

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

**In the Matter of:**

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

**RESPONSE OF**  
**FARMDALE WATER DISTRICT**  
**TO**  
**COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**  
**DATED SEPTEMBER 4, 2024**

**Filed: November 1, 2024**

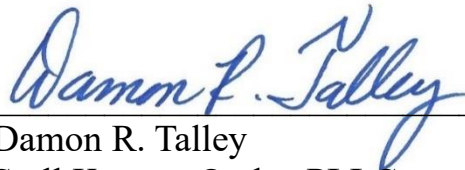
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**RESPONSE OF FARMDALE WATER DISTRICT TO COMMISSION  
STAFF’S FIRST REQUEST FOR INFORMATION**

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



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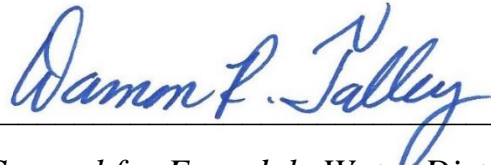
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*Counsel for Farmdale Water District*

**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 November 1, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding



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*Counsel for Farmdale Water District*

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


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

This is to certify that I have supervised the preparation of Farmdale 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 Farmdale Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: November 1, 2024

  
\_\_\_\_\_  
Randall S. Wooldridge, Chairman  
Farmdale Water District



**FARMDALE WATER DISTRICT**

**Case No. 2024-00202**

**Response to Commission Staff's First Request for Information**

**Question No. 1-1**

**Responding Witness: Randall S. Wooldridge**

**Q 1-1. Provide any perceived advantages or disadvantages Farmdale District would experience by partnering with any specific potential merger partners.**

A 1-1. Farmdale District believes it is premature, and perhaps inappropriate, to openly discuss the perceived advantages or disadvantages of any specific potential merger partner while negotiations and discussions are taking place with potential merger partners. Nevertheless, without mentioning any specific merger partners, Farmdale District perceives that there could be disadvantages to partnering with a utility that is not at least as well-staffed and well-equipped as Farmdale District is currently. Farmdale District also believes that partnering with another utility that is struggling to reduce its water loss could increase the burden on Farmdale District and its current staff without necessarily providing as many advantages as partnering with a utility that is not struggling with aging pipes and excessive water loss.

## FARMDALE WATER DISTRICT

Case No. 2024-00202

Response to Commission Staff's First Request for Information

Question No. 1-2

Responding Witness: Randall S. Wooldridge

**Q 1-2. Provide any perceived advantages or disadvantages Farmdale District would experience in general by partnering with a potential merger partner.**

**A 1-2. Advantages.** By talking with potential merger partners and attending the Kentucky Rural Water Association ("KRWA") Workshop on Partnership Alternatives conducted on October 29, 2024, Farmdale District perceives the following potential advantages of partnering with one or more other water utilities:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Joint Procurement</li><li>• Meter Reading Assistance</li><li>• Billing Assistance</li><li>• Avoid cost of expensive billing software update</li><li>• Use of Common GIS mapping system</li><li>• Shared Services</li><li>• Mutual Aid Agreements</li></ul> | <ul style="list-style-type: none"><li>• Access to specialized and expensive equipment</li><li>• Access to larger inventory of materials</li><li>• Access to meter testing facilities</li><li>• Assistance with grant writing and funding opportunities</li><li>• Assistance with leak detection and repairs</li><li>• Assistance in preparing an Asset Management Plan</li><li>• Assistance in preparing a Capital Improvement Plan</li></ul> |
|--|---|

- Access to technical and managerial expertise and experience
- Achieve other economies of scale

These advantages assume that any utility with which Farmdale may partner or merge is at least as well-staffed and well-equipped as Farmdale District and possesses at least the same level of technical and managerial experience as Farmdale's current Board and employees.

**Disadvantages.** Farmdale District perceives the following disadvantages of partnering with one or more water utilities:

- Loss of identity
- Inconvenience to customers if local office is closed
- Possible lack of customer acceptance or customer hostility
- Higher water bills
- Distance and response time of some utilities to Farmdale's service area

Farmdale District perceives that there could be more disadvantages to partnering with a utility that is not at least as well-staffed and well-equipped as Farmdale District is currently. Farmdale District also believes that partnering with another utility that is struggling to reduce its water loss could increase the burden on Farmdale District and its current staff without necessarily providing as many advantages as partnering with a utility that is not struggling with aging pipes and excessive water loss.



## FARMDALE WATER DISTRICT

Case No. 2024-00202

Response to Commission Staff's First Request for Information

Question No. 1-3

**Responding Witness:** Randall S. Wooldridge

**Q 1-3. State a potential merger partner Farmdale District believes would be the optimal choice for merger and explain why.**

A 1-3. Farmdale District is not opposed to merger as a matter of principle, but believes that joint management with another utility, rather than a formal merger, may be the better option at this time. A merger represents a permanent change in identity for Farmdale District and its hypothetical merger partner. Such an arrangement is inflexible and could not be easily unwound if the merger proved to be unsuccessful. A joint management arrangement, however, is flexible and, if such an arrangement is successful, it could lay the ground work for a successful merger at a later date. In order for such a joint management arrangement to be successful, Farmdale District believes it would need to partner with a utility in close proximity to its service area, and the partner utility should ideally be able to provide Farmdale with management and technical assistance. Attached to this response as **Attachment 3** is a map illustrating the service areas of the water utilities serving Franklin County, Kentucky.

# **Attachment 3**

**Map of Water Utility Service Areas**

**Franklin County, Kentucky**



**FARMDALE WATER DISTRICT**

**Case No. 2024-00202**

**Response to Commission Staff's First Request for Information**

**Question No. 1-4**

**Responding Witness:** Randall S. Wooldridge

**Q 1-4. State whether Farmdale District has discussed merger with any potential merger partners. Provide any documents referencing such discussions.**

A 1-4. Yes, all of Farmdale District's commissioners attended a KRWA Workshop on Partnership Alternatives held in Franklin County on October 29, 2024. The workshop invitation and agenda are attached to this response as **Attachment 4a and Attachment 4b.** The Franklin County Judge/Executive and KRWA worked together to plan the Workshop. They decided to limit it to the Franklin County water districts whose commissioners are appointed by the Franklin County Judge/Executive and approved by the Franklin County Fiscal Court.

All three (3) Franklin County water Districts: Elkhorn, Farmdale, and Peaks Mill were invited to the workshop. The date was agreed upon by all three (3) water districts. After initially agreeing to participate in the workshop, Elkhorn Water District ("Elkhorn District") changed its mind and decided not to participate. Despite a second request from the Franklin

County Deputy Judge/Executive, Elkhorn District still declined to participate in the workshop. At the workshop, merger, joint operating agreements, mutual aid agreements, and other cooperative undertakings were discussed. A list of workshop attendees is attached to this response as **Attachment 4c.**

Additionally, Farmdale Water District met with representatives of the Frankfort Plant Board (“FPB”) on September 17, 2024 and October 1, 2024, to discuss how Farmdale District and FPB might be able to work together to benefit both utilities. Farmdale District and FPB currently share parts and equipment on an as needed basis. A current example of this cooperation is the South Benson Road Project, for which FPB is providing technical and equipment assistance. On September 24, 2024, Chris Ralph, Farmdale District’s Manager of Field Operations, participated with FPB in a leak detection training at FPB’s invitation.

On October 17, 2024, counsel for Farmdale District met with representatives of the FPB to specifically discuss FPB assisting Farmdale District in drafting a seven-year capital plan and water meter replacement. Currently, Farmdale District and FPB are exploring how a mutual aid agreement would benefit both utilities and provide structure, formality, and predictability for the relationship between the two utilities.

On October 4, 2024, Farmdale District met with a representative of Kentucky American Water to discuss possible merger. Farmdale District had additional communication with Kentucky American Water on October 31, 2024. Additional meetings may be scheduled in the near future.

Farmdale District will meet with any interested utility to discuss merger or joint management, as the Board believes it is wise to educate itself on all available alternatives.

**Attachment 4a**  
**Workshop Invitation**



# FRANKLIN CO. WATER WORKGROUP:

## KRWA WORKSHOP ON PARTNERSHIP ALTERNATIVES

Join us for an informative session focused on opportunities for water systems to **partner, share services, and consolidate**. This workshop aims to foster collaboration and enhance the efficiency of our water systems, providing participants with the tools and knowledge to strengthen their operations. **All Board Members are encouraged to attend.** Don't miss this opportunity to connect with fellow professionals and explore innovative solutions for our water systems!

 **DATE:**  
Tuesday,  
October 29

 **TIME:**  
8:00 AM -  
12:30 PM

 **LOCATION:**  
Franklin County  
Judge/Executive Office,  
321 West Main Street



# **Attachment 4b**

## **Workshop Agenda**

# **Franklin County Water Workgroup KRWA Workshop on Partnership Alternatives**

**8:00 AM, Tuesday, October 29, 2024  
Conference Room  
Franklin County Judge/Executive Office  
321 West Main Street Frankfort, KY 40601**

## **Participants:**

**Elkhorn, Farmdale and Peaks Mill Water Districts**

## **Presenters:**

**Kentucky Infrastructure Authority – KIA (Sandy Williams)**

**Kentucky Rural Water Association - KRWA (Joe Burns and Bob Miller)**

**Stoll Keenon and Ogden – SKO (Damon Talley)**

## **Agenda:**

<b>8:00 – 8:20</b>	<b>Greet Early Arrivals (Coffee and Breakfast Snacks Provided)</b>
<b>8:20 – 8:25</b>	<b>Welcome – Joe Burns (KRWA)</b>
<b>8:25 – 8:35</b>	<b>Introduction of Attendees – Joe Burns (KRWA)</b>
<b>8:35 – 8:45</b>	<b>Franklin County Judge/Executive Michael Mueller</b>
<b>8:40 – 9:30</b>	<b>Training: Utility Consolidation Option by Bob Miller (KRWA)</b>
<b>9:30 – 10:15</b>	<b>Training: Joint Operations Option by Joe Burns (KRWA)</b>
<b>10:15 – 10:30</b>	<b>Break with Refreshments Provided</b>
<b>10:30 – 11:15</b>	<b>Training: Legal Considerations by Damon Talley (SKO)</b>
<b>11:15 – 12:00</b>	<b>Training: Funding Opportunities by Sandy Williams (KIA)</b>
<b>12:00 – 12:30</b>	<b>Discussion and Adjourn</b>

**Attachment 4c**  
**Workshop Sign-in Sheet**  
**October 29, 2024**

Franklin County KRWA Water Workgroup  
10-29-2024

Bob Miller	KRWA	
Greg Heitzman	Bluewater	
Ross Thompson	Peaks Mill water	
Jon Dailey	Farmdale water	
Scottie Woodbridge	Frankfort	
Eddie Harrod	Farmdale Water	
Chris RALPH	FARMDALE WATER	
Casey Cash	Bluegrass ADD	
Mary Beth Robson	Peaks Mill	
Church Quarter	PEAKS MILL	
Damon Talley	KRWA	270-358-3187
Tina Frederick	SKO-Farmdale	859-457-6811
Sandy Williams	KIA	

**FARMDALE WATER DISTRICT**

**Case No. 2024-00202**

**Response to Commission Staff's First Request for Information**

**Question No. 1-5**

**Responding Witness:** Randall S. Wooldridge

**Q 1-5. State whether the Farmdale District board of commissioners has discussed merger internally. Provide any documents referencing such discussions.**

A 1-5. Yes, Farmdale District's Board of Commissioners has internally discussed the merger of Farmdale District with another utility. At its September 6, 2024, October 4, 2024, and October 31, 2024 Board meetings the commissioners discussed a variety of potential partnerships with a number of different utilities and the various forms such partnerships could take, such as formal merger, joint operations agreements, and mutual aid agreements. The Minutes of the September 6, 2024 and October 4, 2024 meetings do not provide documentation of these discussions, because no official action was taken by the Board at either meeting. The Minutes from the October 31, 2024 Board meeting are still in draft form and will not be final until approved by the Board at its next meeting. Farmdale District will provide a copy of the October 31, 2024 meeting Minutes once they have been approved by the Board.