

# Rubin & Hays

ATTORNEYS AT LAW

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CHARLES S. MUSSON  
W. RANDALL JONES  
CHRISTIAN L. JUCKETT

May 22, 2012

RECEIVED  
MAY 22 2012  
PUBLIC SERVICE  
COMMISSION

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Re: Grayson County Water District PSC Application - KRS 278.023

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Grayson County Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the Preliminary and Final Engineering Reports, of which **two copies are enclosed.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By

W. Randall Jones

WRJ:jkm  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

**Re: Grayson County Water District Water System Revenue Bonds, Series 2013, in the aggregate principal amount of \$1,425,000, consisting of \$525,000 of Series A Bonds and \$900,000 of Series B Bonds**

Mr. Thomas G. Fern  
State Director  
USDA, Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336  
Fax: (859) 224-7340

Ms. Linda Lockett  
USDA, Rural Development  
250 Sportsmans Lake Road, Suite 100  
Elizabethtown, Kentucky 42701

Telephone: (270) 769-1555

Mr. Kevin Shaw  
Grayson County Water District  
P.O. Box 217  
Leitchfield, Kentucky 42755

Telephone: (270) 259-2917  
Fax: (270) 393-2617

Mr. Larry Cann  
Cann-Tech, LLC  
1100 Glensboro Road  
Park View Center, Suite 9  
Lawrenceburg, Kentucky 40342

Telephone: (502) 859-0907

Thomas H. Goff, Esq.  
Attorney at Law  
10 Public Square  
P.O. Box 4100  
Leitchfield, Kentucky 42755

Telephone: (270) 259-9306

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Telephone: (502) 569-7534  
Fax: (502) 569-7555

RECEIVED

MAY 22 2012

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF GRAYSON COUNTY )  
WATER DISTRICT FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY ) Case No. 2012 - 198  
TO CONSTRUCT, FINANCE AND INCREASE )  
RATES PURSUANT TO KRS 278.023. )

APPLICATION

This Application of the Grayson County Water District ("Applicant") respectfully shows:

1. That Applicant is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Grayson County Water District  
c/o Mr. Kevin Shaw, Manager  
P.O. Box 217  
Leitchfield, Kentucky 42755  
Phone: (270) 259-2917

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of Applicant; (ii) an Order approving increased rates; and (iii) approval of the proposed plan of financing said Project.

4. The Project consists of (i) the construction and installation of approximately 8,000 linear feet of 10 inch PVC waterline and appurtenances; and (ii) the construction of various improvements to the existing water treatment plant.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,425,000 of its Waterworks Revenue Bonds, consisting of \$525,000 of Series A Bonds and \$900,000 of Series B Bonds; (ii) a USDA, Rural Development ("RD") grant in the amount of \$505,000, and (iii) an Applicant contribution in the amount of \$30,000. Applicant has a commitment from RD to purchase said \$1,425,000 of bonds maturing over a 40-year period, at an interest

rate of not exceeding 2.50% per annum as to the Series A Bonds and 2.00% per annum as to the Series B Bonds, as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

- A. Copy of RD Letter of Conditions, as amended.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
  - (2) All other state approvals or permits have already been obtained;
  - (3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.
- D. Copy of Preliminary and Final Engineering Reports.

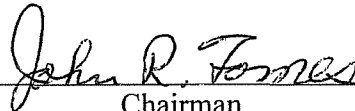
8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the *Record*, which is the newspaper of general circulation in Applicant's service area and in Grayson County, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

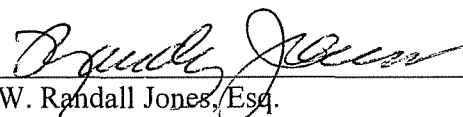
9. That the foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 1.

**WHEREFORE**, Applicant, the Grayson County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.
- b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) Grayson County Water District Waterworks Revenue Bonds in the aggregate principal amount of \$1,425,000, consisting of \$525,000 of Series A Bonds and \$900,000 of Series B Bonds, at an interest rate of not exceeding 2.50% per annum as to the Series A Bonds and 2.00% per annum as to the Series B Bonds; (ii) an RD grant in the amount of \$505,000, and (iii) an Applicant contribution in the amount of \$30,000.
- c. An Order approving the proposed increased rates as set out in Section 24 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

Grayson County Water District

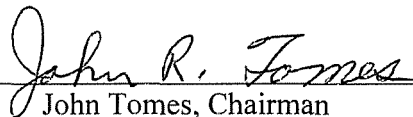
By:   
Chairman  
Board of Water Commissioners

  
W. Randall Jones, Esq.  
Rubin & Hays  
Counsel for Applicant  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7534

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF GRAYSON )

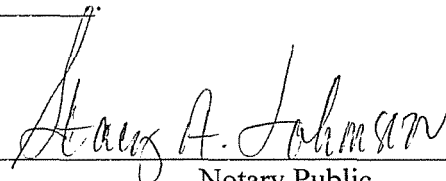
The undersigned, John Tomes, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Grayson County Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this May 16, 2012.

  
\_\_\_\_\_  
John Tomes, Chairman  
Grayson County Water District

Subscribed and sworn to before me by John Tomes, Chairman of the Board of Commissioners of the Grayson County Water District, on this May 16, 2012.

My Commission expires: 6/9/2013

  
\_\_\_\_\_  
Stacy A. Johnson  
Notary Public





United States Department of Agriculture  
Rural Development  
Kentucky State Office

March 9, 2011

John Tomes, Chairman  
Grayson County Water District  
PO Box 217  
Leitchfield, Kentucky 42759

Dear Mr. Tomes:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$525,000; a RUS grant not to exceed \$205,000; and an applicant cash contribution in the amount of \$30,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, SW, Washington, DC 20250-9410  
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).



1. Number of Users and Their Contribution:

There shall be 2,690 water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

Prior to grant closing, the District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

4. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1<sup>st</sup> and July 1<sup>st</sup>) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$180 per month into a "Funded Debt Reserve Account" until the account reaches \$21,600. The deposits are to be resumed any time the account falls below the \$21,600.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,500 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

The District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

9. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

10. Business Operations:

The District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the District after review by Rural Development. At no later than loan pre-closing, the District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits), in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

12. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$368,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
1. Final plans, specifications and bid documents.
  2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
  3. Legal Service Agreements.
  4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

15. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the District.

17. Compliance with Special Laws and Regulations:

The District will be required to conform to any and all state and local laws and regulations affecting this type project.

18. Treatment Plant and System Operator:

The District is reminded that the treatment plant and system operator must have an Operator's Certificate issued by the State.

19. Prior to Pre-Closing the Loan, the District Will Be Required to Adopt:

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by

obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the District will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

22. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing \_\_\_\_\_," will be prepared by the District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the District's construction account records shall be made by Rural Development.

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 570,000
Legal and Administrative	10,000
Engineering	113,000
Interest	10,000
Contingencies	<u>57,000</u>
TOTAL	\$ 760,000

Financing:

RUS Loan	\$ 525,000
RUS Grant	205,000
Applicant Contribution	<u>30,000</u>
TOTAL	\$ 760,000

25. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

26. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, "Operating Budget," or similar form may be utilized for this purpose.

27. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required

principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8 and 3/4 Inch Meter:

First	1,500	gallons @ \$	17.80. - Minimum Bill.
Next	8,500	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

3/4 Inch Meter:

First	3,000	gallons @ \$	30.48. - Minimum Bill.
Next	7,000	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

1 Inch Meter:

First	5,000	gallons @ \$	47.38. - Minimum Bill.
Next	5,000	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

1 1/2 Inch Meter:

First	10,000	gallons @ \$	89.62. - Minimum Bill.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

2 Inch Meter:

First	16,000	gallons @ \$	135.09. - Minimum Bill.
Next	34,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

3 Inch Meter:

First	30,000	gallons @ \$	241.19. - Minimum Bill.
Next	20,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.



4 Inch Meter:

First	50,000	gallons @ \$	392.76. - Minimum Bill.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

6 Inch Meter:

First	100,000	gallons @ \$	728.27. - Minimum Bill.
Next	50,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

8 Inch Meter:

First	150,000	gallons @ \$	1,063.77. - Minimum Bill.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

10 Inch Meter:

First	250,000	gallons @ \$	1,650.22. - Minimum Bill.
All Over	250,000	gallons @ \$	5.87. - per 1,000 gallons.

The Water District will charge rates to its wholesale customers according to their existing and/or amended water purchase contracts.

28. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

29. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

30. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

31. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

32. Division of Water (DOW) Health & Sanitary Certification:

The Median Household Income (MHI) for the District's service area qualifies this project for the poverty interest rate. A certification from the Division of Water stating this project will remove a health or sanitary problem will be required. This certification must be obtained prior to loan pre-closing.

33. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated January 27, 2011, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated January 18, 2011, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

34. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



THOMAS G. FERN  
State Director

Enclosures

cc: Area Director - Columbia, Kentucky  
Area Manager - Elizabethtown, Kentucky  
Lincoln Trail ADD - Elizabethtown, Kentucky  
Rubin & Hays - Louisville, Kentucky  
Thomas Goff - Leitchfield, Kentucky  
Cann-Tech, LLC - Lawrenceburg, Kentucky  
PSC - ATTN: Dennis Jones - Frankfort, Kentucky

CP:RCD:km  
Grayson Co. WD district



United States Department of Agriculture  
Rural Development  
Kentucky State Office

May 8, 2012

John Tomes, Chairman  
Grayson County Water District  
PO Box 217  
Leitchfield, Kentucky 42759

Re: Letter of Conditions Dated March 9, 2011

Dear Mr. Tomes:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated March 9, 2011. The purpose of this amendment is to document the revised project costs and to provide for subsequent RUS Loan and Grant assistance.

The Second Paragraph on Page 1 is revised to read as follows:

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,425,000, a RUS grant not to exceed \$505,000, and an applicant cash contribution of \$30,000.”

Paragraph numbered “6” is revised to read as follows:

“ 6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$465 per month into a "Funded Debt Reserve Account" until the account reaches \$55,800. The deposits are to be resumed any time the account falls below the 55,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

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or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,500 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District’s water system. ”

Paragraph numbered “13” is revised to read as follows:

“ 13. Insurance and Bonding:

The following insurance and bonding will be required:

- C. Fidelity Bond – The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$403,000. ”

Paragraph numbered “24” is revised to read as follows:

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,535,568
Legal and Administrative	15,000
Engineering	218,770
Interest	30,000
Environmental	10,000
Contingencies	<u>150,662</u>
TOTAL	\$ 1,960,000

Financing:

RUS Loan	\$ 1,425,000
RUS Grant	505,000
Applicant Contribution	<u>30,000</u>
TOTAL	\$ 1,960,000 ”

Paragraph numbered “24” is revised to read as follows:

“ 24. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

-5/8 and 3/4 Inch Meter:

First	1,500	gallons @ \$	17.92. - Minimum Bill.
Next	8,500	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

3/4 Inch Meter:

First	3,000	gallons @ \$	30.60. - Minimum Bill.
Next	7,000	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

1 Inch Meter:

First	5,000	gallons @ \$	47.50. - Minimum Bill.
Next	5,000	gallons @ \$	8.45. - per 1,000 gallons.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

1 1/2 Inch Meter:

First	10,000	gallons @ \$	89.74. - Minimum Bill.
Next	40,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

2 Inch Meter:

First	16,000	gallons @ \$	135.21. - Minimum Bill.
Next	34,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

3 Inch Meter:

First	30,000	gallons @ \$	241.31. - Minimum Bill.
Next	20,000	gallons @ \$	7.58. - per 1,000 gallons.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.
All Over	150,000	gallons @ \$	5.87. - per 1,000 gallons.

4 Inch Meter:

First	50,000	gallons @ \$	392.88. - Minimum Bill.
Next	100,000	gallons @ \$	6.71. - per 1,000 gallons.

All Over 150,000 gallons @ \$ 5.87. - per 1,000 gallons.

6 Inch Meter:

First 100,000 gallons @ \$ 728.39. - Minimum Bill.  
Next 50,000 gallons @ \$ 6.71. - per 1,000 gallons.  
All Over 150,000 gallons @ \$ 5.87. - per 1,000 gallons.

8 Inch Meter:

First 150,000 gallons @ \$ 1,063.77. - Minimum Bill.  
All Over 150,000 gallons @ \$ 5.87. - per 1,000 gallons.

10 Inch Meter:

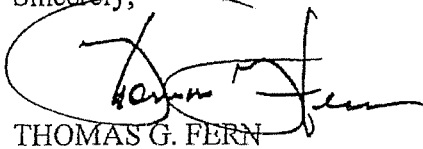
First 250,000 gallons @ \$ 1,650.22. - Minimum Bill.  
All Over 250,000 gallons @ \$ 5.87. - per 1,000 gallons.”

Paragraph numbered “35” is added to read as follows:

Existing RUS Loan 91-15 must be paid- in-full from cash on hand prior to this loan being preclosed. If loan 91-15 is not paid- in-full, customer rates will need to be increased.

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

Sincerely,



THOMAS G. FERN  
State Director

- cc: Area Director - Columbia, Kentucky
- Area Manager - Elizabethtown
- Lincoln Trail ADD - Elizabethtown, Kentucky
- Rubin & Hays - Louisville, Kentucky
- Tom Groff - Leitchfield, Kentucky
- Cann-Tech LLC - Lawrenceburg, Kentucky
- PSC - ATTN: Dennis Jones - Frankfort, Kentucky







United States Department of Agriculture  
Rural Development  
Kentucky State Office

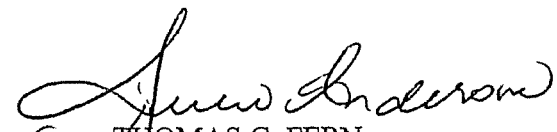
May 21, 2012

SUBJECT: Grayson County Water District  
Water System Improvements- Project 19  
Contract Award Concurrence

TO: Area Office  
Elizabethtown, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 1, Do-All Construction, Inc., in the amount of \$1,326,496.00, and the low bidder on Contract 2, Horsley Construction, Inc., in the amount of \$209,072.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

  
THOMAS G. FERN  
State Director  
Rural Development

cc: Cann Tech  
Lawrenceburg, Kentucky

Randy Jones  
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
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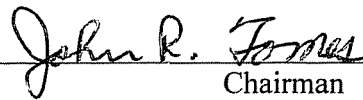
**CERTIFICATE OF CHAIRMAN OF GRAYSON COUNTY WATER DISTRICT  
AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069**

I, John Tomes, hereby certify that I am the duly qualified and acting Chairman of the Grayson County Water District and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with the Engineers for the District, Cann-Tech, LLC, Lawrenceburg, Kentucky.

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Kentucky Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about July 1, 2012, and will end on or about January 31, 2013.

IN TESTIMONY WHEREOF, witness my signature this May 16, 2012.

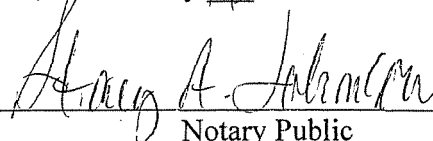


Chairman

Grayson County Water District

STATE OF KENTUCKY    )  
                                  ) SS  
COUNTY OF GRAYSON    )

Subscribed and sworn to before me by John Tomes, Chairman of the Board of Commissioners of the Grayson County Water District, on this May 16, 2012.



Notary Public

In and For Said State and County

(Seal of Notary)



**NOTICE OF PROPOSED RATE CHANGE**

In accordance with the requirements of the Kentucky Public Service Commission as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Grayson County Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development in connection with a loan by RD to the District in the amount of \$1,425,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

**Current Monthly Rates**

5/8" x 3/4" Meter:

First 1,500 gallons	\$17.01 minimum bill
Next 8,500 gallons	8.09 per 1,000 gallons
Next 40,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

*Current  
45.3%*  
  
*Proposed  
47.5%*

*1500 x 17.01  
3,500 x 8.09  
-----  
25,515  
28,315  
-----  
53.83*

*17.92  
8.45*

3/4" Meter:

First 3,000 gallons	\$29.15 minimum bill
Next 7,000 gallons	8.09 per 1,000 gallons
Next 40,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

*4.81%*

*56,455 = 1,049  
-----  
52.53*

*1500 17.92  
-----  
1000  
3500 8.45  
-----  
1000  
26.58  
29.5  
-----  
56.455*

1" Meter:

First 5,000 gallons	\$45.32 minimum bill
Next 5,000 gallons	8.09 per 1,000 gallons
Next 40,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

1-1/2" Meter:

First 10,000 gallons	\$85.75 minimum bill
Next 40,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

2" Meter:

First 16,000 gallons	\$129.30 minimum bill
Next 34,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

3" Meter:

First 30,000 gallons	\$230.90 minimum bill
Next 20,000 gallons	7.26 per 1,000 gallons
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

4" Meter:

First 50,000 gallons	\$376.06 minimum bill
Next 100,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

6" Meter:

First 100,000 gallons	\$697.59 minimum bill
Next 50,000 gallons	6.43 per 1,000 gallons
All over 150,000 gallons	5.63 per 1,000 gallons

8" Meter:

First 150,000 gallons	\$1,019.11 minimum bill
All over 150,000 gallons	5.63 per 1,000 gallons

10" Meter:

First 250,000 gallons	\$1,581.64 minimum bill
All over 250,000 gallons	5.63 per 1,000 gallons

**Proposed Monthly Rates**

5/8" x 3/4" Meter:

First 1,500 gallons	\$17.92 minimum bill
Next 8,500 gallons	8.45 per 1,000 gallons
Next 40,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

3/4" Meter:

First 3,000 gallons	\$30.60 minimum bill
Next 7,000 gallons	8.45 per 1,000 gallons
Next 40,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

1" Meter:

First 5,000 gallons	\$47.50 minimum bill
Next 5,000 gallons	8.45 per 1,000 gallons
Next 40,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

1-1/2" Meter:

First 10,000 gallons	\$89.74 minimum bill
Next 40,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

2" Meter:

First 16,000 gallons	\$135.21 minimum bill
Next 34,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

3" Meter:

First 30,000 gallons	\$241.31 minimum bill
Next 20,000 gallons	7.58 per 1,000 gallons
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

4" Meter:

First 50,000 gallons	\$392.88 minimum bill
Next 100,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

6" Meter:

First 100,000 gallons	\$728.39 minimum bill
Next 50,000 gallons	6.71 per 1,000 gallons
All over 150,000 gallons	5.87 per 1,000 gallons

8" Meter:

First 150,000 gallons	\$1,063.77 minimum bill
All over 150,000 gallons	5.87 per 1,000 gallons

10" Meter:

First 250,000 gallons	\$1,650.22 minimum bill
All over 250,000 gallons	5.87 per 1,000 gallons

The RD loan proceeds will be used in conjunction with an RD grant in the amount of \$505,000 and a contribution from the District amount of \$30,000 to finance the cost of extensions, additions and improvements to the existing waterworks system of the District, consisting of (i) the construction and installation of approximately 8,000 linear feet of 10 inch PVC waterline and appurtenances; and (ii) the construction of various improvements to the existing water treatment plant. Signed: John Tomes, Chairman, Grayson County Water District.






---



---

*GT*
*Engineers**Planners**Managers*

May 14, 2012

RECEIVED

MAY 22 2012

PUBLIC SERVICE  
COMMISSION

Mr. Kevin Shaw  
 Grayson County Water District  
 113 S. Lee Avenue  
 Leitchfield, KY 42754

RE: Project 19

Dear Mr. Shaw:

As you are aware, the above referenced project was bid April 5, 2012. The low bidder for Contract 1 – Water Treatment Plant Improvements was Do-All Construction, Inc. from Caneyville, KY with a Total Base Bid of \$1,326,496.00, the low bidder for Contract 2 – Waterline Extension was Horsley Construction, Inc. from Hudson, KY with a Total Base Bid of \$209,072.00.

Please find attached a copy of the bid tabulation for each contract. The following is a summary of the budget for this project.

Project Budget	Original Letter of Conditions	Current (As Bid)
Development	\$570,000	\$1,535,568
Legal and Administrative	\$10,000	\$15,000
Engineering and inspection	\$96,216	\$218,770
Environmental Assessment		\$10,000
Interest	\$10,000	\$30,000
Other	\$17,000	
Contingencies	\$56,784	\$150,662
Total Project Cost	\$760,000	\$1,960,000

An additional \$1,200,000 RUS funds were secured to complete the necessary funding for this project. Based upon the Revised Letter of Conditions from Rural Development, the proposed funding for the above project cost is as follows:

May 14, 2012

Page 2

Project Financing	Revised Letter of Conditions	Final Budget
RUS Loan	\$1,425,000	\$1,425,000
RUS Grant	\$505,000	\$505,000
Applicant	\$30,000	\$30,000
Total Project Cost	\$1,960,000	\$1,960,000

It appears the project can now be completed within the available funding. References have been checked for both contractors and both have excellent reputations. Therefore, we recommend both contracts be approved and allowed to go forward.

If you have any questions or need additional information please contact me at our office.

Sincerely,  
CANN-TECH, LLC



Matthew Baker, P.E.  
Project Manager



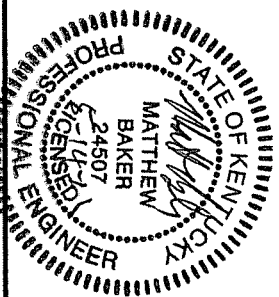
Attachments

- CC: Ms. Linda Lockett, Rural Development
- Mr. Randy Jones, Rubin & Hays
- Mr. Tom Goff
- Mr. Ashley Willoughby, Lincoln Trail Area Development District
- All Bidding Contractors – Bid Tab Only

**BID TABULATION**  
**Project 19 Contract 1**  
**Grayson County Water District**  
**April 5, 2012**

We certify that, to the best of our knowledge, the bid tabulation is an accurate representation of the bids received on April 5, 2012

Cann-Tech, LLC

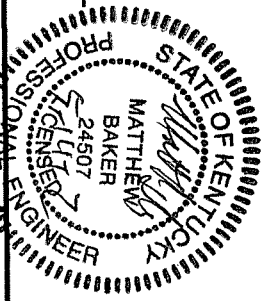


NO.	ITEM	QUANT.	UNIT	Engineer's Estimate		Do-All Construction		Smith Contractors		Cleary Construction	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	400 KW generator and sub base fuel tank	1	LS	\$125,000.00	\$125,000.00	\$83,960.00	\$83,960.00	\$62,000.00	\$62,000.00	\$85,800.00	\$85,800.00
2	Geothermal HVAC System	1	LS	30,000.00	\$30,000.00	45,000.00	\$45,000.00	29,000.00	\$29,000.00	35,000.00	\$35,000.00
3	Ultraviolet disinfection system	1	LS	240,000.00	\$240,000.00	60,802.00	\$60,802.00	50,000.00	\$50,000.00	192,100.00	\$192,100.00
4	All remaining work at WTP	1	LS	855,000.00	\$855,000.00	1,136,734.00	\$1,136,734.00	1,310,000.00	\$1,310,000.00	1,196,900.00	\$1,196,900.00
<b>Total Construction Cost</b>					<b>\$1,250,000.00</b>		<b>\$1,326,496.00</b>		<b>\$1,451,000.00</b>		<b>\$1,509,800.00</b>

**BID TABULATION**  
**Project 19 Contract 2**  
**Grayson County Water District**  
**April 5, 2012**

We certify that, to the best of our knowledge, the bid tabulation is an accurate representation of the bids received on April 5, 2012

*Matthew Baker*  
 Cann-Tech, LLC



NO.	ITEM	QUANT.	UNIT	Horsley Construction		Engineer's Estimate		Gary Clifford, Inc.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	10-inch PVC SDR 21	8,009	LF	\$18.00	\$144,162.00	\$20.00	\$160,180.00	\$21.50	\$172,193.50
2	16-inch steel casing bore and jack	290	LF	\$125.00	\$36,250.00	\$150.00	\$43,500.00	\$180.00	\$52,200.00
3	10" creek crossing directional bore	80	LF	\$125.00	\$10,000.00	\$285.00	\$22,800.00	\$200.00	\$16,000.00
4	10" gate valve	2	LF	\$1,500.00	\$3,000.00	\$1,800.00	\$3,600.00	\$1,200.00	\$2,400.00
5	Fire hydrant	3	LF	\$2,700.00	\$8,100.00	\$3,500.00	\$10,500.00	\$3,600.00	\$10,800.00
6	Connection to existing main	2	LF	\$1,800.00	\$3,600.00	\$5,000.00	\$10,000.00	\$2,500.00	\$5,000.00
7	Bituminous replacement	60	LF	\$20.00	\$1,200.00	\$25.00	\$1,500.00	\$25.45	\$1,527.00
8	Gravel replacement	120	LF	\$23.00	\$2,760.00	\$8.00	\$960.00	\$5.45	\$654.00
<b>Total Construction Cost</b>					<b>\$209,072.00</b>		<b>\$253,040.00</b>		<b>\$260,774.50</b>

NO.	ITEM	QUANT.	UNIT	United Pipeline		Cleary Construction		Twin States Utilities	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	10-inch PVC SDR 21	8,009	LF	\$20.00	\$160,180.00	\$28.00	\$224,252.00	\$32.50	\$260,292.50
2	16-inch steel casing bore and jack	290	LF	\$280.00	\$81,200.00	\$210.00	\$60,900.00	\$225.00	\$65,250.00
3	10" creek crossing directional bore	80	LF	\$150.00	\$12,000.00	\$180.00	\$14,400.00	\$190.00	\$15,200.00
4	10" gate valve	2	LF	\$2,000.00	\$4,000.00	\$1,820.00	\$3,640.00	\$1,700.00	\$3,400.00
5	Fire hydrant	3	LF	\$4,600.00	\$13,800.00	\$3,400.00	\$10,200.00	\$3,500.00	\$10,500.00
6	Connection to existing main	2	LF	\$1,600.00	\$3,200.00	\$2,670.00	\$5,340.00	\$2,500.00	\$5,000.00
7	Bituminous replacement	60	LF	\$55.00	\$3,300.00	\$30.00	\$1,800.00	\$45.00	\$2,700.00
8	Gravel replacement	120	LF	\$20.00	\$2,400.00	\$12.00	\$1,440.00	\$8.00	\$960.00
<b>Total Construction Cost</b>					<b>\$280,080.00</b>		<b>\$321,972.00</b>		<b>\$363,302.50</b>

**PRELIMINARY ENGINEERING REPORT  
PROJECT 19 – WATER TREATMENT PLANT  
IMPROVEMENTS AND WATERLINE**

RECEIVED

MAY 22 2012

PUBLIC SERVICE  
COMMISSION

Prepared For:

**GRAYSON COUNTY WATER DISTRICT  
113 SOUTH LEE AVENUE  
LEITCHFIELD, KY 42755-0217**

Prepared By



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May 2010



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## ABBREVIATIONS

O&M – Operations and Maintenance  
PER – Preliminary Engineering Report  
RUS – Rural Utilities Service  
WTP-Water Treatment Plant  
GCWD-Grayson County Water District  
DOW-Division of Water  
UV-Ultra Violet

## 1. GENERAL

The Grayson County Water District (GCWD) serves approximately 5,800 customers in Grayson County, Kentucky. The GCWD currently treats water at its 1.5 MGD conventional treatment plant and purchases water from the City of Leitchfield. The water treatment plant was completed in 2002 and has been producing quality water ever since.

The GCWD is a progressive water district and is trying to take steps now to help them comply with current, as well as, future drinking water regulations. The work proposed in this project will modify several areas of the water treatment process and allow GCWD to produce even higher quality water while at the same time improving their treatment scheme to better comply with current regulations and be prepared for proposed regulations. This project will help GCWD to treat water more efficiently thereby allowing them to keep providing water to their customers at reasonable rates. This project also includes installation of approximately 5,000 feet of 10" water line. This line should improve flows and pressures near the Grayson County High School as well as improve pressures in the southwestern part of the GCWD service area.

The project scope includes adding an ultra-violet disinfection system to the water treatment plant. This will provide an additional method of disinfection to the plant, increasing the reliability of the water produced while at the same time should reduce disinfection by-products associated with chlorine disinfection. Very few water treatment plants in the state provide this level of multi-barrier protection against waterborne pathogens.

The project scope also includes constructing a sodium hypochlorite (bleach) feed system to replace the existing chlorine gas system. Handling chlorine gas requires a great deal of precautions and safety measures and poses a risk to employees and nearby residents should a leak occur. Future regulation will make operating a chlorine gas system even more onerous. By switching to a bleach system now, they will be prepared for any future regulations as well as relieving the safety concerns associated with gaseous chlorine.

A standby generator is proposed for this project as well. Having a standby generator onsite will help the GCWD continue to provide water to its customers during power outages.

Name of Applicant and Owner of the WTP:

Grayson County Water District  
Warren RECC Building  
113 South Lee Avenue  
Leitchfield, Kentucky 42755-0217

Kevin Shaw, System Manager, Phone (270) 259-2917

The location of the proposed work at the water treatment plant is shown in the attached Appendix A and the proposed 10" water line is shown in attached Appendix B.

## 2. PROJECT PLANNING AREA

The area affected by this project will include all of the GCWD service area west of the City of Leitchfield. The improvements at the WTP will improve water quality for all customers that purchase water treated at the water treatment plant. The more efficient operation and ability to comply with future regulations will allow GCWD to keep their rates as low as possible, thus affecting all GCWD customers. In the future, the customers that purchase water from GCWD that has been purchased from the City of Leitchfield may eventually receive water treated at the GCWD water treatment plant. The 10-inch water line will be installed west of Leitchfield and will improve pressures in the GCWD system west of Leitchfield extending to the southwestern part of Grayson County:

- A. Location. Please see the map attached in Appendix B delineating the GCWD service area and as well as the location of the proposed 10-inch line.
- B. Environmental Resources Present. The environmental resources present in the GCWD service area will not be affected by this project. No new construction is proposed outside of areas previously disturbed by the construction of the water treatment plant or previously installed water lines. Environmental considerations at the water treatment plant site were addressed to receive federal funding for that project in 2000 and 2001. The proposed water line is adjacent to an existing water line.
- C. Growth Areas and Population Trends. The proposed work does not include increasing the capacity of the water treatment plant. It is currently still within the projected populations predicted during the design of the water treatment plant. The new line will improve pressures in the affected areas as well as increase water flow to those areas.

## 3. EXISTING FACILITIES

The existing water treatment plant is of conventional design with a flash mixer, flocculation and sedimentation basin, gravity filters, clearwell, and chemical storage and automatic feed facilities. In operation, raw water enters the plant from the Rough River Lake through a 12-inch main into an open flume in the plant where chlorine, alum, lime, and polymer can be added. The water continues into the flash mixer and then to the flocculation basin where a series of variable speed mixing paddles facilitate the floc formation process.

The water continues into the sedimentation basin with a detention time ranging from 3 to 4 hours. The bottom of the basin contains a circular sludge removal device, from which



sludge is withdrawn. Water flows through tube settlers and then through submerged orifices at the downstream end of the basin before continuing to the plants two filters.

Within the filters, water flows by gravity down through approximately four feet of multimedia and an under-drain system into the clearwell. From the clear well water is distributed by high service pumps into the distribution system.

Bulk chemical storage and automatic chemical feed systems are provided throughout the plant. Potassium permanganate can be fed into the discharge side of the raw water pumps and activated carbon slurry can be added at the rapid mixer, or post-sedimentation points, for taste and odor control. Chlorine, which is stored in 150 pound cylinders, is supplied through vacuum feed chlorinators to the raw water influent flume, the pre-filtration point, and the clearwell.

The PLC system runs the plant through programmable controllers and a network of interface stations in communication with each other and tied into a main control center through a modem. Color CRTs facilitate operator interaction. A desktop computer enables operators to monitor pump pressure, water flows, and clearwell levels for the plant.

The chemical feed systems function automatically based on set points that plant operators have entered into the PLC system. As raw water enters the plant, flow, pH, and turbidity are continuously monitored by the computer to optimize feed rates for chlorine, polymer, and other chemicals. Similarly, a streaming current detector, which measures the electrical charge in water, aids the computer in constantly varying the alum dosage for maximum coagulation efficiency. Operators can over-ride the automatic control system at any time.

- A. Location Map. Appendix A shows an overview of the existing water treatment plant site with the proposed changes. Appendix B includes a GCWD service area map.
- B. History. The water treatment plant was constructed in 2001/2002 and has been in operation since June 2002. The plant was designed to serve the predicted population for twenty years and provides the current capacity needed.
- C. Condition of Facilities. The current facilities are still in excellent repair. The water treatment plant has had no problems complying with all of the requirements of the Safe Drinking Water Act with the exception of disinfection by products. During initial startup and a few times during the operation of the water treatment plant over the last nine years, the levels for halo-acetic acids (HAAs) was exceeded. GCWD has piloted and implemented several process changes as well as distribution system operational changes to improve these HAA levels. The proposed settling basin improvements and the addition of a UV disinfection system should greatly improve GCWD's ability to prevent the formation of HAAs in their water treatment plant effluent.
- D. Financial Status of any Existing Facilities. Currently, GCWD is repaying the loan for the water treatment plant from 2001 as well as the RUS loan for Project 15 in 2005 as well as existing debt carried over from prior projects. The GCWD plans to implement a rate increase to cover the approximate \$22,000 annual debt service

for this project. Based on the recommendations from RUS and the summary addendum, the exact amount of the rate increase will be determined at a later date. Existing debt and audit information is being submitted to RUS along with this preliminary engineering report.

#### 4. **NEED FOR PROJECT**

Describe the needs in the following order of priority:

- A. Health, Sanitation, and Security. This project proposes to eliminate the gaseous chlorine system at the water treatment plant. Chlorine gas is an extremely hazardous material and requires GCWD to have special procedures in place to complete any activity associated with the gas. The industry is trending toward even more stringent regulations for gaseous chlorine that could become an even greater burden to the GCWD. In addition, the potential for a gas leak poses a concern for nearby citizens. By switching to a bleach system, this will no longer be a concern. The proposed line will improve flows and pressures in the areas west of Leitchfield and extending to the southwest. This should help maintain service should there be a main break or a tank out of service, thus reducing the time for customers to potentially be without water and preventing potential boil water advisories.
- B. System O&M. This new project will give the water treatment plant operators more options to fine tune their treatment scheme to provide the best quality water at the most efficient cost. The proposed facilities should in no way increase the necessary maintenance at the plant and some areas will reduce maintenance. The new clarifier baffle wall should increase the time between cleanings. The proposed 10-inch water line will not have any additional impact on the operations and maintenance of the distribution system.

#### 5. **ALTERNATIVES CONSIDERED**

There is no reasonable alternative to this project. The water treatment plant has gone through the Kentucky Division of Water optimization program and is certified as fully optimized. The GCWD and the water treatment plant have received numerous awards for their system operation and water quality. Additional interconnections will not improve the system due to the distances required to make the interconnections and the potential decrease in water quality by having long transmission mains. The only alternative is to do nothing in which case the potential exists for future HAAs levels to be elevated. The future chlorine and water quality regulations will require water treatment plants to make changes similar to these and by being proactive, GCWD will minimize their risk for violating said regulations. In addition the proposed backup generator should allow the water treatment plant to stay in operation during power outages. The proposed geothermal HVAC system should reduce heating and cooling costs for the water treatment plant. The proposed 8-inch line will improve service to a large area of the distribution system. The

only other alternative to this is to add additional tanks and pump stations. This would be far more costly than adding a parallel line to accomplish the same goal.

## 6. PROPOSED PROJECT (RECOMMENDED ALTERNATIVE)

### A. Project Design.

- (1) Water Supply. The water treatment plant will continue to pump water from Rough River Lake. The source water is very good and GCWD is very familiar with treating this water.
- (2) Treatment. The existing major treatment process will still be utilized. This includes: pumping to the water treatment plant, chemical addition and mixing at rapid mix, two stage flocculator, two stage clarification with tube settlers, mixed media filtration. The modifications will include a bulk feed system for liquid bleach in lieu of gaseous chlorine. The new baffle wall in the clarifier should prevent pin floc carryover into the secondary basin and tube settlers. The UV system on the settled water should eventually, through DOW approval, eliminate the need for pre-chlorination, which should greatly reduce disinfection by-product formation.
- (3) Storage. No additional storage is proposed.
- (4) Pumping Stations. No new pumping stations are proposed.
- (5) Distribution Layout. The proposed 10-inch water line is shown on the drawings in Appendix A.

### B. Total Project Cost Estimate.

#### (1) Construction Cost Estimate

Item	Quantity	Unit Price	Total
Chemical building	1	\$96,000	\$96,000
UV disinfection system	1	\$170,000	\$170,000
Carbon feed system relocation	1	\$55,000	\$55,000
Sodium hypochlorite system	1	\$64,000	\$64,000
Backup generator	1	\$85,000	\$85,000
10-inch water line	5000	\$20/ft	\$100,000
<b>Total</b>			<b>\$570,000</b>

**(2) Total Project Cost Estimate**

<b>Item</b>	<b>Total</b>
Administrative/Legal	\$10,000
Engineering	\$56,430
Project Inspection	\$39,786
Construction	\$570,000
Miscellaneous	\$17,200
Contingencies	\$56,784
<b>Total</b>	<b>\$750,000</b>

**(3) Project Funding**

<b>Item</b>	<b>Total</b>
RUS Grant	\$216,000
RUS Loan	\$504,000
Local Funds	\$30,000
<b>Total</b>	<b>\$750,000</b>

**7. CONCLUSIONS AND RECOMMENDATIONS**

It is recommended the project be funded by a Rural Development Loan and Grant and a Letter of Conditions be issued as soon as possible. GCWD has the ability to repay the financing and the project will benefit the entire GCWD service area as well as Caneyville and Leitchfield. While GCWD is anticipating a rate increase with this project, the exact amount will be determined upon completion of the summary addendum.

**SUMMARY ADDENDUM**  
**TO**  
**PRELIMINARY ENGINEERING REPORT**  
**REVISED MAY 2012**  
**FOR**  
**GRAYSON COUNTY WATER DISTRICT**

**APPLICANT CONTACT PERSON: Mr. Kevin Shaw**

**APPLICANT PHONE NUMBER: (270) 259-2917**

**APPLICANT TAX IDENTIFICATION NUMBER (TIN): 61-1038814**

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this guide.

Please complete the applicable sections of the Summary Addendum. **Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.**

Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

## I. GENERAL

- A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

**See the Preliminary Engineering Report titled PROJECT 19 – WATER TREATMENT PLANT IMPROVEMENT AND WATER LINE EXTENSION**

## II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

### **NOT APPLICABLE**

- A. Sewage Treatment
1. Type
  2. Method of Sludge Disposal
  3. Cost per 1,000 gallons if sewage treatment is contracted
  4. Date Constructed
- B. Treatment Capacity of Sewage Treatment Plant
- C. Type of Sewage Collector System (Describe)
- D. Number and Capacity of Sewage Lift Stations

- E. Sewage Collection System
  - 1. Lineal Feet of Collector Lines (by size)
    - 6”:
    - 8”:
    - 10”:
    - 12”:
    - Larger:
  - 2. Date(s) Constructed
  
- F. Conditions of Existing System: Briefly describe the conditions and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

### III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also, describe the adequacy of Water Purchase Contract if applicable.

**Grayson County Water District withdraws water from Rough River Lake and treats the water in their 1.5 million gallon per day treatment plant. The plant was placed into service in July 2002 and currently operates at approximately 800,000 gallons per day. Grayson County Water District also buys water from The City of Leitchfield; currently the wholesale rate is \$1.945 per thousand gallons.**

If the applicant purchases water, list the Seller(s):

- 1. **City of Leitchfield**

Price per 1,000 gallons:

- 1. **\$1.945**

Present Estimated Market Value of Existing System: **approx. \$21,000,000**

B. Water Storage

1. Type

**Ground Level Storage Tanks and Elevated Storage Tanks**

2. Number of Storage Structures: **Six (6)**
3. Total Storage Volume Capacity: **1,139,000 Gallons**
4. Date(s) Storage Tank(s) Constructed: **1980,s, 1990's, 2000**

C. Water Distribution System

1. Pipe Material: **PVC and DIP (ductile iron)**
2. Lineal Feet of Pipe (by size)
  - 3": **59,251**
  - 4": **1,183,101**
  - 6": **734,728**
  - 8": **107,740**
  - 10": **5,943**
  - 12": **8,792**
3. Date(s) Water Lines Constructed: **70's, 80's, 90's, and 00's**
4. Number and Capacity of Pump Station(s): **Six (6)**

D. Condition of Existing Water System

Briefly describe the condition and suitability for continued use of the facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

**The water treatment plant is approximately 8 years old. The existing lines and tanks appear to be in good shape. No major renovations are expected in the next few years.**

E. Percentage of Water Loss for the Existing System: **approx. 11.5%**



IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes

Date Issued	Bond/Note Holder	Principal Balance	Payment Date	Bond Type*		Amount on Deposit in Reserve Account
				%Water	%Sewer	
1995	RD	1,998,000	01/04	100	0	
1997	RD	1,500,000	01/04	100	0	
2000	RD	1,000,000	01/04	100	0	
2002	RD	567,000	01/04	100	0	
2002	KIA	3,930,850	12/03	100	0	
2002	KRW	364,000	01/04	100	0	
2004	KRW	3,136,000	01/04	100	0	
2005	RD	1,350,000	01/04	100	0	
2005	Leitchfield Deposit Bank	67,000	Monthly	100	0	
2009	KRW	380,000	01/04	100	0	

\*If a combined issue, show attributable portion to each system

B. Principal and Interest Payments (begin with the next fiscal year payment)

Date Issued	Bond/Note Holder	Principal Payment 2010	Interest Payment 2010	Principal Payment 2011	Interest Payment 2011	Principal Payment 2012	Interest Payment 2012
1995	RD	34,571	74,006	36,127	74,450	37,753	70,825
1997	RD	23,767	57,747	24,837	56,678	25,954	55,560
2000	RD	13,885	40,458	14,510	39,834	15,163	39,181
2002	RD	7,209	23,603	7,534	23,279	7,873	22,940
2002	KIA	186,978	48,805	190,344	45,439	193,770	42,013
2002	KRW	40,145	5,405	41,872	3,678	43,673	1,878
2004	KRW	130,272	94,392	135,093	89,572	140,091	84,573
2005	RD	14,955	54,526	15,571	53,909	16,214	53,267
2005	Leitchfield Deposit Bank	0	0	0	0	0	0
2009	KRW	32,602	12,768	33,697	11,673	34,830	10,540
<b>TOTAL</b>		<b>484,384</b>	<b>411,710</b>	<b>499,585</b>	<b>398,512</b>	<b>515,321</b>	<b>380,777</b>

V. EXISTING SHORT-TERM INDEBTEDNESS

**NOT APPLICABLE**

- A. List of all Short-Term Debts  
(do not show any debt listed in Paragraph IV above)

Lender or Lessor	Date Issued	Principal Balance	Purpose (Water and/or Sewer)	Payment Date	Principal and Interest Payment (P&I)	Date to be Paid in Full

VI. LAND AND RIGHTS – EXISTING SYSTEM(S)

Number of Treatment Plant Sites: Water **1** Sewer **NA**  
 Number of Storage Tank Sites: Water **6** Sewer **NA**  
 Number of Pump Stations: Water **6** Sewer **NA**  
 Total Acreage: Water **8 acres** Sewer **NA acres**  
 Purchase Price: Water **NA \$** Sewer **NA \$**

VII. NUMBER OF EXISTING USERS

	Water	Sewer
Residential (In Town)*		<b>0</b>
Residential (Out of Town)*		<b>6,327</b>
Non-Residential (In Town)		<b>0</b>
Non-Residential (Out of Town)		<b>76</b>
Total		<b>7,048</b>
Number to Total Potential Users Living in the Service Area		<b>8,200</b>

\*Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES  
FOR EACH SIZE WATER METER CONNECTION

Meter Size	Water Connection Fee	Sewer Connection Fee
5/8" X 3/4"	\$ 550	N/A
1.0"	\$ 650	N/A
1.5"	\$ 1,250	N/A
2.0"	\$ 1,400	N/A
3.0"	\$ 4,100	N/A
4.0"	\$ 4,700	N/A
6.0" or larger	Actual cost of installation	N/A

IX. SEWER RATES – EXISTING SYSTEM

**NOT APPLICABLE**

Percentage of Water Bill:

Minimum Charge: \$

Other (If the charge is not based on water bill):

Date this rate went into effect:

X. WATER RATES – EXISTING SYSTEM

Existing Rate Schedule

**5/8 and 3/4 Inch Meter**

<b>First</b>	<b>1,500</b>	<b>Gallons @</b>	<b>\$16.95 minimum</b>
<b>Next</b>	<b>8,500</b>	<b>Gallons @</b>	<b>\$8.05 per 1,000 Gallons</b>
<b>Next</b>	<b>40,000</b>	<b>Gallons @</b>	<b>\$7.22 per 1,000 Gallons</b>
<b>Next</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$6.39 per 1,000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.59 per 1,000 Gallons</b>

Date this rate went into effect: **October 2005**

If more than one rate schedule, please include all schedules

**3/4-Inch Meter**

<b>First</b>	<b>3,000</b>	<b>Gallons @</b>	<b>\$29.03 minimum</b>
<b>Next</b>	<b>7,000</b>	<b>Gallons @</b>	<b>\$8.05 per 1000 Gallons</b>
<b>Next</b>	<b>40,000</b>	<b>Gallons @</b>	<b>\$7.22 per 1000 Gallons</b>
<b>Next</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$6.39 per 1000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.59 per 1000 Gallons</b>

**1-Inch Meter**

First	5,000	Gallons @	\$45.12 minimum
Next	5,000	Gallons @	\$8.05 per 1000 Gallons
Next	40,000	Gallons @	\$7.22 per 1000 Gallons
Next	100,000	Gallons @	\$6.39 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**1½-Inch Meter**

First	10,000	Gallons @	\$85.35 minimum
Next	40,000	Gallons @	\$7.22 per 1000 Gallons
Next	100,000	Gallons @	\$6.39 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**2-Inch Meter**

First	16,000	Gallons @	\$128.66 minimum
Next	34,000	Gallons @	\$7.22 per 1000 Gallons
Next	100,000	Gallons @	\$6.39 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**3-Inch Meter**

First	30,000	Gallons @	\$229.70 minimum
Next	20,000	Gallons @	\$7.22 per 1000 Gallons
Next	100,000	Gallons @	\$6.13 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**4-Inch Meter**

First	50,000	Gallons @	\$374.06 minimum
Next	100,000	Gallons @	\$6.39 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**6-Inch Meter**

First	100,000	Gallons @	\$693.59 minimum
Next	50,000	Gallons @	\$6.39 per 1000 Gallons
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**8-Inch Meter**

First	150,000	Gallons @	\$1,013.11 minimum
Over	150,000	Gallons @	\$5.59 per 1000 Gallons

**10-Inch Meter**

First	250,000	Gallons @	\$1,571.64 minimum
Over	250,000	Gallons @	\$5.59 per 1000 Gallons

XI. ANALYSIS OF ACTUAL SEWER USAGE – EXISTING SYSTEM  
12-MONTH PERIOD

**NOT APPLICABLE**

**XII. ANALYSIS OF ACTUAL WATER USAGE – EXISTING SYSTEM  
12-MONTH PERIOD**

**XII. Analysis of Actual Water Usage - Existing System**

For the period, January 1, 2009 to December 31, 2009

Residential		Non-Residential 3/4" meter		
First 1,500 Gal. at \$16.95 minimum per Thousand Gallons.		First 3,000 Gal. at \$29.03 minimum per Thousand Gallons.		
Next 8,500 Gal. at \$8.05 per Thousand Gallons.		Next 7,000 Gal. at \$8.05 per Thousand Gallons.		
Next 40,000 Gal. at \$7.22 per Thousand Gallons.		Next 40,000 Gal. at \$7.22 per Thousand Gallons.		
Next 100,000 Gal. at \$6.39 per Thousand Gallons.		Next 100,000 Gal. at \$6.39 per Thousand Gallons.		
All Over 150,000 Gal. at \$5.59 per Thousand Gallons.		All Over 150,000 Gal. at \$5.59 per Thousand Gallons.		
Monthly Usage Gallons	Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
	From			
0	1,500	495	1985	33,645.75
1,501	10,000	3,857	3933	15,169.58
10,001	50,000	13,330	332	4,425.56
50,001	150,000	59,098	13	768.27
150,001	Over	166,570	2	333.14
<b>TOTALS</b>			6265	21,679.13
				219,683.69
				<b>Annual Residential Water Sales \$2,636,204.33</b>

<b>Annual Non Residential 3/4" Water Sales</b>	<b>\$348.36</b>
<b>Total Water Purchased and/or Produced (Gallons)</b>	<b>288,766,012</b>
<b>Total Water Sold (Gallons)</b>	<b>260,149,560</b>
<b>RESIDENTIAL AND NON-RESIDENTIAL COMBINED</b>	
Total Users	6332
Total Annual Water Sales	\$3,045,758.78
Average Monthly Bill	\$40.08
Average Monthly Usage (Gallons)	4,607

**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2009 to December 31, 2009

Non-Residential 1.0" meter				Non-Residential 1.5" meter			
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income	Monthly Income	
From	To					Usage (1000-Gal.)	
First 5,000 Gal. at \$45.12		minimum					
Next 5,000 Gal. at \$8.05		per Thousand Gallons.					
Next 40,000 Gal. at \$7.22		per Thousand Gallons.					
Next 100,000 Gal. at \$6.39		per Thousand Gallons.					
All Over 150,000 Gal. at \$5.59		per Thousand Gallons.					
0	5,000	3,129	21	65.71	947.52		
5,001	10,000	18,905	10	189.05	1,570.47		
10,001	50,000	64,311	2	128.62	954.96		
50,001	150,000	145,316	2	290.63	1,966.44		
150,001	Over	0	0	0.00	0.00		
<b>TOTALS</b>			<b>35</b>	<b>674.01</b>	<b>5,439.39</b>		

Annual Non Residential 1.0 "Water Sales \$65,272.65

Total Water Purchased and/or Produced (Gallons) 20,590,695

Total Water Sold (Gallons) 18,550,176

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,045,758.78
Average Monthly Bill	\$40.08
Average Monthly Usage (Gallons)	4,607

Annual Non Residential 1.5 "Water Sales \$48,614.73



**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2009 to December 31, 2009

Non-Residential 2.0" meter *				Non-Residential 3.0" meter				
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)		Monthly Income	First 30,000 Gal. at minimum	
From	To						Next 20,000 Gal. at	per Thousand Gallons.
0	16,000	8,535	9	76.82	1,157.94		\$7.22	\$7.22
16,001	50,000	37,000	1	37.00	280.27		\$6.39	\$6.13
50,001	150,000	93,000	1	93.00	648.90		\$5.59	\$5.59
150,001	Over	200,000	4	800.00	5,170.48		\$0.00	\$0.00
<b>TOTALS</b>			15	1,006.82	7,257.59			

Annual Non Residential 2.0 "Water Sales \$87,091.11

Total Water Purchased and/or Produced (Gallons) 29,541,296

Total Water Sold (Gallons) 26,613,780

RESIDENTIAL AND NON-RESIDENTIAL COMBINED			
Total Users	6332		
Total Annual Water Sales	\$3,045,758.78		
Average Monthly Bill	\$40.08		
Average Monthly Usage (Gallons)	4,607		

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	30,000	11,000	1	11.00	229.70
30,001	50,000	0	0	0.00	0.00
50,001	150,000	0	0	0.00	0.00
150,001	Over	1,200,000	1	1,200.00	6,856.58
<b>TOTALS</b>			2	1,211.00	7,086.28

Annual Non Residential 3.0 "Water Sales \$85,035.37

**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2009 to December 31, 2009

Non-Residential 4.0" meter				Non-Residential 6.0" meter			
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income	First 100,000 Gal. at \$374.06 minimum per Thousand Gallons.	
From	To					Next 50,000 Gal. at \$6.39 per Thousand Gallons.	Next 50,000 Gal. at \$6.39 per Thousand Gallons.
0	50,000	16,000	3	48.00	1,122.18	All Over 150,000 Gal. at \$5.59 per Thousand Gallons.	All Over 150,000 Gal. at \$5.59 per Thousand Gallons.
50,000	150,000	66,000	1	66.00	1,013.05		
150,000	Over	205,000	0	0.00	0.00		
<b>TOTALS</b>			4	114.00	2,135.23		

**Annual Non Residential 4.0 "Water Sales \$25,622.80**

**Total Water Purchased and/or Produced (Gallons) 1,784,880**

**Total Water Sold (Gallons) 1,608,000**

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,045,758.78
Average Monthly Bill	\$40.08
Average Monthly Usage (Gallons)	4,607

\*

**Annual Non Residential 6.0 "Water Sales \$8,323.08**

**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2009 to December 31, 2009

Non-Residential 8.0" meter				Non-Residential 10.0" meter			
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income	minimum per Thousand Gallons.	
From	To						
0	150,000	0	0	0.00	0.00		
150,001	Over	1,197,616	3	3,592.85	7,437.20		
<b>TOTALS</b>			3	3,592.85	7,437.20		
<b>Annual Non Residential 4.0 "Water Sales</b>				<b>Annual Non Residential 6.0 "Water Sales</b>			
<b>\$89,246.34</b>				<b>\$0.00</b>			
<b>Total Water Purchased and/or Produced (Gallons)</b>							
<b>47,856,735</b>							
<b>Total Water Sold (Gallons)</b>							
<b>43,114,176</b>							
RESIDENTIAL AND NON-RESIDENTIAL COMBINED							
Total Users		6332		Total Annual Water Sales		\$3,045,758.78	
Average Monthly Bill		\$40.08		Average Monthly Usage (Gallons)		4,607	

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

**NOT APPLICABLE**

- A. Sewage Treatment
  - 5. Type
  - 6. Method of Sludge Disposal
  - 7. Cost per 1,000 gallons if sewage treatment is contracted
  
- B. Treatment Capacity of Sewage Treatment Plant
  
- C. Type of Sewage Collector System (describe)
  
- D. Number and Capacity of Sewage Lift Stations
  
- E. Sewage Collection System
  - 1. Lineal feet of Collector Lines (by size)
    - 6”:
    - 8”:
    - 10”:
    - 12”:
    - Larger:

XIV. LAND AND RIGHTS – PROPOSED SEWER SYSTEM

**NOT APPLICABLE**

Number of Treatment Plant Sites  
Number of Pump Sites  
Number of Other Sites  
Total Acreage                      acre  
Purchase Price                      \$

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also, describe the adequacy of Water Purchase Contract if applicable.

**Grayson County Water District withdraws water from Rough River Lake and treats the water in their 1.5 million gallon per day treatment plant. The plant was placed into service in July 2002 and currently operates at approximately 800,000 gallons per day. Grayson County Water District also buys water from The City of Leitchfield for \$1.945 per thousand gallons.**

B. Water Storage

1. Type
2. Number of Storage Structures:
3. Total Storage Volume Capacity:

C. Water Distribution System

1. Pipe Material:
2. Lineal feet of Pipe
  - 3":
  - 4":
  - 6":
  - 8":
  - 10":
  - 12":
3. Number and Capacity of Pump Stations:

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites  
Number of Pump Sites  
Number of Other Sites  
Total Acreage  
Purchase Price

XVII. NUMBER OF NEW SEWER USERS

**NOT APPLICABLE**

Residential (In Town)\*  
Residential (Out of Town)\*  
Non-Residential (In Town)  
Non-Residential (Out of Town)  
Total  
Number to Total Potential Users  
    Living in the Service Area

\*Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

XVIII. PROPOSED SEWER CONNECTION FEES  
    FOR EACH SIZE WATER METER CONNECTION

**NOT APPLICABLE**

Meter Size	Water Connection Fee
5/8" X 3/4"	\$
1.0"	\$

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)*	0
Residential (Out of Town)*	0
Non-Residential (In Town)	0
Non-Residential (Out of Town)	0
Total	0
Number of Total Potential Users Living in the Service Area	0

\*Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

XX. PROPOSED WATER CONNECTION FEES  
FOR EACH SIZE WATER METER CONNECTION

Meter Size	Water Connection Fee
5/8" X 3/4"	\$ 550
1.0"	\$ 650
1.5"	\$ 1,250
2.0"	\$ 1,400
3.0"	\$ 4,100
4.0"	\$ 4,700
6.0" or larger	Actual cost of installation

XXI. SEWER RATES - PROPOSED

**NOT APPLICABLE**

A. Proposed Rate Schedule without RUS Grant

Percentage of Water Bill:

Minimum Charge: \$

Other (If the charge is not based on water bill):

First	Gallons @ \$	minimum
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
All Over	Gallons @ \$	per 1,000 Gallons

The above-proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant

Percentage of Water Bill:

Minimum Charge: \$

Other (If the charge is not based on water bill):

First	Gallons @ \$	minimum
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
Next	Gallons @ \$	per 1,000 Gallons
All Over	Gallons @ \$	per 1,000 Gallons

If more than one rate, please include on additional sheets.



XXII. WATER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant

**5/8 and 3/4 Inch Meter**

First	1,500	Gallons @	\$17.80 minimum
Next	8,500	Gallons @	\$8.45 per 1,000 Gallons
Next	40,000	Gallons @	\$7.58 per 1,000 Gallons
Next	100,000	Gallons @	\$6.71 per 1,000 Gallons
Over	150,000	Gallons @	\$5.87 per 1,000 Gallons

**3/4-Inch Meter**

First	3,000	Gallons @	\$30.48 minimum
Next	7,000	Gallons @	\$8.45 per 1000 Gallons
Next	40,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**1-Inch Meter**

First	5,000	Gallons @	\$47.38 minimum
Next	5,000	Gallons @	\$8.45 per 1000 Gallons
Next	40,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**1½-Inch Meter**

First	10,000	Gallons @	\$89.62 minimum
Next	40,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**2-Inch Meter**

First	16,000	Gallons @	\$135.09 minimum
Next	34,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**3-Inch Meter**

First	30,000	Gallons @	\$241.19 minimum
Next	20,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**4-Inch Meter**

First	50,000	Gallons @	\$392.76 minimum
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**6-Inch Meter**

<b>First</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$728.27 minimum</b>
<b>Next</b>	<b>50,000</b>	<b>Gallons @</b>	<b>\$6.71 per 1000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1000 Gallons</b>

**8-Inch Meter**

<b>First</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$1,063.77 minimum</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1000 Gallons</b>

**10-Inch Meter**

<b>First</b>	<b>250,000</b>	<b>Gallons @</b>	<b>\$1,650.22 minimum</b>
<b>Over</b>	<b>250,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1000 Gallons</b>

The above-proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

**B. Recommended Rate Schedule with RUS Grant**

Percentage of Water Bill:

Minimum Charge: \$

Other (If the charge is not based on water bill):

**5/8 and 3/4 Inch Meter**

<b>First</b>	<b>1,500</b>	<b>Gallons @</b>	<b>\$17.92 minimum</b>
<b>Next</b>	<b>8,500</b>	<b>Gallons @</b>	<b>\$8.45 per 1,000 Gallons</b>
<b>Next</b>	<b>40,000</b>	<b>Gallons @</b>	<b>\$7.58 per 1,000 Gallons</b>
<b>Next</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$6.71 per 1,000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1,000 Gallons</b>

**¾-Inch Meter**

<b>First</b>	<b>3,000</b>	<b>Gallons @</b>	<b>\$30.60 minimum</b>
<b>Next</b>	<b>7,000</b>	<b>Gallons @</b>	<b>\$8.45 per 1000 Gallons</b>
<b>Next</b>	<b>40,000</b>	<b>Gallons @</b>	<b>\$7.58 per 1000 Gallons</b>
<b>Next</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$6.71 per 1000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1000 Gallons</b>

**1-Inch Meter**

<b>First</b>	<b>5,000</b>	<b>Gallons @</b>	<b>\$47.50 minimum</b>
<b>Next</b>	<b>5,000</b>	<b>Gallons @</b>	<b>\$8.45 per 1000 Gallons</b>
<b>Next</b>	<b>40,000</b>	<b>Gallons @</b>	<b>\$7.58 per 1000 Gallons</b>
<b>Next</b>	<b>100,000</b>	<b>Gallons @</b>	<b>\$6.71 per 1000 Gallons</b>
<b>Over</b>	<b>150,000</b>	<b>Gallons @</b>	<b>\$5.87 per 1000 Gallons</b>

**1½-Inch Meter**

First	10,000	Gallons @	\$89.74 minimum
Next	40,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**2-Inch Meter**

First	16,000	Gallons @	\$135.21 minimum
Next	34,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**3-Inch Meter**

First	30,000	Gallons @	\$241.31 minimum
Next	20,000	Gallons @	\$7.58 per 1000 Gallons
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**4-Inch Meter**

First	50,000	Gallons @	\$392.88 minimum
Next	100,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**6-Inch Meter**

First	100,000	Gallons @	\$728.39 minimum
Next	50,000	Gallons @	\$6.71 per 1000 Gallons
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**8-Inch Meter**

First	150,000	Gallons @	\$1,063.77 minimum
Over	150,000	Gallons @	\$5.87 per 1000 Gallons

**10-Inch Meter**

First	250,000	Gallons @	\$1,650.22 minimum
Over	250,000	Gallons @	\$5.87 per 1000 Gallons

If more than one rate, please include on additional sheets.

XXIII. FORECAST OF SEWER USAGE – INCOME  
EXISTING SYSTEM – EXISTING USERS

**NOT APPLICABLE**

XXIV. FORECAST OF SEWER USAGE - INCOME  
NEW USERS – EXTENSION ONLY

**NOT APPLICABLE**

XXV. FORECAST OF WATER USAGE - INCOME  
EXISTING SYSTEM – EXISTING USERS

XXV. Forecast of Water Usage - Existing System - Existing Users

For the period, January 1, 2011 to December 31, 2011

Residential		First 1,500 Gal. at	\$17.92	Minimum	Monthly Income
		Next 8,500 Gal. at	\$8.45	per Thousand Gallons.	
		Next 40,000 Gal. at	\$7.58	per Thousand Gallons.	
		Next 100,000 Gal. at	\$6.71	per Thousand Gallons.	
		All Over 150,000 Gal. at	\$5.87	per Thousand Gallons.	
Monthly Usage Gallons	Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income	
	From To				
0	1,500	495	982.58	35,571.20	
1,501	10,000	3,600	14,158.80	140,237.21	
10,001	50,000	13,330	4,425.56	38,170.16	
50,001	150,000	59,098	768.27	6,560.10	
150,001	Over	166,570	333.14	2,322.36	
TOTALS		6265	20,668.35	222,861.04	

Annual Residential Water Sales \$2,674,332.47

Total Water Purchased and/or Produced (Gallons) 275,309,069

Total Water Sold (Gallons) 248,026,188

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

Non-Residential 3/4" meter		First 3,000 Gal. at	\$30.60	Minimum	Monthly Income
		Next 7,000 Gal. at	\$8.45	per Thousand Gallons.	
		Next 40,000 Gal. at	\$7.58	per Thousand Gallons.	
		Next 100,000 Gal. at	\$6.71	per Thousand Gallons.	
		All Over 150,000 Gal. at	\$5.87	per Thousand Gallons.	
Monthly Usage Gallons	Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income	
	From To				
0	3,000	500	0.50	30.60	
1,501	8,500	0	0	0.00	
8,501	40,000	0	0	0.00	
40,001	100,000	0	0	0.00	
100,001	Over	0	0	0.00	
TOTALS		1	0.50	30.60	

Annual Non Residential 3/4" Water Sales \$367.20

XII. Forecast of Actual Water Usage - Existing System (Continued)

For the period, January 1, 2011 to December 31, 2011.

Non-Residential 1.0" meter				Non-Residential 1.5" meter			
Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)		Monthly Income	
From	To						
0	5,000	3,129	21	65.71			997.50
5,001	10,000	18,905	10	189.05			1,649.89
10,001	50,000	64,311	2	128.62			1,002.82
50,001	150,000	145,316	2	290.63			2,065.00
150,001	Over	0	0	0.00			0.00
<b>TOTALS</b>			<b>35</b>	<b>674.01</b>			<b>5,715.21</b>

Annual Non Residential 1.0 "Water Sales	\$68,582.47
---	-------------

Total Water Purchased and/or Produced (Gallons)	20,590,695
---	------------

Total Water Sold (Gallons)	18,550,176
----------------------------	------------

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

Annual Non Residential 1.5 "Water Sales	\$51,056.84
---	-------------

Total Water Purchased and/or Produced (Gallons)	20,590,695
---	------------

Total Water Sold (Gallons)	18,550,176
----------------------------	------------

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2011 to December 31, 2011

**Non-Residential 2.0" meter \***

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	16,000	8,535	9	76.82	1,216.89
16,001	50,000	37,000	1	37.00	294.38
50,001	150,000	93,000	1	93.00	681.45
150,001	Over	200,000	4	800.00	5,429.64
<b>TOTALS</b>					<b>7,622.36</b>

Annual Non Residential 2.0 "Water Sales \$91,468.29

Total Water Purchased and/or Produced (Gallons) 29,541,296

Total Water Sold (Gallons) 26,613,780

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

**Non-Residential 3.0" meter**

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	30,000	11,000	1	11.00	241.31
30,001	50,000	0	0	0.00	0.00
50,001	150,000	0	0	0.00	0.00
150,001	Over	1,200,000	1	1,200.00	7,227.39
<b>TOTALS</b>					<b>7,468.70</b>

Annual Non Residential 3.0 "Water Sales \$89,624.40



**XII. Forecast of Actual Water Usage - Existing System (Continued)**

For the period, January 1, 2011 to December 31, 2011

Non-Residential 4.0" meter

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	50,000	16,000	3	48.00	1,178.64
50,001	150,000	66,000	1	66.00	1,063.87
150,001	Over	205,000	0	0.00	0.00
<b>TOTALS</b>					<b>2,242.51</b>

Annual Non Residential 4.0 "Water Sales \$26,910.16

Total Water Purchased and/or Produced (Gallons) 1,784,880

Total Water Sold (Gallons) 1,608,000

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

Non-Residential 6.0" meter

Monthly Usage Gallons		Average Monthly Usage	No. of Users	Usage (1000-Gal.)	Monthly Income
From	To				
0	100,000	20,000	1	20.00	728.39
100,001	150,000	0	0	0.00	0.00
150,001	Over	0	0	0.00	0.00
<b>TOTALS</b>					<b>728.39</b>

Annual Non Residential 6.0 "Water Sales \$8,740.68

XII. Forecast of Actual Water Usage - Existing System (Continued)

For the period, January 1, 2011 to December 31, 2011

Non-Residential 8.0" meter		Non-Residential 10.0" meter		Minimum per Thousand Gallons.	
		All Over 150,000 Gal. at		All Over 150,000 Gal. at	
		From To		From To	
		150,001 Over		100,001 Over	
		TOTALS		TOTALS	
Average Monthly Usage		0		0	
No. of Users		3		0	
Usage (1000-Gal.)		3,592.85		0.00	
Monthly Income		7,437.20		0.00	
TOTALS		7,437.20		0.00	
Annual Non Residential 8.0" Water Sales		\$89,246.34		Annual Non Residential 6.0" Water Sales \$0.00	

Total Water Purchased and/or Produced (Gallons)	47,856,735
Total Water Sold (Gallons)	43,114,176

RESIDENTIAL AND NON-RESIDENTIAL COMBINED	
Total Users	6332
Total Annual Water Sales	\$3,100,328.85
Average Monthly Bill	\$40.80
Average Monthly Usage (Gallons)	4,447

XXVI. FORECAST OF WATER USAGE - INCOME  
NEW USERS – EXTENSION ONLY

**No new users with this project**

XXVII. CURRENT OPERATING BUDGET – (SEWER SYSEM)  
 (As of the last full operating year)

**NOT APPLICABLE**

A.	Operating Income	
	Sewer Revenue	\$
	Late Charge Fees	\$
	Other (describe)	\$
	Less Allowances and Deductions	\$
	Total Operating Income	\$
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Operation Expense	\$
	Maintenance Expense	\$
	Customer Accounts Expense	\$
	Administrative and General	\$
	Total Operating and Maintenance Expenses	\$
	Net Operating Income	\$
C.	Non-Operating Income	
	Interest on Deposit	\$
	Other (identify)	\$
	Total Non-Operating Income	\$
D.	Net Income	\$
E.	Debt Repayment	
	RUS Interest	\$
	RUS Principal	\$
	Non-RUS Interest	\$
	Non-RUS Principal	\$
	Total Debt Repayment	\$
F.	Balance Available for Coverage	\$

XXVIII. PROPOSED OPERATING BUDGET – (SEWER SYSTEM)  
 EXISTING SYSTEM AND NEW USERS  
 (First full year of operation)  
 Year Ending:

**NOT APPLICABLE**

A.	Operating Income	
	Sewer Revenue	\$
	Late Charge Fees	\$
	Other (describe)	\$
	Less Allowances and Deductions	\$
	Total Operating Income	\$
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Operation Expense	\$
	Maintenance Expense	\$
	Customer Accounts Expense	\$
	Administrative and General	\$
	Total Operating and Maintenance Expenses	\$
	Net Operating Income	\$
C.	Non-Operating Income	
	Interest on Deposit	\$
	Other (identify)	\$
	Total Non-Operating Income	\$
D.	Net Income	\$
E.	Debt Repayment	
	RUS Interest	\$
	RUS Principal	\$
	Non-RUS Interest	\$
	Non-RUS Principal	\$
	Total Debt Repayment	\$
F.	Balance Available for Coverage	\$

XXIX. PROPOSED OPERATING BUDGET – (SEWER SYSTEM)  
 NEW USERS – EXTENSION ONLY  
 (First full year of operation)  
 Year Ending:

**NOT APPLICABLE**

A.	Operating Income	
	Sewer Revenue	\$
	Late Charge Fees	\$
	Other (describe)	\$
	Less Allowances and Deductions	\$
	Total Operating Income	\$
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Operation Expense	\$
	Maintenance Expense	\$
	Customer Accounts Expense	\$
	Administrative and General	\$
	Total Operating and Maintenance Expenses	\$
	Net Operating Income	\$
C.	Non-Operating Income	
	Interest on Deposit	\$
	Other (identify)	\$
	Total Non-Operating Income	\$
D.	Net Income	\$
E.	Debt Repayment	
	RUS Interest	\$
	RUS Principal	\$
	Non-RUS Interest	\$
	Non-RUS Principal	\$
	Total Debt Repayment	\$
F.	Balance Available for Coverage	\$

XXX. CURRENT OPERATING BUDGET – (WATER SYSTEM)  
 (As of the last full operating year) (2009)

A.	Operating Income	
	Water Sales	\$2,948,117
	Miscellaneous Service Revenue	\$41,856
	Other (forfeited discounts)	\$53,489
	Total Operating Income	\$3,043,462
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	\$325,165
	Pumping Expense	\$77,979
	Water Treatment Expense	\$326,454
	Transmission and Distribution Expense	\$560,581
	Customer Accounts Expense	\$289,119
	Administrative and General Expense	\$263,668
	Capital Improvements	\$392,272
	Total Operating Expense	\$2,235,238
	Net Operating Income	\$808,224
C.	Non-Operating Income	
	Interest on Deposits	\$80,374
	Other (PSC Tax)	\$(4,225)
	Other	\$209,830
	Total Non-Operating Income	\$285,979
D.	Net Income	\$1,094,203
E.	Debt Repayment	
	RUS Interest	\$254,355
	RUS Principal	\$90,375
	Non-RUS Interest	\$158,804
	Non-RUS Principal	\$361,251
	Total Debt Repayment	\$864,785
F.	Short Lived Assets	\$171,005
G.	Balance Available for Coverage	\$58,413

XXXI. PROPOSED OPERATING BUDGET – (WATER SYSTEM)  
 EXISTING SYSTEM AND NEW USERS  
 (First full year of operation) (2012) Year Ending:

A.	Operating Income	
	Water Sales	\$3,100,329
	Miscellaneous Service Revenue	\$42,000
	Other (forfeited discounts)	\$54,000
	Total Operating Income	\$3,187,215
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	\$364,185
	Pumping Expense	\$87,336
	Water Treatment Expense	\$365,628
	Transmission and Distribution Expense	\$627,851
	Customer Accounts Expense	\$323,813
	Administrative and General Expense	\$295,308
	Other (PSC Tax)	\$4,500
	Total Operating Expense	\$2,068,621
	Net Operating Income	\$1,127,708
C.	Non-Operating Income	
	Interest on Deposits	\$22,000
	Other	\$59,000
	Total Non-Operating Income	\$81,000
D.	Net Income	\$1,208,708
E.	Debt Repayment	
	RUS Interest	\$285,500
	RUS Principal	\$118,710
	Non-RUS Interest	\$150,362
	Non-RUS Principal	\$398,712
	Total Debt Repayment	\$953,284
F.	Short Lived Assets	\$175,000
G.	Balance Available for Coverage	\$80,424



XXXII. PROPOSED OPERATING BUDGET – (WATER SYSTEM)

NEW USERS – EXTENSION ONLY

(First full year of operation) (2011)

Year Ending:

A.	Operating Income	
	Water Sales	\$0
	Disconnect/Reconnect/Late Charge Fee	\$0
	Other (describe)	\$0
	Less Allowances and Deductions	\$0
	Total Operating Income	\$0
B.	Operation and Maintenance Expenses	
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
	Source of Supply Expense	\$0
	Pumping Expense	\$5,000
	Water Treatment Expense	\$0
	Transmission and Distribution Expense	\$20,000
	Customer Accounts Expense	\$0
	Administrative and General Expense	\$0
	Total Operating Expense	\$0
	Net Operating Income	\$0
C.	Non-Operating Income	
	Interest on Deposits	\$0
	Other (identify)	\$0
	Total Non-Operating Income	\$0
D.	Net Income	\$(25,000)
E.	Debt Repayment	
	RUS Interest	\$12,331
	RUS Principal	\$60,497
	Non-RUS Interest	\$0
	Non-RUS Principal	\$0
	Total Debt Repayment	\$72,828
F.	Balance Available for Coverage	\$(97,828)

XXXIII. ESTIMATED PROJECT COST - SEWER  
(Round to the nearest 100\$)

**NOT APPLICABLE**

	Collection	Treatment	Total
Development			
Land and Rights			
Legal			
Engineering			
Interest			
Contingencies			
Initial Operating and Maintenance			
Other			
TOTAL			

XXXIV. PROPOSED PROJECT FUNDING - SEWER

**NOT APPLICABLE**

	Collection	Treatment	Total
Applicant – User Contribution Fees			
Other – Applicant Contribution			
RUS Loan			
RUS Grant			
ARC Grant (if applicable)			
CDBG (if applicable)			
Other (specify)			
Other (specify)			
TOTAL			

XXXV. ESTIMATED PROJECT COST – WATER

Development	\$1,535,568
Legal and Administrative	\$15,000
Engineering and Inspection	\$218,770
Environmental Assessment	\$10,000
Interest	\$30,000
Contingencies	\$150,662
TOTAL	\$1,960,000

XXXVI. PROPOSED PROJECT FUNDING - WATER

Applicant – User Contribution Fees	\$0
Other – Applicant Contribution	\$30,000
RUS Loan	\$1,414,000
RUS Grant	\$516,000
ARC Grant (if applicable)	\$0
CDBG (if applicable)	\$0
Other (KIA Tobacco Development Fund)	\$0
TOTAL	\$1,960,000