

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

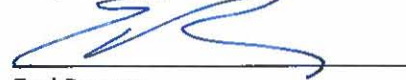
ELECTRONIC APPLICATION OF BATH COUNTY)
WATER DISTRICT FOR A CERTIFICATE OF) CASE NO. 2023-00097
PUBLIC CONVENIENCE AND NECESSITY TO)
CONSTRUCT AND FINANCE IMPROVEMENT)
PROJECTS PURSUANT TO 278.020 AMD 278.300)

**RESPONSE OF BATH COUNTY WATER DISTRICT
TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**

Bath County Water District submits its Response to the Commission Staff's Second Request for Information.

Date: May 31, 2023

Respectfully submitted,



Earl Rogers
Attorney for Bath County Water
District
Campbell & Rogers
154 Flemingsburg Road
Morehead KY 40351

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FILED: May 31, 2023

VERIFICATION

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF WOODFORD)

The undersigned, James C. Thompson, P.E., being duly sworn, deposes and states that he is the Consulting Engineer for the Bath County Water District and that he has personal knowledge of the matters set forth in the responses for which he is identified as the witness, and the answers contained herein are true and correct to the best of her information, knowledge, and belief.

James C. Thompson
James C. Thompson, P.E.

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 30th day of May 2023.

Mark Scott Stephens (SEAL)

MARK SCOTT STEPHENS
NOTARY PUBLIC
STATE AT LARGE
KENTUCKY
COMMISSION # KYNP64424
MY COMMISSION EXPIRES February 1 2027

Notary Public

My Commission Expires 02/01/2027

Notary ID: #KYNP64424

BATH COUNTY WATER DISTRICT

RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

QUESTIONS 1-4

RESPONDING WITNESS: James C. Thompson, P.E.

1. Refer to the Application, Exhibit B, Bid Tabulation. Refer also to Bath District's response to Commission Staff's First Request for Information (Staff's First Request), Item 1. For each of the proposed projects, identify what specific basis Bath District might use to accept a bid that is not the least cost bid.

The consulting engineers always check references for each contractor that is the apparent low bidder. The engineers and District also have past experience with many contractors and know if they did satisfactory work. If an apparent low bidder receives a bad reference from a previous project owner, we might use that as a reason to disqualify that contractor. Also, the engineers look at the bonding ability of the contractors. If they are not able to provide the required bonding, they are disqualified.

2. Refer to Bath District's response to Staff's First Request, Item 2. Explain whether Bath District has received or expects to receive an extension on the expiration date of bids.

The engineers have obtained a one-time 45-day extension from both contractors. The new date for the expiration of the bids is July 1, 2023.

3. Refer to Bath District's response to Staff's First Request, Item 9.

A. Explain the basis for Bath District's statement that rehabilitation of the tanks is "the more practical and cost-effective option" as compared to replacing the existing storage tanks.

The consulting engineering firms experience with completing rehabilitation and new construction projects is the basis for the statement that rehabilitation of the tanks is more practical

and cost-effective option. All of the storage tanks for the District were inspected by a qualified tank inspection company. After review of the inspection reports which stated that the structural integrity of the tanks was good, it was apparent that rehabilitation would be less expensive than new constructing tank(s).

- B. For each tank replacement considered as an alternative to rehabilitation, provide the estimated capital costs, an itemized breakdown of any incremental change (increase or decrease) in annual operating and maintenance expenses expected to arise from the replacement as compared to rehabilitation, and the expected useful life of the replacement tank.

TANK	ESTIMATED CAPITAL COSTS	INCREMENTAL CHANGE	USEFUL LIFE
SALT LICK GD STORAGE	\$1M+	NEGLIABLE	37.5 YEARS
OWINGSVILLE	\$400,000+	NEGLIABLE	37.5 YEARS
ORE MINES	\$500,000+	NEGLIABLE	37.5 YEARS
PERRY ROAD	\$400,000+	NEGLIABLE	37.5 YEARS
MEANS	\$450,000+	NEGLIABLE	37.5 YEARS
OLYMPIA	\$500,000+	NEGLIABLE	37.5 YEARS

- C. If Bath District did not estimate the costs and useful life of a tank replacement as an alternative to a proposed rehabilitation, explain how it determined that rehabilitation is the more cost-effective option.

Based on the current bidding environment; construction costs for storage tanks are running in excess of \$2 per gallon of storage. Also, the inspection reports for each tank stated that the structures were sound. The majority of the work is not major – only the Salt Lick tank required substantial rehabilitation. The engineers’ experience with designing and bidding rehab versus new construction was the reason rehabilitation was proposed to the District.

4. Refer to Bath District’s response to Staff’s First Request, Item 10.

- A. For Alternative 2 to the Midland Station project, provide the estimated capital costs,

an itemized breakdown of any incremental change in annual operating and maintenance expenses likely to arise from the project as compared to Alternative 3, and the expected useful life of the project.

Alternative 2 – Midland Pump Station, estimated capital cost of new construction/new location - \$500,000, incremental change would be the savings of electric cost from going from 22-24 hours run time per day to 12-16 hours per day. Useful life would be 37.5 years on the building and 20 years on the pumping equipment.

- B. Explain why rehabilitation of the Ore Mines Station, along the lines of Alternative 3 for the Midland Station, was not considered as an alternative to the full replacement of the Ore Mines Station proposed. If the decision was based on the economics of the proposed project as compared to rehabilitation, provide and explain the costs that resulted in that decision.

As explained in the District's response to the Staff's First Request, the Ore Mines pump station is also a chlorine booster point. The chlorine has resulted in severe deterioration of the building structure. Also, the piping inside the structure is not large enough to pump at required flow rate or to pump any additional water in the future.