

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF OHIO)
COUNTY WATER DISTRICT FOR A) CASE NO. 2023-00192
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)
PURSUANT TO KRS 278.020 AND)
807 KAR 5:001)**

RESPONSE OF
OHIO COUNTY WATER DISTRICT
TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
DATED JULY 5, 2023

FILED: JULY 19, 2023

COMMONWEALTH OF KENTUCKY

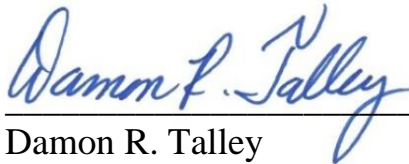
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**RESPONSE OF OHIO COUNTY WATER DISTRICT
TO COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

Comes Ohio County Water District (the “District”) for its Response to Commission Staff’s First Request for Information, and states as shown on the following pages.



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COMMONWEALTH OF KENTUCKY
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CERTIFICATE OF PUBLIC)
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PURSUANT TO KRS 278.020 AND)
807 KAR 5:001)**

**CERTIFICATION OF RESPONSE OF OHIO COUNTY
WATER DISTRICT TO COMMISSION STAFF'S FIRST
REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Ohio County Water District's Responses to Commission Staff's First Request for Information. The response submitted on behalf of Ohio County Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: July 19, 2023



Eric Hickman, P.E., General Manager
Ohio County Water District

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on July 19, 2023; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



Damon R. Talley

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 1

Responding Witness: J. Gregory Davenport, P.E.

Q-1. Refer to the Application, page 8, indicating that the alternative to the proposed project was estimated to cost \$4,630,000 as of April 2021.

- (a). Explain how the estimate for that alternative was determined.**
- (b). Provide an itemized breakdown of the April 2021 estimate for the alternative project.**
- (c). Explain whether the total cost of the alternative project would include additional amounts, such as engineering costs, not included in the \$4,630,000 estimate, and if so, provide an itemized estimate of those amounts.**
- (d). State whether Ohio District has an updated estimate for that alternative project, and if so, provide an itemized breakdown of the updated estimate, including engineering and other costs that would be outside of any bid, and explain how the updated estimate was determined.**

A-1. (a). The cost estimate for the alternative to the proposed project was determined by selecting a new intake location and associated piping routes. Once selected, concrete quantities and piping lengths were estimated and then combined with equipment costs

to develop a construction cost. Then, engineering and development costs were added to the construction cost to arrive at the total project cost for the alternative project.

- (b). *See Attachment 1b*, Cost Estimate, which provides an itemized breakdown of the April 2021 estimate for the alternative project.
- (c). The alternative project cost estimate includes all estimated project costs.
- (d). An updated cost estimate for the alternative project had not been prepared until the Commission issued this Request for Information. *See* the response to Question 6 for the consulting engineer's estimated bid price (construction only) of the alternative project. Also, **Attachment 6** details a total Alternative Project Cost Summary of **\$13,313,900**.

COST ESTIMATE NO. 1
CONVENTIONAL CONCRETE RAW WATER INTAKE
OHIO COUNTY WATER DISTRICT
OHIO COUNTY, KENTUCKY
WAUFORD PROJECT NO. 2125

| <u>Item</u> | <u>Description</u> | <u>Cost</u> |
|-------------|---|------------------|
| 1. | Site Development and Cofferdam | \$1,500,000 |
| 2. | Structural Concrete including Access Bridge | \$680,000 |
| 3. | Suspended 20-inch Pipe from Access Bridge | \$150,000 |
| 4. | Interior Piping and Site Piping | \$75,000 |
| 5. | Miscellaneous Metals and Fiberglass | \$90,000 |
| 6. | Electrical Building | \$55,000 |
| 7. | Raw Water Intake Pump Building | \$100,000 |
| 8. | Electrical | \$185,000 |
| 9. | Equipment Installation | \$70,000 |
| 10. | Relocation of Existing Pumps, VFDs, and Accessories | \$100,000 |
| 11. | Process Painting and Coating | \$20,000 |
| 12. | Miscellaneous Concrete, Paving, and Fencing | \$75,000 |
| 13. | Process Equipment | |
| | Traveling Water Screen | \$275,000 |
| | Valves | \$25,000 |
| | Controls | \$25,000 |
| | | <u>\$325,000</u> |
| | ESTIMATED CONSTRUCTION COST | \$3,425,000 |
| | CONSTRUCTION CONTINGENCIES (20%) | <u>\$675,000</u> |
| | 1. Budgeted for Construction: | \$4,100,000 |
| | Geotechnical Study (by others) | \$15,000 |
| | Permitting | \$50,000 |
| | 2. Engineering: Survey and Design | \$275,000 |
| | Bidding and Award | \$10,000 |
| | During Construction (365 days): | <u>\$180,000</u> |
| | TOTAL ESTIMATED PROJECT COST | \$4,630,000 |

ENR CONSTRUCTION COST INDEX – 11750 (March 2021)

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 2

Responding Witness: J. Gregory Davenport, P.E.

Q-2. Refer to the Application, page 11, indicating that bids for the proposed project were significantly higher than the April 2021 estimate of \$2,125,000.

- (a). Explain why the bids were so much higher than the estimate.**
- (b). Explain how the estimate for the proposed project was determined.**

A-2. (a). The preliminary project estimates were updated in April of 2021 and the bids were opened on February 22, 2023. During this 22-month period, the United States encountered significant overall inflation resulting in construction costs increasing at an accelerated pace. In addition, supply chain issues introduced uncertainty in construction scheduling thereby increasing risk to contractors and increased bidding costs. Lastly, this project consists of marine work using barges and other specialized equipment to complete the proposed work.

Due to the limited contractor base that can adequately perform this work, bid costs, often fluctuate significantly from initial estimates.

- (b). The cost estimate for the proposed project was determined by selecting new locations for the submerged intakes, associated piping routes, and the valve vault. Once selected, micropile quantities and piping lengths were estimated and combined with equipment costs to develop a construction cost. Then, engineering and development costs were added to the construction cost to arrive at the total project cost.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 3

Responding Witness: J. Gregory Davenport, P.E. and Eric Hickman, P.E.

Q-3. Refer to the Application, page 12 and Exhibit 13 indicating that the chosen bid is \$5,132,000. Refer also to the Application, page 1 indicating that the estimated cost of the proposed project is \$5,943,600.

- (a). Explain the difference between the bid price and the total estimated cost of the project.**
- (b). Provided an itemized breakdown of those portions of the total estimated cost of the proposed project that are not included in the bid price, and explain how each item was estimated.**
- (c). Provide any engineering or other costs that have been incurred to date that Ohio District expects to be included in the total project cost.**

A-3. (a). The difference between the low bid of \$5,132,000 and the estimated cost of the proposed project cost of \$5,943,600 consists of the engineering fees, development costs of the project, 5% Construction Contingency, interest during construction, legal fees, and other costs. Exhibit 21 to the Application contains an itemized list of the Project Costs.

Exhibit 21 is also included as part of this Response as **Attachment 3-a**.

- (b). No additional items were included in the design that were not proposed in the preliminary engineering phase. The difference in the bid cost versus the estimated costs was pricing acceleration and the risky nature of marine construction.
- (c). The following Project Costs have already been incurred and paid by Ohio District:

| | | |
|--------------------------------|----|---------|
| Preliminary Engineering Report | \$ | 12,000 |
| Design Engineering | \$ | 145,000 |
| Bidding and Award | \$ | 10,000 |
| Permitting | \$ | 19,421 |

All of these costs have been paid by Ohio District and should be included in the Total Project Cost.

PROJECT COST SUMMARY

Raw Water Intake Rehabilitation and Improvement Project Ohio County Water District

| Project Expense | Amount |
|--|---------------------|
| 1. Construction ¹ | \$ 5,132,000 |
| 2. Engineering Fees | |
| A. Design | \$ 145,000 |
| B. Permitting | \$ 50,000 |
| C. Contract Award | \$ 10,000 |
| D. Contract Administration & Construction Observation | \$ 135,000 |
| 3. Grant Administration | \$ 45,000 |
| 4. Legal | \$ 25,000 |
| 5. Interest During Construction | \$ 145,000 |
| 6. Contingency (5% of Line 1) | \$ 256,600 |
| | |
| Total Project Cost | \$ 5,943,600 |

¹ The Construction amount shown on Line 1 is based upon the low bid amount of \$5,237,000 less \$105,000 deductive change order which equals an effective construction cost of \$5,132,000.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 4

Responding Witness: J. Gregory Davenport, P.E.

Q-4. Provide the estimated useful life of the proposed project by plant account, and explain how those useful lives were estimated.

A-4. The estimated useful life of the proposed project is broken into two categories: (1) structures and piping; and (2) equipment. The valve vault, buried piping, and screen support system has an estimated life of approximately 50 years. The estimated useful life of the screens, air compressor, and support facilities is approximately 20 years. These useful lives are based upon the performance of the existing buried intakes at the site and consideration of improved concept with the current project.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 5

Responding Witness: J. Gregory Davenport, P.E.

Q-5. Provide the estimated useful life of the alternative project by plant account, and explain how those useful lives were estimated.

A-5. The estimated useful life of the alternative project is broken into three categories: (1) structures and piping; (2) buildings; and (3) equipment. The concrete structure and piping are estimated to last 100 years. The buildings are estimated to last approximately 50 years, and the equipment is estimated to last 20 years. These useful lives are based on the performance of other similar facilities designed by the engineer, some of which have been in service for 60 years.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 6

Responding Witness: J. Gregory Davenport, P.E.

Q-6. Explain any differences between the useful lives and remaining useful lives of the proposed project and the alternative project.

A-6. The alternative project has a longer useful life than the proposed project. This increase in useful life will come at a significant cost increase between the proposed project and the alternative project. Applying the bid cost increase in the proposed project to the alternative project results in an estimated current construction cost of **\$11.9** million for the alternative project. Assuming that all other project costs shown in the Project Cost Summary (**Exhibit 21** to the Application and **Attachment 3-a**), except for the 5% Construction Contingency and Interest During Construction, remain the same, the Total Project Cost for the alternative will be approximately **\$13,313,900**. *See Attachment 6.*

ALTERNATIVE PROJECT COST SUMMARY
Raw Water Intake Rehabilitation and Improvement Project
Ohio County Water District

| Project Expense | Amount |
|--|----------------------|
| 1. Construction ¹ | \$ 11,900,000 |
| 2. Engineering Fees | |
| A. Design | \$ 145,000 |
| B. Permitting | \$ 50,000 |
| C. Contract Award | \$ 10,000 |
| D. Contract Administration & Construction Observation | \$ 135,000 |
| 3. Grant Administration | \$ 45,000 |
| 4. Legal | \$ 25,000 |
| 5. Interest During Construction | \$ 408,900 |
| 6. Contingency (5% of Line 1) | \$ 595,000 |
| | |
| Total Project Cost | \$ 13,313,900 |

¹ The Construction amount shown on Line 1 is based upon the revised estimate of J. Gregory Davenport, P.E., who is the Project Engineer.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 7

Responding Witness: Eric Hickman, P.E.

Q-7. Provide the estimated annual depreciation expense impact of the proposed project and the alternative project, and provide an Excel spreadsheet, with all formulas, columns, and rows unprotected and fully accessible, showing the calculation of the depreciation expense for both projects.

A-7. The estimated annual depreciation expense for the proposed project and the much more expensive alternative project are:

Proposed Project \$ 110,184

Alternative Project \$ 201,572

See the Excel spreadsheets labeled Ohio Water District Excel Depreciation Schedule—Alternate Project and Ohio Water District Excel Depreciation Schedule—Proposed Project, which are being filed as separate documents. Both Excel spreadsheets have the formulas, columns, and rows unprotected and fully accessible and show the calculation of the depreciation expense for both projects

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 8

Responding Witness: Kelly Mrsic, Robert W. Baird & Co., Financial Advisor

Q-8. Identify the interest rates Ohio District expects to receive when it issues long term debt for the proposed project, and explain whether Ohio District expects that the rates will be higher than it would receive if it issued the debt now.

A-8. The current estimated interest rate for long-term debt (25 to 30 years) is in the 4.5% to 5.5% range. In the current interest rate environment, it is impossible to know what the interest rates might be in approximately one year to 18 months from now when Ohio District plans to issue its long-term debt. Unfortunately, this is a **moot point**. It is impossible for Ohio District to issue long-term debt now because it cannot issue parity debt until it has a rate increase. Currently, it cannot meet the 1.20 times Debt Service Coverage required by its other debt instruments. Because of the need for a rate increase, Ohio District has already engaged the services of KRWA to prepare a Rate Study and to assist with the preparation and filing of its rate case.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 9

Responding Witnesses: J. Gregory Davenport, P.E. and Eric Hickman, P.E.

Q-9. Provide an itemized breakdown of any incremental change (increase or decrease) in annual operating and maintenance (O&M) expense expected to arise from the alternative project as compared to the proposed project, and explain how the O&M expense for each project was estimated.

A-9. The annual estimated operation and maintenance costs associated with both projects are estimated to be very similar. Overall, both projects have low operation and maintenance costs, which are associated with inspection of underwater facilities once per year.

Fortunately, the annual operating costs for the existing raw water intake facilities, the proposed Project, and the alternative project will be approximately \$98,000 per year as shown on **Exhibit 22** to the Application, which is attached to this Response as **Attachment 9**.

ESTIMATED ANNUAL COST OF OPERATION
Raw Water Intake Rehabilitation and Improvement Project
Ohio County Water District

EXPENSES & DESCRIPTION

| | |
|--|------------------|
| 1. Electricity | \$ 72,000 |
| 2. Wet Well Cleaning & Inspection | \$ 6,000 |
| 3. Pump & Motor Inspections & Repair | \$ 10,000 |
| 4. Generator Inspections & Repairs | \$ 2,500 |
| 5. Mowing, Bank Stabilization & Debris Removal After Floods | <u>\$ 7,500</u> |
| TOTAL | \$ 98,000 |

Note: The estimated annual Operating Costs shown above are the costs of operating the existing Intake Facilities. As stated in the Application, there will not be any additional operating costs as a result of the proposed facilities.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 10

Responding Witnesses: J. Gregory Davenport, P.E. and Eric Hickman, P.E.

Q-10. Explain why the alternative project, with an original estimated cost of \$4,630,000, would not be more cost effective than the proposed project. Include in the analysis an explanation of the effects of any change in the estimated cost of the alternative, the expected annual financing costs and depreciation expense for both projects, the expected O&M expenses for both projects, and any other relevant cost driver.

A-10. Construction of the alternative project would result in an annual cost to Ohio District of **\$673,101 more** than the amount of the annual cost if the Proposed Project is constructed. The Table shown in **Attachment 10** depicts the side-by-side comparison of the annual cost for the alternative project and the Proposed Project for the following costs: (1) Depreciation expense; (2) Principal and Interest payments; and (3) Debt Service Coverage. The annual operating and maintenance costs for both the alternative project and the Proposed Project are identical (*See* response to Question 9 and **Attachment 9**). Furthermore, this cost is the same as the operating and maintenance cost of the current raw water intake facilities.

Therefore, the operating and maintenance costs were not included in **Attachment 10**.

As shown in the response to Question 6, the alternative project, which had an original estimated cost of \$4,630,000 in April 2021, now has an estimated cost of \$11,900,00 just for the construction. The total estimated Project Cost for the alternative Project is **\$13,313,900** (*See Attachment 6*).

The annual Depreciation Expense of both the alternative and Proposed Project is stated in the response to Question 7 and in the Excel Spreadsheets which are filed with this Response.

Based upon information provided by its Financial Advisor, Ohio District assumed an interest rate of 5% and a 30 year term to calculate the annual principal and interest payments on the long-term Bonds that would be issued. The \$2,000,000 CDBG Grant is the only grant that is guaranteed at this time. Therefore, for purposes of this Response, Ohio District assumed that the entire amount of the total estimated Project Cost for each project would be borrowed, except for this \$2,000,000 grant.

Ohio District's prior Bond Resolutions require a 1.20 Debt Service Coverage (the "DSC"). Thus, **Attachment 10** shows a separate line item under DSC equal to 20% of the annual principal and interest payment on each project.

ANNUAL COST COMPARISON

| | Annual Amount | Alternative Project | Proposed Project | Difference |
|---|----------------------|----------------------------|-------------------------|-------------------|
| 1 | Depreciation | \$ 201,572 | \$ 110,184 | \$ 91,388 |
| 2 | Principal & Interest | \$ 744,051 | \$ 259,290 | \$ 484,761 |
| 3 | 20% DSC | \$ 148,810 | \$ 51,858 | \$ 96,952 |
| 4 | TOTALS | \$ 1,094,433 | \$ 421,332 | \$ 673,101 |

Notes:

1. The source for the Depreciation Expense for each project shown on line 1 is the Depreciation Schedule Excel Spreadsheets, which are filed with this Response, and summarized in the response to Question 7.
2. The principal and interest amounts shown on line 2 assumes that Bonds with a 30-year term are issued at 5.0%.
3. The Debt Service Coverage shown on line 3 is 20% of the annual principal and interest payments shown on line 2. This is based on the coverage requirements contained in Ohio District's Bond Resolutions.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 11

Responding Witness: Eric Hickman, P.E.

Q-11. State whether Ohio District anticipates seeking a rate increase when seeking authorization from the Commission for long term debt in a future case relating to this project.

A-11. Yes. As stated in response to Question 8, Ohio District must obtain a rate increase either before or at the same time that it seeks authorization from the Commission to issue long-term debt. Ohio District anticipates filing the rate case on or before June 30, 2024 using the 2023 calendar year as the Test Period.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 12

Responding Witness: Eric Hickman, P.E.

Q-12. If there is an anticipated rate increase, state what the anticipated rate increase would be assuming the federal grant is not awarded to Ohio District.

A-12. The anticipated rate increase will be **\$3.44 per month** for an average customer who uses 4,000 gallons per month. This is an increase of **7.23%**. This anticipated rate increase is a “worse case” scenario and assumes the following: (a) that the Proposed Project is constructed; (b) that **no** federal grants are received; and (c) that the entire estimated Project Cost, less the \$2,000,000 CDBG Grant, would be permanently financed by issuing 30-year Bonds. These are the same assumptions which Ohio District made when it prepared **Attachment 10** to this Response.

Attachment 12 to this Response provides the necessary information and calculations made to determine the estimated amount of the anticipated rate increase shown above.

On the other hand, if the alternative project were to be constructed, \$1,094,433 in additional annual revenue would be needed (*See Attachment 10*). This would require a rate increase of \$2.24 per 1,000 gallons or \$8.96 per average customer. This is **2.6 times** as much as would be required if the Proposed Project is constructed.

ESTIMATED RATE INCREASE

| | |
|--|----------------|
| Revenue Increase | \$ 421,332 |
| Gallons Sold in 2022 | 490,000,000 |
| Increase Per 1,000 Gallons | \$ 0.86 |
| Increase for Average Customer Using 4,000 Gallons per Month | \$ 3.44 |
| Current Average Bill | \$ 47.55 |
| New Average Bill | \$ 50.99 |
| Dollar Increase | \$ 3.44 |
| Percentage Increase | 7.23% |

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 13

Responding Witness: Eric Hickman, P.E.

Q-13. Provide the estimated cost savings of issuing the short term debt versus issuing the long term bonds at this time.

A-13. As stated in response to Question 8, Ohio District cannot issue long-term debt (the "Bonds") at this time because it cannot meet the Debt Service Coverage requirements until it has obtained a rate increase. Thus, it does not have the luxury of comparing the costs of issuing short-term debt (Bond Anticipation Note) at this time and then issuing Bonds at the conclusion of the Project versus issuing Bonds at this time.

In addition, the exact amount of the anticipated federal grant is not known and will likely not be known for several more months. Even if Ohio District could meet the parity test and could issue Bonds at this time, the amount of the Bonds cannot be determined until the amount of the federal grant is known. If Ohio District were to issue Bonds at this time, it would need to borrow the entire Project cost, less the \$2,000,000 to be paid by

the CDB Grant. Bonds that are issued for 25 to 30 years cannot usually be pre-paid until after 10 years. If Ohio District were to receive the \$2,000,000 federal grant after the Bonds were sold, it could not use these funds to pre-pay a portion of the Bonds. In all likelihood, the federal grant could not be accepted by Ohio District. Thus, the best financing plan is the one proposed in Ohio District's Application – issuing a short-term Bond Anticipation Note (the "BAN") and then issuing long term debt (Bonds) after the Project has been completed, after the Commission has authorized the Bonds, and after the rate increase has been approved by the PSC.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 14

**Responding Witnesses: Eric Hickman, P.E.
and Kelly Mrsic, Robert W. Baird & Co.**

Q-14. Provide any agreements, letters of intent, or other documents indicating the terms and conditions of short term debt Ohio District expects to use to fund the proposed project.

A-14. Attached is the Resolution (*See Attachment 14*), which authorizes Ohio District to prepare and distribute a Request for Proposals for purchasing Ohio District's Bond Anticipation Note (the "BAN"). The proceeds of the BAN will be used to fund the proposed Project. This Resolution will be considered by Ohio District's Board at its July 24, 2023 meeting.

Ohio District's Financial Advisor, Robert W. Baird & Co., and its Bond Counsel, Rubin & Hays, are finalizing the Request for Proposal document, but it is not yet in final form. The BAN will be for a term not to exceed 23 months with Ohio District having the right to pre-pay, without penalty, the BAN at any time after one (1) year with the proceeds from the long-term debt that Ohio District plans to issue.

RESOLUTION

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE OHIO COUNTY WATER DISTRICT APPROVING AND AUTHORIZING A REQUEST FOR PROPOSALS FOR THE SALE OF THE DISTRICT'S WATERWORKS REVENUE BOND ANTICIPATION NOTE TO FINANCE THE COST OF ADDITIONS, EXTENSIONS, AND APPURTENANCES TO THE EXISTING WATERWORKS SYSTEM

WHEREAS, the Board of Commissioners of the Ohio County Water District (the "District") has determined that it is in the public interest to make extensions, additions, and improvements (the "Project") to the District's waterworks system (the "System"); and

WHEREAS, the District has decided that it may finance the Project through the issuance of its Water System Revenue Bond Anticipation Note, Series 2023 in the principal amount not to exceed \$4,000,000 (the "Note"), under authority of Sections 58.150 and 56.513 of the Kentucky Revised Statutes ("KRS"), which Note shall be payable as to both principal and interest solely from (a) the proceeds of long-term permanent financing, when sold and issued, and (b) the income and revenues to be derived from the operation of the System, as extended and improved from time to time; and

WHEREAS, in order to market and sell the Note, the District would like to distribute a request for proposals with the assistance of Robert W. Baird & Co., Incorporated, as financial advisor, and Rubin & Hays, as bond counsel;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Ohio County Water District, as follows:

1. Authorization of Request for Proposals. To market and sell the District's Water System Revenue Bond Anticipation Note (the "Note") in the principal amount not to exceed \$4,000,000, the proceeds of which will finance the Project, the District hereby authorizes and approves the distribution of a request for proposals after consultation from and the assistance of Robert W. Baird & Co., Incorporated, as financial advisor, and Rubin & Hays, as bond counsel. The request for proposals is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman; and the Chairman is hereby authorized to decide, after consultation with the financial advisor and bond counsel, whether to distribute a request for proposals for the Note.

2. Authorization of the Note. The Note shall bear interest at such rates and shall be payable in such amounts and at such times as specified in a resolution to be considered by the Board after receipt of responses to the request for proposals.

3. Chairman and Other District Officials to Take Any Other Necessary Action. Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, the Treasurer, the Secretary and all other appropriate officials of the District are hereby authorized

and directed to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the distribution of the request for proposals.

4. Provisions in Conflict Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

5. Effective Date of Resolution. This Resolution shall take effect from and after its adoption and approval.

Adopted on July 24, 2023.

OHIO COUNTY WATER DISTRICT

By _____
Chairman

Attest:

By _____
Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Ohio County Water District; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said District at a regular meeting duly held on July 24, 2023; that said official action appears as a matter of public record in the official records or Journal of said Board of Commissioners; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said regular meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this July 24, 2023.

Secretary

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 15

Responding Witness: Eric Hickman, P.E.

Q-15. State whether there is any situation in which Ohio District would be required to repay all or a portion of either grant.

A-15. Ohio District cannot imagine any circumstance under which it would be required to repay any portion of the CDBG Grant or the federal grant it is seeking.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 16

Responding Witnesses: J. Gregory Davenport, P.E. and Eric Hickman, P.E.

Q-16. Provide the criteria that Ohio District used in reviewing and selecting the bid from Garney.

A-16. The District's consulting engineer prequalified bidders for the project based upon their relevant experience, which included the number of marine projects successfully completed by the bidder, previous project reference results, and current project team assembled to perform the work. Since the consulting engineer had previous experience with all three bidders, he understood each bidder's capabilities from previous projects.

Based upon the consulting engineer's recommendation, and the fact that Garney's bid was substantially lower than the other bids, Ohio District's Board determined that Garney's bid was the "lowest and best" bid.

OHIO COUNTY WATER DISTRICT

CASE NO. 2023-00192

Response to Commission Staff's First Request for Information

Question No. 17

Responding Witness: Eric Hickman, P.E.

Q-17. If a bid extension has been granted, provide the new date of expiration.

A-17. July 31, 2023. *See* the July 13, 2023 letter from the successful bidder, Garney, which is attached to this Response as **Attachment 17**. Garney has advised Ohio District that it will be **unable to “hold”** its bid prices any longer than July 31, 2023. Any additional time extensions will result in an increase in the bid prices. Therefore, Ohio District respectfully requests the Commission to issue an Order granting the requested Certificate of Public Convenience and Necessity before July 31, 2023.



200 Crutchfield Avenue, Nashville, TN 37210
Phone: 615.350.7975
Fax: 615.350.6067
www.garney.com

July 13, 2023

Ohio County Water District
124 E. Washington St
Hartford KY 42347

Subject; Contract 21-01, Raw Water Intake Improvements

Ohio County Water District,

Garney Companies, Inc. is allowing for an extension on the expiration date of its bid for the project named Raw Water Intake Improvements, in Ohio County, KY. This bid was submitted on Thursday, February 16, 2023, at 2:00PM CST with an original bid expiration of 90 days from bid opening. Garney agrees to hold the price of \$5,132,000 for the construction of Raw Water Intake Improvements until July 31st, 2023.

Thank you,

A handwritten signature in blue ink that reads "Jeffrey P. Seal".

Jeffrey P. Seal
Director