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PUBLIC SERVICE COMMISSION
November 20, 2007

The Honorable Mark David Goss, Chairman
Kentucky Public Service Commission
P. O. Box 615, 211 Sower Boulevard
Frankfort, Kentucky 40602-0615

RE: CASE NO. 2007-00134

Dear Chairman Goss:

I am writing to testify in the above-referenced matter currently before the PSC. Please enter both this letter and attachments to the public record, particularly the Testimony itself dated November 20, 2007.

My journey dealing with this issue began with working with neighbors to assess the environmental impact of the pipeline. I was committed to the pool three site for additional withdrawals to serve the Bluegrass. As a regional planner with a water resource management masters degree, this seemed like the most reasonable way to go (see bio sheet ATTACHMENT A.).

After three extended meetings, it occurred to me that my neighbors wanted to either explore other potential water supply options or tell Lexington to conserve their way out of the projected regional water shortage. Because I saw the water issue as real and critical to our future, I resigned from this group (which became CAWS) on February 28, 2007 (see letter ATTACHMENT B.).

My initial concerns were focused on the potential environmental impacts of the pipeline; so I approached the Project Manager at KAW to explore the flexibility in minimizing such impacts (see ATTACHMENTS C., D. and E.). At each step I was assured by KAW's actions that they genuinely wanted to address these issues in a professional manner. From an early (front end) agency review process, to a field trip to evaluate the routing, to adopting Context Sensitive Design approach to making adjustments to avoid sensitive areas, I was convinced that my concerns were satisfied to the extent that I would support the project as modified (ATTACHMENT F., G. and H.).

In sum it was clear that the traditional adversarial approaches resulting in stringing out the Paris Pike widening project for 27 years, the usual agency review process, and not pursuing a conflict resolution model based on interests would have negative results on this major issue affecting the future of the Bluegrass and its citizens, both current and those unborn. I was astonished to be given the latitude to pursue other non-traditional means with KAW's full cooperation and support.

Having completed Jared Diamond's COLLAPSE recently, it is not surprising to see that entities that are locally oriented, 'ground-up' institutions have opposed the KAW/BWSC proposal in favor of the LWC plan. Unfortunately they see the choice as the cost of two comparable products on a shelf. In reality, they are so different that an interest-oriented evaluation is the only appropriate basis for such a decision. The PSC is a 'top-down' institution that must take into account factors that extend beyond local boundaries, and consider which plan best meets the needs of the Central Kentucky/Bluegrass Region as a whole.

I trust you will make the best decision and choose the appropriate proposal.

Ed Council



BIO SHEET
OF

ATTACHMENT A.

ED COUNCIL

OBJECTIVES

To establish a system of Outdoor Centers and programs for expedition-based environmental educational experiences, initially in the Elkhorn Corridor and working towards a statewide network, focusing on stream/watershed preservation, protection and development as a vehicle for pursuing sustainable urban and rural community development that demonstrate enhanced environmental equity and quality of life.

PERSONAL

Born in Richmond, VA in 1941; have a younger sister; parents deceased
Married to Bess with two children: Corey (1969) and Allison (1974)
Spent childhood on school football, tennis and wrestling teams, scouts, building model planes and ships
Addicted to canoeing, camping, caving, hiking, kayaking, sailing and rafting
Allergic to Poison Oak, Ivy, Sumac, unruly kids, rainy weekends, arrogant bureaucrats and structure for structure's sake

EDUCATION

5-year degree in Architecture from VPI (1964)
2-year masters in Urban/Regional Planning & Water Resources, VPI (1966)
3-year MS Sociology coursework at VCU (1969)
Federal Contract Law & Procurement series of courses
Numerous personal & organizational development seminars

CAREER HIGHLIGHTS

Executive Director Richmond regional Planning Commission (1966 – 1979)
Kentucky Contracts Officer EPA Sewage Treatment Program (1979 – 1989)
General Manager Caveland Sanitation Authority (1989 – 1990)
President Elkhorn Trust (1992 – 2003)
President Kentucky Attractions Association (1994 – 1996)
President/CEO Bluegrass Canoes, Inc./*CANOE KENTUCKY* (1981 – Present)
President Professional Paddlesports Association (2002 - 2004)
Secretary Kentucky Riverkeeper (2002 – 2005)
President Adventure2GO.com

FAVORITE QUOTES

“The really nice thing about NOT planning is that failure comes as a complete surprise and is not preceded by periods of worry and depression.”
“Behold the turtle; for even he cannot make progress without sticking his head out.”
“Make no little plans.”
The “Golden Rule”
“Go not where the path may lead; go instead where there is no path and make a trail”

ATTACHMENT B.

February 18, 2007

Dear Neighbors,

The article Mark circulated just after noon today appeared in today's *Georgetown News Graphic*. It accurately reflects my position and my quotes.

During the past 60+ days since we were all informed that Kentucky American Water Company planned to connect the proposed new water treatment facility near Monterrey to its mains north of Lexington, I have been consistent in my concern for the environmental impact of the pipeline. Yet I still publicly stated my support for using Pool 3 as part of the long-range water supply solution for the Bluegrass Region.

A meeting at Kay Harker's and two at Pat and Dara's homes has involved eight hours of discussions about our "real objective", a strategy for pursuing it and a corporate structure to achieve 'standing' and protection for those who actively were to deal with the issue. I do not feel any closer to a consensus on any of these among us.

In response to a question about whether it was acceptable for people to pursue alternative water supply sources, I said, "that would constitute a conflict of interest". My assumption behind that statement was, of course, that the issue was the pipeline's environmental impacts, and whether we could mitigate such impacts either by pursuing another, more environmentally friendly route, or achieve some degree of accountability from KAW regarding their assertions that the final route design would address this issue in a satisfactory manner.

By the time we adjourned, I found myself feeling that perhaps it was I that was close to a "conflict of interest", along with a few others. This feeling was corroborated since Thursday evening.

Having said this, I am compelled to withdraw from the group, which seems to be losing focus on solving a simple water distribution issue. This will free me to pursue this objective without issues of conscience; I believe in a "sustained use with- in acceptable stress" approach to such problems.

Thanks for allowing me to share in our mutual love for our piece of the world-renown Bluegrass Region. We are united in our concerns, if not our methods.

Respectfully,

Ed Council

ATTACHMENT C.

**TOWARDS BETTER PUBLIC POLICY:
AN 'INSIDE-OUT' PERMIT REVIEW MODEL**

February, 2007

Prepared by Ed Council
for

Use by Public Agencies with Permit/Review responsibility RE: KAW Pipeline

Background

Too often public works projects intended to benefit people and their communities are targets of numerous, diverse public and private interests. It is not unusual to see such beneficial projects challenged by highly vocal, passionate, inflexible and self-serving groups with personal agenda. A common result is an extended period of angst accompanied by polarized people, agencies and communities.

Many vital projects, when finally implemented, cost far more than originally anticipated, have concomitantly reduced life-spans, and fall short of achieving a true balance between financial and non-financial costs. Usually, it is these areas that are sacrificed: environmental, aesthetic, cultural/historic and similar indirect cost considerations.

Introduction

Infrastructure projects, especially those of greater than local significance, are particularly vulnerable. Major highways, water, sewer, gas and power transmission facilities are examples of projects that involve more than one agency and/or political jurisdiction. The subject project is further complicated by the private sector status of the implementing entity, the Kentucky American Water Company, in this case. It faces a mandate from the Public Service Commission to secure Central Kentucky's water supply demand, a lukewarm relationship with the consortium of area water districts (the Bluegrass Water Supply Commission) edgy over the firm's aggressive compliance with the mandate, two counties with a level of Bluegrass ambiance with a passionate protectionist following, and, if that were not fatal, an environmental community that has successfully blocked a previous attempt to pipe water overland to Lexington, the region's largest city (adding urban-rural frictions to the mix).

The environmental community is not homogeneous; it is split between groups that approach this issue with a "sustained use/acceptable stress" concept and those that rigidly support zero environmental damage and "no build". The latter would hold the project hostage to this agenda; the former wants acceptable compromise on balancing economic and indirect costs.

"BAU" Approach

Business as usual would involve the following sequence of discrete events: a plan with alternatives, public announcement, public meetings and comment period, selection of preferred option, announcement of same, design, application for permits and PSC approvals, agency(s) review process(es), agency comments reviewed/filed, applicant makes design changes as required, changes resubmitted and reviewed,

permit granted/issued, and finally construction begins (that is assuming no public interventions are authorized). This process is not only cumbersome; but also it is subject to creating untenable interagency relationships that impact independent, science-based concerns from being addressed adequately. As a result, good public policy is jeopardized; timeliness is lost; and consumer costs escalate. Polarization is a potentially lingering and even growing residual which has an adverse impact on the community, perhaps on other even unrelated issues.

An "Inside-Out" Approach

This approach would invert some of the above steps, opening them to simultaneous agency review activities as early in the planning and/or design stages as possible to preserve sufficient flexibility to make negotiated adjustments that result in a consensus review that achieves balance among interests. This interest-based conflict resolution methodology is applicable to the public participation side of the project development process as well. And, as with agency reviews, it should occur as early in the plan, design, build sequence as possible.

In this case, the plan authored by the Bluegrass Water Supply Commission involved the Pool Three withdrawal location and the terminus in north Lexington. A pipeline connecting these points was designed by KAW to expedite the project, given pressures from the PSC, recent drought events that placed some communities close to a perilous water deficit, and the 2010 Equestrian Games that will showcase the Bluegrass Region to the world. Thus, a shorter version can still be effectively applied to positively impact the final design.

To accomplish this, a meeting of all permit/review agencies is recommended for an immediate field trip that constitutes the initial step in a simultaneous process. So far, the issues to be addressed are habitat (aquatic, land-based avian, animal and botanical), water quality and drainage, cultural/historic (including stone fences and graveyards), and uniquely aesthetic Bluegrass attributes like tree canopy. The hope is that this will save time, maximize science-based management decisions achieving the aforementioned balance, and build a case for reasonableness that is an effective defense to outside challenges. In short, it will accomplish better public policy implementation.

Conclusions

If sensitively applied, this approach has the potential to be a model in similar situations, particularly developments of greater than local significance. It will affect a positive public image for KAW, whose willingness to take the risk to open up their design and construction plans to agency as well as public scrutiny is commendable. It may well be recognized as a privately owned public utility that cares about being environmentally friendly, responsive to regional values and aesthetics, while being cost conscious for its customers.

MEMORANDUM

ATTACHMENT D.

TO: Linda Bridwell, Project Engineer
FR: Ed Councill, Interested Citizen
RE: Pipeline Agency Field Review
DA: February 28, 2007

The purpose of the review was to implement the advance, simultaneous review process mutually accepted among the following agencies to specifically identify sensitive areas along the route, discuss concerns and suggest remedies to mitigate the concerns. Participating agencies/personnel were { US F&W/Mindy Lawson, KY F&W/Doug Dawson, Heritage Council/Charles Hockensmith, KyDOT/Beau Solley. Nature Preserves Commission and KyDOW did not attend. KAC representatives included L. Bridwell, M. Hemlepp, and Mike Galavotti (driven by the author).

Four areas were identified as challenges: 1) Tim Shera's residence due to its proximity to the route combined with shallow bedrock which likely would require blasting risking foundation damage and mature trees in the lawn providing a degree of privacy from the nearby road (Indian Gap) – suggested mitigation was to trench under the road pavement; 2) an alignment issue away from that originally proposed to remain near the road until a guardrail at the Fish Hatchery and descending downgrade to the property would result in a 30-foot swath of tree removal on an already unstable hillside – mitigating action would be to return to the original alignment using a driveway about 50 yards prior and descending the hill to a farm field below before entering the Hatchery; 3) a crossing of Camp Pleasant Branch near its confluence with the Elkhorn at the intersection of 1707 and 1262 near the Peaks Mill Bridge would fatally stress trees at the confluence which is used as a community park and fishing spot -- mitigation would require a crossing 30 yards upstream of this point on the tributary; and 4) loss of trees adjacent to the Switzer Bridge due to the crossing of the North Elkhorn 30 feet downstream will damage privacy and the aesthetics of that historic setting – mitigation of these issues would involve crossing further downstream or 20 to 30 yards upstream of the Covered Bridge. Specific mile points for each of the above will be added subsequently.

While all participants evaluated the process as useful, it could have been improved with the use of additional structure such as a checklist for each spot identified as sensitive and/or challenging, followed by more focus on such spots using cameras, limiting off-topic comments and checking off agencies as having or not having a concern at that location. These additions need to be implemented for subsequent trips.

As an initial attempt to implement a new review process, it went fairly well despite the above issues. This memo should be used as an agenda for discussing the next follow-up steps.

MEMORANDUM

ATTACHMENT E.

TO: Linda Bridwell, KAW
FR: Ed Councill, Citizen
RE: Suggested Next Step
DA: March 1, 2007

PURPOSE

The purpose of this memo is to offer my best thinking about the next step in the process to engage both the regulatory and community stakeholders in a positive and constructive manner. Our initial "Inside-Out" (I-O) advance and simultaneous review experience provided an opportunity to evaluate applying it to the general community as well.

BACKGROUND

A classic example of the business-as-usual (bau) approach to major public works/infrastructure is the saga of the Paris Pike widening project. This 27-year fiasco was finally resolved with what at the time was a radically different, untried, untested and new way of public policymaking dubbed "Context Sensitive Design" (CSD).

A product of this adversity, CSD emerged from within the engineer-dominated Kentucky Transportation Cabinet and Highway Department. Four other states joined in a national pilot to better define and implement a CSD process and evaluate its results.

In short, CSD is a process that engages stakeholders at the earliest stage possible in an interest-based conflict negotiation mode. It includes both public sector and community representatives pursuing interests under seven broad categories: aesthetics, community preferences, natural environment, costs, engineering and safety, historic and social justice issues. The goal of this approach is to achieve the best "fit" of the project within its surroundings, striking a balance between the above areas of consideration, involving stakeholders early and continuously during the process, and being flexible to maintain positive negotiations when conflicts of interests arise.

The multi-year pilot projects utilizing the CSD approach yielded positive results. Not only were projects completed in a timely manner, but also more cost-effectively (average savings of 4% over the conventional (bau) approach), safer, aesthetically enhanced, resulted in high community support and pride.

PROJECT STATUS

Kentucky American Water Company (KAW) is under a Kentucky Public Service Commission (PSC) directive to address the water demand deficit in Central Kentucky. KAW serves over 20,000 customers beyond Fayette County, including major industries like Toyota. It is pursuing the plan commissioned and adopted by the Bluegrass Water Supply Commission (BWSC) by building a treatment plant in

Pool Three of the Kentucky River near Monterrey, Kentucky, and connecting it to its north Lexington grid access point near the Horse park. This plant is in the design stage, as is the 42-inch pipeline.

Land has been acquired for the treatment facility in Owen County. Public meetings were held in December at four locations through which at least one of three alternative pipeline routings would impact landowners. A second public meeting was held in Peaks Mill designed to facilitate citizen concerns. KAW announced on February 12 the southern alternative as their preferred route.

PROCESS STATUS

KAW will submit final pipeline plans for permit and PSC application for approval in March 2007. Its community relations staff is aware of the challenges to be faced in the permitting and PSC approval processes. Attorneys are being sought or are already retained to pursue various interests opposing the route, if not the whole project. Therefore the fight is weeks from beginning in earnest, with the only questionable results being the degree to which time, angst, and community polarization will add to project costs.

It was this scenario that that prompted a new look at what optional course of action was available to achieve a "Paris Pike" ending to the above. Following the yet still potentially positive recent experience of the agency I-O review excursion, a similar model for local community stakeholders seemed worthwhile (see 2/28/07 memo).

NEXT STEP

Based on the CDS stakeholder involvement process (SIP) pursued by the Illinois Department of Transportation, this step will have the following characteristics:

- 1) communication with stakeholders is open, honest and continuous;
- 2) encourage multi-disciplinary assistance to address concerns;
- 3) identify community values, concerns and ways to accommodate and mitigate such issues;
- 4) design a public participatory process that includes field review and informal meetings to negotiate conflicting issues;
- 5) deploy visual aids, photos of similar projects and other tools;
- 6) secure a commitment from top agency officials and local leaders;
- 7) place the above along with goals and objectives in an agreement;
- 8) maintain open meetings for informing the media.

I realize that taking a departure from whatever was planned as the next step may cause uneasiness and uncertainty that not implementing this process would at least minimize, if not avoid. However, I am convinced that the greater risk is in proceeding with a "bau" approach that shortcuts and minimizes such exposure. If that is the case, I have obtained a commitment from Bill Gulick to conduct a workshop for KAW personnel in advance of a decision on this matter at no cost. I await your response.

ATTACHMENT F.

TESTIMONY BEFORE the FRANKLIN COUNTY FISCAL COURT

Re:

THE NEED TO SUPPORT THE KENTUCKY AMERICAN WATER PROJECT

April 19, 2007

My name is Ed Council; my family lives at 7265 Peaks Mill Road; our small family business is *CANOE KENTUCKY*; and I am a past president of the Elkhorn TRUST. I moved from Virginia in October 1979 to join the Kentucky Division of Water's Water Resource Planning branch, which had the responsibility to implement the Clean Water Act's pollution abatement program.

We have completed 25 years of canoe, kayak and raft rental and outfitting. More people have enjoyed Elkhorn Creek and the beautiful canopied county roads, stone fences and the stewardship of our part of the renowned Bluegrass Region in our boats than the population of Metro Lexington. They consistently comment about the beauty of our creek and its watershed. To our business these are our most important physical assets.

A study of visitors to the whole Elkhorn system in 1998 found that 75,000 people use the Elkhorn each year. The Tourism Cabinet estimates are that if these people stay for 3 hours, they will spend \$6 million; if they spend 5+ hours, they are likely to stay overnight and thus spend \$9 million. We serve a third of these visitors.

My point is that any CEO of a corporation that sustained this level of revenue would nurture his assets, the Elkhorn and its watershed. I am likewise motivated. I would be a fool do anything or support anything that would degrade these assets.

However, I support the project to bring water from Kentucky River's pool three, treat it at a new plant in southern Owen County, and transport it to the grid that connects nine water utilities in the Central Bluegrass near the Horse Park. Here's why:

- 1) this plan was fostered by the Bluegrass Water Supply Commission with a \$540,000 State and Federal grant appropriated by Congress and the State Legislature to plan for the future water demands in Central Kentucky;**
- 2) that the repair of Lock & Dam #3 assures not only a reliable water source, but also prevents Frankfort from being landlocked for the first time in its history, which maintains our competitive advantage for future economic development;**
- 3) that reviews by relevant state and federal agencies in the field disclosed no adverse effects to the resources they were endowed with the public trust to protect if minor routing adjustments were implemented;**
- 4) that an independent and nationally-known arborist, following a similar field trip survey, indicated that minor adjustments would likewise save the canopy so valued by our guests and visitors for a quarter century;**

- 5) that, as we enter an era of consequences due to carbon emissions which create climate change uncertainties, less predictability with respect to rainfall events and the availability of a sustainable future water supply, the time to act is upon us (in 2005, Frankfort's previously seen as immune water system came within 1 mgd of requiring use restrictions); and
- 6) the opposition position does not have a plan, and is not simply for a better distribution system; but rather they want to control growth in the Bluegrass by holding water hostage to promote their lifestyles. It doesn't make sense to preserve the rural nature of our area while placing severe limitations on our economic future. The grid will allow us to obtain water from Frankfort during periods of high drought: a life insurance policy.

Also, some opponents feel like we are getting cheated in that the plant's taxes will go to Owen County. It is true that Owen County will benefit from the plant's taxes; but Franklin County will likewise benefit from most of the pipeline. This situation calls for negotiations, rather than again holding the water for all of us hostage due to an insignificant difference in tax revenues.

Given that the impacts that I initially feared are significantly minimized by adjustments in the pipeline's local route alignment, I have determined that I will support this project in its entirety. It may not be the most perfect solution; but it is the most doable and cost-effective that professional engineers have presented.

I trust the state and federal resource protection agencies will assist with making these adjustments; likewise, citizens along the way will be involved; and I trust that the Kentucky Public Service Commission will assure ratepayers that our rates are indeed a result of the most cost-effective solution to our water demands. This project is simply good public policy.

Thank you for your consideration to lend your support to this project as well.

ATTACHMENT G.

Water for the Bluegrass Region: Our Life Insurance Policy

By

Ed Councill, Elkhorn Trust President (1992-2007)

Kentucky is a water rich state. We have more fresh water, free-flowing streams than any of the ‘Lower 48’. Plus, we have numerous lakes, two boundaries involving America’s largest and third largest rivers, and an above average annual rainfall of 45+ inches. Our problem is that the distribution and timing of rain events is unpredictable and uneven, putting ample water supply at temporary risk at times.

Recent droughts, environmental accidents, and seasonal demand require immediate attention. A decision to build a grid, much like the electric energy industry had done years ago, helps direct flows to temporarily deficient water districts. A conservation policy involving restrictions on water use is in place for Lexington-Fayette County, as well as an additional 20,000 Kentucky American Water (KAW) customers in surrounding counties.

In 2005, these actions were insufficient to avert an extended water shortfall against peak demands. Even Frankfort, whose location and capacity is among the most immune from drought, came within 1 million gallons per day of requiring restrictions in Franklin County during the moderate drought that year. The conclusion is that a more aggressive conservation program would not be the sole answer to adequately address the Bluegrass Region’s future water supply needs. Nor would a freeze on new rezoning requests to curb additional development avert an impending shortage.

Nine central Kentucky municipal water utilities (now expanded to include 10) and KAW joined forces to seek a cost-effective solution to meet this need. The Kentucky General Assembly allocated funds for an engineering study in 2000. Extensive efforts, which included public meetings in multiple locations, concluded that a new water treatment plant was needed to treat water from the Kentucky River’s Pool 3, a significantly more reliable source than that currently supplying Lexington from Pool 9 near Valley View.

Today, the Bluegrass Water Supply Commission and its constituent water utilities, KAW and relevant state agencies are on board with implementing a cooperative plan. At \$170 million, building a shared equity treatment facility and transmission line from the Kentucky River is the least expensive and most preferred option of the more than 40 scenarios evaluated. Implementation has begun with site acquisition, plant design and a proposed 42-inch pipeline routed to connect the water treatment plant to the regional grid near the Kentucky Horse Park. An application to the Kentucky Public Service Commission was submitted on March 30; and an exhausting detailed review process is underway.

These events have been conducted openly with public information sessions in several places during the plan development and route selection phases. On several occasions, additional meetings were held at the request of concerned citizens. State review agency representatives were driven along the chosen route for a field evaluation of the particular resource they are entrusted with protecting. This on-site visit was accomplished in early March.

Each attending agency representative indicated his/her appreciation for the opportunity to field check the project's potential impact. To date, not a single one has identified an impact that was not averted or mitigated during this trip. I am therefore convinced that 90 percent of the trees that add to the area's canopy and shade for rural roads, all of its related stone fences, historic sites, the environmental issues associated with the single crossing of Elkhorn Creek, and picturesque scenery will remain intact.

Thus, my initial concerns that were focused on preserving this part of our Bluegrass have been satisfied. This project is a win/win for the Bluegrass -- its people, corporate citizens, and the thousands of visitors who marvel at our canopied backcountry roads, stone fences, and careful stewardship of our culture and historical sites. Therefore, we will maintain our regional competitiveness globally by managing smart growth while assuring prosperity for future generations.

Furthermore, to show that it is a "green utility", KAW is not only working closely with property owners to make alignment adjustments where feasible to minimize impact; but it is also open to working with interested parties who want to see roadside rights-of-way be available for biking and hiking trails and for access or additions to existing parklands to improve their quality and function.

Let's move beyond the talking and debating stage and resolve our water deficit for the betterment of our region.

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ATTACHMENT H.

WATER SUPPLY FOR THE BLUEGRASS: A CRITICAL CHOICE

Testimony of Ed Council to
The Kentucky Public Service Commission
November 26, 2007

Introduction

To meet future demand for an adequate water supply for Central Kentucky is a daunting challenge – perhaps the most of a lifetime. It is therefore of particular importance to frame such a decision in a way that meets specific objectives of those generations whose futures are so tied to this resource.

As Maslow stated “Give a man a hammer and solutions to all of his problems require nails.” Conversely, give a man a toolbox; and he is able to choose the tool or set of tools to improve his lot. The lesson is simply that how an issue is approached often predetermines or limits outcomes.

In the current situation, the choice offered to resolve an adequate Bluegrass water supply is between the Kentucky American Water/Bluegrass Water Supply Commission (KAW/BWSC) proposal submitted on March 30, 2007, and the more recent Louisville Water Company (LWC) counterproposal. The implication is that both meet the objective as implied by the PSC directive to resolve the demand for an adequate water supply for Central Kentucky. This assertion is not supported by the facts.

Background

I choose to define more specific objectives for this general directive as follows: 1) Central Kentucky is defined as the collective service area of the water utility districts that are BWSC members; 2) adequate is defined as time- and cost-effective, available to meet current and short term needs as well as beyond, and as governed by accountable institutional arrangements over time within the service area particularly with respect to allocations and operational issues. In short, the two proposals need to be evaluated on these criteria (availability to all Central Kentucky entities, timeliness, cost-effectiveness, reliability, and governance). In this manner two dissimilar proposals at least can be compared by their performance relative to specific outcomes, rather than by fuzzy cost-effective measures that too often mask hidden agendas.

Evaluation

Each criterion is evaluated using a pass or fail system with respect to the two proposals' performance. The scores are then calculated to see which is the one that meets the tests provided.

- 1) **SERVICE AREA:** The KAW/BWSC proposal's 42 inch pipe and connection with the grid at the Horse Park provides instant service to district members that have immediate needs. LWC's proposed 36 inch pipeline configuration is insufficient to accomplish this task.
- 2) **TIMELINESS:** The KAW/BWSC proposal design is complete, property has been acquired or identified for easements, and construction is aiming

for an early 2010 completion date. LWC has no final design, no USDOT agreement for I-64 ROW access or easement/landowner identifications, and no hope for a pre 2010 completion date.

- 3) **COST:** The \$160 million KAW/BWSC estimate is well documented and based on engineering and industry standard methodologies. LWC's costs do not include easements (even with no ROW access permit), are time-limited to 2016 with increases likely to follow, do not include a parallel pipeline necessary to provide adequate service to the whole Central Bluegrass area, do not likewise include improvements to the distribution grid. The concept of water conservation and a water use budget is inherent to a Kentucky River solution, not the more unlimited Ohio, a hidden cost.
- 4) **RELIABILITY:** While both plans provide a 'two river' safety net that insures against chemical and/or biological incidents affecting a single source solution, the KAW/BWSC plan draws on Pool 3's ample supply and minimizes the higher profile terrorist target offered by the Ohio until needed. The proximity of the Kentucky River enhances reliability from an operational perspective as well.
- 5) **GOVERNANCE:** This issue simply places the decision/policy making closer to the people being served. Albeit a private/public partnership in the case of the KAW/BWSC plan, an existing governance agreement is proof of institutional cooperation in issues of allocation not addressed by the LWC proposal. Documented praiseworthiness of KAW's community service is abundant despite being a for-profit entity. LWC is motivated not by service to contiguous districts, but rather by a need to reduce its over capacity issues currently affecting its own ratepayers. A notable difference between a public versus a privately owned service provider is thus a moot issue.

Overall, the KAW/BWSC plan is superior to that of the LWC on the basis of the above evaluation exercise. Their costs are subject to be adjusted in the future as the new infrastructure debt is amortized.

Conclusion

Given PSC's directive to KAW to resolve the Central Kentucky future water supply demand issue, it is clear that the KAW/BWSC proposal satisfies the need geographically, in a timely manner that lessens the economically devastating risk of a more severe drought adversely affecting its major industrial customers, from an engineering cost-effective perspective, offering enhanced reliability and governance. It is equally obvious that the question of ownership has no impact, either on service delivery or operational responsiveness due to past performance and the checks and balances of the BWSC partnership and the oversight from the Kentucky Public Service Commission. Therefore, it is in the interest of the ratepayers, service providers and the Central Kentucky Bluegrass Region to support the application and plan of the KAW/BWSC as submitted in March 2007 as the better public water policy.

You are an important colleague, friend, neighbor or just another person who is interested in the issue of a future water supply for our area.

Given that reasonable people can disagree over such matters, due to strong feelings and opinions on both sides of the recent water resource discussions and positions, and with the belief that all of us can benefit from the knowledge of others even though we disagree; I am making available the work I have done and have filed with the Kentucky Public Service Commission.

If you only read the first and last pages of the enclosed, I will have accomplished the above mission, as well as closed the gap, salved any harsh feelings and begun the process of healing and reconciliation our community needs and requires for the next challenge to our future and that of our children.

Thanks for the debate; such is a virtue of our Country over many others throughout the globe. May you and yours enjoy Happy Holidays in the coming season.

A handwritten signature in black ink, appearing to read "Ed Council". The signature is fluid and cursive, with a large initial "E" and "C".

Ed Council