

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC FARMDALE)	
WATER DISTRICT'S)	
UNACCOUNTED-FOR WATER)	Case No.
LOSS REDUCTION PLAN,)	2020-00217
SURCHARGE AND)	
MONITORING)	

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

NOTICE OF FILING
UPDATED QUALIFIED INFRASTRUCTURE IMPROVEMENT PLAN
AND SEVEN-YEAR CAPITAL PLAN

By and through the undersigned counsel and pursuant to Ordering paragraph 13 of the Commission's September 4, 2024 Order in Case No. 2022-00347, Farmdale Water District ("Farmdale District" or "District") gives notice of filing its

updated Qualified Infrastructure Improvement Plan (“QIIP”) and its seven-year capital plan.

Dated: December 27, 2024

Respectfully submitted,




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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 December 27, 2024 and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in these proceedings.



Counsel for Farmdale Water District

Farmdale Water District
Qualified Infrastructure Improvement Plan
December 2024 Update

STATEMENT AND PURPOSE

On September 4, 2024, in its decision in Case No. 2022-00347,¹ the Commission ordered Farmdale District to file an updated QIIP on or before December 31, 2024. In addition, the Commission ordered Farmdale District to file a seven-year capital plan. Farmdale District submits this update of its QIIP originally filed on February 29, 2024, in Case No. 2020-00217.² Farmdale District's seven-year capital plan has been filed separately as **Exhibit 1**.

The Commission first ordered Farmdale District to develop a QIIP following its decision in Case No. 2020-00021,³ in which it authorized Farmdale District to assess a monthly surcharge of \$3.00 on each active meter for a period of 48 months or until \$380,000 was assessed, whichever occurred first, for the purpose of providing funds to be used on infrastructure projects designed to reduce Farmdale District's unaccounted-for water loss. Farmdale District filed its initial QIIP with

¹ *Electronic Alleged Failure of Farmdale Water District, and its Individual Commissioners Scottie Wooldridge, Jon Dailey, and Eddie Harrod to Comply with KRS 278.030, 807 KAR 5:006, Section 4(4), 807 KAR 5:006, Section 26 and 807 KAR 5:066*, Case No. 2022-00347 (Ky. PSC Sep. 4, 2024).

² *Electronic Farmdale Water District's Unaccounted-For Water Loss Reduction Plan, Surcharge and Monitoring*, Case No. 2020-00217.

³ *Electronic Alternative Rate Adjustment Filing of Farmdale Water District*, Case No. 2020-00021, (Ky. PSC July 7, 2020).

the Commission on February 21, 2023, in Case No. 2020-00217, and filed its most recent QIIP on February 29, 2024 (the “February 2024 QIIP”).

The February 2024 QIIP announced Farmdale District’s intention of utilizing Surcharge Funds to replace customer meters that have been in place in Farmdale District’s system for over 10 years, and also identified three (3) additional infrastructure projects that would help reduce water loss. Farmdale District considers customer meter replacement and the other three projects identified in the February 2024 QIIP, (1) the replacement of asbestos cement (“AC”) water line, (2) the relocation of a waterline along Benson Creek, and (3) assignment of customer meters to zone meters, to be its priority projects to reduce water loss. Each project is discussed in the remaining sections.

CUSTOMER METER REPLACEMENT

Because many of its meters are aging, Farmdale District considers customer meter replacement to be its top infrastructure improvement priority. Recently Farmdale District filed a motion in Case No. 2020-00217, seeking the Commission’s authorization to use Surcharge Funds to purchase 1,000 new Neptune customer meters and 1,000 transceivers to enable radio-reading of the meters.⁴ As explained in its motion, Farmdale District chose this meter and transceiver combination

⁴ See: *Motion for Authority to Use Surcharge Funds*, Case No. 2020-00217, filed December 18, 2024, The cost for the meters and transceivers is **\$258,590**. Half of the transceivers are single port and half are dual port. Farmdale District’s system utilizes both single and dual port transceivers.

because it is compatible with equipment already in Farmdale District’s system and it is the same customer meter and transceiver combination currently used by the water division of the Electric and Water Plant Board of the city of Frankfort, Kentucky (“Frankfort Plant Board”). Farmdale District and Frankfort Plant Board have executed an Assistance Agreement,⁵ under the terms of which Frankfort Plant Board will assist Farmdale District with meter installation and meter reading. Frankfort Plant Board is conducting a network study to determine which portions of Farmdale District’s service area can be read by Frankfort Plant Board’s existing base stations. This study is expected to be complete by the end of January 2025.

The Commission ordered Farmdale District to replace all of its customer meters that are 10 years old or older or to complete periodic meter testing of such meters by August 31, 2025.⁶ To comply with this deadline, Farmdale District has ordered the meters and transceivers discussed above at a cost of **\$258,590**⁷ and will utilize the assistance of Frankfort Plant Board, and an outside contractor, if necessary, to complete meter installation by **August 31, 2025**. Should the Commission grant Farmdale District’s Motion for Authority to Use Surcharge Funds filed on December 18, 2024, there will be \$69,685 of Surcharge Funds remaining

⁵ The Assistance Agreement was filed into the record of Case No. 2024-00202 on December 17, 2024; the Assistance Agreement was filed as Attachment 1 to Farmdale District’s Motion filed December 18, 2024 in Case No. 2020-00217.

⁶ Case No. 2022-00347 (Ky. PSC Sep. 4, 2024) Order at Ordering paragraph 12.

⁷ \$167,250 for meters, \$42,985 for single port transceivers, and \$48,355 for dual port transceivers

and Farmdale District will seek Commission approval to apply those funds to meter installation costs.

The seven-year capital plan includes spending \$60,000 each year during calendar years 2027, 2028, 2029, 2030, and 2031 on meter replacement. Gradually replacing a portion of its meters over a number of years will prevent the need to replace or test all of Farmdale District's meters at once. Farmdale District replaced all of its customer meters in 2012 and 2013, meaning that all of the meters in the system reached the end of their useful life at once, creating an urgent need to test and replace large numbers of meters over a very short time. Farmdale District desires to avoid this in the future and will use unrestricted reserve funds or any grant funds identified by Frankfort Plant Board under the terms of the Assistance Agreement to continue meter replacement.

ASBESTOS CEMENT WATERLINE REPLACEMENT

Farmdale District is approximately 25 percent complete with its current AC Line Replacement Project for which it obtained a 40-year \$2,458,000 Rural Development ("RD") Loan. The project replaces 34,600 linear feet of AC line along Lawrenceburg Road, US 127, Jones Lane, Old Harrodsburg Road, Old Lawrenceburg Road, Nineveh Road and Mulholland Road. Farmdale District anticipates this project will be finished by the **end of calendar year 2025** and that all of the costs of the project will be funded by the aforementioned RD Loan.

The engineering plans to replace the remaining 32,900 linear feet of AC line in Farmdale District's distribution system were developed at the time the current project was planned. Farmdale District plans to apply for additional grant and RD loan funds in 2025 to replace the remaining AC line along Green Wilson Road, Highway 151, Avenstoke Road, Demerson Lane, Hickory Ridge Road, and Crawford Road. Farmdale District estimates the cost to complete this portion of the project will be approximately **\$2.9 million** based on the cost of the current project. If funding and all the necessary easements can be secured in calendar years 2025 and 2026 for this project, Farmdale District anticipates all of its AC line will be replaced by the **final quarter of 2028**.

THE BENSON CREEK PROJECT

The existing waterline along the bank of Benson Creek needs to be relocated because it is in an area prone to washing out during heavy rain events. At one time, Farmdale District believed the problem could be addressed by erecting a retaining wall, but once the actual location of the line was determined by Frankfort Plant Board, it became clear that the best protection for the line would be to move it to the opposite side of the road from the creek bank. In its Motion for Authority to Use Surcharge Funds filed December 18, 2024, in Case No. 2020-00217, Farmdale District explained that Frankfort Plant Board has located the line and Farmdale District has ordered the replacement pipe, gate valve, and other fittings for the

project as well as installing a 6-inch tap and sleeve. The costs associated with this project to date are \$7,861. Farmdale District expects this project will be complete by the **end of the second quarter of 2025**. Any additional costs are expected to be labor related to laying the pipe and are not expected to exceed \$36,000. Farmdale District will use unrestricted reserve funds to pay the cost of laying the pipe for the Benson Creek project.

ASSIGNMENT OF CUSTOMER METERS TO ZONE METERS

As initially discussed in the February 2024 QIIP, Farmdale District plans to assign existing customer water meters to zone meters. This will allow the District to compare the actual water sold in a zone to the reading on the zone meter, and in turn, will allow the District to determine water loss in a particular zone. Farmdale District has not been able to accomplish this task due to time constraints and the need to respond to leaks and line breaks associated with the ongoing AC-Line Replacement. The contractors working on the AC-line Replacement project have struck waterlines several times in the course of the project and restoring service to Farmdale District's customers must take priority over other important tasks such as customer meter assignment to zone meters. However, once Farmdale District and Frankfort Plant Board begin replacing customer meters in early 2025, Farmdale District will be able to assign the replacement meters to zone meters as part of the

replacement process. Farmdale District anticipates finishing the customer meter assignment to zone meters by the **end of calendar year 2025**.

The projects discussed below were **not** included in the February 2024 QIIP, but have been included in Farmdale District's seven-year capital plan because they will aid the effort to reduce unaccounted-for water loss, will assist in the efficient repair of leaks once leaks are located, and are otherwise necessary for Farmdale District to provide adequate, efficient, and reasonable service. Farmdale District plans to use unrestricted reserve funds, as available, for the projects discussed below, and to supplement unrestricted reserve funds with any grant funds Frankfort Plant Board identifies for these purposes. Should the Commission authorize Farmdale District to collect additional Surcharge Funds in the rate proceeding Farmdale District will file with the Commission by August 31, 2025, Surcharge Funds could potentially be used for these projects as well.

ZONE METER INSTALLATION AND RELOCATION

Farmdale District has discovered that some of its zone meters are not optimally placed within its system. For this reason, Farmdale District plans to relocate one of its zone meters in 2025 at an estimated cost of \$15,000. Farmdale District will use unrestricted reserve funds for this purpose. Farmdale District also plans to add one zone meter to its system in 2026 and one in 2027 using unrestricted reserve funds. The estimated cost to add each zone meter is \$15,000.

ISOLATION VALVE INSTALLATION

In order to reduce the number of customers out of service due to a given leak, Farmdale District plans to install additional isolation valves in its distribution system in each of the next seven (7) years. These isolation valves permit Farmdale District to reduce the amount of its system it must take out of service to repair a leak. Having an adequate number of appropriately spaced isolation valves in a distribution system can result in only a mile or two of line being taken out of service to fix a leak instead of five (5) or more miles of line being taken out of service. Using unrestricted reserve funds, Farmdale District anticipates installing two (2) additional isolation valves in each of the next seven (7) years for a total cost of \$35,000.

DUMP TRAILER

Farmdale District needs a means to haul dirt and gravel to be used in leak repair. For this purpose, Farmdale District plans to use \$5,800 of unrestricted reserve funds in 2025 to purchase a dump trailer to be pulled by a truck that the District currently owns. Purchasing a dump trailer is much less expensive than purchasing a dump truck for this purpose.

PRESSURE REDUCING VALVES STATIONS

Farmdale District has areas of high pressure within its distribution system. Excessive pressure can cause lines to rupture and to leak. For this reason Farmdale District has identified two areas of its system that would benefit from additional

pressure reducing valves and plans to spend approximately \$30,000 over calendar years 2025, 2026, and 2027 adding these pressure reducing valves.

OTHER ITEMS IN SEVEN-YEAR CAPITAL PLAN

Besides the projects and items listed above, the seven-year capital plan also includes an estimated amount of \$5,000 each year for needed small equipment and tools; \$30,000 for tank coating in 2029 should the inspection, which is due in 2029, reveal a need for tank coating; and \$20,000 in 2029 for rebuilding the pump station should that be necessary at that time. The pump station is currently functioning and is **not** in need of repair.