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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda K. Breathitt
Commissioner

May 10, 2013

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202

Re: Case No. 2013-00095
Adair County Water District

Dear: Mr. Jones:

The enclosed electronic mail message exchanges between representatives of Adair County Water District and Commission Staff have been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

gw

Enclosures

1. E-Mail Msg dtd 9 May 2013 17:24
2. E-Mail Msg dtd 9 May 2013 17:51
2. E-Mail Msg dtd 10 May 2013 11:44

ENCLOSURE 1

From: [Wuetcher, Jerry \(PSC\)](mailto:Wuetcher, Jerry (PSC))
To: wrjones@rubinhays.com
Cc: ["dbyrne@monarchengineering.net"](mailto:dbyrne@monarchengineering.net)
Subject: Case No. 2013-00095: Adair County Water District
Date: Wednesday, May 08, 2013 5:24:48 PM

Mr. Jones:

The Public Service Commission is reviewing Adair County Water District's application for a Certificate of Public Convenience and Necessity in the above-referenced case. Several questions have arisen that prevent completion of that review. To enable the Commission to complete its review and issue a decision prior to the expiration of bids on 5/15/2013, Commission Staff on behalf of the Commission requests the following information:

1. The final Budget (Tab B of the Application) refers to "Project 15." State whether the budget is actually referring to the Phase 11-2 project.
2. In the PSC's Order of 1/31/2013 in Case No. 2013-00013, the PSC found that the estimated total cost of the Phase 11-2 Water Improvements and Extension Project is \$3,554,000. In its Application in Case No. 2013-00095, ACWD states the total cost of the Phase 11-2 Water Improvements and Extension Project is \$1,500,000. Which amount represents the total cost of the Phase 11-2 Water Improvements and Extension Project?
3. State whether the improvements for which ACWD requested a Certificate of Public Convenience and Necessity in Cases No. 2013-00016 and No. 2013-00095 represent the entire Phase 11-2 Water Improvements and Extension Project. If it involves other improvements, identify those improvements.
4. In the KIA loan documents provided in Case No. 2013-00016, the Phase 11-2 Water Improvements and Extension Project was described as involving the construction of a 300,000-gallon water storage tank, the replacement and enlargement of approximately 10,000 linear feet of water-distribution main that will extend from the new water storage tank towards Kentucky Highway 80 East, the construction of a transmission main to connect the northeastern portion of Adair District's distribution system to its southern portion, the construction of 84,000 linear feet of 3-inch water-distribution main to serve 76 additional customers, and replacement of approximately 46,000 linear feet of 12-inch, 6-inch and 4-inch water main. Is this description an accurate description of the Phase 11-2 Water Improvements and Extension Project? If not, what portions of the description are incorrect?
5. The KIA loan documents provided in Case No. 2013-00016 refer to a "Phase 11 Water System Extensions & Improvements Project." State whether this reference is to the Phase 11-2 Water Improvements and Extension Project. If not, describe Phase 11 Water System Extensions & Improvements Project. State whether the Phase 11-2 Water Improvements and Extension Project is a part of the Phase 11 Water System Extensions & Improvements Project.

6. In the DOW Approval Letter of 11/9/2012 (Application, Tab D), the Phase 11-2 Water Improvements and Extension Project is described as including 1,900 linear feet of 3-inch PVC; 10,200 linear feet of 4-Inch D.I.; 14,000 linear feet of 4-inch PVC; 21,000 linear feet of 8-inch PVC; 250 gpm Booster Pump Station; 300,000 gallon Water Storage Tank. This description is not consistent with the description that ACWD has provided in its applications in Cases No. 2013-00016 and No. 2013-00095. Is the DOW description an accurate description of the Phase 11-2 Water Improvements and Extension Project? If not, what changes are required in the DOW description to render it accurate?

7. Refer to the Application, Tab B. Assuming that that the Phase 11-2 Water Improvements and Extension Project includes only the projects for which a Certificate has been sought in Cases No. 2013-00016 and No. 2013-00095,
 - a. Does the \$339,850 represent the construction cost of the project approved in Case No. 2013-00016?
 - b. Does the \$726,000 represent the construction of the proposed water storage that is the subject of Case No. 2013-00095?
 - c. Do the other project category costs represent the costs for all of the projects in Cases No. 2013-00016 and No. 2013-00095?

To enable the PSC to issue a final decision before 5/15/2013, Commission Staff requests that a response to this e-mail NLT 5/10/2013. Commission Staff will ensure that a copy of this message and your response are placed in the main case record.

If you have any questions, please contact me.

Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission of Kentucky
gerald.wuetcher@ky.gov
Office: (502) 564-3940
Direct: (502) 782-2590
Cell: (502) 229-6500

ENCLOSURE 2

From: [Wuetcher, Jerry \(PSC\)](#)
To: wrjones@rubinhays.com
Cc: dbyrne@monarchengineering.net
Bcc: [Rice, James D \(PSC\)](#); [Wakim, George W \(PSC\)](#)
Subject: Case No. 2013-00095: Adair County Water District - Supplement to 8 May 2013 Message
Date: Wednesday, May 08, 2013 5:51:24 PM

Mr. Jones:

In addition to the items listed in my earlier message, Commission Staff requests that Adair County Water District provide a response to the questions below:

1. Describe the water quality problems that require the construction of the proposed water storage tanks.
2. State the number of persons affected by these problems.
3. State whether the Kentucky Division of Water has issued any notices of violations or warning letters regarding these problems. If yes, provide a copy of these documents.
4. State whether Adair County Water District experienced any pressure problems in the area in which the proposed water storage tank will be located. Describe these problems. State the number of customer complaints from the area involving low pressure.

Thank you for your assistance in this matter.

Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission of Kentucky
gerald.wuetcher@ky.gov
Office: (502) 564-3940
Direct: (502) 782-2590
Cell: (502) 229-6500

ENCLOSURE 3

From: [Deron Byrne](#)
To: [Wuetcher, Jerry \(PSC\)](#)
Cc: ["Randy Jones"](#)
Subject: FW: Case No. 2013-00095: Adair County Water District
Date: Friday, May 10, 2013 11:44:13 AM
Attachments: [pscresponse.pdf](#)

Re: Columbia/Adair Utilities District
Phase 11-2 Water Improvements & Extensions Project
Case No. 2013-00016 & Case No. 2013-00095

Jerry,

Please see attached responses to your e-mail regarding the above-reference project.

Should you have any questions or need additional information, please advise.

Deron S. Byrne, P.E.

Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, Kentucky 40342
PH: 502-839-1310 Fax: 502-839-1373

From: Wuetcher, Jerry (PSC) [mailto:JWuetcher@ky.gov]
Sent: Wednesday, May 08, 2013 5:25 PM
To: wrjones@rubinhays.com
Cc: 'dbyrne@monarchengineering.net'
Subject: Case No. 2013-00095: Adair County Water District

Mr. Jones:

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3. State whether the improvements for which ACWD requested a Certificate of Public Convenience and Necessity in Cases No. 2013-00016 and No. 2013-00095 represent the entire Phase 11-2 Water Improvements and Extension Project. If it involves other improvements, identify those improvements.
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and your response are placed in the main case record.

If you have any questions, please contact me.

Sincerely,

Gerald E. Wuetcher
Executive Advisor/Attorney
Public Service Commission of Kentucky

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Office: (502) 564-3940

Direct: (502) 782-2590

Cell: (502) 229-6500

Response to email dated May 9, 2013 from Jerry Wuetcher addressed to Randy Jones re: PSC Case No. 2013-00095.

The Adair County Water District dba Columbia / Adair Utilities District (Adair) proposed a project that is described in the Executive Summary of KIA Loan Number F11-10 (SRF) that had a total project cost of \$3,544,000. It was entitled Phase 11 by Adair and at the time of the application there was no assurance that the project would receive consideration for financing. In the meantime Adair completed the construction of the Columbia Bypass Transmission Main and Storage Tank, PSC Order 2009-00320, and as a result there were uncommitted RD funds remaining in that project in the amount of \$533,952.83. Adair received approval from KIA to use those funds to construct a portion of the SRF due to the fact that the SRF application had a match of \$2,054,000 to go along with the Fund F Loan of \$1,500,000. Adair titled the project to use the remaining RD funds as Phase 11 due to the fact that the SRF had not been awarded and there was no assurance that it would be. By the time the SRF was awarded to Adair, they had undertaken projects that were entitled Phase 12-Sparksville Transmission Main and Storage Tank, and Phase 14-Downtown Water System Improvements. Therefore, Adair titled the SRF as their Phase 15 and in an effort to delineate it from Adair's previous Phase 11, it was titled Phase 11-2. Therein lies the confusion regarding the name of the Project. SRF recognizes it as Phase 11, Adair recognizes it as Phase 11-2 for the benefit of monitoring the \$1,500,000 loan independent from other projects, but in general discussion, Adair recognizes it as Phase 15 because their previous titled Phase 11 project has been completed.

The questions in the email are addressed as follows:

1. The Final Budget refers to Phase 11-2 which consists of the \$1,500,000 SRF loan.
2. The total project cost for Phase 11-2 is \$1,500,000.
3. Work to be completed under PSC Orders 2013-00016 and 2013-00095 are to be considered Phase 11-2.
4. The description mentioned encompasses all of Phase 11 as per the SRF Executive Summary. Phase 11-2 consists of the 300,000 gallon water storage tank and the replacement and enlargement of approximately 10,000 linear feet of water distribution main that will extend from the new water storage tank towards Kentucky Highway 80 East.
5. The Phase 11-2 portion is a part of Phase 11 as described above.
6. The Division of Water description is accurate. Portions of Case No. 2013-00016 were bid as Alternates as shown on the Summarized Bid Tabulation in the Final Engineering Report and the determination as to what Alternates or portions thereof will be constructed will not be made until the Base Contract of both Phase 11-2 projects has been constructed.
7. The Base Contract construction cost of Case No. 2013-00016 is \$339,850. The Base Contract construction cost of Case No. 2013-00095 is \$726,000. The other project category costs represent all of the project costs of both cases.

In response to a subsequent email for additional information the questions are addressed as follows:

1. The proposed 300,000 elevated gallon storage tank is to replace an existing 100,000 gallon standpipe tank that is no longer in service due to its aged condition. The existing tank was constructed in the 1970's and its use was to provide storage to the customer base at that time. The water supply that served it was from the City of Russell Springs and the location of the tank is at the Adair/Russell County boundary. Due to growth in the eastern section of the District's service area the existing tank does not provide sufficient storage capacity nor consistent pressure to serve the intended service area. In addition, Adair no longer purchases water from the City of Russell Springs and serves the area via their treatment plant located at Green River Reservoir. Currently Adair is able to provide the minimum service requirements to the area but the configuration of the system is not desirable or reliable over time.
2. It is estimated that the new tank will serve approximately 400 to 500 residential customers.
3. There are no violations or warning letters as of this date.
4. The area the tank will serve is typical of southern Kentucky consisting of undulating terrain of valleys and ridges that is home to the residents of the area. The elevations of the ridge tops are fairly consistent and the highest elevated locations are in the area of the Adair/Russell County boundary. The location of the tank is on one of the highest points at the County boundary and those elevations recede in a westerly direction. The area has experienced marginal or less than desired water pressure due primarily the action of Adair to provide the entire community with potable water. Areas within the vicinity of the tank and along some of the ridges experience water pressures in the 40 +/- psi range throughout the year. In addition, the area has experienced some agri-business growth adding to the demand upon the system and there is anticipation that additional growth will occur once a more dependable water source is available.