

Hardin County Water District No. 1

Serving Radcliff and Hardin County for Over 50 Years

1400 Rogersville Road
Radcliff, KY. 40160

March 29, 2011

Mr. Jeff Derouen
Executive Director - Kentucky Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, KY 40620-0615

RECEIVED

APR - 1 2011

PUBLIC SERVICE
COMMISSION

**SUBJECT: Construction / Project Cost Final Accounting & Documents
Case 2008-00095 -Reconstruction of Pirtle Spring WTP Facility**

In the order dated for the above case dated 13-May-2008 our District was required to provide documentation of final costs and all other capitalized costs, including costs classified in the proper plant accounts.


Attached please find a Board item dated March 15, 2011, which provides a summary of total project costs. We have also included the final pay request to Judy Construction, showing total amount paid for construction costs. Also included is our list of plant accounts increased as a result of finalizing and capitalizing this project and costs.

While we moved into the facility last spring, there were still numerous punch list items not completed, and we had been holding a final \$50,000 retainage payment. The contractor and engineer recently finished all items and we will be releasing final payment this month.

The order also requires that we file "as-built" drawings of record. Our engineer only recently completed these records. Enclosed is the cover letter to the Commission, dated March 10, 2011.

Please let us know if you need any additional information to close out these items for this order and project.

Sincerely,



Jim Bruce, General Manager

Encl.

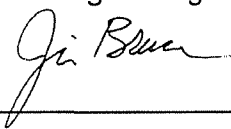
HARDIN COUNTY WATER DISTRICT No. 1
Staff Information Item

DATE: March 15, 2011

AGENDA ITEM NO.: 4

ITEM: Pirtle WTP Reconstruction Final Accounting
(Board Monitoring Report)

SUBMITTED BY: Scott Schmuck, Finance & Accounting Manager

THROUGH: Jim Bruce, General Manager 

We have completed the final accounting of the Pirtle Spring WTP Construction Project. A final and total cost is required to be filed with the PSC as part of their 5/13/2008 order approving the project. Our CPA also requires us to provide proof of all costs being capitalized to the project, so the correct depreciation expense may begin accruing on this project. Below is a summary of all major cost components;

- \$6,698,127 Total amount of all phases of the project including construction & design costs, all related contracts and HCWD1 in-kind labor provided to carry out the project. A total of 1,010 entries were made to our General Ledger for this project starting in February, 2005. We are still holding \$50,000 as punch list retainer for Judy Construction. We cut 27 checks to Judy Construction, made 288 payroll entries for in-kind labor and the other 695 for other contractors, materials and supplies related to the project.
- \$5,714,230 Was the total paid to the Design/Build team, Judy Construction. Their original contract amount was \$5,700,000 which was approved by the Board at the 8/14/2008 meeting. At the 5/17/09 meeting, the Board approved an add C/O of \$61,000 for the generator transfer switch, making their revised contract \$5,761,000. The final contract amount was 0.8% lower. The PSC approved a construction amount of \$5,635,960. The design portion of their contract ended up at \$331,400 or 5.75% of the total DB contract amount. Of the total project cost, design ended up at 4.9%. The Rural Development "fee curve" for this type project would allow 6.7% so our design costs were slightly less than that guideline amount.
- (\$99,811) The total DEDUCT amounts provided by Judy. This includes a change order of - \$54,176 for work completed by HCWD1 originally included in Judy contract and Judy providing a credit for HCWD1 costs and expenses related to the high service piping leak on 9/12/09. Combined equals 1.7% deduct to revised contract amount.
- \$1,001,473 For all other HCWD1 sub-contractor expenses, in-kind labor (HCWD1 employees who charged their time working on project, but did not add overall cash expense to District), and all other misc expenses to outfit the plant and finish the project. The table below lists major sub-categories included in this amount;

Pirtle WTP Reconstruction Final Accounting
 March 15, 2011 - Board of Commissioners Meeting

Continued

AMOUNT	ITEM
\$225,569	SCADA system Includes Sewell Industrial Electric design, HCWD1 labor, instrumentation and all PLC equipment and wiring and new computers and monitors
\$512,289	All other structure related projects completed by HCWD1 including parking & curbing, sidewalks, new fencing & gates, demo old building, underground site piping, interior painting, new electric conduits, finishing and re-do tile work (reimbursed by Judy) exterior sealing, signage and lots of other small projects
\$63,441	All related Lab Equipment including cabinetry, lab counter tops, instruments and related HCWD1 labor
\$61,669	Other installed plant equipment includes some meters and some piping and valves installed by HCWD1
\$63,599	All furniture, kitchen cabinets & appliances, countertop, custom casework and interior fixtures in the building
\$14,096	Phone system and CCTV security cameras and intercom
\$60,810	All other projects and HCWD1 labor including landscaping, retaining wall, transfer switch conduit and concrete pad and other contributed labor

- \$6,500,000 Total KY grants received to fund the project. Two, \$2M each KIA grants and a \$2.5M BRAC or EDC grant
- \$128,184 Total in-kind HCWD1 labor charged to the project. As this labor was charged to the project ("capitalized") this amount of labor and benefits was not charged as an operating expense, and did not decrease the current year net income. Instead, this labor will be included in future depreciation expense over the life of the assets (average asset life of 37 years)
- \$69,942 After using all grant funds, this is amount of our own reserves we had to contribute to the total project (less contributed labor value since this was not an added, cash expense). Of the total project costs, HCWD1 contributed 1% toward the project, from our working capital reserves
- \$205,657 Increased new annual depreciation expense resulting from new project asset booked value. This amount will add to become operating expenses. The monthly depreciation expense will be \$17,138. When we submitted our application to PSC for approval to build project (March 2008) we estimated increased annual depreciation expense at \$194,343
- \$475,400 The value of old plant assets which were "scrapped" and did not reach their original booked life (un-depreciated value). Since most of old plant and above ground equipment was demolished and replaced, the un-depreciated value must be "expensed" to get it off the books. This amount will be shown during 2010 as an "extraordinary expense" and be shown below the line or after net income for the year is calculated (in the Water Fund).

We will be filing all required final costs certifications with the PSC and other engineer's construction certification letters to DoW and PSC as required. An adjustment to 2010 depreciation expense will be made beginning in April for this completed project, as directed by our CPA.

RECOMMENDATION: For information only

Pirtle WTP Re-Constuction - Plant Asset Account Allocation
 (Judy + HCWD1 Cost Allocation)
 3/10/2011

Judy - Allocated and Direct Costs Summary

<u>Component</u>	<u>\$862,273.75 < Allocated to Below Components</u>			
ALLOC				
CHEM/STORES	\$297,500.00	6.0%	\$45,808.46	\$343,308.46
OFC EQUIP	\$19,600.00	0.4%	\$3,017.97	\$22,617.97
SCADA	\$18,000.00	0.4%	\$2,771.60	\$20,771.60
SHOP/GARAGE	\$16,900.00	0.3%	\$2,602.23	\$19,502.23
STRUCT IMPVTS	\$3,845,467.00	77.7%	\$592,117.32	\$4,437,584.32
SUPPLY MAINS	\$166,200.00	3.4%	\$25,591.14	\$191,791.14
WTP EQUIP	\$588,100.00	11.9%	\$90,554.46	\$678,654.46
	\$5,814,040.75	100.0%	\$762,463.18	\$5,714,230.18

HCWD1 - Allocated and Direct Costs Summary

<u>Component</u>	<u>\$0.00 < Final GL Adjustments</u>			
ADJUSTMENTS				
IN KIND	\$128,184.32			
SITE FINISH	\$76,859.66			
UNCL	\$75,271.30			
STRUCT IMPVTS	\$368,898.10	51.2%	\$512,289.43	
SCADA	\$162,431.36	22.5%	\$225,568.71	
PHONE	\$10,150.71	1.4%	\$14,096.31	
LAB EQUIP	\$45,684.03	6.3%	\$63,441.49	
OFC EQUIP	\$45,797.75	6.4%	\$63,599.42	
CHEM/STORES	\$32,649.81	4.5%	\$45,340.85	
SHOP/GARAGE	\$4,089.16	0.6%	\$5,678.62	
WTP EQUIP	\$44,407.67	6.2%	\$61,669.01	
SUPPLY MAINS	\$7,049.18	1.0%	\$9,789.21	
	\$1,001,473.05	100.0%	\$1,001,473.05	

Allocated and Direct Costs Summary - HCWD1 and Judy Costs Combined;

<u>Plant Account Desc</u>	<u>Total</u>
STRUCT IMPVTS	\$4,932,297.18
SCADA	\$246,340.32
PHONE	\$14,096.31
LAB EQUIP	\$63,441.49
OFC EQUIP	\$86,217.38
CHEM/STORES	\$388,649.30
SHOP/GARAGE	\$25,180.85
WTP EQUIP	\$740,323.47
SUPPLY MAINS	\$201,580.35
	\$6,698,126.66 < Total Allocated & Capitalized
	-\$128,184.32 Less - In-Kind Labor
	-\$331,400.00 Less - DB Design Services
	-\$208,822.13 Less - Purchased Water
	-\$76,859.66 Less - Landscaping + Site Improvements
	-\$163,755.13 Less - Office + Lab + Phone Equipment
	-\$162,431.36 Less - HCWD1 Direct SCADA Expenses
	\$5,626,674.01 Net Hard Construction Costs
	\$6,500,000 Total Grant Funds Available
	\$873,325.99 Balance of Grants funds for Non-Construction
	\$69,942.34 Amount of Cash Reserves Required for Total Project (Less in-kind labor)
	\$1,683,660.00 PSC Order Approved Construction
	-\$9,235.99 Final Construction Costs from PSC Order - 5
	-\$0.13 Final Construction Costs from PSC Order - 3

Fixed Asset Line Items

Pirtle WTP Expansion - Capitalized Accounts / Project Final Close Out

Description	GL Acct #	Amount	Life Yrs.	Ann. Dep	Mth. Dep	
PWTP Reno - Structures & Improvements	10.00.1830400	4,927,714.49	40	123,192.86	10,266.07	New block building, eng steel structure, metal roof
PWTP Reno - Scada	10.00.1834600	250,122.47	10	25,012.25	2,084.35	
PWTP Reno - Phone System (PM Telephone)	10.00.1834600	14,335.80	10	1,433.58	119.47	
PWTP Reno - Lab Cabinets, Counters & Sinks	10.00.1834400	49,136.26	20	2,456.81	204.73	Engineered steel / coated cabinets specifically for lab use
PWTP Reno - PH & Turbidity Meter	10.00.1834400	10,513.94	15	700.93	58.41	
PWTP Reno - Raw Turbidity Meter	10.00.1834400	4,851.87	15	323.46	26.95	
PWTP Reno - Printers/Computers/Network	10.00.1834000	14,405.99	5	2,881.20	240.10	
PWTP Reno - Office Furniture & Tables	10.00.1834000	33,305.40	20	1,665.27	138.77	
PWTP Reno - Kitchen App., Countertops & Faucets	10.00.1834000	12,479.70	10	1,247.97	104.00	
PWTP Reno - Misc Interior Items	10.00.1834000	4,496.00	10	449.60	37.47	
PWTP Reno - Fire Ext & Smoke Alarms	10.00.1834000	2,950.03	20	147.50	12.29	
PWTP Reno - Bathroom Lockers, Toilets, Etc	10.00.1834000	19,600.00	20	980.00	81.67	
PWTP Reno - Misc Chemical Handling Equip	10.00.1834200	11,928.94	20	596.45	49.70	
PWTP Reno - Transfer Switch	10.00.1834200	60,643.49	20	3,032.17	252.68	
PWTP Reno - Ultra Sonic Flow Meter	10.00.1834200	18,339.71	20	916.99	76.42	
PWTP Reno - Flouride Room	10.00.1834200	32,300.00	20	1,615.00	134.58	
PWTP Reno - Chemical Feed Contment & Equip	10.00.1834200	265,200.00	20	13,260.00	1,105.00	
PWTP Reno - Supply Main	10.00.1830900	201,173.93	75	2,682.32	223.53	DIP, large diam with conc retainers & restrainers
PWTP Reno - Misc Shop Equipment/Tools	10.00.1834300	1,916.55	5	383.31	31.94	
PWTP Reno - Garage Door Openers, Fix Cabies, & Springs	10.00.1834300	23,308.44	15	1,553.90	129.49	
PWTP Reno - Mag Meter	10.00.1832000	58,343.67	35	1,666.96	138.91	
PWTP Reno - Finish Meter	10.00.1832000	3,949.98	35	112.86	9.40	
PWTP Reno - Misc Conduit, Couplings, Etc	10.00.1832000	29,744.50	35	849.84	70.82	
PWTP Reno - Mixer Motor	10.00.1832000	11,118.86	35	317.68	26.47	
PWTP Reno - Flow Meter	10.00.1832000	19,940.61	35	569.73	47.48	
PWTP Reno - Floor Coating & Painting	10.00.1832000	10,834.37	35	309.55	25.80	
PWTP Reno - Blow Off Valves	10.00.1832000	17,371.66	35	496.33	41.36	
PWTP Reno - Valves & Pumps	10.00.1832000	373,600.00	35	10,674.29	889.52	
PWTP Reno - Filter Equipment	10.00.1832000	214,500.00	35	6,128.57	510.71	
		6,698,126.66		205,657.38	17,138.11	154,243.03

HDR | Quest

03/10/11

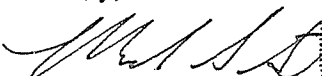
Jeff R. Derouen – Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40602

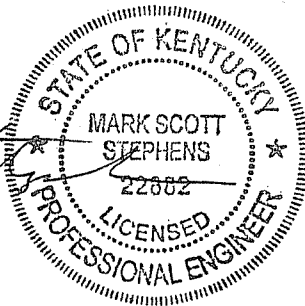
Re: Case No. 2008-00095
Hardin County Water District No. 1
Pirtle WTP - Reconstruction
Hardin County, Kentucky

Dear Mr. Derouen,

As instructed by the attached Commission's Order dated May 13, 2008, please accept this letter as certification on behalf of Hardin County Water District No. 1 that the above referenced project has been constructed and tested in accordance with the approved plans and specifications. We have included the as-built plans for your file. Please feel free to contact me should you have any further questions regarding this project.

Sincerely,


Mark Stephens, P.E.
Contract Administrator



ATTACHMENTS

CC: Jim Bruce, General Manager (HCWD#1)
HDR/Quest CA File



P.O. BOX 457 CYNTHIANA, KENTUCKY 41031
Telephone (859) 234-6900 Fax (859) 234-3480
www.judyconstructionco.com

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PUBLIC SERVICE
COMMISSION

April 29, 2010

Hardin County Water District #1
1400 Rogersville Road
Radcliff, KY 40160
Attn: Jim Bruce

Ref: Pirtle Spring Water Treatment Plant
\$50,000 Retainage for Punch List

Dear Jim,

Per our previous conversation, the retainage for the Pirtle Spring Water Treatment Plant will be reduced from \$280,009 to \$50,000. This remaining \$50,000 will be released when the outstanding punch list items are completed. As directed, we are forwarding the Final Pay Request for the full contract amount of \$5,645,824.

Sincerely,
Judy Construction Company

Kista Thomas

Cc: Dale Wilson
Brett Pyles
Brent Tippey
Mark Stephens



CONTRACTOR'S PAY REQUEST

**Pirtle Spring Water Treatment Plant
Hardin Co. Water District #1
Cecilia, Kentucky**

Contractor
Judy Construction Company
P.O. Box 457
Cynthiana, KY 41031

859-234-6900
859-234-3480 Fax

Engineer
HDR/Quest Engineers, Inc.
2517 Sir Barton Way
Lexington, KY 40509

859-223-3755
859-223-3150 Fax

Partial Pay Request : 19 - FINAL BILLING **Partial Pay Request Period:**
From: 01-Apr-10 To: 29-Apr-10

APPLICATION FOR PAYMENT SUMMARY			Change Order Summary		
1.	Original Contract	\$5,700,000.00	CO #	Addition	Deduction
2.	Change Orders Approved	(\$54,176.00)	03/18/09	\$46,130.00	\$58,042.00
3.	Revised Contract Value (1+2)	\$5,645,824.00	10/26/09	\$23,286.00	\$65,550.00
4.	Work Completed	\$5,700,000.00			
5.	Change Orders Completed	(\$54,176.00)			
6.	Stored Materials	\$0.00			
7.	Project Value (4+5+6)	\$5,645,824.00			
8.	Retention	\$0.00			
9.	Previous Payments	\$5,362,741.00	Totals	\$69,416.00	\$123,592.00
10.	Amount This Period (6-7-8)	\$283,083.00	Net Change		(\$54,176.00)

Percent Complete 100.00%

COMES the affiant Dale Wilson, and states that he is Vice President of JUDY CONSTRUCTION COMPANY, GENERAL CONTRACTOR for the construction of the PIRTLE SPRING WATER TREATMENT PLANT.

By his personal knowledge, he further states that the WORK covered by APPLICATION FOR PAYMENT NUMBER 19, has been completed in accordance with the CONTRACT DOCUMENTS and executed amendments thereto; that for this APPLICATION FOR PAYMENT, except as noted hereinafter as exceptions, the CONTRACTOR has paid in full or has otherwise satisfied all obligations (1) for equipment and materials (whether incorporated into the WORK or acceptably stored on-site), (2) for all work, labor, and services performed, and (3) for all known indebtedness and claims against the CONTRACTOR for damages arising in any manner in connection with the performance of this CONTRACT for which the OWNER, the OWNER'S property, or the CONTRACT funds might in any way be held responsible, including the applicable State Statute, and that the current payment on this APPLICATION FOR PAYMENT is now due and payable.

EXCEPTIONS: (if none, write "NONE" . Attach additional sheets, if necessary. If required by the OWNER, the CONTRACTOR shall furnish a bond satisfactory to the OWNER for each exception.)

THIS affidavit is directed to, HARDIN CO. WATER DISTRICT #1 by and through its Engineer.

Contractor's Certification

Comes the undersigned Judy Construction Company and certifies to the best of their knowledge and belief:

- (1) The work covered by this partial payment request has been completed in accordance with the contract documents,
- (2) all amounts have been paid by the Contractor for work included in previous partial payment requests and payments received from the Owner, and
- (3) the current payment amount shown herein is now due.

The undersigned certifies the Work has been carefully observed and to the best of their knowledge and belief, the quantities shown on this partial payment request are correct and the work performed in accordance with the contract documents.

By: Kista Thomas For Date: 4/29/10 N/A Date

Accepted By Owner

Engineer's Certification

The undersigned certifies that, based on observation and reports, the quantities shown in this partial payment request are correct, and the work has been performed in accordance with the contract documents.

By: James Banc Date: 5-6-10 [Signature] Date: 5/4/10
HDR/Quest Engineers, Inc.

ACCEPTED BY FUNDING AGENCY:

The review and acceptance of this partial pay request by the FUNDING AGENCY does not attest to the correctness of the quantities shown or that the work has been performed in accordance with the contract documents.

By: _____ Agency: _____ Date _____