



Steven L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda K. Breathitt  
Commissioner

October 1, 2013

D. Berry Baxter, Esq.  
Berry, Floyd & Baxter P.S.C.  
117 West Main Street  
LaGrange, Kentucky 40031

Re: Case No. 2013-00331  
Henry County Water District No. 2

Dear Mr. Baxter:

The enclosed documents have been filed in the record of the above-referenced case. Any objections to this action should be submitted to the Commission within five days of receipt of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

gw

Enclosures

1. E-mail Msg dtd 30 Sep 2013
2. Ltr dtd 30 Sep 2013
3. Ltr dtd 23 Sep 2013
4. Bid Tabulation
5. HCWD2 Resolution
6. KIA Commitment Ltr
7. E-mail Msg dtd 20 Sep 2013

**From:** [D. Berry Baxter](#)  
**To:** [Wuetcher, Jerry \(PSC\)](#)  
**Cc:** ["James Simpson"](#); ["Green, Tom"](#)  
**Subject:** RE: Case No. 2013-00331: Henry County Water District No. 2  
**Date:** Monday, September 30, 2013 1:40:51 PM  
**Attachments:** [PSC Cover letter.PDF](#)  
[Resolution of HCWD#2.pdf](#)  
[Contract Award Recommendation.pdf](#)  
[KIA Commitmt ltr.pdf](#)  
[Morton bid-tab.pdf](#)

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Mr. Wuetcher: Please see attached in response to your email below. Thank you for your attention to this matter. If you need anything else, please let me know.

D. Berry Baxter  
Attorney At Law  
Berry, Floyd & Baxter, PSC  
117 West Main Street  
LaGrange, KY 40031  
baxterlaw@me.com  
502.225.0050 (o)  
502.225.0550 (f)

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**From:** Wuetcher, Jerry (PSC) [mailto:JWuetcher@ky.gov]  
**Sent:** Friday, September 20, 2013 5:02 PM  
**To:** D. Berry Baxter (baxterlaw@me.com)  
**Cc:** jimmy simpson  
**Subject:** Case No. 2013-00331: Henry County Water District No. 2  
**Importance:** High

Mr. Baxter:

Commission Staff is reviewing the application filed in the above-referenced case. To expedite the review process, Commission Staff respectfully requests that Henry County Water District No. 2 submit the following documents:

- The final bid tabulation certified by the Project Engineer
- The Project Engineer's recommendation re: the selection of the project contractor
- The minutes of the meeting of Henry County Water District No. 2's Board of

- Commissioners in which the Board selected by formal vote the project contractor
- The conditional commitment letter that KIA issued to Henry County Water District No. 2 regarding the proposed project

These documents may be submitted in electronic format by scanning and placing into a portable document format and e-mailing to me. I will then ensure that the documents are placed into the case record and circulated to the Commission and its Staff.

If you have any questions, please telephone or e-mail me.

Respectfully,

Gerald E. Wuetcher  
Executive Advisor/Attorney  
Public Service Commission of Kentucky  
[gerald.wuetcher@ky.gov](mailto:gerald.wuetcher@ky.gov)  
Office: (502) 564-3940  
Direct: (502) 782-2590  
Cell: (502) 229-6500

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Version: 2014.0.4117 / Virus Database: 3604/6694 - Release Date: 09/24/13

**BERRY, FLOYD & BAXTER, P.S.C.**

*ATTORNEYS AND COUNSELORS AT LAW*

117 WEST MAIN STREET  
LAGRANGE, KENTUCKY 40031

(502) 225-0050

FACSIMILE: (502) 225-0550

E-MAIL: [baxterlaw@icloud.com](mailto:baxterlaw@icloud.com)

ESTABLISHED IN 1927

D. Berry Baxter

John M. Berry (1900-1991)

Of Counsel: John M. Berry, Jr.

September 30, 2013

Mr. Gerald Wuetcher  
Assistant General Counsel  
Public Service Commission of Kentucky  
211 Dower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RE: Case No. 2013-00331: Henry County Water District No. 2

Dear Mr. Wuetcher:

Pursuant to your email sent to the undersigned on September 20, 2013, I am enclosing the following documents for the information of Commission staff as requested:

- The final bid tabulation certified by the Project Engineer
- The Project Engineer's recommendation re: the selection of the project contractor
- The Resolution of Henry County Water District No. 2's Board of Commissioners in which the Board selected by formal vote the project contractor
- The conditional commitment letter that KIA issued to Henry County Water District No. 2 regarding the proposed project

Please advise if you require any additional information.

Very truly yours,

BERRY, FLOYD & BAXTER, P.S.C.



D. BERRY BAXTER

DBB:dbb

cc: James Simpson w/o enc.



TETRA TECH

September 23, 2013

Mr. Dale Jennings, Chairman  
Henry County Water District No. 2  
8955 Main Street  
Campbellsburg, Kentucky 40011

Re: *Contract Award Recommendation  
Morton Ridge Main Upgrade*

Dear Chairman Jennings:

Tetra Tech has reviewed the August 30, 2013, bids submitted in response to the above referenced bid invitation. Eleven bids, ranging from \$2,114,800.00 to \$2,690,690.00, were submitted, and the apparent low bidder was Cleary Construction, Inc. (Cleary). The project is to be awarded based upon Total Bid Price as calculated from Unit Prices bid for each project work item. The low bidder must also comply with all prescribed bidding requirements, and must demonstrate adequate capacity and experience. The low bidder's qualifications can be confirmed by contacting his references from similar past projects.

Cleary's representative was interviewed following the bid opening on August 30, 2013. He stated that Cleary has performed many large diameter (greater than 12-inch) ductile iron water projects in Kentucky and Tennessee. Cleary's representative also stated that they are comfortable with their bid, that they assert that no mistakes were made in the bid preparation, and that they will enter into the contract if awarded. Tetra Tech has reviewed all of Cleary's required bid submittal documents and contacted four references to determine the quality of their workmanship, and their timeliness, professionalism, warranty responses, etc. Their references were consistently excellent and confirmed that Cleary had ample experience successfully installing large diameter ductile iron water lines.

Therefore, Tetra Tech recommends that the Morton Ridge Main Upgrade contract be awarded to Cleary Construction, Inc. for the bid amount of \$2,114,800.00.

Sincerely,

Herbert R. Lemaster, P.E.  
[herb.lemaster@tetrattech.com](mailto:herb.lemaster@tetrattech.com)

cc: Bill Averell, DOW Project Administrator  
Tammy McCall, KIA Financial Analyst

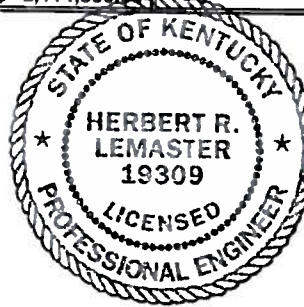
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**BID TABULATION  
MORTON RIDGE MAIN UPGRADE  
HENRY COUNTY WATER DISTRICT No. 2  
Bids Received August 30, 2013**



No.	Item	Unit	Approx. Quantity	Cleary Construction, Inc.		Hubert Excavating and Contracting, LLC		MAC Construcion and Excavating, Inc.		Garney Companies, Inc.		G & W Construction Co., Inc.	
				Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost
1	Mobilization (max. 2% of Total Bid)	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 37,564.17	\$ 37,564.17	\$ 43,000.00	\$ 43,000.00	\$ 44,000.00	\$ 44,000.00	\$ 43,330.95	\$ 43,330.95
2	General Conditions (max. 2% of Total Bid)	LS	1	\$ 20,000.00	\$ 20,000.00	\$ 38,000.00	\$ 38,000.00	\$ 43,000.00	\$ 43,000.00	\$ 44,000.00	\$ 44,000.00	\$ 43,330.95	\$ 43,330.95
3	Demobilization (min. 1% of Total Bid)	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 19,000.00	\$ 19,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 21,665.48	\$ 21,665.48
4	20" DI Water Line (CI 250)	LF	21,980	\$ 85.00	\$ 1,868,300.00	\$ 70.58	\$ 1,551,348.40	\$ 73.15	\$ 1,607,837.00	\$ 77.00	\$ 1,692,460.00	\$ 73.52	\$ 1,615,969.60
5	DI Fittings (CI 250 and 350) w/ PE Tube Wrap	LB	33,000	\$ 0.01	\$ 330.00	\$ 3.04	\$ 100,320.00	\$ 1.60	\$ 52,800.00	\$ 0.10	\$ 3,300.00	\$ 2.27	\$ 74,910.00
6	20" Butterfly Valve (CI 250)	EA	2	\$ 4,400.00	\$ 8,800.00	\$ 3,899.54	\$ 7,799.08	\$ 7,000.00	\$ 14,000.00	\$ 8,000.00	\$ 16,000.00	\$ 7,349.44	\$ 14,698.88
7	2" Combination Air/Vacuum Valve	EA	1	\$ 5,000.00	\$ 5,000.00	\$ 3,350.60	\$ 3,350.60	\$ 3,800.00	\$ 3,800.00	\$ 3,750.00	\$ 3,750.00	\$ 2,365.49	\$ 2,365.49
8	18" Tapping Sleeve and Valve	EA	1	\$ 24,000.00	\$ 24,000.00	\$ 23,606.16	\$ 23,606.16	\$ 20,531.00	\$ 20,531.00	\$ 28,000.00	\$ 28,000.00	\$ 27,412.76	\$ 27,412.76
9	12" Tapping Sleeve and Valve	EA	1	\$ 6,500.00	\$ 6,500.00	\$ 5,711.30	\$ 5,711.30	\$ 8,156.00	\$ 8,156.00	\$ 12,092.00	\$ 12,092.00	\$ 10,405.05	\$ 10,405.05
10	8" Blow-off Valve	EA	2	\$ 3,000.00	\$ 6,000.00	\$ 1,912.80	\$ 3,825.60	\$ 5,800.00	\$ 11,600.00	\$ 5,450.00	\$ 10,900.00	\$ 2,134.75	\$ 4,269.50
11	36"x0.469" Stl. Casing Pipe, Open Cut Roadway, Blacktop Concrete Driveway, Gas Line Crossing	LF	390	\$ 200.00	\$ 78,000.00	\$ 174.37	\$ 68,004.30	\$ 240.00	\$ 93,600.00	\$ 200.00	\$ 78,000.00	\$ 234.38	\$ 91,408.20
12	36"x0.469" Stl. Casing Pipe, Bore & Jack Roadway	LF	100	\$ 400.00	\$ 40,000.00	\$ 309.61	\$ 30,961.00	\$ 630.00	\$ 63,000.00	\$ 520.00	\$ 52,000.00	\$ 414.38	\$ 41,438.00
13	Channel Lining, Class III	TON	150	\$ 40.00	\$ 6,000.00	\$ 25.47	\$ 3,820.50	\$ 40.00	\$ 6,000.00	\$ 40.00	\$ 6,000.00	\$ 40.00	\$ 6,000.00
14	Concrete Cap	LF	60	\$ 100.00	\$ 6,000.00	\$ 30.39	\$ 1,823.40	\$ 45.00	\$ 2,700.00	\$ 100.00	\$ 6,000.00	\$ 200.00	\$ 12,000.00
15	Crushed Stone (DGA) Surface Replacement 12" thick	LF	800	\$ 5.00	\$ 4,000.00	\$ 7.38	\$ 5,904.00	\$ 7.00	\$ 5,600.00	\$ 11.00	\$ 8,800.00	\$ 18.00	\$ 14,400.00
16	Bituminous Road Surface Replacement, 2" Thick with Concrete Base	LF	165	\$ 50.00	\$ 8,250.00	\$ 101.30	\$ 16,714.50	\$ 48.00	\$ 7,920.00	\$ 60.00	\$ 9,900.00	\$ 58.00	\$ 9,570.00
17	Bituminous Road Surface Replacement, Road Aprons- 2" Thick	LF	150	\$ 50.00	\$ 7,500.00	\$ 50.65	\$ 7,597.50	\$ 40.00	\$ 6,000.00	\$ 37.00	\$ 5,550.00	\$ 38.00	\$ 5,700.00
18	Concrete Surface Replacement, 8" Thick	LF	40	\$ 100.00	\$ 4,000.00	\$ 45.59	\$ 1,823.60	\$ 74.00	\$ 2,960.00	\$ 120.00	\$ 4,800.00	\$ 225.00	\$ 9,000.00
19	Tie-in To Existing Line	EA	2	\$ 1,000.00	\$ 2,000.00	\$ 1,013.00	\$ 2,026.00	\$ 5,000.00	\$ 10,000.00	\$ 5,000.00	\$ 10,000.00	\$ 5,500.00	\$ 11,000.00
20	Crushed Stone Bedding and Backfill	TON	12,000	\$ 0.01	\$ 120.00	\$ 16.32	\$ 195,840.00	\$ 18.75	\$ 225,000.00	\$ 16.00	\$ 192,000.00	\$ 18.00	\$ 216,000.00
<b>Total Bid Price</b>				<b>\$ 2,114,800.00</b>		<b>\$ 2,125,040.11</b>		<b>\$ 2,252,504.00</b>		<b>\$ 2,252,552.00</b>		<b>\$ 2,274,874.86</b>	

Note: Hubert Excavating submitted Total Costs for Items 5, 10, 11, 12, 13, 15, 18, and 20 which were incorrectly multiplied from their submitted Unit Prices. Using their Unit Prices, their incorrect Total Bid Price of \$2,125,000.00 is corrected to \$2,125,040.11



I hereby certify that this is a true and correct tabulation of bids.

*Herbert R. Lemaster*  
Herbert R. Lemaster, P.E.

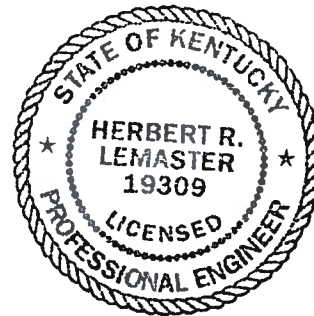


**BID TABULATION  
MORTON RIDGE MAIN UPGRADE  
HENRY COUNTY WATER DISTRICT No. 2  
Bids Received August 30, 2013**



No.	Item	Unit	Approx. Quantity	Layne Heavy Civil, Inc.		Scott & Ritter, Inc.		Infrastructure Systems, Inc.		Smith Contractors, Inc.		Flynn Brothers Contracting, Inc.		Howell Contractors, Inc.	
				Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost
1	Mobilization (max. 2% of Total Bid)	LS	1	\$ 45,000.00	\$ 45,000.00	\$ 39,970.00	\$ 39,970.00	\$ 45,000.00	\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 53,000.00	\$ 53,000.00	\$ 52,000.00	\$ 52,000.00
2	General Conditions (max. 2% of Total Bid)	LS	1	\$ 45,000.00	\$ 45,000.00	\$ 39,970.00	\$ 39,970.00	\$ 45,000.00	\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 53,000.00	\$ 53,000.00	\$ 52,000.00	\$ 52,000.00
3	Demobilization (min. 1% of Total Bid)	LS	1	\$ 25,000.00	\$ 25,000.00	\$ 24,460.00	\$ 24,460.00	\$ 27,500.00	\$ 27,500.00	\$ 25,000.00	\$ 25,000.00	\$ 30,000.00	\$ 30,000.00	\$ 26,500.00	\$ 26,500.00
4	20" DI Water Line (CI 250)	LF	21,980	\$ 73.00	\$ 1,604,540.00	\$ 82.90	\$ 1,822,142.00	\$ 82.00	\$ 1,802,360.00	\$ 91.00	\$ 2,000,180.00	\$ 95.00	\$ 2,088,100.00	\$ 88.00	\$ 1,934,240.00
5	DI Fittings (CI 250 and 350) w/ PE Tube Wrap	LB	33,000	\$ 3.00	\$ 99,000.00	\$ 2.00	\$ 66,000.00	\$ 4.00	\$ 132,000.00	\$ 1.00	\$ 33,000.00	\$ 1.00	\$ 33,000.00	\$ 1.00	\$ 33,000.00
6	20" Butterfly Valve (CI 250)	EA	2	\$ 4,978.00	\$ 9,956.00	\$ 8,500.00	\$ 17,000.00	\$ 4,200.00	\$ 8,400.00	\$ 4,000.00	\$ 8,000.00	\$ 4,300.00	\$ 8,600.00	\$ 5,500.00	\$ 11,000.00
7	2" Combination Air/Vacuum Valve	EA	1	\$ 2,926.00	\$ 2,926.00	\$ 3,000.00	\$ 3,000.00	\$ 2,800.00	\$ 2,800.00	\$ 3,000.00	\$ 3,000.00	\$ 2,900.00	\$ 2,900.00	\$ 2,500.00	\$ 2,500.00
8	18" Tapping Sleeve and Valve	EA	1	\$ 25,784.00	\$ 25,784.00	\$ 28,000.00	\$ 28,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 21,000.00	\$ 21,000.00	\$ 19,500.00	\$ 19,500.00
9	12" Tapping Sleeve and Valve	EA	1	\$ 7,501.00	\$ 7,501.00	\$ 7,500.00	\$ 7,500.00	\$ 6,000.00	\$ 6,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,600.00	\$ 5,600.00	\$ 7,500.00	\$ 7,500.00
10	8" Blow-off Valve	EA	2	\$ 4,160.00	\$ 8,320.00	\$ 2,500.00	\$ 5,000.00	\$ 3,100.00	\$ 6,200.00	\$ 1,500.00	\$ 3,000.00	\$ 2,200.00	\$ 4,400.00	\$ 4,500.00	\$ 9,000.00
11	36"x0.469" Stl. Casing Pipe, Open Cut Roadway, Blacktop -Concrete Driveway, Gas Line Crossing	LF	390	\$ 209.00	\$ 81,510.00	\$ 220.00	\$ 85,800.00	\$ 290.00	\$ 113,100.00	\$ 150.00	\$ 58,500.00	\$ 200.00	\$ 78,000.00	\$ 310.00	\$ 120,900.00
12	36"x0.469" Stl. Casing Pipe, Bore & Jack Roadway	LF	100	\$ 972.00	\$ 97,200.00	\$ 407.71	\$ 40,771.00	\$ 400.00	\$ 40,000.00	\$ 400.00	\$ 40,000.00	\$ 450.00	\$ 45,000.00	\$ 650.00	\$ 65,000.00
13	Channel Lining, Class III	TON	150	\$ 32.00	\$ 4,800.00	\$ 30.00	\$ 4,500.00	\$ 75.00	\$ 11,250.00	\$ 30.00	\$ 4,500.00	\$ 38.00	\$ 5,700.00	\$ 100.00	\$ 15,000.00
14	Concrete Cap	LF	60	\$ 63.00	\$ 3,780.00	\$ 28.00	\$ 1,680.00	\$ 80.00	\$ 4,800.00	\$ 50.00	\$ 3,000.00	\$ 44.00	\$ 2,640.00	\$ 65.00	\$ 3,900.00
15	Crushed Stone (DGA) Surface Replacement 12" thick	LF	800	\$ 18.00	\$ 14,400.00	\$ 8.00	\$ 6,400.00	\$ 15.00	\$ 12,000.00	\$ 10.00	\$ 8,000.00	\$ 28.00	\$ 22,400.00	\$ 18.00	\$ 14,400.00
16	Bituminous Road Surface Replacement, 2" Thick with Concrete Base	LF	165	\$ 37.00	\$ 6,105.00	\$ 60.61	\$ 10,000.65	\$ 140.00	\$ 23,100.00	\$ 60.00	\$ 9,900.00	\$ 89.00	\$ 14,685.00	\$ 50.00	\$ 8,250.00
17	Bituminous Road Surface Replacement, Road Aprons- 2" Thick	LF	150	\$ 47.00	\$ 7,050.00	\$ 30.00	\$ 4,500.00	\$ 35.00	\$ 5,250.00	\$ 30.00	\$ 4,500.00	\$ 49.00	\$ 7,350.00	\$ 50.00	\$ 7,500.00
18	Concrete Surface Replacement, 8" Thick	LF	40	\$ 64.00	\$ 2,560.00	\$ 62.50	\$ 2,500.00	\$ 150.00	\$ 6,000.00	\$ 60.00	\$ 2,400.00	\$ 74.00	\$ 2,960.00	\$ 100.00	\$ 4,000.00
19	Tie-in To Existing Line	EA	2	\$ 2,662.00	\$ 5,324.00	\$ 2,000.00	\$ 4,000.00	\$ 2,500.00	\$ 5,000.00	\$ 4,000.00	\$ 8,000.00	\$ 2,800.00	\$ 5,600.00	\$ 2,250.00	\$ 4,500.00
20	Crushed Stone Bedding and Backfill	TON	12,000	\$ 21.00	\$ 252,000.00	\$ 19.40	\$ 232,800.00	\$ 15.00	\$ 180,000.00	\$ 16.00	\$ 192,000.00	\$ 17.00	\$ 204,000.00	\$ 25.00	\$ 300,000.00
<b>Total Bid Price</b>				<b>\$ 2,347,756.00</b>		<b>\$ 2,445,993.65</b>		<b>\$ 2,495,760.00</b>		<b>\$ 2,527,980.00</b>		<b>\$ 2,687,935.00</b>		<b>\$ 2,690,690.00</b>	

Note: The Total Bid Price of Flynn Brothers Contracting was incorrectly submitted as \$2,687, 635.00  
This Total Bid Price is corrected to \$2,687,935.00



I hereby certify that this is a true and correct tabulation of bids.

*Herbert R. Lemaster*  
Herbert R. Lemaster, P.E.

RESOLUTION OF  
THE BOARD OF COMMISSIONERS  
OF THE HENRY COUNTY WATER DISTRICT #2  
ACCEPTING BID OF CLEARY CONSTRUCTION, INC.  
ON THE MORTON RIDGE ROAD UPGRADE PROJECT

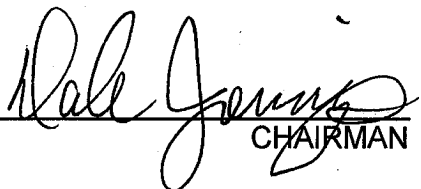
WHEREAS, the Henry County Water District #2 (the "District") properly advertised for bids to construct certain improvements for the benefit of the District's customers known as the Morton Ridge Road Main Upgrade (the "Project"); and

WHEREAS, the bids were received, reviewed and the engineer for the project and tabulated the bids and made a recommendation to the Board of Commissioners of said District regarding the selection of a contractor to complete the Project; and

WHEREAS, a motion was duly made, seconded and unanimously carried to select the contractor recommended by the District's engineer;

NOW THEREFORE, be it resolved that the Henry County Water District #2 selects as Project contractor Cleary Construction, Inc., the low bidder according to the tabulations and review of the District's engineer, with a bid of \$2,114,800.00 in conformity with the bidding specifications and bonding requirements.

WITNESS the hand of the duly authorized representative of said District adopting said Resolution this 26 day of September, 2013.

  
CHAIRMAN

Attest:

  
SECRETARY





**Steven L. Beshear**  
Governor

**KENTUCKY INFRASTRUCTURE AUTHORITY**

1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601  
Phone (502) 573-0260  
Fax (502) 573-0157  
<http://kia.ky.gov>

**John E. Covington III**  
Executive Director

March 13, 2013

Mr. Dale Jennings, Chairman of the Board  
Henry County Water District #2  
8955 Main Street, P.O. Box 219  
Campbellsburg, KY 40011

**KENTUCKY INFRASTRUCTURE AUTHORITY  
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (F13-039)**

Dear Chairman Jennings:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On March 7, 2013, the Authority approved your loan for the Morton Ridge Main Upgrade Project subject to the conditions stated below. The total cost of the project shall not exceed \$3,340,000 of which the Authority loan shall provide \$2,855,000 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Henry County Water District #2 upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (3/13/14) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$2,855,000.

2. The loan shall bear interest at the rate of 1.75% per annum commencing with the first draw of funds.
3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority loan funds must be expended within six months of the official date of initiation of operation.
9. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be performed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.

Chairman Dale Jennings  
March 13, 2013  
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11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

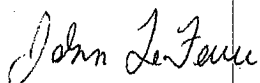
The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



John LeFevre  
Financial Analyst

**COPY**

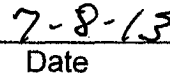
Chairman Dale Jennings  
March 13, 2013  
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Attachments

cc: James T. Simpson, Chief Operating Officer  
Herbert Ray Lemaster, Tetra Tech, Inc.  
Division of Water  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State Local Debt Office, DLG  
Borrower File - Henry County Water District #2 - F13-039

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

  
Accepted

  
Date

**COPY**

**AUTHORIZATION FOR ELECTRONIC DEPOSIT  
OF BORROWER PAYMENT  
KENTUCKY INFRASTRUCTURE AUTHORITY  
(FUND F13-039)**

**Borrower Information:**

Name: Henry County Water District

Address: 8955 Main St., PO Box 219

City: Campbellsburg State: KY Zip: 40011

Federal I.D. # 61-069886

Contact Name: James Simpson Telephone: 502-532-6219

Email: j.simpson@hewd2.com

**Financial Institution Information:**

Bank Name: United Citizens Bank

Branch: Campbellsburg Phone No: 532-7392

City: Campbellsburg State: Ky Zip: 40011

Transit / ABA No.: 083905685

Account Name: Morton Ridge Rd Acct

Account Number: 6002013

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: 

Date: 7/15/13

Name Printed: James Simpson

Job Title: Chief Operating Officer

Please return completed form to:

Kentucky Infrastructure Authority  
1024 Capital Center Drive, Suite 340  
Frankfort, KY 40601  
phone: 502-573-0260  
fax: 502-573-0157



**COPY**

**TRANSPARENCY ACT REPORTING INFORMATION FORM**  
**CLEAN WATER STATE REVOLVING FUND**  
**AND**  
**DRINKING WATER STATE REVOLVING FUND**

This form is required for projects funded in whole or in part from the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund. This form is to be completed and returned with the signed Conditional Commitment Letter from the Kentucky Infrastructure Authority.

Borrower Information:

Name:	Henry County Water District #2
Data Universal Numbering system (DUNS) No.*:	091509411
KIA Loan Number:	F13-039
Street Address	8955 MAIN STREET
City, State and Zip (Zip must include 4 digit extension)	CAMPBELLSBURG, KY. 40011 - 0219
Federal Congressional District(s) of Borrower Utility Service Area:	GEOFF DAVIS MITCH McCONNELL

\*If the DUNS No. provided above is registered under a different name than the recipient of funding, please provide the registration name below:

DUNS Name	
-----------	--

\*If the recipient has not yet obtained a DUNS Number, please do so no later than 30 days after the KIA Board approval date of your loan request and provide notification to KIA of the number once issued. For instructions on DUNS registration, please contact [sandy.williams@ky.gov](mailto:sandy.williams@ky.gov).

Physical Location of Project (Primary Place of Performance)

Street Address	3218 MORTON RIDGE ROAD
City, State and Zip (Zip must include 4 digit extension)	Bedford, Ky. 40006
Federal Congressional District(s) of Project Location	

Reliance upon Federal Assistance (please answer the below questions Yes or No):

Did recipient receive 80% or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	NO
Did recipient receive \$25 million or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	NO
Does the public have access to compensation of senior executives of the recipient through periodic reports filed under Section 13A or 15D of the Securities Exchange Act of 1934 or Section 6104 of the Internal Revenue Code of 1986?	NO

DUNS Registration Information: <http://fedgov.dnb.com/webform> OR 1-866-705-5711

Registration can be completed over the phone or via the web. Phone registration requests take approximately 10 minutes and are free. Internet requests are fulfilled within 24 hours.

**ATTACHMENT A**

**Henry County Water District #2  
F13-039**

<b>EXECUTIVE SUMMARY</b>		Reviewer	John LeFevre		
<b>KENTUCKY INFRASTRUCTURE AUTHORITY</b>		Date	March 7, 2013		
<b>FUND F, FEDERALLY ASSISTED DRINKING WATER</b>		KIA Loan Number	F13-039		
<b>REVOLVING LOAN FUND</b>		WRIS Number	WX21103039		
<b>BORROWER</b>	HENRY COUNTY WATER DISTRICT #2 HENRY COUNTY				
<b>BRIEF DESCRIPTION</b>	This project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district.				
<b>PROJECT FINANCING</b>		<b>PROJECT BUDGET</b>	<b>RD Fee %</b>	<b>Actual %</b>	
Fund F Loan	\$2,855,000	Administrative Expenses		\$10,000	
Local Funds	485,000	Legal Expenses		50,000	
		Land, Easements		50,000	
		Eng - Design	7.3%	1.0%	
		Eng - Constr / Insp	4.1%	4.7%	
		Construction		2,855,000	
		Contingency		200,000	
<b>TOTAL</b>	<b>\$3,340,000</b>	<b>TOTAL</b>		<b>\$3,340,000</b>	
<b>REPAYMENT</b>	Rate	1.75%	Est. Annual Payment	\$176,940	
	Term	20 Years	1st Payment	6 Mo. after first draw	
<b>PROFESSIONAL SERVICES</b>	Engineer	Tetra Tech, Inc.			
	Bond Counsel	Peck, Shaffer, & Williams			
<b>PROJECT SCHEDULE</b>	Bid Opening	Jun-13			
	Construction Start	Aug-13			
	Construction Stop	Aug-14			
<b>DEBT PER CUSTOMER</b>	Existing	\$1,270			
	Proposed	\$1,525			
<b>OTHER DEBT</b>	See Attached				
<b>OTHER STATE-FUNDED PROJECTS LAST 5 YRS</b>	See Attached				
<b>RESIDENTIAL RATES</b>		<u>Users</u>	<u>Avg. Bill</u>		
	Current	6,315	\$35.61	(for 4,000 gallons)	
	Additional	0	\$35.61	(for 4,000 gallons)	
<b>REGIONAL COORDINATION</b>	This project is consistent with regional planning recommendations.				
<b>CASHFLOW</b>		<b>Cash Flow Before Debt Service</b>	<b>Debt Service</b>	<b>Cash Flow After Debt Service</b>	<b>Coverage Ratio</b>
Audited 2009		987,089	884,383	102,706	1.1
Audited 2010		1,181,226	806,253	374,973	1.5
Audited 2011		1,283,423	737,357	546,066	1.7
Projected 2012		1,228,369	734,128	494,241	1.7
Projected 2013		1,185,183	738,476	446,707	1.6
Projected 2014		1,141,134	733,096	408,038	1.6
Projected 2015		1,099,104	911,264	187,840	1.2
Projected 2016		1,053,475	912,840	140,635	1.2
Projected 2017		1,006,934	908,940	97,994	1.1

Reviewer: John LeFevre  
Date: March 7, 2013  
Loan Number: F13-039

**KENTUCKY INFRASTRUCTURE AUTHORITY  
DRINKING WATER STATE REVOLVING FUND (FUND "F")  
HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY  
PROJECT REVIEW  
WX21103039**

**I. PROJECT DESCRIPTION**

The Henry County Water District #2 ("District") is requesting a Drinking Water SRF loan in the amount of \$2,855,000 for the Morton Ridge Main Upgrade project. The project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district. The District is in the process of installing new variable frequency drives (VFD's) on the three pumps that send water from the treatment plant into the distribution system. Completion of the two projects will reduce pump run times and thus energy usage.

The District is a rural water company serving approximately 6,300 customers in Henry, Trimble, Carroll, Oldham and Shelby counties and is regulated by the Public Service Commission. Wholesale service is provided to the West Carroll Water District and both Eminence and New Castle Water Works. Approximately 20% of water sold is to wholesale customers.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 10,000
Legal Expenses	50,000
Land, Easements	50,000
Engineering Fees - Design	30,000
Engineering Fees - Const / Inspection	145,000
Construction	2,855,000
Contingency	200,000
<b>Total</b>	<b>\$ 3,340,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,855,000	85%
Local Funds	485,000	15%
<b>Total</b>	<b>\$ 3,340,000</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 2,855,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 169,803
Administrative Fee (0.25%)	7,138
<b>Total Estimated Annual Debt Service</b>	<b>\$ 176,940</b>

**V. PROJECT SCHEDULE**

Bid Opening	June 2013
Construction Start	August 2013
Construction Stop	August 2014

**VI. CUSTOMER COMPOSITION AND RATE STRUCTURE**

**A) Customers**

Customers	Current
Residential	6,156
Commercial	156
Industrial	3
<b>Total</b>	<b>6,315</b>

**B) Rates**

	Current	Prior
Date of Last Rate Increase	08/12/10	
Minimum (1,500 gallons)	\$18.76	\$16.00
Next 3,500 Gallons	6.74	5.75
Next 5,000 Gallons	6.15	5.25
Next 10,000 Gallons	4.98	4.25
Next 30,000 Gallons	3.81	3.25
Over 50,000 Gallons	2.58	2.20
Cost for 4,000 gallons	\$35.61	\$30.38
Increase %	17.2%	
Affordability Index (Rate/MHI)	1.0%	0.9%
Wholesale Rate Per 1,000 Gallons	\$2.58	\$2.20

## **VII. DEMOGRAPHICS**

Based on current Census data from the American Community Survey 5-Year Estimate 2006-2010, the County's population was 15,474 with a Median Household Income (MHI) of \$43,612. The median household income for the Commonwealth is \$41,576. The project will qualify for a 1.75% interest rate because it is a regional provider.

## **VIII. 2012 CAPITALIZATION GRANT EQUIVALENCIES**

- 1) Green Project Reserve - The 2012 Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

## **IX. FINANCIAL ANALYSIS (See Exhibit 1)**

Financial information was obtained from the audited financial statements for the years ended December 21, 2009 through 2011. Amounts for 2012 are estimated.

### **HISTORY**

Revenues increased 17% from \$2,880,225 in 2009 to \$3,375,145 in 2012. The entire amount of the increase was due to the 17% rate increase in August 2010 as customer count has been flat. Expenses increased 10% from \$1,957,765 to \$2,159,276 during the same period. Maintenance and employee benefit costs were the primary contributors to the increase. The debt coverage ratio improved from 1.1 in 2009 to 1.7 in 2011 and 2012.

The balance sheet reflects a current ratio of 7.3 and a debt to equity ratio of 0.9. Months of operating expenses in unrestricted cash is 2.6. The District maintains various restricted accounts as required by its bond covenants including a bond sinking fund and a depreciation account, both of which are fully funded. The depreciation account had a balance of approximately \$600,000, or 2% of gross fixed assets, at the end of 2012. Capital spending from 2009 through 2012 was about \$2 million.

### **PROJECTIONS**

Projections are based on the following assumptions:

- 1) Revenues will be flat for growth.
- 2) Expenses will increase 2% for inflation while purchased power cost will decrease \$10,000 (2.5%) in 2015 after installation of the VFD's.
- 3) Debt service on the proposed loan is estimated at \$176,940 annually
- 4) Debt service coverage is 1.2 in 2015 when principal and interest repayments begin.



**REPLACEMENT RESERVE**

The annual replacement cost is \$7,100. This amount should be added to the replacement account each December 1 until the balance reaches \$71,000 and maintained for the life of the loan.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

**X. DEBT OBLIGATIONS**

	<u>Outstanding</u>	<u>Maturity</u>
Series 2001D Bonds	\$ 433,000	Jan-18
Series 2003 Bonds	2,409,000	Jan-33
Series 2010B	5,235,000	Jan-28
<b>Total</b>	<b>\$ 8,077,000</b>	

**XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS**

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
KY 389 Extension	HB608	25,000	Grant
Pennywinkle Road Extension	HB608	55,000	Grant
Systemwide Betterment Project	HB608	300,000	Grant
Systemwide Betterment Project	HB608	50,000	Grant

**XII. CONTACTS**

<b>Legal Applicant, Project Administrator</b>	
Name	Henry County Water District #2
Address	8955 Main Street, P.O. Box 219 Campbellsburg, KY 40011
County	Henry
Authorized Official	James T. Simpson (Chief Operating Officer)
Phone	502-532-6279 or 502-724-3387
Email	jsimpson@hcwd2.com

<b>Consulting Engineer</b>	
Name	Herbert Ray Lemaster
Firm	Tetra Tech, Inc.
Address	800 Corporate Drive, Suite 100 Lexington, KY 40503
Phone	(859) 223-8000
Email	herb.lemaster@tetrattech.com

**XIII. RECOMMENDATIONS**

KIA staff recommends approval of the loan with the standard conditions.

**HENRY COUNTY WATER DISTRICT #2  
BALANCE SHEETS (DECEMBER YEAR END)**

ASSETS	Audited 2009	Audited 2010	Audited 2011	Projected 2012	Upon Completion 2014
<b>Current Assets</b>					
Cash	299,115	403,702	362,479	461,279	632,179
Accounts Receivable	396,161	538,549	469,827	469,800	469,800
Other Receivables	27,575	1,403	1,747	1,500	1,500
Inventory	134,624	138,939	140,989	140,000	140,000
Prepaid Expenses	39,833	15,435	29,896	30,000	30,000
<b>Total Current Assets</b>	<b>897,308</b>	<b>1,098,028</b>	<b>1,004,938</b>	<b>1,102,579</b>	<b>1,273,479</b>
<b>Restricted Assets</b>					
Bond Interest and Sinking Fund	1,248,983	569,038	591,716	600,000	600,000
Depreciation Reserve	428,246	605,588	606,230	600,000	600,000
Shelby RECC Note Payable	200,000	200,000	0	0	0
Customer Deposits and Impact Escrow Charge	259,522	252,311	178,696	180,000	180,000
Construction Account	437,079	166,362	382,052	250,000	250,000
Accrued Interest	11,649	5,870	4,855	5,000	5,000
Construction Grants Receivable	130,000	75,000	0	0	0
<b>Total Restricted Assets</b>	<b>2,715,479</b>	<b>1,873,969</b>	<b>1,763,549</b>	<b>1,635,000</b>	<b>1,635,000</b>
<b>Utility Plant</b>					
Land, System, Building and Equipment	26,592,851	26,973,045	27,578,257	28,073,219	31,913,219
Construction in Process	0	15,125	194,962	0	0
<b>Total</b>	<b>26,592,851</b>	<b>26,988,170</b>	<b>27,773,219</b>	<b>28,073,219</b>	<b>31,913,219</b>
Less Accumulated Depreciation ( )	(12,087,265)	(12,916,678)	(13,752,164)	(14,587,164)	(16,257,164)
<b>Net Fixed Assets</b>	<b>14,505,586</b>	<b>14,071,492</b>	<b>14,021,055</b>	<b>13,486,055</b>	<b>15,656,055</b>
<b>Other Assets</b>					
Unamortized Bond Costs and Discount, Net	0	104,028	98,041	92,054	80,080
<b>Total Other Assets</b>	<b>0</b>	<b>104,028</b>	<b>98,041</b>	<b>92,054</b>	<b>80,080</b>
<b>Total Assets</b>	<b>18,118,373</b>	<b>17,147,517</b>	<b>16,887,583</b>	<b>16,315,888</b>	<b>18,644,814</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	98,596	63,199	60,220	62,500	62,500
Accrued Expenses	70,945	80,916	76,790	80,000	80,000
Taxes	8,766	7,925	7,714	8,000	8,000
<b>Total Current Liabilities</b>	<b>176,307</b>	<b>152,040</b>	<b>144,724</b>	<b>150,500</b>	<b>150,500</b>
<b>Liabilities Payable - Restricted Assets</b>					
Construction Accounts Payable	0	0	2,000	0	0
Accrued Interest Payable	1,282	1,602	796	1,000	1,000
Revenue Bonds Payable	363,000	388,000	399,000	418,000	445,000
Note Payable	33,684	0	0	0	0
Customer Deposits	83,743	85,400	66,040	67,500	67,500
Funds Held for Future Construction	4,600	0	29,200	0	0
Deferred Loss on Early Debt Retirement	0	(215,370)	(202,875)	(190,580)	(165,790)
<b>Total Liabilities Payable - Restricted Assets</b>	<b>488,269</b>	<b>259,632</b>	<b>294,061</b>	<b>295,920</b>	<b>347,710</b>
<b>Long Term Liabilities</b>					
Revenue Bonds	8,612,198	8,015,448	7,619,097	7,201,097	6,328,097
Notes Payable	97,484	0	0	0	0
Proposed KIA Loan	0	0	0	0	2,855,000
<b>Total Long Term Liabilities</b>	<b>8,709,682</b>	<b>8,015,448</b>	<b>7,619,097</b>	<b>7,201,097</b>	<b>9,183,097</b>
<b>Total Liabilities</b>	<b>9,372,278</b>	<b>8,427,120</b>	<b>8,057,882</b>	<b>7,847,517</b>	<b>9,681,307</b>
<b>Retained Earnings:</b>					
Invested in Capital Assets Net of Related Debt	5,164,418	5,925,890	6,301,974	5,866,958	6,027,958
Restricted - Capital Projects	567,079	241,362	382,052	250,000	250,000
Restricted - Debt Service	1,888,878	1,380,296	1,202,801	1,385,000	1,385,000
Unrestricted	1,125,720	1,172,849	942,874	1,166,213	1,300,349
<b>Total Retained Earnings</b>	<b>8,746,095</b>	<b>8,720,397</b>	<b>8,829,701</b>	<b>8,668,171</b>	<b>8,963,307</b>
<b>Total Liabilities and Equities</b>	<b>18,118,373</b>	<b>17,147,517</b>	<b>16,887,583</b>	<b>16,315,688</b>	<b>18,644,814</b>
<b>Balance Sheet Analysis</b>					
Current Ratio	5.1	7.2	8.9	7.3	8.5
Debt to Equity	1.1	1.0	0.9	0.9	1.1
Days Sales in Accounts Receivable	50.2	60.9	50.8	50.8	50.8

**EXHIBIT 1  
HENRY COUNTY WATER DISTRICT #2  
CASH FLOW ANALYSIS (DECEMBER YEAR END)**

	Audited 2009	% Change	Audited 2010	% Change	Audited 2011	% Change	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
<b>Operating Revenues</b>	2,761,053	12%	3,095,797	4%	3,222,809	0%	3,222,809	3,222,809	3,222,809	3,222,809	3,222,809	3,222,809
Charges for Services	119,172	12%	133,216	14%	152,336	0%	152,336	152,336	152,336	152,336	152,336	152,336
Other	2,880,225	12%	3,229,013	5%	3,375,145	0%	3,375,145	3,375,145	3,375,145	3,375,145	3,375,145	3,375,145
<b>Operating Expenses</b>	1,957,765	7%	2,088,443	1%	2,116,937	2%	2,159,276	2,202,462	2,246,511	2,281,441	2,327,070	2,373,611
Depreciation	817,693	2%	833,845	0%	835,486	0%	835,000	835,000	835,000	872,000	946,000	983,000
Replacement Reserve	0	0%	0	0%	0	0%	0	0	0	7,100	7,100	7,100
Total Expenses	2,775,458	5%	2,922,288	1%	2,952,423	1%	2,994,276	3,037,462	3,081,511	3,160,541	3,280,170	3,363,711
<b>Net Operating Income</b>	104,767	193%	306,725	38%	422,722	-10%	380,869	337,683	293,634	214,604	94,975	11,434
<b>Non-Operating Income and Expenses</b>	64,629	-37%	40,656	-38%	25,215	-50%	12,500	12,500	12,500	12,500	12,500	12,500
Interest Income	64,629	-37%	40,656	-38%	25,215	-50%	12,500	12,500	12,500	12,500	12,500	12,500
<b>Total Non-Operating Income &amp; Expenses</b>	64,629	-37%	40,656	-38%	25,215	-50%	12,500	12,500	12,500	12,500	12,500	12,500
<b>Add Non-Cash Expenses</b>	817,693	2%	833,845	0%	835,486	0%	835,000	835,000	835,000	872,000	946,000	983,000
Depreciation	817,693	2%	833,845	0%	835,486	0%	835,000	835,000	835,000	872,000	946,000	983,000
<b>Cash Available for Debt Service</b>	987,089	20%	1,181,226	9%	1,283,423	-4%	1,228,369	1,185,183	1,141,134	1,099,104	1,053,475	1,006,934
<b>Debt Service (enter as positive #)</b>	432,640		396,684		388,000		399,000	418,000	428,000	445,000	463,000	475,000
Existing Principal	432,640		396,684		388,000		399,000	418,000	428,000	445,000	463,000	475,000
Existing Interest	451,743		409,569		349,357		335,128	320,476	305,096	289,324	272,900	257,000
Proposed KIA Loan	0		0		0		0	0	0	176,940	176,940	176,940
<b>Total Debt Service</b>	884,383		806,253		737,357		734,128	738,476	733,096	911,264	912,840	908,940
<b>Income After Debt Service</b>	102,706		374,973		546,066		494,241	446,707	408,038	187,840	140,635	97,994

1.1 1.5 1.7 1.7 1.6 1.6 1.2 1.2 1.1

**From:** [Wuetcher, Jerry \(PSC\)](#)  
**To:** [D. Berry Baxter \(baxterlaw@me.com\)](mailto:baxterlaw@me.com)  
**Cc:** [jimmy simpson](#)  
**Bcc:** [Wakim, George W \(PSC\)](#)  
**Subject:** Case No. 2013-00331: Henry County Water District No. 2  
**Date:** Friday, September 20, 2013 5:01:53 PM  
**Importance:** High

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Mr. Baxter:

Commission Staff is reviewing the application filed in the above-referenced case. To expedite the review process, Commission Staff respectfully requests that Henry County Water District No. 2 submit the following documents:

- The final bid tabulation certified by the Project Engineer
- The Project Engineer's recommendation re: the selection of the project contractor
- The minutes of the meeting of Henry County Water District No. 2's Board of Commissioners in which the Board selected by formal vote the project contractor
- The conditional commitment letter that KIA issued to Henry County Water District No. 2 regarding the proposed project

These documents may be submitted in electronic format by scanning and placing into a portable document format and e-mailing to me. I will then ensure that the documents are placed into the case record and circulated to the Commission and its Staff.

If you have any questions, please telephone or e-mail me.

Respectfully,

Gerald E. Wuetcher  
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