

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF NICHOLAS)
COUNTY WATER DISTRICT FOR A)
CERTIFICATE OF PUBLIC CONVENIENCE)
AND NECESSITY TO CONSTRUCT A SYSTEM) Case No. 2023 - 00024
IMPROVEMENTS PROJECT AND AN ORDER)
APPROVING A CHANGE IN RATES AND)
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO KRS 278.023)

Supplemental Information Filing

Nicholas County Water District ("Nicholas District"), by counsel, hereby files this Supplemental Information Filing informing the Commission of a change in circumstances, as follows:

On February 10, 2023, Nicholas District tendered an application, pursuant to KRS 278.023 requesting (i) a Certificate of Public Convenience and Necessity ("CPCN") to construct a system improvements project; (ii) authorization to issue securities; and (iii) approval of a change in rates. The Commission issued its Order granting the requested relief on March 10, 2023.

Construction bids were opened on September 13, 2022 and said bids came in approximately \$717,000 over budget. After much deliberation, Nicholas District decided to delete certain items from the bids in order to allow the project to proceed within the available funding. These deletions included the elimination of East Union pump station replacement (see Section 6 - proposed project recommended alternative of the Final Engineering Report filed with the original Application). Attached hereto as **Exhibit "A"** is a letter of explanation from Bluegrass Engineering, PLLC, engineers for Nicholas District.

Subsequent to the issuance of the Commission's March 10, 2023 Order, Nicholas District applied for additional funding through the Cleaner Water Grant ("CWG") program and on or about June 29, 2023 received an award from the Kentucky Infrastructure Authority ("KIA") of \$200,000 of CWG funds (see KIA conditional commitment letter attached hereto as **"Exhibit "B"**). Subsequent to such award, Nicholas District received an additional award of \$80,000 of CWG funds (a KIA conditional commitment letter has not been issued yet). The additional CWG funds has allowed Nicholas District to add the East Union pump station replacement back into the Project.


Bluegrass Engineering, PLLC revised the final project budget (see revised page 6-5 of the Final Engineering Report attached hereto as **Exhibit "C"**) to include the CWG funds. On September 12, 2023, USDA, Rural Development ("RD") has issued Amendment No. 2 to the original Letter of Conditions revising the Project Budget and Project Funding to include the CWG funds received by Nicholas District (see **Exhibit "D"** attached hereto).

Nicholas District files this Supplemental Information Filing in the Post Case file in an effort to inform the Commission on the change in circumstances since the original Order was issued.

The undersigned has prepared this Supplemental Information Filing as Counsel to and on behalf of Nicholas 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
Nicholas 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 and Filing

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that Nicholas County Water District's electronic filing of the foregoing Supplemental Information Filing is a true and accurate copy of the document being electronically filed and transmitted to the Kentucky Public Service Commission on September 14, 2023; that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.

Rubin & Hays


By 
W. Randall Jones, Esq., Counsel for
Nicholas County Water District
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Telephone: (502) 569-7534
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EXHIBIT A

Letter of Explanation of Engineers



August 14, 2023

Mr. Randy Jones, Attorney at Law
Rubin & Hays
450 South Third Street
Louisville, Kentucky 40202

Re: Phase 12 Water System Improvements – Contracts 1 & 2
Nicholas County Water District

Dear Mr. Jones;

Pursuant to our conversation, please find within this correspondence a brief synopsis of the budgetary changes for the above referenced project.

Nicholas County Water District opened bids on September 13, 2022. The low bidders were Tilton Excavating (Contract 1) with a bid of \$1,556,392, and Ferguson Water (Contract 2) with a bid of \$722,000.20. The project budget of \$1,925,000 was developed in 2020 prior to the inflationary pricing of materials and labor, therefore the bids came in over at \$717,000.

The District desperately needed the new meters, therefore we moved forward with the project deleting items that would bring us within budget. As we waited for Rural Development to review the project (ten months), the Cleaner Water Funding (rounds 1 and 2) became available, therefore we were able to obtain another \$280,000 in grant funds for the project. This additional funding allowed NCWD to add one of the deleted pump stations back into the project.

The amount of funding available is \$2,205,000. This allows \$1,783,200 to be earmarked for construction.

If you have any questions, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read 'Riley Sumner', with a long horizontal flourish extending to the right.

Riley Sumner
Co-Project Manager

C: File

EXHIBIT B

KIA Conditional Commitment Letter



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
<https://kia.ky.gov>

Sandy Williams
Executive Director

June 29, 2023

Silas Cleaver
Chair
Nicholas County Water District
1639 Old Paris Rd
Carlisle, KY 40311

**KENTUCKY INFRASTRUCTURE AUTHORITY
CONDITIONAL COMMITMENT LETTER**

KIA Grant Number 22CWW344
WRIS Project Number WX21181012

Dear Official,

Congratulations on receiving an award of Kentucky Cleaner Water Program (the "CWP") Round 2 grant funds for your Project! The Kentucky Infrastructure Authority (the "Authority") approved the grant request to the Nicholas County Water District (the "Grantee") in the amount of \$200,000 for the NCWD - Phase XII Water System Improvements project. We look forward to working with you to successfully complete your Project!

Please be aware that these Round 2 CWP Grant Project funds are provided through the American Rescue Plan Act of 2021, Coronavirus State Fiscal Recovery Fund and must be obligated by December 31, 2024 and fully expended by December 31, 2026. Any funds not obligated by December 31, 2024 or expended by December 31, 2026 will be forfeited and will not be available for the project.

An Assistance Agreement will be executed between the Authority and the Grantee upon satisfactory performance of the conditions set forth in Attachment A. Funds will be available for disbursement only after execution of the Assistance Agreement.

During the course of implementing your project, please inform the Authority of any changes in the project scope and financing plan as soon as possible.

TEAM
KENTUCKY.

An Equal Opportunity Employer M/F/D

Silas Cleaver
June 29, 2023
Page 2

22CWW344

We wish you every success for this project, which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Sandy Williams,
Executive Director

Attachments

cc: Riley Sumner, Project Administrator
Monica Pryor, Nicholas County Water District
Cherokee Blade Willoughby
Karyn Leverenz, ADD Coordinator
Don Schierer, KIA Grant Analyst
File

Please sign and return a copy of this letter indicating your acknowledgement and acceptance of the commitment and its terms and conditions incorporated by reference and in the Attachments and Exhibits.


Accepted

June 30 - 23
Date

EXHIBIT C

Revised page 6-5 of Final Engineering Report

See Appendix B (Bid Tabulations for Contracts 1 and 2, and Letter of Recommendations for both contracts)

The funding for the o project consists of the following:

Rural Development Loan	\$1,221,000
Rural Development Grant	\$204,000
ARC Grant	\$500,000
Cleaner Water Grant	<u>\$280,000</u>
Total	\$2,205,000

The revised budget for this project is as follows:

Legal and Administrative	\$20,000
Interest on Interim Financing	\$40,000
Land, Easements	\$5,000
Preliminary Engineering Report	\$5,000
Rate Study	\$5,000
Environmental	\$10,000
Other Additional Services	\$5,000
Engineering Design and CA	\$123,000
Resident Inspection Services	\$76,000
Construction	\$1,783,200
Tank Inspections	\$5250
Contingencies (6%)	<u>\$127,550</u>
TOTAL	\$2,205,000

It is the recommendation of Bluegrass Engineering, PLLC to proceed with the construction phase of the project, upon completion of the remaining Rural Development submittals and construction conferences.

EXHIBIT D

RD Amendment #2 to Letter of Conditions



September 12, 2023

Mr. Silas Cleaver, Chairman
Nicholas County Water District
1639 Old Paris Road
Carlisle, Kentucky 40311

Re: Letter of Conditions Dated August 25, 2021

Dear Chairman Cleaver:

This letter shall serve as Amendment No. 2 to the Letter of Conditions dated August 25, 2021, and to Amendment # 1 dated September 21, 2021. The purpose of this amendment is to revise the project costs and funding.

Paragraph numbered "28" is revised to read as follows:

"28. Project Budget:

Estimated expenditures are as follows:

Project Costs:

Development	\$1,783,200
Land and Rights	5,000
Legal and Administrative	20,000
Engineering Fees	219,250
Environmental	10,000
Interest	40,000
Contingencies	<u>127,550</u>
TOTAL PROJECT COST	\$2,205,000

Project Funding:

RUS Loan	\$1,080,000
RUS Grant	345,000
ARC Grant	500,000
KIA Cleaner Water Grant Funds	<u>280,000</u>
TOTAL FUNDING	\$2,205,000

Rural Development • Kentucky State Office
771 Corporate Drive, Suite 200, Lexington, Kentucky 40503
Voice (859) 224-7300 • Fax (859) 224-4748 • TTY (859) 224-7422

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All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

**THOMAS
CAREW**

Digitally signed by THOMAS
CAREW
Date: 2023.09.12 16:10:02
-04'00'

DR. THOMAS CAREW
State Director

cc: Field Director – Shelbyville, Kentucky
Field Specialist – Morehead, Kentucky
Bluegrass ADD – Lexington Kentucky
Rubin & Hays – Louisville, Kentucky
Dawn Letcher – Carlisle, Kentucky
Cherokee Willoughby, Bluegrass Engineering – Georgetown, Kentucky
PSC – ATTN: Linda Bridwell – Frankfort, Kentucky