

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF	)	
EAST CLARK COUNTY WATER	)	
DISTRICT FOR A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND	)	CASE NO.
NECESSITY AND FINANCING OF	)	2025-00261
THE MT. STERLING ROAD AND	)	
KY 89 WATER LINE	)	
REPLACEMENT PROJECT	)	

RESPONSE OF
EAST CLARK COUNTY WATER DISTRICT
TO
COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION
DATED OCTOBER 16, 2025

Filed October 21, 2025

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**RESPONSE OF EAST CLARK COUNTY WATER DISTRICT TO
COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION**

East Clark County Water District (the “District”) submits its Response to
Commission Staff’s Second Request for Information.

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County Water District*

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on October 21, 2025; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/Tina C. Frederick
Tina C. Frederick

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF CLARK)

William Ballou

Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said
county and state, this 21 day of October 2025.

Amrita Cartho

My Commission Expires: 3/11/27

Notary ID: KYNP67857

EAST CLARK COUNTY WATER DISTRICT

Case No. 2025-00261

Response to Commission Staff's Second Request for Information

Question No. 2-1

Responding Witness: William Ballard, Manager

Q 2-1. Refer to the Application, page 1. East Clark District states that the project consists of replacing approximately 10,500 feet of water line “along Mt. Sterling Road, KY 89, and Hilltop Drive.” Hilltop Drive is also mentioned in the project description in Exhibits 6, 17, and 20. However, the need for the Hilltop Drive portion of the project is not directly addressed in the body of the application nor in any exhibit.

- a. Provide a justification for the need to replace water lines along the Hilltop Drive portion of the project.**
- b. Explain in detail how the Hilltop Drive portion of the project will be financed.**

A 2-1a. The Hilltop Drive portion of the Project involves replacing 980 linear feet of water line and 13 services on Hilltop Drive. Hilltop Drive connects with KY 89 in the Project area as shown on the map in Exhibit 3 of the Application. The KY 89 area (Divisions C & D) are depicted at the center of the bottom of the map. The very small area of water line (depicted in blue) shown intersecting the larger section of water line along KY 89 is the Hilltop Drive portion of the Project. The existing water line on Hilltop Drive is of the same pressure-class and age as the

water line on KY 89. The line was constructed using the same cut and fill construction method as the line that was installed in the rest of the Project area. Therefore, it is subject to the same excessive wear as the pipe along KY 89 and Mt. Sterling Road. At this time, it is economically practical to replace the Hilltop Drive water line with new pipe of a higher pressure-class. The cost to construct this portion of the Project is approximately \$107,662. East Clark District cannot reasonably expect to replace this section of pipe at a similar or lower cost in a future separate project. The line needs to be replaced and upgraded to a higher pressure-class of pipe for this area of the system to operate most efficiently. Forfeiting the opportunity to replace the water line and services along Hilltop Drive now will result in the District spending more money to replace the section at a later date.

A2-1b. This section of the Project will be financed in the same way as the rest of the Project. The District proposes to finance the entire Project with KIA Loan B25-008, in an amount not to exceed \$841,383 as well as \$748,617 of Cleaner Water Program grant funds from CWP Grant 22CWW028. A copy of the KIA Conditional Commitment Letter was attached to the Application as Exhibit 17 and a copy of the Grant Assistance Agreement was attached to the Application as Exhibit 18.

EAST CLARK COUNTY WATER DISTRICT

Case No. 2025-00261

Response to Commission Staff's Second Request for Information

Question No. 2-2

Responding Witness: William Ballard, Manager

Q 2-2. Refer to the Application, page 7, paragraph 13, Alternative Considered. Provide the projected cost as well as the annual cost to operate the alternative.

A 2-2. Since the alternative considered involves taking no action to address the aging and stressed water lines but involves operating the system as usual and addressing any breaks in the system as discrete occurrences, there is no projected cost to undertake this alternative. Doing nothing initially costs nothing. However, as illustrated by the cost to address the March 2020 main line break under I-64, choosing to do nothing in this situation could lead to increased expenses in the future. The March 2020 line break under I-64 cost the District \$135,112 to repair. This break involved the same type of pipe as the pipe in the project area. The pipe was installed at the same time as the pipe in the Project area and using the same construction methods as were used in the Project area. Because the combination of the age of the pipe and the construction method used to install it contributed to the March 2020 break under I-

64 and those same factors are present in the Project area it is reasonable to expect that as the pipe continues to age, main breaks will become more frequent.

More recently the District had to address problems with aging infrastructure along KY 89 so that a leak on the customer's side of the meter could be repaired in early October 2025. The valve on a meter setting was seized, preventing the District from turning off the water so that the leak could be addressed. The meter setting was originally installed in 1981, and its proposed replacement was included in the Project. It took a two-person crew four hours to replace the meter setting so that the water could be turned off for the customer to repair the leak. Meter settings are part of the District owned infrastructure that constitute East Clark District's portion of a "customer service." Because all of the services included in the proposed Project are of approximately the same vintage as the service that was replaced, East Clark District reasonably expects that occurrences such as this will increase each year until the services and water mains are replaced.

When East Clark District must unexpectedly invest time and financial resources to address a main break or other failure of its infrastructure it takes time away from the normal operation of the

utility. It also diverts funds or borrowing capacity that would otherwise be used to address other needs. It is impossible to calculate, with any accuracy, an estimated annual cost to operate East Clark District's system that includes these unexpected line breaks and other infrastructure failures, because there is no way to predict what part of the infrastructure will fail or when it will fail.

However, by not constructing the Project the District will forgo the estimated \$1,814 in **reduced** purchased power cost discussed in Exhibit 15 of the Application. The District is also likely to gradually incur increased expenses due to responding to line breaks and other infrastructure failures. Using the \$135,112 cost to repair the I-64 main break as an estimate of such increased expenses, and assuming costs equal to 20 percent of this amount annually, the cost of doing nothing is approximately an additional \$28,836 each year.

Responding to Failed Infrastructure	\$135,112 x .20	\$27,022
Forfeited Reduction in Purchased Power		\$1,814
Estimated Annual Increased Costs		\$28,836

East Clark District acknowledges that this figure is purely speculative. East Clark District is proposing to construct the Project because in the judgment of the District's Board of Commissioners and its management it is good stewardship to continually evaluate the distribution system and renew and upgrade as necessary to avoid costly emergency repairs that disrupt customers' routines with service outages. The District considers the water lines and services in the Project area to be in need of replacement to avoid such disruption and unexpected expense.

EAST CLARK COUNTY WATER DISTRICT

Case No. 2025-00261

Response to Commission Staff's Second Request for Information

Question No. 2-3

Responding Witness: William Ballard, Manager

Q 2-3. Refer to the Application, pages 7-8, paragraph 14, Second Alternative. Provide the projected cost as well as the annual cost to operate the second alternative.

A 2-3. The second alternative presented in the Application involved replacing only the water lines in the Mt. Sterling Road area of the project and not replacing and upgrading the pressure-rating of the water lines in the KY 89 area. The cost to construct only the Mt. Sterling Road portion of the Project is \$329,611.76, not including contingencies. However, this alternative comes with essentially the same “costs of doing nothing” as the first alternative. Accordingly, please see East Clark District’s Response to Item 2, above.

Were East Clark District to construct only the KY 89 portions of the Project its cost to construct the Project would be \$520,564.78, not including contingencies. East Clark District would experience the estimated \$1,814 in reduced purchased power costs, but it would remain subject to unexpected costs for emergency repairs and

replacement of failed infrastructure, as well as subjecting its customers to unexpected service outages. Please see the Response to Item 2, above for an estimated annual cost of such emergency repairs. This estimated cost would be reduced if one area of the Project were to be constructed, and the other left unaddressed. However, estimating the number of such line breaks in any given year is completely speculative, although the eventuality of additional line breaks is reasonably certain. As explained more fully on pages 7-9 of Exhibit 5, the District considers delaying the replacement of water lines that it knows need to be replaced, **when the means to replace them are available**, to be an unreasonable and imprudent action.