated. If not, state the remaining useful life of the current AC pipes.

A 1-5. Yes, The AC pipes are fully depreciated. They were installed in the 1960's and were depreciated over a 50-year period.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-6

Responding Witness: John-Michael S. Herring, General Manager

Q 1-6. State whether Barkley Lake District expects any customer growth in the project areas. If yes, explain whether the existing line sizes would adequately support the increase in customers.

A 1-6. Barkley Lake District does not expect significant customer growth to occur in the Project area. Barkley Lake is not aware of any new development planned in the Project area, and expects the only customer growth to come from the continued in-fill of the Lakeside area subdivisions that were planned in the 1960's. The existing line sizes were chosen in anticipation of the subdivisions being fully developed and are adequate to support the customers added by in-fill.

Over the last several years Barkley Lake District has received approximately ten requests for new service each year as a result of lots in the existing subdivisions being sold and developed. The water lines in the Project area are of sufficient size to support this growth because when the Lakeside area subdivisions were originally planned in the 1960's the District installed water lines of sufficient diameter to adequately serve the

subdivisions once the subdivisions were fully developed. There are still lots available for development that were part of the original plan, and the existing line sizes remain sufficient to supply these lots once they are developed.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff’s First Request for Information

Question No. 1-7

Responding Witness: John-Michael S. Herring, General Manager

Q 1-7. Provide an estimated annual cost of repairs to the AC pipe in the project area.

A 1-7. Over the past four (4) years Barkley Lake District has spent an average of **\$13,518.31** each year repairing AC line breaks in the Lakeside area. A table showing the actual costs per year, number of breaks, and average cost per break is shown below. The repair of each break resulted in a customer outage of approximately three (3) hours duration. Barkley Lake District estimates it has lost roughly **93 hours of service** since 2021 due to breaks in AC pipe. So far this year the number of AC line breaks is down, but the cost to repair those breaks has increased.

Year	Total Cost of Repairs	Number of Breaks	Average Cost per Break
2021	\$ 18,087.97	10	\$ 1,808.80
2022	22,451.95	14	1,603.71
2023	7,081.12	4	1,770.28
2024 YTD	6,452.20	3	2,150.74

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-8

Responding Witness: Robert Pickerill, P.E. Bell Engineering

Q 1-8. Provide the estimated costs, individually by division, to construct Divisions G and H.

A 1-8. The estimated cost to construct Division G is **\$815,539** and the estimated cost to construct Division H is **\$1,027,855**. See Application, Exhibit 6, Appendices C and D for additional information.

BARKLEY LAKE WATER DISTRICT

Case No. 2024-00052

Response to Commission Staff's First Request for Information

Question No. 1-9

Responding Witness: John-Michael S. Herring, General Manager

Q 1-9. Explain why the project will not require Barkley Lake District to seek an immediate rate adjustment.

A 1-9. Barkley Lake District last increased its rates in September 2022.¹ The rate increase was 14.50% above previous rates. The total estimated annual debt service on the proposed KIA loan to help fund the Project is \$173,665. Barkley Lake District believes its current rates will produce sufficient revenue to pay the debt service on this Project without requiring an immediate rate increase. Barkley Lake District will continue to regularly evaluate its finances and will apply for rate increases when necessary to maintain adequate, efficient service.

¹ *Electronic Application of Barkley Lake Water District for a Rate Adjustment Pursuant to 807 KAR 5:076, Case No. 2021-00454 (Ky. PSC Sept. 13, 2022).*