

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>AN ELECTRONIC</b>	<b>)</b>	
<b>INVESTIGATION INTO</b>	<b>)</b>	
<b>FARMDALE WATER DISTRICT</b>	<b>)</b>	
<b>TO DETERMINE THE</b>	<b>)</b>	
<b>FEASIBILITY OF MERGER</b>	<b>)</b>	<b>CASE NO. 2024-00202</b>
<b>WITH A PROXIMATE UTILITY</b>	<b>)</b>	
<b>PURSUANT TO KRS 74.361 OR</b>	<b>)</b>	
<b>ABANDONMENT PURSUANT TO</b>	<b>)</b>	
<b>KRS 278.020(6) AND KRS 278.021</b>	<b>)</b>	


**DIRECT TESTIMONY**  
**OF**  
**JONATHAN DAILEY, SECRETARY**  
**FARMDALE WATER DISTRICT**

**Filed: February 18, 2025**

## VERIFICATION

**COMMONWEALTH OF KENTUCKY     )**  
   **) SS:**  
**COUNTY OF FRANKLIN            )**

The undersigned, Jonathan Dailey, being duly sworn, deposes and states: that he is Secretary of the Board of Commissioners for the Farmdale Water District in Frankfort, Kentucky; that he has personal knowledge of the matters set forth in the foregoing testimony; and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

  
**Jonathan Dailey**

Subscribed, sworn to, and acknowledged before me, a Notary Public in and  
for said County and State, this 18<sup>th</sup> day of February 2025.

Larissa K. Dandee  
Notary Public

Commission Number: KYNP62966

My Commission Expires:

12-14-26

1 **Introduction**

2 **Q. Please state your name, your business address, and your relationship to**  
3 **Farmdale Water District.**

4 A. My name is Jonathan Dailey, my business address is 100 Highwood Drive,  
5 Frankfort, Kentucky, and I am Secretary of Farmdale Water District's Board  
6 of Commissioners. In my testimony, I will refer to Farmdale Water District as  
7 "Farmdale District" or "the District."

8 **Q. How long have you served on the Board at Farmdale Water District?**

9 A. I was appointed to the Board in May 2022.

10 **Q. What is your vocational and professional background?**

11 A. I am a life-long Franklin County resident. My family has farmed in Franklin  
12 County for years. After graduating from Western Hills High School, I pursued  
13 a career in structural steel fabrication. I worked for other companies such as  
14 Jacobs Sheet Metal and Bottoms Engineering until 2001, when I opened my  
15 own business in Frankfort, Dailey Steel, Inc. I currently have seven  
16 employees. In addition to the steel business, I have owned and managed rental  
17 properties in the Frankfort area. At one point I owned 12 rental properties and  
18 did all of the plumbing and maintenance on those myself. When housing  
19 prices were on the rise a few years ago, I sold the rental properties. I have

1 continued to farm. I raise cattle, corn, and beans. I own three farms in Franklin  
2 County and lease acreage from a dozen more.

3 **Q. Other than serving on the Board at Farmdale Water District, do you have**  
4 **any experience in the water business?**

5 A. I don't have any experience working in the water business, at least not in terms  
6 of serving customers. My company did welding and steel work for Kentucky  
7 American Water when Kentucky American was building the treatment plant  
8 on the Franklin-Owen County line about 14 years ago, and I have run water  
9 lines on my own property. I tend to pick up construction-related skills fairly  
10 quickly. At one of my farms, I ran two miles of water line and at another I ran  
11 one mile of water line. In raising cattle, you have to get water into the fields  
12 used for grazing, and I did that myself, I did not hire anyone to do it.

13 As I mentioned before I also did all of my own plumbing and  
14 maintenance work on my former rental properties. I do have experience in  
15 being a large-volume Farmdale Water District customer. At one of my farms,  
16 we use between 40 and 60 thousand gallons of water a month, and at another  
17 we use between 30 and 40 thousand gallons a month.

18 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to update the Commission on recent actions  
2 taken by Farmdale District's Board and to provide my perspective on what I  
3 feel to be in the best interest of the District and its customers.

4 **Q. What update would you like to offer the Commission?**

5 A. The Board of Commissioners at Farmdale District has taken the  
6 Commission's investigation into merging Farmdale with another utility very  
7 seriously. We have met with Kentucky American Water, the Frankfort Plant  
8 Board, the Franklin County Judge Executive, representatives from Kentucky  
9 Rural Water Association, and Peaks Mill Water District. We have discussed  
10 what is in the best interest of our customers. I believe that it is in the best  
11 interest of our customers to continue operating without a merger with another  
12 water district or being acquired by a for-profit utility. It is my opinion that if  
13 Farmdale District were to be acquired by a for-profit utility, the rates our  
14 customers pay would almost certainly increase. Also, it is by no means  
15 certain that an office would be maintained locally to serve the people of the  
16 community close to their homes and businesses. Merger with another water  
17 district would likely increase the challenges Farmdale District is facing rather  
18 than decrease them.

19 Prior to the Commission opening this merger investigation, Farmdale  
20 District had a cooperative relationship with the Frankfort Plant Board. The

1 Plant Board had helped us with some excavation that required specialized  
2 equipment, and they were doing meter testing for us. Our Chairman retired  
3 from the Plant Board. He is well regarded by the folks running the Plant Board  
4 and has maintained good relationships with the people there over the years.  
5 Because Farmdale District's Board realizes that Farmdale District needs  
6 assistance with large projects like meter replacement, developing a capital  
7 spending plan, and technical endeavors like applying for grants and loans, we  
8 approached the Plant Board.

9 We were very pleased that the Plant Board decided to formalize our  
10 relationship and enter into a five-year Assistance Agreement where Farmdale  
11 District can pay the Plant Board for help with specific projects. This keeps  
12 Farmdale District from having to go out and find a consultant to help with  
13 certain things or hire temporary employees or third-party contractors to work  
14 on short-term construction projects. In addition, Farmdale District and the  
15 Plant Board executed a Mutual Aid Agreement and will help each other in  
16 times of emergency.

17 At the Franklin County Water Workgroup meeting held last fall, I met  
18 Mr. Casey Cash from the Bluegrass Area Development District. Since that  
19 workshop, I have met with him to discuss grants and loans that could possibly  
20 be available to Farmdale District in the near future to help fund needed

1 upgrades like replacing the rest of the AC pipe in our system. Mr. Cash is  
2 scheduled to visit Farmdale District's office soon. This is a first step and a  
3 prerequisite to any grant or loan application we might make. In addition, I  
4 have met with Sharmista Dutta, P.E., the engineer and water manager at the  
5 Plant Board to discuss possible funding applications. Ms. Dutta has promised  
6 to provide technical assistance with any grant or loan application we decide  
7 to pursue.

8 In my opinion, the top priorities of the District at this time should be  
9 finishing the AC line replacement project that has been started and installing  
10 the meters we recently received permission to purchase with surcharge funds.  
11 These projects are almost certain to help further reduce our water loss. Water  
12 loss was trending down last summer before the construction replacing the AC  
13 lines started and the contractor hit the lines several times. We must also  
14 remain vigilant and regularly evaluate the sufficiency of our rates. It won't  
15 do our customers any favors to keep rates low if we allow the system to fall  
16 apart for lack of money to maintain it.

17 Farmdale District's staff is growing. We hired another person to provide  
18 office assistance a few months ago. We recently advertised and interviewed  
19 two applicants for a field staff position. We were impressed with both  
20 candidates, and we decided to hire them both. Hopefully they both will work

1 out and we will have adequate field staff to install our new meters while  
2 keeping up with the day-to-day work. One of our current field staff members  
3 is scheduled to take the certification test to obtain his certified distribution  
4 operator's license very soon. It would be very helpful to have another certified  
5 operator in addition to our Field Manager, Chris Ralph. The Board is making  
6 preparations for filing the rate case that the Commission ordered the District  
7 to file by August 31, 2025. Overall, I am quite optimistic that things are  
8 moving in the right direction for Farmdale District.

9 **Q. What do you believe the next step for Farmdale District should be?**

10 A. I think the Board and management at Farmdale District should aggressively  
11 utilize the provisions of the Assistance Agreement for the next five years and  
12 avail themselves of any and all assistance the Plant Board can offer. We can  
13 replace the 1,000 meters in our system that need to be replaced, investigate  
14 ways to read the meters more efficiently, and pursue funding to replace or  
15 repair areas of the system that are prone to leaks. I am encouraged by the  
16 assistance we have already received from the Plant Board, and I would like to  
17 see Farmdale District have the opportunity to participate in the arrangement  
18 formalized by the Assistance Agreement without the worry of a forced merger  
19 occurring.

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



1 A. Yes, it does.