

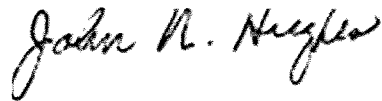
COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

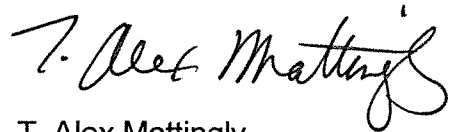
APPLICATION OF NORTHERN KENTUCKY)
WATER DISTRICT FOR APPROVAL OF) CASE NO. 2018-00413
COX ROAD AND OLIVER ROAD PROJECT)
FOR ISSUANCE OF A CERTIFICATE)
OF CONVENIENCE AND NECESSITY)

RESPONSE TO DATA REQUEST

SUBMITTED BY:



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Q1. Refer to the application at paragraph 5 in which Northern Kentucky District states that the project is in the public interest based on the need for replacement of the existing facilities. State and explain whether there is any alternative to replacing the line to mitigate the risk of future failure. If there were alternatives, explain why Northern Kentucky District chose to replace the line over the alternatives and provide any cost benefit analysis supporting replacing the line over the alternatives.

A1. Water main rehabilitation in the form of structural lining of the existing pipe would be an alternative to water main replacement. However, water main replacement was determined to be the best fit for this particular project for the following reasons:

- Water main replacement allows the existing 6" and 8" water main along Oliver and Cox Roads to be upsized to a 12" main to hydraulically help the Independence area and areas south. With water main rehabilitation, increasing the pipe size is not an option.
- Water main replacement in this particular situation is more cost effective than water main rehabilitation. Bids received to replace and upsize the water main on Oliver and Cox Roads came in at approximately \$125 per foot installed. On past 6" and 8" rehabilitation projects, the District has experienced costs between approximately \$160 and \$185 per foot installed. Rehabilitation makes financial sense in congested areas with limited corridors where restoration, easement acquisition, traffic control, etc. are expensive. However, Oliver and Cox Roads are within a residential area with enough right-of-way to install a majority of the new main within the grass with minimal restoration costs.
- Water main replacement mitigates the risk of future failure to a greater extent as compared to rehabilitation. As part of replacing the water main, the District plans to replace its portion of the service connections (service line from the main to the customer's point of service). Like the main, these aging service connections are at risk for future failure. Technologies that rehabilitate the water main but do not address the service connections are at greater risk for future failure.

Q2. Identify the portions of the existing line for which replacement is proposed that were identified as being a "high priority for replacement" as stated in the application at paragraph 5. Explain why and how those portions of the line were identified as a high priority for replacement.

A2. Portions of the existing water main along Oliver Road and Cox Road which rank as high priority for replacement are highlighted within the attached "Exhibit A" map. The Northern Kentucky Water District utilizes a computer model which scores all water mains within the system so that they can be ranked and prioritized for replacement. Water mains which score in the top 2% are categorized as high priority.

Pipe segments along Oliver and Cox Roads scored high enough to rank as high priority primarily due to their failure history (breaks and leaks). Prioritizing mains with a high rate of failure reduces future maintenance cost, decreases customer disturbances, and eliminates lost water from breaks. To date, the existing water mains along Oliver and Cox Roads have experienced 38 failures (24 breaks, 14 leaks).

Q3. Refer to the application at paragraph 6 in which Northern Kentucky District relates \$251,734.20 of the costs of the project to "Contractor Cost Part A" (constructed in 2009).

- a. Describe in detail the portions of the project included in Contractor Cost Part A;
- b. Provide a breakdown of the costs included in Contractor Cost Part A;
- c. State specifically when construction on those portions of the project included in Contractor Cost Part A began and when it was completed;
- d. Explain in detail why the portions of the project included in Contractor Cost Part A were constructed prior to those portions included in Contractor Bid Part B and why Northern Kentucky District considers them to be part of the same project as opposed to a completely different project;
- e. Identify the contractor(s) who performed work on the portions of the project included in Contractor Cost Part A and state whether the work of each such contractor was competitively bid;
- f. State whether Northern Kentucky District is requesting a Certificate of Public Convenience and Necessity (CPCN) for the portions of the project included in Contractor Cost Part A, and explain every basis for Northern Kentucky District's contention that the Commission can grant a CPCN for a project or a portion of a project that was completed prior to the request for a CPCN.

A3. a.) The original water main replacement project (11,000 feet) included McCullum Road, Oliver Road and Cox Road. The water mains along these corridors needed to be replaced due to a history of failure, high cost of maintenance and a need for a hydraulic improvement in the area. During design, the project was separated into two phases to accommodate coordination with a state highway project to relocate McCullum Road. The limits of the McCullum Road Water Main Replacement project (Part A – 3,400 feet) started at Madison Pike (old KY 17) and went to Oliver Road. Within Part A, the original 6-inch cast iron water main was upsized to an 8-inch ductile iron water main. Part B includes Oliver Road and Cox Road (7,600 feet).

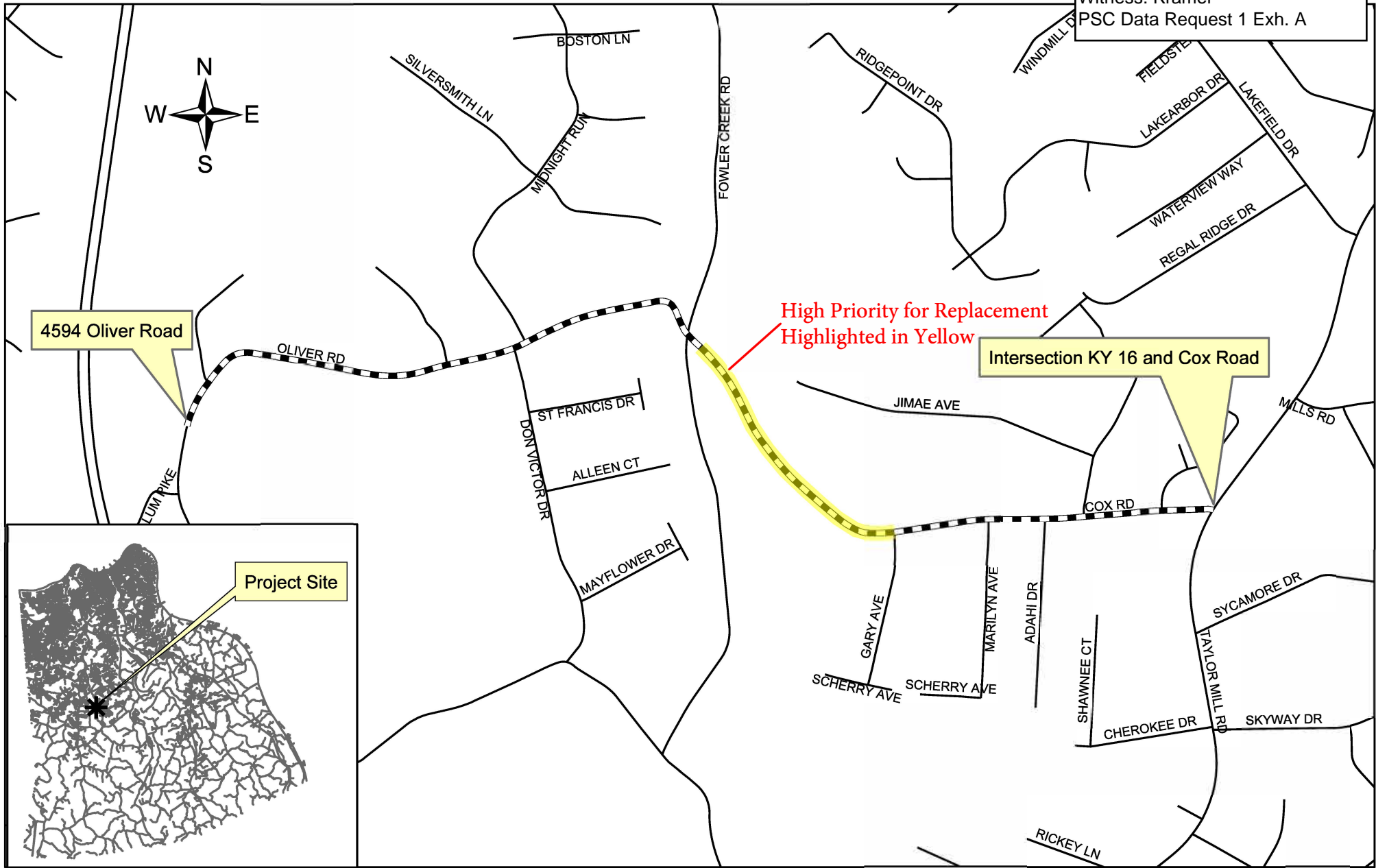
b.)	McCullum Road contractor bid (Part A)	\$236,057.00
	Change order increase	\$25,120.00
	Change order decrease	<u>(\$9,442.80)</u>
	Total construction cost	\$251,734.20

c.) Notice to Proceed initiating start of construction for Part A was issued on October 19, 2009. Final Release was issued on December 18, 2009.

d.) McCullum Road (Part A) was constructed prior to Part B because of the new KY 17 highway relocation project. It was necessary to complete the water main replacement on McCullum Road in 2009 to avoid future additional costs that would have been created as a result of the highway project if the District waited until the entire water main project was ready to bid. The portions of the project on Oliver Road and Cox Road were not ready to bid in 2009 due to acquisition of necessary easements.

e.) The contractor for Part A was G.M. Pipeline Inc. The District accepted bids for the project on September 3, 2009. There were a total of nine contractors who bid on Part A. The bid from G.M. Pipeline, Inc. was accepted by the District's Board of Commissioners on September 17, 2009.

f.) The District is requesting a CPCN for the Part B bid only. The Part A bid from 2009 was included in the financial information of the application to provide the Commission the total financial picture since engineering covered both bids. The Part A bid of \$236,057 was completed as a project under the District's ordinary course of business.



Cox Road & Oliver Road 12" WMR

Exhibit A

AFFIDAVIT

COMMONWEALTH OF KENTUCKY

COUNTY OF KENTON

Affiant, Amy Kramer, after being first sworn, deposes and says that she is the Vice President - Engineering/Production/Distribution, 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 correct to the best of her knowledge and belief except as to those matters that are based on information provided to her and as to those she believes to be true and correct.

Amy Kramer
Amy Kramer, P.E.

This instrument was produced, signed and declared by Amy Kramer to be her act and deed the 23 day of January, 2019.

Colleen Kelly Medert
Notary Public
Registration Number 577360

My Commission expires: May 4, 2021

