

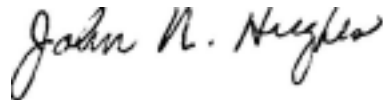
COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN )  
KENTUCKY WATER DISTRICT FOR )  
APPROVAL OF THE ISSUANCE OF A ) CASE NO.  
CERTIFICATE OF CONVENIENCE ) 2016-00147  
AND NECESSITY AND APPROVAL OF )  
FINANCING FOR LATONIA LAKES )

RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

SUBMITTED BY:



John N. Hughes  
124 W. Todd St.  
Frankfort, KY 40601

Attorney for Northern  
Kentucky Water District  
[jnhughes@johnnhughespsc.com](mailto:jnhughes@johnnhughespsc.com)  
502 227 7270 Ph.

AFFIDAVIT


COMMONWEALTH OF KENTUCKY

COUNTY OF KENTON

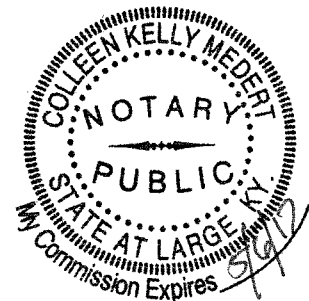
Affiant, Lindsey Rechtin, appearing personally before me a notary public for and of the Commonwealth of Kentucky and after being first sworn, deposes, states, acknowledges, affirms and declares that she is Acting Vice President - Finance and Support Services - that she is authorized to submit this Response on behalf of Northern Kentucky Water District and that the information contained in the Response is true and accurate to the best of her knowledge, information and belief, after a reasonable inquiry and as to those matters that are based on information provided to her, she believes to be true and correct.

  
\_\_\_\_\_  
Lindsey Rechtin

This instrument was produced, signed, acknowledged and declared by Lindsey Rechtin to be her act and deed the 20<sup>th</sup> day of May, 2016.

  
\_\_\_\_\_  
Notary Public  
Registration Number: 486788

My Commission expires: 5/6/17



**Northern Kentucky Water District**  
**Rate Case 2016-00147**  
Latonia Lakes Project – Data Request #1  
May 20, 2016

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APPLICATION OF NORTHERN KENTUCKY  
 WATER DISTRICT FOR APPROVAL OF  
 THE ISSUANCE OF A CERTIFICATE OF  
 CONVENIENCE AND NECESSITY AND  
 APPROVAL OF FINANCING FOR  
 LATONIA LAKES PROJECT

Case No. 2016-00147

1. For existing water lines in the project area:
  - a. State the diameter, length, and material of the lines;
  - b. State when the lines were installed;
  - c. State the service life remaining for the lines; and
  - d. State how the remaining depreciation will be handled for the lines.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response: *a.*

Latonia Lakes Existing Water Mains			
Street Name	W.M. Length	Size - Inch	W.M. Material
Ash Road	230	2	Cast Iron
Dogwood Road	340	6	Cast Iron
Elm Road	335	2	Cast Iron
Fair Valley Road	70/585	6/2	Cast Iron
Forest Road	500	2	Cast Iron
Hemlock Road	240	2	Cast Iron
Irving Road	540	6	Cast Iron
Cedar Road	445	6	Cast Iron
Grove Road	1225	2	Cast Iron
Jericho Road	140/650	6/2	Cast Iron
Lakeview Road	310/750	6/2	Cast Iron
Maple Road	615	6	Cast Iron
Oak Road	240	2	Cast Iron
Twin Lakes Drive	920	2	Cast Iron
Walnut Road	700	6	Cast Iron
Birch Road	430	2	Cast Iron
Club House Drive	3160	6	Cast Iron
Hilltop Drive	180/300	6/2	Cast Iron
Lakeside Drive	215	6	Cast Iron

- b. The Water Mains were installed in 1959/1960.*
- c. The remaining service life, based on a depreciation of 62.5 years, is 6.5 years.*
- d. The value of the water main will be removed from our fixed assets.*

APPLICATION OF NORTHERN KENTUCKY  
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2. The Project Description, found on the 11<sup>th</sup> unnumbered page of the application, states. "[t]he streets. . . were in need of disparate repair/replacement and some were impassable causing safety concerns.'

a. Describe the need of "disparate repair/replacement."

b. Describe how the conditions of the streets are affecting the water lines in the project area.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response:

a. **See attached Exhibit 2a**

**b. The existing conditions of the streets are not affecting the existing water mains.**

**Latonia Lakes Street Improvements  
Table of Existing Conditions**

Street Name	Primary Street Surface Composition	Existing Asphalt Thickness Encountered (in.)	Existing Gravel Thickness Encountered (in.)	Subgrade Conditions	Notes
Ash Road	Variable Asphalt and Gravel	3		Very stiff Silty Clay	The upper portion of the road near the Clubhouse Drive end is asphalt pavement in poor condition while the lower portion of the road is gravel. The gravel section is highly eroded and rutted. In some instances subgrade can be seen at the surface.
Birch Road	Asphalt Pavement	5		Stiff to very stiff Silty Clay and Clay	
Cedar Road	Asphalt Pavement	2		Very Stiff Clay	Potholes, ruts, and eroded areas have been partially and intermittently filled in with concrete, gravel, or asphalt.
Clubhouse Drive	Asphalt Pavement	6 to 11		*	Evidence of a gravel base under the asphalt pavement in one boring near the eastern end of Clubhouse Drive.  *Subgrade encountered under Clubhouse Drive includes medium dense sandy clayey Gravel, stiff clayey Silt, soft to very stiff Silty Clay, and medium stiff to very stiff Clay.
Dogwood Road	Variable Asphalt and Gravel	5		Stiff to very stiff Silty Clay	The road is generally asphalt; however, the northern 80 feet on the end near Twin Lakes Drive is gravel. Potholes and ruts have been partially and intermittently filled in with gravel, concrete, sediments, or asphalt.
Elm Road	Gravel		5	Stiff to very stiff Clay	The thickness of the gravel was variable. In several instances subgrade was observed at the surface and in one instance bricks embedded into the subgrade were noted.
Fair Valley Road	Variable Asphalt and Gravel	2		Very stiff Silty Clay and Clay	The road is generally asphalt; however, on the lower end near the intersection with, Fair Valley Road is gravel. Potholes and ruts have been partially and intermittently filled in with gravel or asphalt.

**Latonia Lakes Street Improvements  
Table of Existing Conditions**

Street Name	Primary Street Surface Composition	Existing Asphalt Thickness Encountered (in.)	Existing Gravel Thickness Encountered (in.)	Subgrade Conditions	Notes
Forest Road	Asphalt Pavement	2 to 3		Stiff to very stiff Clay	Potholes, ruts, and eroded areas have been partially and intermittently filled in with gravel and sediments. Asphalt patches were observed in several areas of the road. In one instance a pothole was observed to fully penetrate the pavement and gravel patch and penetrate several inches into the subgrade.
Grove Road	Asphalt Pavement	4 to 7		*	Potholes, ruts, and eroded areas have been partially and intermittently filled in with gravel or asphalt.  *Subgrade encountered under Grove Road includes loose to medium dense clayey Sand, medium stiff to very stiff Silty Clay and Clay, and interbedded Shale and Limestone bedrock.
Hemlock Road	Variable Asphalt and Gravel	5	3	Stiff to very stiff Clay	Hemlock Road transitions from asphalt to gravel and then back to asphalt. The gravel section is approximately 80 feet in length. In the asphalt sections, potholes, ruts, and eroded areas have been partially and intermittently filled in with gravel, sediments, or asphalt.
Hilltop Road	Asphalt Pavement	3 to 5		*	Some potholes and ruts have been patched with asphalt.  *Subgrade encountered under Hilltop Road includes medium dense clayey Sand and Gravel, stiff clayey Silt, medium stiff Silty Clay, and very stiff Clay.
Irving Road	Asphalt Pavement		4	Stiff Clay	Ruts and eroded areas in the pavement have been partially and intermittently filled in with gravel.
Jericho Road	Variable Asphalt and Gravel	6 to 9	6	Medium stiff to very stiff Silty Clay and stiff to very stiff Clay	The portion of Jericho Road north of Clubhouse Drive is asphalt pavement. The portion of Jericho Road to the south of Clubhouse Drive is gravel. In the asphalt section, ruts and eroded areas have been partially and intermittently filled in with gravel and sediments.
Lakeside Drive	Asphalt Pavement	3 to 8		Stiff Clay and very stiff Silty Clay	The southern portion of Lakeside Drive from Clubhouse Drive to Fair Valley Road is in good condition and the pavement is thicker. The northern portion From Clubhouse Drive to Lakeview Drive is in poor condition and the pavement is thinner.

**Latonia Lakes Street Improvements  
Table of Existing Conditions**

Street Name	Primary Street Surface Composition	Existing Asphalt Thickness Encountered (in.)	Existing Gravel Thickness Encountered (in.)	Subgrade Conditions	Notes
Lakeview Drive	Variable Asphalt and Gravel	3	7	Stiff to very stiff Silty Clay and Clay	Lakeview Drive has asphalt pavement from Clubhouse Drive through the bend to the left, after the bend the road transitions to gravel to the intersection with Lakeside Drive. Portions of the asphalt section have been patched with asphalt and some of the ruts have been filled in with gravel and sediments.
Laurel Road	Asphalt Pavement	5 to 8		Stiff to very stiff Clay and interbedded Shale and Limestone bedrock	Potholes and ruts have been partially filled in with gravel and sediments.
Locust Road	Variable Asphalt and Gravel		9	Very stiff Clay	The eastern end of the road is asphalt pavement and the road transitions to gravel then back to asphalt near the Cedar Road end. Ruts and eroded areas have been partially and intermittently filled in with sediments and gravel.
Maple Road	Asphalt Pavement	5		*	Potholes and ruts have been partially filled in with gravel and sediments. *Subgrade encountered under Maple Road includes loose clayey Sand and Gravel, stiff to very stiff Clay, and interbedded Shale and Limestone bedrock.
Oak Road	Asphalt Pavement	7		Very stiff Silty Clay and Clay	Eroded areas on the edge of the road have been partially filled in with gravel and sediments.
Twin Lakes Drive	Variable Asphalt and Gravel	3	5 to 6	Stiff to very stiff Silty Clay and Clay	From Clubhouse Drive to Forest Road, Twin Lakes Drive is a gravel road. From Forest Road to the end of Twin Lakes Drive it is asphalt. In the asphalt portion of the road ruts and potholes have been partially and intermittently filled in with gravel or concrete.
Walnut Road	Variable Asphalt and Gravel	2 to 4	4	*	Walnut Road is asphalt from Lakeside Drive to Hilltop Road, gravel down the slope from hilltop and through the bend to the right and asphalt from the bend to the end of the road. In the asphalt sections potholes, ruts, and eroded areas have been partially and intermittently filled in with gravel, sediments, or asphalt. *Subgrade encountered under Walnut Road includes medium stiff to very stiff Clay, stiff to very stiff Silty Clay, and interbedded Shale and Limestone bedrock.



# You think your potholes are bad?



[Cindy Schroeder, cschroeder@enquirer.com](mailto:cschroeder@enquirer.com) 6:25 a.m. EDT March 26, 2014



*(Photo: The Enquirer/Patrick Reddy)*

LATONIA LAKES – More than seven years after residents of Latonia Lakes voted to dissolve their tiny city, most of their private roads are sinking or crumbling, and crater-sized potholes are prevalent throughout the area.

Residents in the Kenton County community of about 290 households say the side roads are in such bad shape that children can't ride their bikes, adults routinely deal with major car repairs, and older residents have fallen after parking their cars on the main road and walking down steep, pothole-filled roads carrying bags of groceries. If there's a big snowfall, it's not unusual for residents to be stuck in their homes because no one regularly plows the streets.

"When it snows, I sometimes can't get out for three days at a time," said Tom Cooper, who's lived in Latonia Lakes most of his 68 years.

Now Cooper's garbage collector is canceling service for him and many of his neighbors because of the roads.

Talk of who's responsible for Latonia Lakes' roads and what should be done to fix them was revived by Best Way Disposal's recent announcement that it will no longer pick up garbage in much of Latonia Lakes, which is just south of Taylor Mill.

Starting Saturday, Best Way said that it will no longer pick up trash for about 50 Latonia Lakes' households because of the poor condition of its side roads. The company will continue pickups on Lakeside Drive, Church Drive and Clubhouse Drive, the main road into the Kenton County community.

Latonia Lakes' side roads have settled in many places and in at least one location, a manhole cover for a sanitary sewer is protruding six inches above the road because of lack of maintenance, said Bill Wise, manager of Best Way Disposal in Burlington. In some areas, the garbage truck's oil pans are dragging on the asphalt, he said.

"We hate to turn down the work, but we don't want our trucks to get torn up," Wise said.

Kenton County Attorney Garry Edmondson recently sent letters to Latonia Lakes residents notifying them of Best Way's decision. The March 14 letter informed them that under county ordinance, they're required to have their trash removed, and Kenton County provided contact information for two potential waste disposal services as a courtesy.

### **Some support a road tax if that's what it takes for repairs**

Now Latonia Lakes residents plan to schedule a community meeting soon to discuss possible solutions to the area's road problems.

"Most of the people who live back here say they don't remember the vote dissolving the city or how it happened," said Johanna Krumer, who moved to Latonia Lakes a year after residents voted to disband the city. The 31-year-old mother added residents hope to learn the history of Latonia Lakes' road issues from Kenton County officials invited to the meeting and discuss solutions.

"My first question is, 'Where are all the taxes that we're already paying going?' " Krumer said. "I want the county people to answer that. But if another tax is needed to fix our roads, I fully support it."

Latonia Lakes resident Marcy Wright, 51, said her family tried to sell their home on Forest Road two or three years ago, but no one was interested after driving on a road that was sinking and covered with crater-like potholes. She said she helps her 81-year-old neighbor set her trash out so that she doesn't trip and fall, as one elderly man did when he was trying to carry his groceries down their hilly road, and slid and fell underneath the Wrights' parked truck.

"The roads are so bad that somebody needs to do something," said Wright, adding she'd consider supporting a road tax if it was affordable.

Kenton County Commissioner Kris Knochelmann said he plans to attend the Latonia Lakes meeting, schedule permitting. In his opinion, the most likely solution involves getting residents' approval for a bond issue to cover the costs of maintaining and repairing Latonia Lakes' roads. Paying the bond issue over 20 to 30 years should raise sufficient funds to bring the deteriorated roads up to county subdivision standards, while keeping the work affordable for property owners, he said.

Kenton Judge-executive Steve Arlinghaus said recent estimates by the county public works department put the cost of rebuilding Latonia Lakes' roads at \$1.8 million to \$2 million. That's just for construction and doesn't factor in unknowns like having to move sewer lines.

Arlinghaus says a 30-year bond issue would likely cost property owners about \$300 a year.

If residents chose that option, they would have to decide a fair means of assessment, as some of Latonia Lakes' homes occupy more than one lot.

## **Community began as summer resort; dissolved in 2006**

Incorporated in 1953, the former sixth-class city off Ky. 16 originally was a community of resort cottages built near three lakes.

Since November 2006, when a majority of those living in Latonia Lakes voted to dissolve the city, Habitat for Humanity has built about a dozen homes in the community.

Harold Bullock, 44, who's lived in Latonia Lakes since 2005, estimates the median annual household income is \$25,000 to \$30,000.

Latonia Lakes residents pay taxes to the Independence Fire District for fire and ambulance service and their county taxes cover police coverage from the county police.

Before Latonia Lakes residents voted to dissolve their city more than seven years ago, Edmondson said that he and a representative of the previous county administration told residents at two meetings that the county was not legally required to take responsibility for the city's roads. For Kenton County to take responsibility, he said the roads would have to comply with county subdivision standards.

Kenton County's subdivision regulation standards specify that roads must be built to a certain width and thickness, have curbs and gutters, sidewalks on both sides and some sort of turnaround on any dead end streets or cul de sacs.

Edmondson compared a private road to a lane leading from a main road to a farm, which he said the county also wouldn't maintain. He added the county doesn't maintain or repair private roads elsewhere in the county.

### **Roads must meet county subdivision standards**

"Latonia Lakes originally was a community of summer homes," said Chris Warneford, superintendent of Kenton County public works. "They never paved their roads. When Latonia Lakes became a city, they never assessed anybody for road improvements. If (the property owners) want the county to come in and do repairs on the roads, they need to bring the roads up to subdivision standards for Kenton County."

Bullock says most of the houses in their community were built in the 1950s, and he questions whether Latonia Lakes' roads should be required to comply with current subdivision standards. He also noted that when Kenton Fiscal Court adopted an insurance premium tax in 2008, then Judge-executive Ralph Drees said he intended for those revenues be used for road maintenance.

Edmondson said Drees was not referring to private roads.

Although Kenton County public works doesn't plow Latonia Lakes' side streets, the department keeps the main road, Clubhouse Drive, plowed in the winter so that a school bus can get into the community to pick up students, Warneford said. He said the county also has spent \$20,305 in the past six years maintaining and repairing Clubhouse Drive largely because of the school bus.

Krumer has firsthand knowledge of the problems the poor roads can cause. In the winter of 2009-10, she was having complications with her pregnancy with twins and was in respiratory distress, so she called an ambulance.

"The ambulance wouldn't come because of the snow, so I called 911 and they got the county public works people out here to clear my road so that I could go to the hospital," Krumer said.

"If someone was having a medical emergency and the ambulance couldn't get back there, we'd definitely react to that," Warneford said. He added public works crews have cleared snow and plowed side streets on at least two occasions so that a resident could get her oxygen delivered during the winter. ■

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# Latonia Lakes "Street Condition Pictures"



APPLICATION OF NORTHERN KENTUCKY  
WATER DISTRICT FOR APPROVAL OF  
THE ISSUANCE OF A CERTIFICATE OF  
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APPROVAL OF FINANCING FOR  
LATONIA LAKES PROJECT

Case No. 2016-00147

3. The Project Description, found on the 11<sup>th</sup> unnumbered page of the application, states that "several of the existing water mains would not survive the street and storm sewer construction due to their location."

a. Describe the location of the existing water mains in relation to the existing streets in the project area.

b. Describe the street and storm sewer construction in the project area.

c. Describe how the street and storm sewer construction will affect the existing water lines in the project area.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response

**a. The existing water mains are located generally along the edge of the existing roads.**

**b. The street construction involves the total rebuilding of the streets from the subgrade through a "Full Depth Pavement Reclamation" process to asphalt paving. The streets will be widened to meet minimum standards and grade changes will be made to help with storm water control. Changing the street grades will also affect existing driveway and yard restoration. The storm sewer construction involves the installation of catch basins and storm sewer lines at low points in the street.**

**c. The road construction will affect the existing water mains in several ways. The existing water mains are cast iron and they will not take well to the vibrations from the Full Depth Pavement Reclamation Process. The widening of the road and grade changes will affect the cover over the water main. Some of the proposed storm sewer line profiles are in conflict with some of the existing water main locations. The existing water main would need to be relocated to facilitate the construction of the storm sewer line because the sewer flow lines need to tie into the existing topography.**

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LATONIA LAKES PROJECT

Case No. 2016-00147

4. State the number of line breaks that have occurred in the project area since January 1, 2011.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response

**4. Since January 1, 2011, the District has experienced 18 line breaks in the Latonia Lakes' area.**



APPLICATION OF NORTHERN KENTUCKY  
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5. Provide information on the new water lines in the project area.
  - a. Explain the need for increasing line sizes in the project area.
  - b. Explain the cost savings that would occur by coordinating this water main replacement with the Kenton County Fiscal Court's road improvement project.
  - c. Explain the planning behind the 2016 Operating Capital Budget Line #15-166E "Latonia Lakes WMR" with an estimated budget of \$356,415.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response

- a. ***Almost half of the water mains in Latonia Lakes are 2-inch. The District's standard minimum line size is 8-inch, and we allow the last 600 feet to be 6-inch diameter.***
- b. ***Working with the Fiscal Court saves the District asphalt and general restoration costs since the new water mains will be installed under the new roads. There are approx. 3,662 tons of base and surface asphalt for final street restoration which equates to a saving of \$268,492.***
- c. ***The original overall budget for this project was \$1,856,415, based on the engineer's preliminary construction estimates, estimated design engineering cost, and contingencies. The SRF Loan of \$1,500,000 is for the water main construction. The difference of \$356,415 is proposed to be funded by the Operating Capital Budget.***



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6. Provide a statement from the Kenton County Fiscal Court or appropriate Kenton County governmental agency regarding the use of county right-of-way for this water main project.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response

**6. See attached Exhibit 6**



**Kris A. Knochelmann**  
County Judge/Executive  
858.382.1415

**DEPARTMENT OF PUBLIC WORKS**

420 Independence Station Road  
Independence, KY 41051

**Nick Hendrix**  
Director of Public Works/  
County Engineer  
858.382.1920  
858.382.1923 (fax)

May 12, 2016

**John Scheben**  
Northern Kentucky Water District  
2835 Crescent Springs Road  
P.O. Box 18640  
Erlanger, KY 41018.

**RE: Latonia Lakes Street Improvements**  
**Location: Latonia Lakes, Kenton County**

**Mr. Scheben,**

This letter should serve to provide your company permission to perform the work as designed in the contract documents. A permit is granted from Kenton County Public Works contingent upon all work being performed in accordance with the following parameters:

- Maintenance of Traffic for all installations will be in accordance with the MUTCD
- Trench excavation will be minimal and trench boxes or benching will be utilized as necessary.
- Best Management Practices with regard to erosion and sediment control shall be used on all locations.
- Final grading, seeding, and restoration shall be performed to the satisfaction of the Kenton County Engineer.

Our office will hold this permit for a period of 180 days following formal notice from you of project completion. Upon notice of completion, we will perform an inspection of the project area and notify you of any corrective work.



[www.KentonCounty.org](http://www.KentonCounty.org)



If you have any questions, please feel free to contact me at 859-392-1920.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Tewea". The signature is fluid and cursive, with a large loop at the end.

Nick Tewea  
Contracts and Inspection Services Manager  
Kenton County Public Works

Cc: File  
Nicholas Hendrix

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Case No. 2016-00147

7. Provide the extension letter of the Conditional Commitment for the  
Kentucky Infrastructure Authority Fund B loan.

Witness: Amy Kramer, V.P of Engineering, Production & Distribution

Response

7. ***See attached Exhibit 7***



**KENTUCKY INFRASTRUCTURE AUTHORITY**

Capital Center Complex  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
(502) 573-0260  
(502) 573-0157 (fax)  
kia.ky.gov

January 25, 2016

Mr. C. Ronald Lovan, P.E., President/CEO  
Northern Kentucky Water District  
2835 Crescent Springs Road  
Erlanger, KY 41018

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (B15-003)  
EXTENSION**

Dear Mr. Lovan:

The Kentucky Infrastructure Authority (the "Authority") has received the District's request for an extension of the Infrastructure Revolving loan B15-003 for the Latonia Lakes Water Main Replacement Project. The Authority has extended the deadline for the city to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was February 5, 2016. The new expiration date will be August 5, 2016. If the project does not meet the conditions by the new expiration date, no additional extensions will be considered and the commitment may be rescinded.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "RS", written over a horizontal line.

Russell Salsman  
Kentucky Infrastructure Authority

cc: Amy Kramer, NKWD  
Borrower File, B15-003

