

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF MUHLENBERG COUNTY )  
WATER DISTRICT #3 FOR AUTHORITY TO )  
ENTER INTO A LOAN AGREEMENT WITH THE ) CASE NO.  
KENTUCKY INFRASTRUCTURE AUTHORITY ) 2015-00279  
AND FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO )  
CONSTRUCT AN OFFICE BUILDING )

RECEIVED

DEC 23 2015

PUBLIC SERVICE  
COMMISSION

**MUHLENBERG COUNTY WATER DISTRICT NO. 3'S RESPONSE  
TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Pursuant to 807 KAR 5:001, Muhlenberg County Water District No. 3 ("Muhlenberg District"), herewith files its response to Commission Staff's First Request for Information to Muhlenberg County Water District No. 3,

1. Provide copies of all construction bids or a bid tabulation prepared by the architect of record for this project.

Response: A "pre-construction conference" is scheduled for January 14, 2016 at 2:00 p.m., central standard time, wherein all potential contractors can meet with the Muhlenberg District and the architect to answer any questions before bids are submitted. The bids will be advertised January 18, 2016 thru February 5, 2016 and will be opened on February 8, 2016. After which the Muhlenberg District will be able to provide the Commission with copies of the construction bids and/or a bid tabulation prepared by the architect.

2. Were any alternatives to constructing a new building studied by Muhlenberg District? List all alternatives considered.

Response: The Muhlenberg District considered rehabbing the current building.

3. For each alternative listed in item 2 above, explain why Muhlenberg District chose not to pursue that alternative.

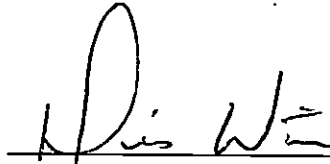
Response: The current building is approximately 40 years old and consists of two buildings joined together. When the buildings were joined, the materials and workmanship were not of high quality and caused inefficiency. Currently, the building has electrical and plumbing that are not up to code. Further, the building has a flat roof that has been resurfaced on numerous occasions, but which still leaks. The current location of the building is not convenient for customers and results, during peak times of the month, in traffic congestion on State Route 81. The building is one story and houses both the office and the maintenance garage and equipment such as the backhoe, excavator, etc. cannot be brought into the garage for maintenance due to their height. Finally, the current building does not have enough storage to accommodate the permanent records that are required to be maintained and records are being stored in an outbuilding that is not climate controlled and in which there are rodents and insects.

4. What was the estimated cost to renovate or rehabilitate the existing office building?

Response: The cost of renting and locating a temporary trailer, to work out of while remodeling took place, would cost the Muhlenberg District \$30,000.00 by itself. The cost of a new pitched roof, new plumbing, new electrical, redesign of the office area, increasing the garage area to two stories, and not being able to deal with the traffic problem made rehabbing the existing building unfeasible. The current water board chairman, Don Garrett, is a retired general contractor and provided his expertise in evaluating the decision as to whether to rehab the current building or construct a new building. Our architect, Jeremy Johnson, of Studio 725, agreed that the cost of renovations and the fact that the building still would not meet our needs, made rehabbing unfeasible and agreed that a new building would be the practical solution to our problems.

5. Was there discussion at any board meeting regarding the need for a new office building? If so, provide the minutes of the meetings in which discussion of the need for a new building took place.

Response: See attachments.



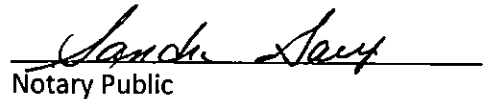
Dennis N. Winters  
Attorney for Muhlenberg Co. Water Dist. No. 3  
P. O. Box 506  
Central City, KY 42330  
270-754-3322



Robert Woodburn

COMMONWEALTH OF KENTUCKY  
COUNTY OF MUHLENBERG

Subscribed and sworn to before me by Robert Woodburn, Secretary-Treasurer, on behalf of Muhlenberg County Water District No. 3, to be true and accurate as he so verily believes on this the 22 day of December, 2015.



Notary Public

My Commission Expires: 4-30-2016

cc: Parties of Record

Jeff Derouen  
Executive Director  
Public Service Commission  
P. O. Box 615  
Frankfort, KY 40602

Amy Frogue  
Associate Director  
Pennyrile Area Development District  
300 Hammond Drive  
Hopkinsville, KY 42240

January 21, 2014

The Commission of Muhlenberg County Water District No. 3 had a meeting on January 21, 2014 at 4:00 P.M. in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman: Don Garrett  
Sec/Treas Robert Woodburn  
Doug Anderson  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Don Garrett opened the meeting.

The minutes were read. Don Garrett requested the minutes be amended to read "Don Garrett will do the work at no cost". Robert Woodburn made a motion to accept the minutes as amended, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Sandy Gary reported the new meter tariff had been approved by the PSC and will be effective March 1, 2014.

Don Garrett reported the water loss was 12.7% for the month and 20.0% for the year.

The commissioners approved the maintenance contract with Happy's of Madisonville for the new copier.

Robert Woodburn made a motion Don Garrett, Doug Anderson, Sandy Gary and Robert Woodburn attend the annual Kentucky Rural Water Management Conference in Bowling Green on February 19 and 20. Doug Anderson seconded the motion. The motion carried.

The commissioners reviewed the five year plan. Any additions or deletions will be done at the February board meeting.

The remodel of the water office is projected to cost \$20,000. The commissioners requested that figure be used for the 2014 budget which will be discussed at the February meeting.

No other business coming before the Commission, Chairman Garrett adjourned the meeting.

  
Secretary-Treasurer

Jun 17, 2014

The Commission of Muhlenberg County Water District No. 3 had a meeting on June 16, 2014 at 4:00 P.M. in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Ben Tooley  
And Sandra Gary

Don Garrett offered the opening prayer and opened the meeting.

The minutes were read and Doug Anderson made a motion to accept the minutes, financial statements and paid bills. Don Garrett seconded the motion. The motion carried.

Don Garrett reported there was still no progress on the new desks from the county.

Sandra Gary reported Daniel Merlin had paid the \$500.00 cash he was instructed to pay and had signed the payment agreement for 12 monthly payments of \$42.67 to settle the remaining debt. The leak has still not been fixed.

Sandra Gary gave an update on the new health insurance. The new carrier will be Humana. The savings in premiums to the district is about \$700 per month.

Donald Garrett reported the water loss was 15.94% for the month and 17.8% for the year.

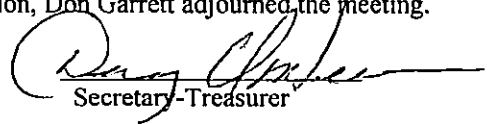
Sandy and Ben gave an update on the Christian County Water Office new building. Any comments were postponed until the July meeting.

Doug Anderson made a motion to purchase three new tablets the cost of which cannot exceed \$1200.00. Don Garrett seconded the motion.

After some discussion of the mini excavator, Doug Anderson made a motion the water district purchase a mini excavator. Don Garrett seconded the motion. The motion carried.

Sandy Gary informed the commission Spirit Services would no longer be servicing the water district for uniforms and supplies. Effective June 17, 2014 Cintas is the new carrier.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

September 15, 2014

The Commission of Muhlenberg County Water District No. 3 had a meeting on September 15, 2014 at 4:00 P.M. in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Don Garrett offered the opening prayer and opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

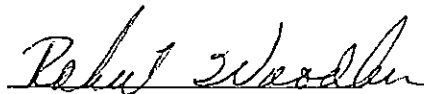
Ben Tooley reported dirt work is being done on the new Clark St. line. Weather permitting more line will be laid within the next month.

Ben Tooley reported the new generator being installed to replace the 20KW generator that was struck by lightning will be a 22KW generator. The insurance check has already been received.

Donald Garrett reported the water loss was 7.6% for the month and 15.1% for the year.

After some discussion of the building roof the Commissioners instructed Sandra Gary to contact Jeremy Johnson of Studio 725 to get some ideas about remodeling the existing building or building a new building.

No other business coming before the Commission, Don Garrett adjourned the meeting.



Secretary-Treasurer

October 20, 2014

The Commission of Muhlenberg County Water District No. 3 had a meeting on October 20, 2014 at 4:00 P.M. in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Ben Tooley requested the three old desks be disposed of. The commissioners approved the desks being given away to anyone that wanted one.

Sandra Gary requested the water district purchase the Health Care Compliance dashboard from Harding Benefits. Doug Anderson made a motion the water district purchase the Health Care Compliance dashboard. Robert Woodburn seconded the motion. The motion carried.

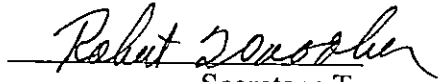
Doug Anderson made a motion the district hire Jeremy Johnson of Studio 725 to do the preliminary drawings for the new building. Robert Woodburn seconded the motion. The motion carried.

Donald Garrett reported the water loss was 11.8% for the month and 14.8% for the year.

Budget and Five Year Plan reviews were completed. Included in the reviews were vehicle purchases, certification testing, new building and review of the Four Year Plan for new hires. See Attached. All new field employees will test for Class I distribution certification at the end of their first year.

Doug Anderson made a motion the Bremen Fire Department no longer be charged \$10.00 a month for placing a repeater on the water tank. Robert Woodburn seconded the motion. The motion carried.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer



December 15, 2014

The Commission of Muhlenberg County Water District No. 3 had a meeting on December 15, 2014 at 4:00 P.M. in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Don Garrett offered the opening prayer and opened the meeting.

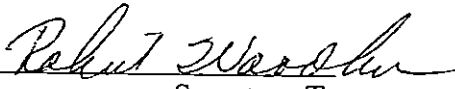
The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

The plans for the new building were reviewed and financing was discussed. The commissioners agreed to attend the next Bremen City Council meeting, January 2015, to discuss acquisition of the vacant property next door to the water office.

Donald Garrett reported the water loss was 4.1% for the month and 13% for the year.

Doug Anderson made a motion Alexander, Toney and Knight of Madisonville do the 2014 audit. Robert Woodburn seconded the motion. The motion carried.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

January 19, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on January 19, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Don Garrett reported the commissioners had attended the Bremen city council meeting and discussed the acquisition of the property next door to the water office. No decision was made at that meeting.

Ben Tooley reported the only construction projects for 2015 are the completion of Clark Street and possibly the new building.

Don Garrett reported the water loss was 8.2% for the month and 13.3% for the year.

The commissioners requested Ben get a few proposals for different vehicles together and they will decide on the purchase of a new vehicle at a later date.

Sandra Gary reported adjusting the accrual of personal time from calendar year to hire date will stager the use of personal time throughout the year rather than everyone needing to take their time a year's end.

No other business coming before the Commission, Don Garrett adjourned the meeting.



Secretary-Treasurer

February 18, 2015

The Commission of Muhlenberg County Water District No. 3 had a special call meeting on February 18, 2015 at 2:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Donald Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Ben Tooley offered the opening prayer and Don Garrett opened the meeting.

The purpose of the meeting was to discuss purchase of property from Dr. Hawkins as the site for the new water district office.

Don Garrett made a motion the water district purchase the property owned by Dr. Susan Hawkins located on Hwy 81 in Bremen, KY for the price of \$16,000.00. Robert Woodburn seconded the motion. The motion carried.

Don Garrett made a motion the Bremen Masonic Lodge be able to lay the cornerstone for the new building. Doug Anderson seconded the motion. The motion carried.

Ben Tooley reported the cost for building plans that include construction, electrical and plumbing will be \$3000.00. The plans will be done by Studio 725 in Greenville, KY.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

February 23, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on February 23, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Robert Woodburn opened the meeting.

The minutes were read and Doug Anderson made a motion to accept the minutes, financial statements and paid bills. Robert Woodburn seconded the motion. The motion carried.

Don Garrett reported the commissioners had attended the Bremen city council meeting and discussed the acquisition of the property next door to the water office. No decision was made at that meeting.

Ben Tooley reported Studio 725 had been instructed to begin creating the construction plans for the new building. They will need the survey before they can proceed. Floyd Ashby will be doing the survey.

Doug Anderson made a motion the district purchase a new 2015 Dodge 4 wheel drive truck for \$21,270.20 plus the cost of lights and steps. Robert Woodburn seconded the motion. The truck will be purchased from Freedom Dodge in Lexington, KY. They have the state contract.

Robert Woodburn reported the water loss was 9.7% for the month and 9.7% for the year.

Tony Knight of Alexander, Toney and Knight presented the annual audit. Doug Anderson made a motion the audit be accepted. Robert Woodburn seconded the audit. The motion passed.

Doug Anderson made a motion the district approve the Pennyrile Area Development District processing the loan paperwork for KIA and the Certificate of Convenience and Necessity from the PSC at a cost of \$5000.00. Robert Woodburn seconded the motion. The motion carried.

Ben Tooley informed the commission that Ethan Thomas had been let go for miss use of company property.

No other business coming before the Commission, Robert Woodburn adjourned the meeting.

  
Secretary-Treasurer

March 16, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on March 16, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Don Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Ben Tooley gave an updated report on the building plans. Doug Anderson made a motion a CD in the amount of \$108,516.58 at Commonwealth Community Bank not be renewed on March 28, 2015 but cashed in and deposited in the construction fund with First National Bank. Robert Woodburn seconded the motion. The motion carried.

Ben Tooley reported the new truck is on order. The final price with the addition of steps and lights is \$22858.20.

Don Garrett reported the water loss was 14.2% for the month and 12.1% for the year.

Robert Woodburn made a motion all new hires are hired on as temporary for 90 days followed by a 6 month probationary period before becoming regular full time. Doug Anderson seconded the motion. The motion carried.

Robert Woodburn made a motion the commission go into closed session. Doug Anderson seconded the motion. The motion carried.

Doug Anderson made a motion the commission go out of closed session. Robert Woodburn seconded the motion. The motion carried.

Don Garrett made a motion Ben Tooley, Sandra Gary, Cindy Darr and Frank Green, all be given a \$.50 per hour raise effective 1 April 2015. Doug Anderson seconded the motion. The motion carried.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

April 20, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on April 20, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Don Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Don Garrett offered the opening prayer and opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Ben Tooley gave an updated report on the building plans. We are currently waiting for Studio 725 to provide the district with a construction budget so the PADD Office can forward our loan application to KIA. The deed for the new property has been signed and will be recorded next week.

Don Garrett reported the water loss was 12.4% for the month and 12.2% for the year.

Doug Anderson made a motion the district purchase a "thumb" for the excavator. Robert Woodburn seconded the motion. The motion carried.


The district will begin taking seal bids for the Ford Ranger on May 4. Bids will be opened at the next board meeting on May 18, 2015.

Doug Anderson made a motion to contract for a dumpster. Robert Woodburn seconded the motion. The motion carried.

Robert Woodburn made a motion the district do away with the four year pay plan. Going forward any employee who passes the Class I Distribution Certification exam will received a raise equal to ½ the difference between their current pay and the pay of the most senior field employee. Upon passing the Class II Distribution Certification Exam the employee's pay will be equal to that of the most senior field employee. Doug Anderson seconded the motion. The motion carried.



No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

May 18, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on May 18, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Don Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Ben Tooley offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Ben Tooley gave an updated report on the building. The district is waiting on the Certificate of Public Conveyance from the PSC, the loan application with KIA is complete and the road department has cleared the building site.

Don Garrett reported the water loss was 14.1% for the month and 12.7% for the year.

Ben Tooley reported the "thumb" purchased for the excavator doesn't fit and cannot be made to work. Doug Anderson made a motion the district purchase a different "thumb" and "bucket" in the amount of \$3770.00. Robert Woodburn seconded the motion. The motion carried.

Don Garrett opened the bids on the 2004 Ford Ranger.

Estil Pharis	\$1500.00
Doug Anderson	\$1120.05
Terry Jarvis	\$1350.00
Scarlett Henderson	\$1616.00

Don Garrett made a motion Scarlett Henderson be awarded the winning bid. Doug Anderson seconded the motion. The motion carried.

The commission approved Ben Tooley hiring Frank Green's replacement 1 July, 2015.

No other business coming before the Commission, Don Garrett adjourned the meeting.

Robert Wood  
Secretary-Treasurer

July 20, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on July 20, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Don Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Ben Tooley offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Sandra Gary reported the loan paperwork from KIA had arrived however the figures were incorrect. The district is waiting on the new paperwork. The PAAD office reported the KY Public commission application was put together awaiting construction time line and Don Garrett's signature. The paperwork was signed at the meeting and ready for the PAAD office rep to pick up 7-21-15.

Doug Anderson made a motion to sell the old dump truck by sealed bids. Robert Woodburn seconded the motion. The motion carried.

Don Garrett reported the water loss was 10.3% for the month and 11.2% for the year.

Doug Anderson made a motion all potential new hires must live in the district, submit a WorkKeys test results, and pass a pre-employment physical before an offer of employment is made by the district. Robert Woodburn seconded the motion. The motion carried.

Robert Woodburn made a motion domestic partners be added to the Delta Dental contract and the Eye Med contract. Doug Anderson seconded the motion. The motion carried.

Don Garrett made a motion water bottles be purchased to give away at the Back to School Bash in July and any other advertising opportunity. Doug Anderson seconded the motion. The motion carried.

Mr. Brown attended the meeting and inquired about the progress on the Clark St. project.

No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer

August 17, 2015

The Commission of Muhlenberg County Water District No. 3 had a meeting on August 17, 2015 at 4:00PM in the water office in Bremen, Kentucky with the following present:

Commission:  
Chairman Don Garrett  
Doug Anderson  
Robert Woodburn  
Ben Tooley  
And Sandra Gary

Doug Anderson offered the opening prayer and Don Garrett opened the meeting.

The minutes were read and Robert Woodburn made a motion to accept the minutes, financial statements and paid bills. Doug Anderson seconded the motion. The motion carried.

Sandra Gary reported the PSC application for the new building had been submitted. Once the district gets PSC approval the new building project can be bid.

Ben Tooley gave an update on the Clark St. project. The new 6inch line will be tied into the existing 4inch line at about the halfway mark. This change in plan was made due to excessive rock. All the planned fire hydrants will be set on both the 6inch and the 4inch.

Don Garrett reported the water loss was 12.9% for the month and 12.2% for the year.

Ben Tooley announced the district has been nominated for the Wooden Bucket Award given out by Kentucky Rural Water Association. The winner will be announced at the annual conference in Lexington, Ky on August 26, 2015.

Don Garrett opened bids received for the dump truck.

Doug Anderson	\$951.00
Carlos Hudson	\$1500.00
Todd Darr	\$1001.95
Estil Pharris	\$1100.00
Dennie Hendricks	\$825.00

The bid was awarded to Carlos Hudson. No other business coming before the Commission, Don Garrett adjourned the meeting.

  
Secretary-Treasurer