



GERALD WUETCHER
DIRECT DIAL: (859) 231-3017
DIRECT FAX: (859) 259-3517
gerald.wuetcher@skofirm.com

300 WEST VINE STREET
SUITE 2100
LEXINGTON, KY 40507-1801
MAIN: (859) 231-3000
FAX: (859) 253-1093

April 30, 2026

Ms. Linda C. Bridwell, P.E.
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

Re: *Bullock Pen Water District*
Case No. 2025-00259

Dear Ms. Bridwell:

On March 3, 2026, Senator Gex Williams submitted a letter to the Public Service Commission (“the Commission”) regarding Bullock Pen Water District’s (“the District”) efforts to identify the appropriate option to replace its existing water treatment plant, which draws water from Bullock Pen Lake. While the District appreciates Senator Williams’ interest in this matter and his desire to assist the District’s Board of Commissioners in its efforts to resolve the District’s critical water supply issue, his letter contains several inaccuracies that require correction to ensure an accurate record in this proceeding.

Background. The District’s existing water treatment plant was constructed in 1961 and expanded in 1986. It has a design capacity of 800,000 gallons per day. Due to design limitations and age, it can only produce an average daily flow of approximately 400,000 to 500,000 gallons while meeting its permit requirement standards. According to Commission standards, the water treatment plant (“WTP”) is at the end of its useful life.¹

In 2021 the District began studying the replacement of its existing WTP. It contracted with HMB Professional Engineers (“HMB Engineers”) to prepare a feasibility study, the purposes of which were to evaluate the existing WTP and assess alternatives for improving water treatment processes and increasing capacity. The study reviewed possible improvements to the District’s facilities and also considered increased purchases of water from the District’s four wholesale providers. HMB Engineers concluded that “[t]he existing WTP cannot continue operation as is or

¹ See, e.g., *Electronic Application of McCreary County Water District for an Adjustment of Water Rates Pursuant to 807 KAR 5:076*, Case No. 2025-00136 (Ky. PSC Jan. 12, 2026); see also National Association of Regulatory Utility Commissioners, *Depreciation Practices for Small Water Utilities* (Washington, D.C. Aug. 15, 1979) at 11.

by replacement of equipment”² It recommended the construction of a WTP with a 2.0-million-gallon daily capacity. Based upon this study, the District determined that the construction of replacement WTP should be given serious consideration and explored in greater detail. A copy of the HMB Engineers study has been filed in the record of this proceeding and has been available for public review at the Commission’s website since September 24, 2025.

As to the feasibility study, Senator Williams in his letter was incorrect on several points. First, the study was not commissioned to justify the construction of a new WTP or to support a filing with the Kentucky Division of Water (“KDOW”) or the Kentucky Infrastructure Authority. Rather, it represented the District’s initial step in evaluating the possible replacement of its existing WTP. It was prepared four years prior to any application for approval of a replacement WTP. HMB Engineers, not Kentucky Engineering Group (“KEG”), prepared the feasibility study. The study cost \$20,000, not \$300,000. See **Enclosure A** to this letter for the final invoice for the feasibility report. While Senator Williams has also characterized this feasibility study as “flawed,” he did not identify any specific deficiencies.

Senator Williams’s assertion regarding the purpose of the District’s retention of KEG is also incorrect. Following the HMB study, the District issued a request for qualifications to qualified firms to assist with the continued evaluation and potential design of a replacement WTP. After compliance with the procedures set forth in KRS 45A.740, the District selected KEG. The District and KEG executed an agreement for professional services on June 30, 2023. Under this agreement, KEG was to prepare preliminary design plans for a replacement WTP, submit those plans to KDOW, assist with applications to potential funding sources, and assist with the preparation of a cost-of-service study. KEG was not retained to prepare a feasibility study “to justify building a plant.” To date the District has paid KEG \$495,000 for its services, not the \$1.8 million as stated in Senator Williams’ letter. On or about February 1, 2025, KEG submitted to KDOW the proposed plans and specifications for the replacement water treatment plant. The District is awaiting a final decision on those plans and specifications.

In the summer of 2023, the District learned that the owners of a property adjacent to the property on which the current WTP is situated were considering selling that property. As the property was a suitable location for a replacement WTP, the District entered negotiations with the owners for its purchase. Prior to making the purchase, the District applied to the Commission for a declaratory order that a certificate of public convenience would not be required for the purchase.³ Upon the Commission finding that the District was not required to obtain a certificate,⁴ the District purchased the property for \$350,000. As of this date, no construction has

² HMB Professional Engineers, *Water Treatment Plant Feasibility Study: Bullock Pen Water District* (June 24, 2021) at 20.

³ *Electronic Application of Bullock Pen Water District for a Declaratory Order Pursuant to 807 KAR 5:001, Section 19*, Case No. 2023-00306 (Ky. PSC filed Sept. 15, 2023).

⁴ *Id.*, Order of Oct. 6, 2023 at 6.

Ms. Linda Bridwell

April 30, 2026

Page 3

occurred on the property, although geotechnical drillings have been conducted to evaluate subsurface conditions. The purchase of the property has not affected the District's rates. As the Commission does not allow the recovery of depreciation expense on land, none of the purchase cost can be recovered through the District's rates. Furthermore, as the District purchased the property at a favorable price, it expects to recover the purchase price if a replacement WTP is not built.

Prior to and following KEG's retention, District personnel performed financial modeling to determine whether purchasing all District water requirements would achieve a lower total cost than reducing wholesale purchases to minimum contractual levels and operating a replacement WTP to address the District's remaining water requirements. KEG assisted in some of this modeling. This modeling, which projected the twenty-year cost of each option, has consistently indicated that the latter option will result in a lower cost. The District has previously provided the results of this modeling to the Commission. They are available to the public through the Commission's website.

On June 30, 2025, the District's Board of Commissioners authorized Kentucky Rural Water Association to prepare a financial analysis of the two supply alternatives – the construction of a replacement WTP and the purchase of water from the Boone-Florence Water Commission ("BFWC"). Mr. Robert Miller, a consultant who had previously served as an officer with several large municipal utilities including as treasurer of the Louisville Water Company, performed the study. Using the most current cost estimates for the replacement WTP and for a transmission main from the BFWC's current delivery point⁵ and the cost of water purchased water from all of the District's water suppliers, Mr. Miller concluded that "the difference in the present value of costs over forty years was negligible."⁶ He recommended that the District consider the inclusion of additional factors in the model. He also stated that the final decision on the alternatives could be "based upon criteria other than project cost" and recommended that the District "identify and evaluate each alternative's risks to determine which alternative best controls risks to achieving the project objectives."⁷ The District has filed with the Commission a copy of Mr. Miller's study and the computer model used to perform the study. These are available to the public through the Commission's website.

⁵ The District currently purchases water from Boone County Water District ("Boone District"), which is a BFWC member. For purposes of the study, Mr. Miller assumed that BFWC would provide water service through the current delivery point and that the District would construct a transmission main from this point to transport the purchased water to the District's main distribution areas.

⁶ Kentucky Rural Water Association, *Financial Analysis of Water Supply Project Alternatives: Bullock Pen Water District* (Dec. 2025) at Slide 84.

⁷ *Id.* at Slide 87.

For your reference, enclosed as **Enclosure B** to this letter is a timeline of events involving the District's water supply issue.

Senator Williams' Alternatives to a Replacement WTP. In his letter, Senator Williams proposes various alternatives involving increased wholesale water purchases in lieu of constructing a replacement WTP. Each is briefly discussed below.

- **Boone-Florence Water Commission.** Senator Williams proposes that the District purchase a sufficient volume of water to replace the volume the District's WTP currently provides. He suggests that a nine-mile water transmission main could be constructed to transport water from Boone County to other portions of the District's distribution system.

The District estimates that a two-million-gallon transmission main would be necessary to transport water from the anticipated BFWC delivery point to the District's service territory. At the District's request, HMB Engineers in June 2025 evaluated multiple routes for such transmission main and estimated the most reasonable route would cost \$18,475,000. (In his letter, Senator Williams suggests that the shortest route was deliberately ignored in favor of a longer route. In fact, the shortest potential route would have required directional boring beneath Bullock Pen Lake, which was determined to be impractical. The shortest route with the least obstacles was evaluated instead.) Mr. Miller used HMB Engineers' estimate in his study to compare the forty-year costs of this proposal with those of a replacement WTP.

The total cost of this alternative is still unknown. In discussions with the District, BFWC representatives have been unable provide detailed information as to the cost of such water and have indicated a study will be necessary to determine the cost to expand its facilities to provide the required volume of water. Whether the District contributes the cost of these facilities at the outset of construction or pays these costs through the wholesale rate for water, the District will be required to bear these costs.⁸ BFWC representatives further stated that the District would be required to bear the cost of all feasibility and planning studies.

This alternative has several risk factors that are not discussed or recognized in Senator Williams' letter. First, BFWC purchases its total water supply from Cincinnati Water Works ("CWW"). The Commission does not regulate the rate that CWW charges

⁸ The District currently purchases water from Boone District. It is possible that Boone District's existing facilities would be adequate to transport the additional volume. In that case, however, the District expects an increase in the "transportation charge" that Boone District presently assesses to the District.

BFWC.⁹ For that matter, BFWC's wholesale rate is also not subject to Commission regulation.¹⁰ The Commission has previously expressed some concerns about the lack of regulatory review over CWW's wholesale rate.¹¹ Second, CWW currently supplies water to BFWC through a single pipeline running under the Ohio River. The lack of a redundant or secondary source of supply poses a risk to the reliability and continuity of service. Third, the District is concerned about the costs associated with the construction of a second pipeline either to provide for redundancy or to meet the growing demand for water in Boone County as that county continues to experience significant growth.¹²

- **Existing Northern Kentucky Water District (“NKWD”) Connection.** In his letter, Senator Williams refers to a “no-build option” which involves purchasing from NKWD from its current delivery point the total volume of water necessary to replace the volume that the District’s WTP currently provides. Contrary to his letter, the District currently operates its pumps an average of approximately fifteen hours per day, not twelve hours, to take its current purchase amount. To take double the volume of water currently taken through this delivery point, as Senator Williams proposes, is beyond the capability of the District’s current infrastructure. This alternative would require the District to construct additional infrastructure, including an additional water storage tank and upgrades to its existing booster pump station. Furthermore, in its brief discussions with NKWD officials regarding Senator Williams’ proposal, NKWD officials have indicated that a detailed study of NKWD facilities would be necessary to determine the infrastructure improvements, if any, that NKWD would be required to undertake to provide the required volume of water. Excluding the cost of the necessary infrastructure improvements to purchase from NKWD the total volume of water necessary to replace that currently produced by the District’s WTP, this alternative would increase the District’s annual costs by approximately \$380,000.
- **Three-mile Pipeline from NKWD.** In his letter, Senator Williams refers to “a 3-mile pipeline from NKWD” which would run down US Highway 25 along existing right-of-way. His letter provides no details regarding such a pipeline. The District has no knowledge of such an option nor has NKWD presented such an option to the District. As such, the District cannot respond to this proposal except to state that, if such an

⁹ *An Investigation of Boone County Water District’s Decision to Change Water Suppliers and of the Amendment of Water Supply Agreements Between Northern Kentucky Water Service District and Boone County Water District and the City of Florence*, Case No. 2000-206 (Ky. PSC Nov. 9, 2000), Order at 11-12.

¹⁰ KRS 74.510.

¹¹ Case No. 2000-206, Order of Nov. 9, 2000 at 11-12 and 18-19.

¹² Between 2020 and 2026, Boone County’s population grew 7.75 percent. The county was one of the fastest growing counties in Kentucky. See World Population Review, “Fastest Growing Counties in Kentucky,” at <https://worldpopulationreview.com/us-counties/kentucky/fastest-growing> (last visited Apr. 14, 2026).

option did exist and represented a reasonable and viable alternative, the District would investigate its feasibility.

Conclusion. The District is in accord with Senator Williams' desire to promote the spirit of regional cooperation. It respectfully submits that the District is already an example of regional cooperation as it serves six counties¹³ and purchases approximately seventy percent of its total water needs from four different water suppliers located in three different counties.¹⁴ While the District is not opposed to further regionalization and remains willing to explore solutions involving regional water suppliers, regionalization cannot be at the expense of service reliability or reasonable rates.

The District's Board of Commissioners is composed of public-spirited men and women who have devoted long hours at considerable personal expense to ensure that the District is efficiently and effectively managed and operated and that the highest quality of water service is provided to the District's customers at the lowest possible cost. For more than four years, it has searched for the most economical and lowest risk solution to the District's water supply problem. The current evidence suggests that the construction of a replacement WTP represents that solution.

The District's Board of Commissioners also recognizes that the public, as well as regulatory and financing agencies that will examine the selected solution, expect and demand a thorough review of alternatives. It is committed to continuing to do so in a deliberate and painstaking manner. However, the time available for such review is limited. The District's WTP has reached the end of its useful life. Delay increases the risk of disruption in water service. This review should be limited to **practical and realistic alternatives** that are based upon sound evidence.

Please contact me if the Commission or Commission Staff has any questions regarding the contents of this letter.

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 letter was transmitted to the Public Service Commission on April 30, 2026 and that currently no party in this proceeding has been excused by the Public Service Commission from electronic filing procedures.

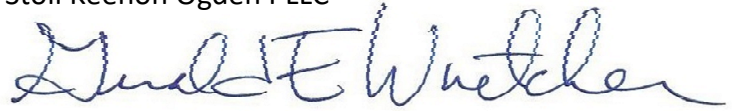
¹³ These counties are Boone, Gallatin, Grant, Kenton, Owen, and Pendleton.

¹⁴ These suppliers are NKWD, Boone District, the City of Walton, and the City of Williamstown.

Ms. Linda Bridwell
April 30, 2026
Page 7

Sincerely,

Stoll Keenon Ogden PLLC

A handwritten signature in blue ink that reads "Gerald E. Wuetcher". The signature is written in a cursive style with a large, stylized initial "G".

Gerald E. Wuetcher

GEW
Enclosures

cc: Hon. Gex Williams

Enclosure A

HMB PROFESSIONAL ENGINEERS, INC.
 3 HMB CIRCLE
 FRANKFORT, KY 40601
 (502) 695-9800

STATEMENT OF SERVICES

Ms. Amy Ruark
 Bullock Pen Water District
 1 Farrell Drive
 PO Box 188
 Crittenden, KY 41030

Bullock Pen Water District
 Continuing Services Agreement
 Water Treatment Plant Feasibility Study
 HMB Project No. 4222.01
 June 21, 2021
 Invoice No. 5

Scope of Services

Consulting engineering services related to the study of the feasibility of the construction of a new water treatment plant.

<u>Engineering Services</u>	<u>FEE</u>	<u>PERCENT COMPLETE</u>	<u>AMOUNT EARNED</u>	<u>PREVIOUS INVOICES</u>	<u>AMOUNT DUE THIS INVOICE</u>
Water Treatment Plant Feasibility Study	\$20,000.00	100%	\$20,000.00	\$19,000.00	\$1,000.00
TOTAL			\$20,000.00	\$19,000.00	\$1,000.00
Less: Previous Invoices			\$19,000.00		
TOTAL AMOUNT DUE (Payable Upon Receipt)			\$1,000.00		

PAID

AUG 31 2021

#32495

Internal Use Only KYEN: \$1,000.00

Enclosure B

TIMELINE

Date	Event
04/16/1997	Bullock Pen Water District is issued a revised Permit to Withdraw Public Water from Bullock Pen Lake (850,000 GPD maximum for months of May through September; 750,000 GPD maximum for all other months)
06/24/2021	HMB Professional Engineers, Inc. issues Water Treatment Plant Feasibility Study in which it recommends construction of a new water treatment plant
08/30/2021	Department of Fish and Wildlife advises Bullock Pen Water District by letter that it could permit the District to withdraw water from Bullock Pen Lake at a rate of 1.5 MGD until the Lake lowered to an elevation of 759 feet, at which time the allowable withdrawal rate would be reduced to 0.5 MGD until the Lake rose above 759 feet
10/01/2021	Repairs to Bullock Pen Lake Dam completed
04/16/2022	Bullock Pen Water District issues a request for qualifications for engineering services for the design of a replacement water plant
05/22/2022	Bullock Pen Water District Board of Commissioners selects Kentucky Engineering Group to perform design of replacement water treatment plant
06/30/2023	Bullock Pen Water District executes an agreement for engineering services with Kentucky Engineering Group for design of replacement water treatment plant
09/16/2023	Bullock Pen Water District applies to Public Service Commission for a declaratory order that no certificate of public convenience and necessity is required for the purchase of Catlett property
10/06/2023	Public Service Commission issues declaratory order that no certificate of public convenience and necessity is required for the purchase of Catlett property
08/21/2024	Bullock Pen Water District Board of Commissioners declines to apply for funding from KY WWATERS program for water treatment plant
09/19/2024	Bullock Pen Water District Board of Commissioners authorizes application to Kentucky Infrastructure Authority for a loan of approximately \$15,000,000 from the Drinking Water State Revolving Fund for water treatment plant project
11/21/2024	Bullock Pen Water District forms a Water Treatment Plant Project Committee to develop an overall strategy and educational program for the water treatment plant project
02/01/2025	Bullock Pen Water District submits plans and specifications for proposed water treatment plant and various system improvements to the Kentucky Division of Water

Date	Event
03/20/2025	At Senator Gex Williams' request, a meeting of representatives from Bullock Pen Water District, Boone County Water District, Northern Kentucky Water District, Boone-Florence Water Commission, a representative from Rep. Thomas Massey's office, and State Senator Gex Williams to discuss public water systems in northern Kentucky is held
04/09/2025	Bullock Pen Water District representatives meet with Rural Development officials to discuss District's request for financing for proposed water treatment plant
04/16/2025	Bullock Pen Water District representatives meet with Department of Fish and Wildlife representatives to discuss increasing withdrawal limits above those set forth in 08/30/2021 letter
04/17/2025	State Senator Gex Williams requests that Kentucky Division of Water conduct a public meeting on Bullock Pen Water District's application to withdraw 1.5 MGD from Bullock Pen Lake, conduct a biological review of the proposed water withdrawal increase, and require a financial analysis of alternatives
05/12/2025	Bullock Pen Water District representatives meet with representatives of Boone-Florence Water Commission to discuss procedure for the District to join the Water Commission; District representatives advised that District would be required to bear the cost of a feasibility study to establish necessary infrastructure to permit the District to purchase all water from the Water Commission and the cost of such infrastructure
06/30/2025	Bullock Pen Water District Board of Commissioners votes to retain Robert Miller of Kentucky Rural Water Association to prepare analysis of supply alternatives
07/15/2025	Department of Fish and Wildlife and Bullock Pen Water District hosted a public meeting concerning the District's proposed plan for a new water treatment plant.
07/31/2025	Kentucky Division of Water certifies to Kentucky Infrastructure Authority that Bullock Pen Water District is eligible to receive \$15,208,119 from the Drinking Water State Revolving Fund
08/07/2025	Kentucky Infrastructure Authority meets to consider Bullock Pen Water District's application for a loan of \$15,208,119 from the Drinking Water State Revolving Fund; KIA Staff recommends approval of application with conditions; Board defers action on application pending submission of analysis of alternatives.

Date	Event
12/18/2025	Robert Miller presents his analysis to Bullock Pen Water District's Board of Commissioners