

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MORGAN COUNTY)
WATER DISTRICT FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT A WATER SYSTEM)
IMPROVEMENTS PROJECT AND AN ORDER) Case No. 2022 - 00245
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO THE PROVISIONS OF)
KRS 278.020, KRS 278.300 AND 807 KAR 5:001)

Response to Commission Staff's First Request for Information

The Morgan County Water District ("Morgan District"), by Counsel, hereby files its Response to the Commission Staff's First Request for Information, dated September 6, 2022, as follows:

WITNESS to all Commission Requests: Shannon Elam, General Manager, Morgan District.

REQUEST 1: Refer to the Application, Exhibit A, regarding four waterlines (KY 191, KY 1000, Brushy Fork and Heaven Brn. Tr. Part) that Morgan District proposes to replace.

(a) Describe the process Morgan District used to identify the four waterlines for replacement.

RESPONSE 1(a): Morgan District was formed on December 13, 1989. The KY 191 waterline and the four branch waterlines included in the reduced scope project were installed shortly after Morgan District was formed. Analysis of the flow of these sections of waterline indicates a water loss of approximately 28%. To help reduce overall system water loss to PSC required levels, these sections of waterline were selected for replacement.

(b) Provide the estimated age and present condition of each of the four waterlines, including the expected remaining useful life of each in their present condition.

RESPONSE 1(b): Morgan District's maintenance records do not indicate an abnormal number of breaks fixed in these waterlines. The water loss indicates that there must be numerous smaller leaks that cannot be detected. These waterlines are approximately 30 years old and are nearing the end of their useful life as is indicated by the water loss from same.

(c) Provide the expected useful life of each of the new waterlines proposed to be installed through this project.

RESPONSE 1(c): The estimated useful life of the new waterlines to be installed is approximately 62.5 years. Break records as well as loss percentage in the localized area will be maintained by Morgan District. This will provide Morgan District with quantifiable information as when to address this portion of the system again.

REQUEST 2: State whether Morgan District considered repairing each of the four waterlines in question as opposed to replacing them entirely, including the estimated cost of repairs for each waterline and how long such repairs could extend the expected remaining useful life of each waterline.

RESPONSE 2: Please refer to the answers in Response 1(a) and 1(b). It would be highly subjective to estimate how many repairs would be needed on these waterlines. Morgan District has a digging crew of 3 men and a repair could take this crew up to 8 hours to complete. The repair cost would include materials, labor, truck and backhoe expenses and possibly traffic control. A fair estimate for each repair is between \$2,500 to \$4,000. Such repairs may extend the remaining useful life of each waterline approximately 10 years based on installing repair couplings.

REQUEST 3: Refer to the Application, Exhibit A, regarding appurtenances to the waterlines.

(a) State what items of equipment are included as appurtenances to the current waterlines.

RESPONSE 3(a): Appurtenances generally refer to items other than pipe or pumps such as valves, hydrants, air relief valves (these are usually identified as a bid line item) or any other materials not listed as a bid item, but required for a complete installation.

(b) Provide the expected remaining useful life of each of the current appurtenances.

RESPONSE 3(b): Generally appurtenances have the same useful life as the waterlines, however, if they are not regularly used, they become lost or inoperative. If this happens then there is no remaining useful life.

(c) Provide the expected useful life of each of the appurtenances proposed to be installed through this project.

RESPONSE 3(c): The expected useful life is the same as the material on which it is installed.

REQUEST 4: Explain whether any of the current appurtenances could be repaired, as opposed to being replaced, and if so, provide the estimated cost of repairing the appurtenances, and how long any such repairs would extend the expected remaining useful life of each appurtenance.

RESPONSE 4: Reuse of these items, assuming they are even compatible, will only mean

failure of such items in a much quicker manner leading to water loss and unnecessary expenses.

REQUEST 5: Provide a breakdown of the manufacture, model, type and age of the meters in Morgan District's system, including whether Morgan District currently operates any automated meter reading (AMR) meters or advanced metering infrastructure (AMI) meters.

RESPONSE 5: Morgan District currently has approximately 3,000 Sensus SR2 meters with radio read capability in place for residential customers. These meters range in age from 14 to 16 years old. Morgan District also utilizes both AMR and AMI meters. Morgan District installed Area Distribution Master Meters in their system during the last project to aid in monitoring the water flowing into an area to compare to the water sold through individual meters in the area.

REQUEST 6: Identify the manufacturer and model of the new meters Morgan District is proposing to purchase.

RESPONSE 6: Sensus SR2 meters with radio read capability.

REQUEST 7: Explain whether Morgan District issued a request for proposal (RFP) for the new meters, and if an RFP was issued, provide a copy of the RFP and identify how the RFP was publicized.

RESPONSE 7: The meters were a bid item on the advertised bid sheet that was opened and read on June 30, 2022. A copy of the newspaper advertisement for construction bids and affidavit of publication are attached hereto as **Exhibit "A"**. Morgan District wanted to use the same brand/model of meters as is currently used in the system and did not want to mix meter brands and have to keep different repair/replacement parts for different types of meters. Morgan District has been satisfied with the results of the previously selected meters that were installed.

REQUEST 8: Provide the evaluation criteria Morgan District applied in selecting the new meters.

RESPONSE 8: Please refer to Response 7 above.

REQUEST 9: Explain whether Morgan District already owns the equipment necessary to read such meters remotely.

RESPONSE 9: Morgan District currently owns the necessary Sensus meter reading equipment.

REQUEST 10: Provide an itemized breakdown of the cost of the 200 new meters and any new equipment or annual software license cost that will be necessary to read the meters remotely.

RESPONSE 10: The certified bid tabulation filed with the original Application as Exhibit H indicates the breakout of the new meters costs and the Project Bid Specifications, Section 1025 indicates what items are to be provided for that particular bid item. The cost of meter reading

software updates is already in Morgan District's expenses and is not merely for use in reading the new meters.

REQUEST 11: Explain how Morgan District will determine which of its current meters that will be replaced and describe the general condition, age, and remaining useful life of the 200 water meters Morgan District expects to replace.

RESPONSE 11: The PSC recommends that water meters be tested/calibrated every 10 years and replaced after 20 years of use. If the meter has been in service for 20 years, it will be replaced. If the meter has been in service between 10 and 20 years, it will be removed and tested. A meter must be in place to provide continued water service to the customer. Once a meter is tested/calibrated and/or rebuilt, it should be capable of providing another 10 years of service.

REQUEST 12: Provide the expected useful life of the 200 new meters proposed to be installed through this project and provide documentation to support the expected useful life of the meters.

RESPONSE 12: The NARUC Report states that meters should have an average service life of 35 to 45 years.

REQUEST 13: Explain whether Morgan District considered repairing or refurbishing the 200 water meters in question as opposed to replacing them entirely, including the estimated cost of repairs or refurbishing, and why it choose not to pursue that option.

RESPONSE 13: Morgan District did consider repairing or refurbishing the 200 water meters in question but chose the option of replacing said meters. Morgan District would have to install another meter to replace each meter that was pulled for testing in order to maintain a water supply for the customer affected. If there were not enough substitute meters, Morgan District would have to estimate the water usage for that customer while the original meter was being tested. Morgan District has estimated that the average cost to repair/refurbish a meter is approximately \$75.00 in addition to the time and expense of substituting the meters for the ones pulled for testing.

REQUEST 14: If the current meters were repaired or refurbished, state how long repairing or refurbishing the current meters could extend the remaining useful life of the 200 meters in question.

RESPONSE 14: Repairing or refurbishing the 200 meters in question should extend the useful life of the meters by approximately 10 years.

REQUEST 15: Provide quantifiable benefits of replacing the existing 200 water meters with new water meters that include radio transmitters, including the estimated savings that Morgan District expects to realize from the replacement, and how the savings were calculated.

RESPONSE 15: Water meters tend to slow down as they age and wear which results in inaccurate readings and accordingly, lost revenue to the supplier. Radio read meters can be read more efficiently than non-radio read meters. Before radio read meters were installed, it would take

5 people 5 days to read meters and now it takes 1 person 3 days to read the same amount of meters. Assume \$25 per hour for an 8 hour day - that equates to \$200 per person per day. Before radio read meters were installed, the cost to read meters averaged about \$5,000 plus mileage. After radio read meters were installed, the cost to read meters averages about \$600 plus mileage. A yearly analysis of the cost is: before radio read meters - \$60,000; after radio read meters - \$7,200 for an average yearly savings of \$52,800.

REQUEST 16: Refer to the Application, Exhibit C, Attachment B. State whether the proposed project to replace 200 meters with meters with radio transmitters is included in the project financed by Kentucky Infrastructure Authority (KIA). If not, explain how that project will be financed.

RESPONSE 16: The 200 meters was included as bid item #9 and #10 as part of the KIA financed project.

REQUEST 17: Refer to the Application, Exhibit C, Attachment B, Section V, Project Schedule, stating that the construction start date is September 15, 2021.

(a) Confirm that the construction project has not started.

RESPONSE 17(a): The construction project has not started as of this date. Morgan District is waiting for the PSC to issue the Certificate of Public Convenience and Necessity before giving the contractor the notice to proceed.

(b) Explain whether the delay in the expected start date effected Morgan District's financing approval.

RESPONSE 17(b): Morgan District has kept KIA and DOW apprised of any/all delays as the project was designed and bid. Morgan District has stayed in close contact with KIA and DOW throughout the advertising, bidding and scaling back the scope of the project to bring the project cost within the allocated KIA funding. Please refer to the email chain attached hereto as **Exhibit "B"**.

(c) State when Morgan District must begin the project and when it must complete the project to obtain its financing from KIA.

RESPONSE 17(c): The project was bid on June 30, 2022 with a 90-day bid hold period. The substantial completion of construction, per the project specifications, is 300 calendar days from the notice to proceed date. As stated in Response 17(b), KIA has been kept apprised on the time table of the project.

REQUEST 18: Refer to the Application, page 6, indicating that no rate adjustment is being requested in connection with this Application. Refer also to the Application, Exhibit C, Attachment B, Section XI, Recommendations, indicating that KIA conditioned financing approval on Morgan District raising rates to cover expenses and debt service associated with the project.

(a) State whether and, if so, when Morgan District expects to propose a rate increase to meet

expenses and debt service associated with the project.

RESPONSE 18(a): KIA did indicate that raising rates was required for financing this project. KIA's financial analysis was dated May 6, 2021 and indicated a minimum rate for 2,000 gallons should be \$31.27 and for 4,000 gallons, a minimum rate of \$54.42. The Order issued in PSC Case No. 2020-00386, dated June 9, 2021 established a minimum rate of \$31.49 for 2,000 gallons and \$54.81 for 4,000 gallons. These new rates are greater than the KIA required rates, therefore no rate increase was requested in the current Application.

(b) If Morgan District does not intend to propose a rate increase to meet expenses and debt service associated with the project, explain how Morgan District will satisfy that KIA condition and how it will cover the expenses and debt service associated with the project.

RESPONSE 18(b): Please refer to Response 18(a) above.

REQUEST 19: Refer to the Application, Exhibit D.

(a) Provide an itemized breakdown of the amounts shown for "Preconstruction Estimated Operating Cost" and the "Post Construction Estimated Operating Cost".

(b) Explain how Morgan District arrived at the "Post-Construction Estimated Operating Cost" of \$182,759, including the basis for any changes in an itemized expense from the estimated preconstruction cost to the post-construction cost.

(c) Explain how savings were estimated for lost water amount, manpower requirements, and maintenance costs.

(d) State whether the preconstruction operating cost is an estimate and, if so, explain why actual operating costs were not used.

RESPONSE 19(a)(b)(c) and (d): These tables were required by DOW in relation to the SRF permitting process. The value of the system is from the audit information; the value of new construction is based on the estimated construction cost and the current operating cost came from the audit. The current operating cost estimate is obtained by multiplying the total operating cost by the percentage of the value of the replacement construction and the estimated post construction cost is calculated by estimating a percentage of operating cost saved by reducing water loss and reduced maintenance cost for the new system.

REQUEST 20: Refer to the Application, Exhibit H.

(a) Explain whether the bids reflected in Exhibit H include the proposed replacement of the 200 water meters, and if so, identify the item in which the replacement of the meters is included.

RESPONSE 20(a): The bids reflect the replacement of the 200 water meters and are included in Items #9 and 10 of the certified bid tabulations.

(b) State how long the bids reflected on Exhibit H will remain valid.

RESPONSE 20(b): The bid hold period expires on September 28, 2022. Morgan District is requesting the contractor to extend their bid for an additional 60 days. As of the date of this Response, Morgan District has not received a response from the contractor.

(c) State whether Morgan District expects to accept the lowest bid, and if not, explain the criteria Morgan District used to select the winning bidder.

RESPONSE 20(c): The Morgan District Board has voted to accept the lowest bid.

(d) Explain how Morgan District will finance the remainder of the proposed project given that the KIA loan does not appear sufficient to cover the cost of the project.

RESPONSE 20(d): Due to the pandemic and resultant supply chain issues, the bids came in higher than anticipated. In order to get the project within the budget, decisions had to be made as to which roads would be eliminated from the project and put into the next Phase 3 project. The As-Bid Budget was revised and sent to KIA and DOW. Each entity accepted the reduced scope of the project (see **Exhibit "B"** attached hereto).

REQUEST 21: Provide water loss reports for each of the last two calendar years.

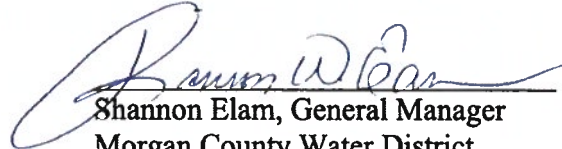
RESPONSE 21: The water loss reports are being filed as a separate document with this Response.

REQUEST 22: State the extent to which the proposed projects are expected to decrease water loss, and explain the basis for the response.

RESPONSE 22: Morgan District hired a new general manager in 2019 and a leak detection technician in 2020. They have also used a circuit rider from the Kentucky Rural Water Association to assist in locating and eliminating water leaks. Nesbitt Engineering was hired by Morgan District in 2019 and President Paul D. Nesbitt was a witness in PSC Case No. 2020-00386. This case had two major results, a \$5.87 per customer per month surcharge dedicated to reducing unaccounted for water the Morgan District was required to file a Comprehensive Corrective Action Plan to reduce unaccounted for water. Morgan District has satisfied both requirements. Water lines and other new materials installed under the watchful eye of a trained resident observer will result in having greater integrity than the existing waterlines. The new waterlines will be pressure tested before being turned over to Morgan District. This will ensure a tight leak resistant system. The master meter for the KY 191 waterline, including branch lines, versus the amount of water sold through individual customer meters is greater than 15%, the established goal of Morgan District. Water loss will definitely be reduced but the amount of such reduction cannot be reasonably estimated.

Certification of Responses to Commission Staff's First Request for Information


I hereby certify that I have supervised the preparation of the Responses to the Commission Staff's First Request for Information. This information provided in the Responses is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.


Shannon Elam, General Manager
Morgan County Water District

The undersigned has prepared this Response as Counsel to and on behalf of the Morgan County Water District, a governmental agency, and hereby certifies that this Response is true and accurate to the best of the undersign's knowledge, information and belief formed after a reasonable inquiry.

Respectfully Submitted:

Rubin & Hays

By 
W. Randall Jones, Esq. Counsel for the
Morgan County Water District
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Telephone: (502) 569-7534
Fax: (502) 569-7555
Email: wrjones@rubinhays.com

CERTIFICATE OF SERVICE

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that Morgan County Water District's foregoing Response is a true and accurate copy that was electronic transmitted to the Kentucky Public Service Commission on September 22, 2022; that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.



W. Randall Jones, Esq.
Rubin & Hays
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Louisville, Kentucky 40202
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Fax: (502) 569-7555
Counsel for Morgan County Water District
Email: wrjones@rubinhays.com

EXHIBIT A

Newspaper Affidavit of Publication and Tearsheet

THE COURIER PUBLISHING CO.

Earl W. Kinner, Publisher/Manager

WEST LIBERTY, KY

AFFIDAVIT

I, Earl W. Kinner, Publisher of The LICKING VALLEY COURIER, newspaper published in West Liberty, Kentucky, and having the largest circulation of any newspaper in MORGAN COUNTY, Kentucky, do hereby certify that from my own knowledge and a check of the files of this newspaper that the advertisement of **Advertisement for Bids** was inserted in THE LICKING VALLEY COURIER on **June 16 and June 23, 2022.**

Earl Kinner

Subscribed and sworn to before me, a Notary Public, by Ricky Adkins, this **26th** day of **JULY, 2022.**

Rick Adkins

Notary Public
and General Manager

MARCH 19, 2024
My Commission Expires

Local Family Celebrates Flight ... Five Generations



Saturday, June 11, 2022 was a busy day for the family of Billie Salyer Boone. Members of the family gathered at Scott and Leshia Collins' home to celebrate Billie's 89th birthday with a cookout and a time of fellowship.

Not only was the family happy to celebrate another year of Billie's life, but they marked the occasion to celebrate 5 generations, ranging from 89 years old to 2 years old.

Billie is a native of Morgan County, and currently resides in Louisville, Kentucky. She has five daughters, 12 grandchildren, 17 great-grandchildren

and four great-great grandchildren.

To say that Billie is the rock of the family would be an understatement. She carries the titles of mother, Mamaw Billie, the Queen and the rock of the family, but all who know her call her a devout Christian.

Though above showing the five generations from right to left: Billie Boone, Deborah Comley, Trish Cox, Meghan Dulen, Tori Cantrell, Granton Cantrell, Trenton Cantrell, Cameron Dulen and Caroline Dulen.

(Pd.)

Flight ...

(Continued From Page One)

eral monuments in Washington, D.C., including Arlington National Cemetery and the Tomb of the Unknown Soldier, the World War II Memorial, the Lincoln Memorial, the Vietnam Veterans Memorial, the Vietnam Women's Memorial, the Korean War Veterans Memorial, the U.S. Marine Corps Veterans Memorial, the U.S. Air Force Memorial and the Women in Military Service for America Memorial.

Emily Elam, a U.S. Navy veteran who was among those welcoming flight participants upon their return, said that the event was particularly poignant for her.

"Being a Navy veteran, these welcome home events are emotional and exciting," Elam said. "I encourage everyone to attend."

Though neither Elam nor any other local veterans boarded the honor flight plane, one participant Vera Fairchild, 81, of Frankfort, was known to Morgan Countians who attended the welcoming event.

Fairchild, a retired two-star major general of the U.S. Air Force, was the keynote speaker

at the dedication ceremony for the women's military monument at West Liberty's Tredway Park in the mid-2000s.

During the Washington D.C. tour, Fairchild was honored for her 81st birthday and for her service to the nation in a special ceremony at the Women in Military Service for America Memorial.

Morgan County Woman's Club Vice President Irene Stamper - whose husband, J.C. Stamper, is a veteran of the Vietnam War - told the Courier that she was honored to be part of the welcoming event.

"Our soldiers deserve to be honored for the sacrifices they have made to keep us all free," Stamper said. "They put their lives on hold to defend our country, and the least we can do is honor them whenever possible. I would recommend that everyone to go at least welcome home honor flight event to see the joy on their faces. It lets them know they will never be forgotten, because they gave us the freedom we have today!"

Additional Information
The next Honor Flight Kentucky tour is slated for September. To learn more, visit the Honor Flight Kentucky Facebook page or the website www.honorflightky.org

Clinic Pharmacy
412 Liberty Road, West Liberty, KY 41472
606-743-4957

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F 8:00A.M. - 6:00P.M.

Community Bulletin Board

Wolfe/Morgan Co. Adult Education Hours Announced

KY Skills U Adult Education Center for Wolfe and Morgan Counties, located on the second floor of the Morgan County Board of Education building at 155 University Dr., West Liberty, has announced the following instructional schedule:

- Mondays - Campion Baptist Church in Wolfe County from 9 a.m. to 1 p.m., and Morgan Center in Morgan County from 8:30 a.m. to 6 p.m.
- Tuesdays - Campion Baptist Church in Wolfe County from 9 a.m. to 1 p.m., and Morgan Center in Morgan County from 8:30 a.m. to 6:30 p.m.
- Wednesdays and Thursdays - Morgan Center from 8:30 a.m. to 6:30 p.m.
- Fridays - Morgan Center from 8:30 a.m. to 4:30 p.m.

Closed national holidays. Ezel Days at Blackwater VFD coming soon!

Walk-ins are welcome. For additional information, call 606-743-1500. No answer, please call 606-783-9531 for assistance.

Church service at Nick Cantrell cem. cancelled
There will be NO church service on June 26 at the Nick Cantrell Cemetery located on Smith Creek on Hwy. 589.

Adult Ed now offering free GED(R) and Digital skills classes
KY Skills U Morgan and Wolfe County Adult Education and Career Center is offering FREE GED(R) and Digital Skills Classes beginning March 2021 continuing through June 2021 call 743-1500 for more information and to register.

Services set at Martha Enterprise Baptist Ch.
Every 4th Sunday night, starting May 29, we will be having a Sunday night service at 6:00 p.m. We invite all to come and join us in celebrating God and His goodness.

Morgan Central PTCO meetings scheduled
Morgan Central Elementary School PTCO Meetings will be the second Thursday of the month at 5:30 p.m. Thank you.

Wrigley SBDM Council meetings
Wrigley Elementary SBDM Council meetings will be held the second Tuesday of each month at 5:00 p.m. TF

East Valley Elem. Site Base meetings slated
East Valley Elementary's regularly scheduled Site-Base Decision Making meetings will be the second Wednesday of each month at 3:30 p.m., in the school's conference room.

Cantrell Cemetery Service discontinued
The annual Arnold Cantrell Cemetery service at the P. J. Cantrell home has been discontinued.

Regular Morgan Co. Fiscal Court meetings
Regular monthly meetings of the Morgan County Fiscal Court are held on the third Monday of each month at 11 a.m., at the county government building located at 450 Prestonburg St. All meetings are open to the public.

Redeemed Recovery Group meets weekly
Redeemed Recovery Group meets Thursday evenings, at 7 p.m., at West Liberty United Methodist Church. For additional information contact Jessica, at (606) 495-7711.

EXPERIENCE OF LIFE
We deem those happy who from the experience of life have learned to bear its ills, without being overcome by them.

SUBSCRIBE TO THE LICKING VALLEY COURIER
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Request for Qualifications and Proposals City of West Liberty West Liberty Gas System Improvement Project

The City of West Liberty will be accepting statements of qualifications and proposals for the West Liberty Gas System Improvement Project for engineering services for the purpose of replacing existing gas lines and purchasing gas system equipment. Firms interested in applying should visit www.gwadd.org/rfos-public-comment or contact Hannah Willett at 606.780.0090, ext. 2202 or email hannah.willett@ky.gov for the full Request for Qualifications and Proposals. Statements of qualifications and proposals must be received by 3:30 PM local time by Wednesday, July 6, 2022.

The City of West Liberty reserves the right to reject any and all responses, to waive any technicalities, and to negotiate with the respondent who most nearly meets the project requirements. The City of West Liberty is not responsible or liable for any costs incurred by the consultants replying to this request. The City of West Liberty is an equal opportunity employer and encourages responses from all qualified firms. Kentucky Relay Service for the hearing and speech impaired: 1-800-648-6056.

Attention is particularly called to the requirements as to conditions of employment to be observed under the contract, Section 3, Segregated Facility, Section 109, Title IV, EO 11246, and 7 CFR 1780.39. Local, minority and female-owned firms are encouraged to respond.

ADVERTISEMENT FOR BIDS

Sealed Bids for the construction of the **Waterline Replacement Phase 2 Project** will be received, by the **Morgan County Water District**, at **Nesbitt Engineering, Inc., 227 N. Upper St., Lexington, KY 40507**, until **11:00 am** local time on **June 30, 2022**. All Bids received will be publicly opened and read aloud in a Zoom meeting. The address/link for this Zoom meeting will be included in an Addendum to the Project.

Work is to include installation of approximately 50,000 LF of 8-inch waterline and other appurtenances, 7,670 LF of 6-inch waterline and other appurtenances, 31,700 LF of 4-inch waterline and other appurtenances, 2,510 LF of 3-inch waterline, and 200 replacement service meters with telemetry.

Bids will be received for a single prime Contract. Bids shall be on a unit price basis.

The Issuing Office for the Bidding Documents is: **Lynn Imaging, Inc., 328 East Vine St. Lexington, KY 40507**, Phone 859-255-1021 online at lynnimaging.com/distribution. Prospective Bidders may obtain copies of the Bidding Documents from the Issuing Office, upon payment of a non-refundable payment of **\$150.00** plus a shipping charge for each set.

Bidding Documents may be examined at:
Builders Exchange,
961 Beasley St., Suite 240,
Lexington, KY 40505

Morgan County Water District
1009 Old HWY 172
West Liberty, KY 41472

Questions regarding this project are to be addressed to Jim Sparks with Nesbitt Engineering (859) 865-4513 jsparks@nei-ky.com by 12:00 PM on June 28, 2022.

Bidders must comply with Title VI of the Civil Rights Act of 1964, the Anti-Kickback Act, Non-segregated facilities order 32FR 7439, and the Contract Work Hours Standard Act. This project will be in compliance with, and bidders must comply with Executive Order No. 11246 (EEO) as amended, prohibiting discrimination in employment regarding race, creed, color, sex or national origin. Contractors/subcontractors will comply with 41 CFR 60-4, (affirmative action), to insure equal opportunity to females and minorities and will apply the time tables and goal set forth in 41 CFR 60-4. This contract is subject to federal wage rates. Bidders will make positive efforts to use small, minority, women owned and disadvantaged businesses. DBE's are encouraged to bid. Bidders must comply with American Iron and Steel requirements as set forth in these specifications. The owner reserves the right to waive any informality or to reject any or all bids.

No bidder may withdraw his bid within **90** days after the actual date of the opening thereof. Bid award will be made to the lowest, responsive, responsible bidder.

Shannon Elam
Chairman, Morgan County Water District

EXHIBIT B

Engineer, DOW and KIA emails

McGregor, William C.

From: Main, Ora C.
Sent: Wednesday, July 6, 2022 10:42 AM
To: debbie.landrum@ky.gov; Terry.Humphries@ky.gov
Cc: Shannon W. Elam (mcwdshannon@gmail.com); Gross, Jocelyn R (GWADD-MH); Nesbitt, Paul D.; Sparks, James H.
Subject: MCWD Waterline Replacement Project - Phase 2
Attachments: CBT signed 7-5-22.pdf

Debbie, Terry,

Bids on the above project were received on June 30th. We had four bidders and all of the bids were within a reasonable range (see attached Certified Bid Tabulation), however the low bid was about a \$1 million over the original funding amount established for construction including contingencies. Low bid amount was \$3,696,520.51 versus \$2,342,175 construction amount and \$420,494. Contingency for a total of \$2,762,669. We were told that material costs were approx. \$2 million prior to the bid opening.

Normally, at this point we are assembling the Authority to Award (ATA) package and sending it to you. I am seeking your direction as to the path forward.

Since this is a line replacement project, additional revenue was not a part of the financial review. We have discussed options with the owner and certain areas/lines could be deleted and added into the next project which is already in the planning stages. There is already a Project Profile in the WRIS system. However, that will have to be revised to include the areas deleted from this project and also to revisit the unit prices.

Our recommendation would be to move forward with the ATA package, including a Change Order reducing the construction cost to be within the funded construction cost plus contingencies. That CO would be signed at the same time as the contract with the low bidder. Please advise if this is the correct procedure, or if not, please indicate the desired steps moving forward.

Thank you,

Ora C. Main, MBA, PE
Project Manager



nesbitt engineering, inc.

providing proven solutions since 1976

227 N Upper St | Lexington, KY 40507
O: 859.685.4514 | C: 859.333.7771

McGregor, William C.

From: Main, Ora C.
Sent: Tuesday, July 12, 2022 2:14 PM
To: Terry.Humphries@ky.gov; debbie.landrum@ky.gov
Cc: Shannon W. Elam (mcwdshannon@gmail.com); Nesbitt, Paul D.; Sparks, James H.
Subject: FW: Morgan County Water District - Project Changes and Costs
Attachments: Project Changes and Costs.pdf

Terry, Debbie,

Thank you both for your time discussing the Morgan Co. Water District (MCWD) Waterline Replacement Project Phase 2 bid results.

Terry,

You asked that I send you a listing of the roads/quantities that would need to be deleted from the project, which was bid at \$3,696,500. In order to have a project that could be built with the amount of funds available. The attached spreadsheet indicates the roads to be deleted in orange and the total of the remaining roads would be \$2,632,350. As shown on the separate spreadsheet. This would still leave a contingency amount of \$130,319. Contingency funds (approx. 5%).

Deleting roads in the method the District desires in order to move forward with construction of this project based on the current bids. Other options would evidently delay construction and not be able to have a construction contract signed within the bid hold period of 90 days from June 30th. The District will also have to obtain a Certificate of Convenience and Necessity from the KY PSC prior to being able to execute a contract.

I recommend issuing a contract for the Bid Amount and concurrently execute a Change Order to bring the project in to the funds currently available. They need your concurrence to move forward in this manner. Then they can prepare to go to the PSC.

MCWD has turned around their financial footing with the new management and their dedication to reducing unaccounted for water. This current project is a continuation of this effort.

Thank you for your attention to this matter,

Ora C. Main, MBA, PE
Project Manager



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227 N Upper St | Lexington, KY 40507
O: 859.685.4514 | C: 859.333.7771

From: Sparks, James H. <jsparks@nei-ky.com>
Sent: Tuesday, July 12, 2022 11:20 AM
To: Main, Ora C. <omain@nei-ky.com>
Cc: Nesbitt, Paul D. <pnesbitt@nei-ky.com>
Subject: Morgan County Water District - Project Changes and Costs

Ora,

Attached is the pdf file showing the mapping and spreadsheets detailing the proposed changes to the Waterline Replacement Phase 2 for Morgan County Water District.

Thanks

James Sparks, P.E.
Project Manager



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227 N Upper St | Lexington, KY 40507
O: 859.685.4513 | C: 859.494.7088

McGregor, William C.

From: Humphries, Terry (EEC) <Terry.Humphries@ky.gov>
Sent: Monday, July 25, 2022 10:08 AM
To: Main, Ora C.; Landrum, Debbie (KIA)
Cc: Shannon W. Elam (mcwdshannon@gmail.com); Nesbitt, Paul D.; Sparks, James H.; Vaughn, Amber (EEC)
Subject: RE: Morgan County Water District - Project Changes and Costs

Ora,

Apologies for the delay, I wanted to see how the changes would impact any potential ranking and if the change in ranking would impact any principle forgiveness prior to responding. The changes would impact the ranking, but not enough to impact funding and would ultimately not impact any principle forgiveness so provided that the ATA package has been approved, I have no issues with the recommended approach. Thank you and let me know if you have any questions.

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
KY Division of Water
300 Sower Blvd, 3rd Floor
Frankfort, KY 40601
(502)782-6983

From: Main, Ora C. <omain@nei-ky.com>
Sent: Tuesday, July 12, 2022 2:14 PM
To: Humphries, Terry (EEC) <Terry.Humphries@ky.gov>; Landrum, Debbie (KIA) <debbie.landrum@ky.gov>
Cc: Shannon W. Elam (mcwdshannon@gmail.com) <mcwdshannon@gmail.com>; Nesbitt, Paul D. <pnesbitt@nei-ky.com>; Sparks, James H. <jsparks@nei-ky.com>
Subject: FW: Morgan County Water District - Project Changes and Costs

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

Terry, Debbie,

Thank you both for your time discussing the Morgan Co. Water District (MCWD) Waterline Replacement Project Phase 2 bid results.

Terry,

You asked that I send you a listing of the roads/quantities that would need to be deleted from the project, which was bid at \$3,696,500. In order to have a project that could be built with the amount of funds available. The attached spreadsheet indicates the roads to be deleted in orange and the total of the remaining roads would be \$2,632,350. As shown on the separate spreadsheet. This would still leave a contingency amount of \$130,319. Contingency funds (approx. 5%).

Deleting roads in the method the District desires in order to move forward with construction of this project based on the current bids. Other options would evidently delay construction and not be able to have a

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Ora C. Main, MBA, PE
Project Manager



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From: Sparks, James H. <jsparks@nei-ky.com>
Sent: Tuesday, July 12, 2022 11:20 AM
To: Main, Ora C. <omain@nei-ky.com>
Cc: Nesbitt, Paul D. <pnesbitt@nei-ky.com>
Subject: Morgan County Water District - Project Changes and Costs

Ora,

Attached is the pdf file showing the mapping and spreadsheets detailing the proposed changes to the Waterline Replacement Phase 2 for Morgan County Water District.

Thanks

James Sparks, P.E.
Project Manager



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McGregor, William C.

From: Main, Ora C.
Sent: Tuesday, August 16, 2022 1:49 PM
To: Landrum, Debbie (KIA)
Cc: Shannon W. Elam (mcwdshannon@gmail.com); wrjones@rubinhays.com; Gross, Jocelyn R (GWADD-MH); Nesbitt, Paul D.; Sparks, James H.
Subject: RE: PSC Submittal

Debbie, Thanks for your inquiry. All documents have been submitted to the PSC and R Jones states that they have 60 days to issue an order.

The project was bid on June 30 with a 90-day bid hold period. If PSC takes the full 60 days, that would put us very near the end of the bid hold period. We may have to ask the low bid contractor to extend his bid. As fuel and material prices have started to decline, I don't think that the contractor would object to an extension, but there is no guarantee that they would.

If there is any help you could provide with getting the order from the PSC, I would like to request your help.

If you have any questions, please call.

Thank you,

Ora C. Main, MBA, PE
Project Manager



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227 N Upper St | Lexington, KY 40507
O: 859.685.4514 | C: 859.333.7771

From: Landrum, Debbie (KIA) <debbie.landrum@ky.gov>
Sent: Tuesday, August 16, 2022 10:33 AM
To: Main, Ora C. <omain@nei-ky.com>
Subject: PSC Submittal

Hey Ora!

I was looking at the Morgan County AA. What is the status of the PSC approval on this one?? We will have to have approval before this can go to AA.

Debbie

Debbie C. Landrum
Regional Compliance Coordinator

859-588-0660 C
502-892-3454 D



McGregor, William C.

From: Main, Ora C.
Sent: Thursday, August 4, 2022 1:10 PM
To: Randy Jones
Cc: Shannon W. Elam (mcwdshannon@gmail.com); Nesbitt, Paul D.; Sparks, James H.
Subject: RE: MCWD
Attachments: CBT sogmed on 7-5-22.pdf; As Bid Project Budget 6-30-22.pdf; Revised Project Budget 7-5-22.pdf

Randy,

Attached is the signed CBT and two budgets. The first budget is the As Bid, which was close to \$1M over the funding. The second is the budget reducing the scope to get within the funds available.

We communicated with both DOW and KIA to make sure they were on board with us reducing the scope to get within the funds available. They were OK with that plan. We would, at the Pre-Closing award the contract for the bid amount and concurrently execute a Change Order reducing the project to be in the money.

The description that I sent you named only the roads that stayed in the project.

Thank you,

Ora C. Main, MBA, PE
Project Manager



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227 N Upper St | Lexington, KY 40507
O: 859.885.4514 | C: 859.333.7771

From: Randy Jones <wrjones@rubinhays.com>
Sent: Thursday, August 4, 2022 12:50 PM
To: Main, Ora C. <omain@nei-ky.com>
Subject: RE: MCWD

Thanks – can you email me the certified bid tabs?

Randy Jones
W. Randall Jones, Esq.



RUBIN & HAYS
ATTORNEYS AT LAW

450 South Third Street, Suite 300
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
wrjones@rubinhays.com
www.rubinhays.com

From: Main, Ora C. <omain@nei-ky.com>
Sent: Thursday, August 04, 2022 12:47 PM
To: Randy Jones <wrjones@rubinhays.com>
Cc: Shannon W. Elam (<mcwdshannon@gmail.com> <mcwdshannon@gmail.com>); Nesbitt, Paul D. <pnesbitt@nei-ky.com>; Sparks, James H. <jsparks@nei-ky.com>
Subject: RE: MCWD

Project Description

Morgan County Water District (MCWD) has been fervently addressing the lost water in their distribution system and this is the second phase (Phase 2) of replacing old lines and lines which have been subject to numerous repairs in the past.

This project will consist of replacing approximately 12.7 miles of existing waterlines and appurtenances on the following listed roads to aid the MCWD in reducing the amount of unaccounted-for water

- KY 191 (~56,450 lf of 8 and 6-inch pipe)
- KY 1000 (~4,348 lf of 4-inch pipe)
- Brushy Frk (~5,540 lf 4-inch pipe)
- Heaven Brn Tr. Park (~542 lf of 2-inch pipe)

In addition to replacing the existing waterlines the MCWD is also replacing 200 new water meters with radio transmitters to remove older meters from their system to assist in reducing under reading of the older meters.

Need for the Project

The PSC has charged MCWD to reduce the unaccounted-for water in their system. Since they purchase all of the water that they sell, any reduction in lost water will have a positive impact on their financial bottom line.

I hope this meets your needs. If not, please let me know.

Thank you,

Ora C. Main, MBA, PE
Project Manager



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227 N Upper St | Lexington, KY 40507
O: 859.685.4514 | C: 859.333.7771

From: Randy Jones <wrjones@rubinhays.com>
Sent: Thursday, August 4, 2022 11:09 AM
To: Main, Ora C. <omain@nei-ky.com>
Cc: Sparks, James H. <jsparks@nei-ky.com>
Subject: MCWD

Can you guys email me a short narrative project description and need for the project?
Thanks

Randy Jones
W. Randall Jones, Esq.



RUBIN & HAYS
— ATTORNEYS AT LAW —

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