

JUL 22 2014

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF FLEMING COUNTY WATER
ASSOCIATION, INC. of FLEMINGSBURG, KY. FOR
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND NO. 2014-_____
NECESSITY (2) APPROVAL OF THE PROPOSED PLAN
OF FINANCING SAID PROJECT (3) AN ORDER APPROVING
THE ADJUSTMENT OF RATES

APPLICATION

This Application of Fleming County Water Association, Inc. (The "Applicant") of Flemingsburg, Kentucky respectfully shows:

1. That the Applicant is a nonprofit water association in Fleming County, Kentucky, created and existing under and by virtue of Chapter 273 of the Kentucky Revised Statutes, duly incorporated, with Articles of Incorporation filed in Book 2, Page 275, in the office of the Fleming County Clerk (and copies have been filed earlier with this Commission in Case No. 5378).

2. That the Post Office address of the Applicant is:

Fleming County Water Association, Inc.
2772 Morehead Road
P.O.Box 327
Flemingsburg, Ky. 41041

3. That the Applicant, pursuant to the provision of KRS 278.020, 278.023 and 278.030, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions and improvements (the "Project") to the existing waterworks system of the Applicant; (ii) approval of the proposed plan of financing said Project and (iii) an Order approving the proposed adjustments of rates to all its members.

4. That the Applicant desires to construct the Project in order to enable the Applicant to adequately serve residents in Fleming, Mason and Lewis Counties. The Project consists of the installation of a water line extensions and upsizing of some of its existing lines.

5. That the residences, farms, churches and businesses embraced in the service area of the Fleming County Water Association, Inc. were formerly served by private wells, cisterns and tank water, with no treatment facilities. There was no public water supply available for domestic consumption, and existing water

supply services were completely inadequate to serve their needs. That the proposed new construction will therefore clearly serve the public convenience and necessity of the citizens and residents to be served by the Applicant.

6. That the waterworks systems located nearest said area served by the Applicant are those owned by the City of Flemingsburg, Kentucky, Western-Fleming County Water District, Ewing, Fleming County, Kentucky, and Rowan Water, Inc., Morehead, Kentucky, and the new Greater Fleming County Regional Water Commission..

7. That the Applicant proposes to finance the construction of said project by a loan in the amount of \$957,000.00 from the Farmers Home Administration/RUS, secured by a lien on the association's fiscal assets and evidenced by the association's promissory note in the amount of \$957,000.00 to be repaid over a period of forty (40) years with interest at the rate of Two and three quarters (2,75%) Per Cent Per Annum, or at such interest rate as may be prevailing at the time of loan closing and a grant from United States Department of Agriculture acting through the Rural Utilities Service in the amount of \$319,000.00.

A copy of the USDA/RD letter of conditions dated October 29, 2012 is filed herewith as Exhibit "1".

8. That the Applicant has observed the appropriate legal procedure in employing HMB, Professional Engineers Inc, Frankfort, Kentucky, to prepare the plans and specifications as to said project, both preliminary and final, which are submitted herewith as Exhibit "2". Said plans have been approved by the appropriate agencies of the Commonwealth of Kentucky as submitted herewith as Exhibits "A". Said plans have also been approved by the Rural Utilities Service of the United States Department of Agriculture. The association has advertised for bids and received same on June 11, 2014, which are filed herewith as Exhibit "3". A copy of the RD letter of concurrence in bid award is filed herewith as Exhibit "4".

Construction is to begin within -10- days of the bid award and is to be completed within 150 days thereafter.

9. The Applicant obtains its water supply primarily from the Greater Fleming County Regional Water Commission and from other connections from the suppliers listed above in Paragraph 6.

10. The Applicant proposes to adjust its rates in the entire area in which it serves, in accordance with the Letter Of Conditions from RUS dated October 29, 2012, Paragraph numbered "27", increasing them generally from the current rates being charged and collected and which are on file with this Commission and shown on attached Rate Exhibit A, to proposed rates which are shown on the attached Rate Exhibit B.

These rates shall produce the total revenue requirements set out in the engineering reports.

11. The reason for applying for these increases in rates is that our operation costs have increased gradually since the last rate increase of May 28, 2009 in Case No.2009-00163. The increase in rates for which approval is sought will supply approximately the amount of additional revenue to the association necessary to offset the additional costs of wholesale water and the increased general operating costs. The rates herein sought will be fair, just and reasonable for the service to be rendered by the association to all members and no class of members will be subsidized by any other members.

12. Notice to members has been given in conformance with 807 KAR 5:069 Sec. 4, by publishing the notice in a newspaper of general circulation in its local service area. Copy of Notice is attached as Rate Exhibit C.

13. The Applicant at its regular meeting held at Flemingsburg, Kentucky, on July 16, 2014, by resolution adopted the proposed new rate schedule, a copy of which is filed herewith as Rate Exhibit D.

14. With the signing of this application, Stephen H. Miller, President of Fleming County Water Association, Inc. hereby certifies:

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 5(3) and (4), Section 6(1), Sections 7 and 8, Section 9(1) through (3), Section 10(1) and Section 11.

15. Statements Concerning Financial Exhibit

- (1) No stock was authorized.
- (2) No stock was issued.
- (3) No preferred stock was issued.
- (4) The association has executed to USDA/Farmers Home

Administration/RECD/RUS mortgages on its mains, distribution lines, meters, easements, storage tanks and tank sites on the dates and notes in the stated amounts as follows:

February 12, 1981	-	260,000.00
December 13, 1988	-	300,000.00
July 14, 1992	-	504,000.00
October 13, 1994	-	185,600.00
October 13, 1994	-	700,000.00
April 23, 1997	-	529,000.00
April 22, 2000	-	267,980.00
August 18, 2004	-	544,000.00
May 28, 2009	-	375,000.00

All mortgages are of record in the Fleming County Clerk's Office.
 (5) No bonds have been authorized or issued.
 (6) Notes are to USDA/Farmer Home Administration/
 Rural Utilities Service

Date of Issue	Amount	Maturity Date	Interest Rate
May 28, 2009	\$375,000	May 28, 2049	3.265%
Aug. 18, 2004	\$554,000	Aug. 18, 2044	4 ½%
Nov. 22, 2000	267,980	Nov. 22, 2040	4.5%
April 23, 1997	529,000	Apr. 23, 2037	5%
Oct. 13, 1994	\$700,000	Oct. 13, 2034	4 1/2%
Oct. 13, 1994	185,600	Oct. 13, 2034	4 1/2%
July 14, 1992	504,000	July 14, 2032	5%
Dec. 13, 1988	300,000	Dec. 13, 2028	5.75%
Feb. 12, 1981	260,000	Feb. 12, 2021	5%

(7) The association has no additional indebtedness other than ordinary monthly expenses.

(8) The association has not paid any dividends because there is no capital stock.

WHEREFORE, Applicant, the Fleming County Water Association, Inc. prays that the Public Service Commission of Kentucky grant to the Applicant the following:

- A. A certificate of Public Convenience and Necessity permitting the Applicant to construct the necessary additional distribution system and lines needed to serve water to said new association members.
- B. An Order approving the financing arrangements made by the Association, viz., the obtaining of a loan in the amount of \$957,000.00 at an interest rate of 2.75% per annum or the prevailing interest rate at the time of loan closing, and the issuance, execution and delivery of the association's lien note to the Rural Utilities Service-United States Department of Agriculture.
- C. On Order approving the adjustment of the Applicant's rates as proposed herein and to put such revised rates into effect as soon as permitted by the Commission's Order.

DATED this 18 day of July, 2014, at Flemingsburg, Kentucky.

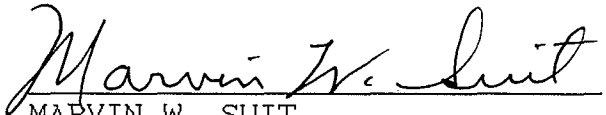
FLEMING COUNTY WATER ASSOC., INC.

BY: 
 Stephen H. Miller, PRESIDENT

ATTEST:



WAYNE CRAFT, SECRETARY



MARVIN W. SUIT
Suit, Price, Price & Ruark, PLLC
Attorney at Law
207 Court Square
Flemingsburg, Ky. 41041
606-849-2338



MMS

United States Department of Agriculture
Rural Development
Kentucky State Office

October 29, 2012

J.E. Smith, President
Fleming County Water Association, Inc.
PO Box 327
Flemingsburg, Kentucky 41041

Dear Mr. Smith:

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 \$957,000; a RUS grant not to exceed \$319,000.

Fixed 2/3/11

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.

21 days Nov 19

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.

Brd

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

Exhibit "j"

1. Number of Users and Their Contribution:

There shall be 3,996 existing water 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 Association 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:

40

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Association may be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note 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 Association 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.

\$ 41,400

The Association will be required to deposit \$345 per month into a "Funded Debt Reserve Account" until the account reaches \$41,400. The deposits are to be resumed any time the account falls below the \$41,400.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Association's prior loan 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.

New

The Association also needs to fund an account for short-lived assets by depositing a sum of \$832 monthly to the account. The funds in the short-lived asset account may be used by the Association as needed to replace or add short-lived assets in the Association's water system.

7. Security Requirements:

short-lived > 15 yrs.

The loan will be secured by a real estate mortgage, a financing statement, and a pledge of gross water revenue, in the Loan Resolution and Financing Statement.

8. Land Rights and Real Property:

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

10. Business Operations:

The Association 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 Association after review by Rural Development. At no later than loan pre-closing, the Association 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 Association 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 Association 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:

audit

The Association will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Association 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 Association. The Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Association will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Association 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 \$322,000.
- D. Real Property Insurance - The Association 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 Association 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 Association will obtain and maintain adequate coverage on any facilities located in 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.

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 Association.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

The Association is reminded that the system operator must have an Operator's Certificate issued by the State.

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

- A. Form RD 1942-8, "Resolution of Members or Stockholders."
- B. Form RUS Bulletin 1780-28, "Loan Resolution Security Agreement."
- C. Form RD 400-1, "Equal Opportunity Agreement."
- D. Form RD 400-4, "Assurance Agreement."
- E. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- F. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- G. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- H. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

The Association is reminded that if at any time it shall appear to the Government that the Association 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 Association will apply for and accept such loan in sufficient amount to repay the Government.

21. ~~Commercial Interim Financing:~~

The Association 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 Association 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 Association 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 Association 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 Association, 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 Association.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Association 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 Association'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 Association. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3019 (as applicable). Interest earned on grant funds in excess of \$250 (as applicable) per year will be submitted to RUS at least quarterly.

Grant Funds = Int

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 986,000
Land and Rights	5,000
Legal and Administrative	10,000
Engineering	161,000
Interest	15,000
Contingencies	<u>99,000</u>
TOTAL	\$ 1,276,000

Financing:

RUS Loan	\$ 957,000
RUS Grant	<u>319,000</u>
TOTAL	\$ 1,276,000

Loan Money let than Grant Money

25. Use of Remaining Project Funds:

. 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 Association 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:

First	2,000	gallons @ \$	18.30. - Minimum Bill.	- 17.00
Next	8,000	gallons @ \$	6.75. - per 1,000 gallons.	
Next	40,000	gallons @ \$	5.30. - per 1,000 gallons.	
All Over	50,000	gallons @ \$	4.10. - per 1,000 gallons.	

28. Water Purchase Contract:

40 yr K

The Association 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 Association 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 Association will be required to pass and adopt a Resolution or amend its By-Laws whereby the Association 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 Association 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. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated February 1, 2012, from Ms. Lee Nalley.
- B. 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).
- C. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

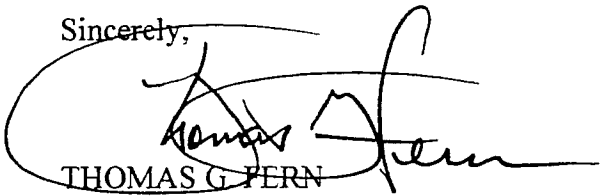
- D. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

32. 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.

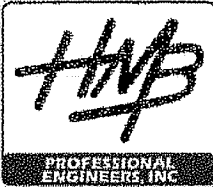
Sincerely,



THOMAS G. FERN
State Director

Enclosures

- cc: Area Director - Morehead, Kentucky
- Buffalo Trace ADD - Maysville, Kentucky
- Marvin Suit - Flemingsburg, Kentucky
- HMB Engineering - Frankfort, Kentucky
- PSC - ATTN: Dennis Jones - Frankfort, Kentucky



US 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810

June 26, 2014

Elwood Howe
 Rural Development
 220 West First Street
 Morehead, Ky 40351

Re: Final Engineering Report
 Fleming 2012 Water Project
 Fleming County Water Association
 HMB #4178

Dear Mr. Howe:

As you are aware, the above referenced project was bid June 11, 2014. The low bidder was Little Creek Construction from Greenup, Kentucky with a bid of \$832,000.

Following is a summary of the financing and budget for this project:

<u>Project Budget</u>	<u>Letter of Conditions</u>	<u>As Bid</u>
Development	\$986,000	\$832,000
Land and Rights	\$5,000	\$5,000
Legal & Administration	\$10,000	\$15,000
Engineering	\$161,000	\$142,200
Interest	\$15,000	\$20,000
Constr. Cost for Additional Lines	\$0	\$169,038*
Additional Engineering/Inspection	\$0	\$25,500*
<u>Contingencies</u>	<u>\$99,000</u>	<u>\$67,262</u>
Total Project Cost	\$1,276,000	\$1,276,000

* Refer to attached Construction Cost Estimates.

Financing:

<u>Funding Source</u>	<u>Letter of Conditions</u>
RUS Grant	\$319,000
RUS Loan	\$957,000
Total Project Cost	\$1,276,000

It appears the project can be completed within the available funding; therefore, we recommend this contract be approved and allowed to go forward. Please contact us if there are any questions.

Attached please find a copy of the Bid Tabulation for the project.

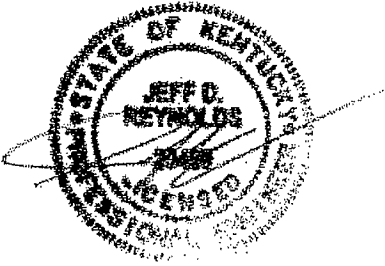
If you have any questions or need additional information, please call.

Sincerely,

HMB Professional Engineers, Inc.

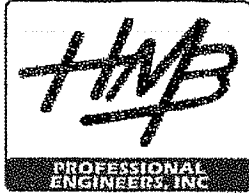

 Jeff Reynolds, P.E.

cc: Steve Miller, FCWA
 Marvin Suit, Attorney
 Randy Jones, Rubin & Hayes
 Kerry Odle, HMB



Highway Engineering
 Structural Engineering
 Water & Wastewater
 Site Development
 Right-of-Way
 Master Planning
 Environmental Planning
 Surveying
 Project Management
 Cost Estimation
 Construction Inspection
 Aviation Services
 Environmental Remediation
 Landscape Architecture

Exhibit "3"



Water/Wastewater
Transportation
Engineers
Environmental

Project: 4178.00
Date: 6/25/2014
Engineer: JR
Page:

Construction Cost Estimate
for
Thorp Ridge Road
Fleming County Water Association

Item	Quantity	Unit Price	Total
3" SDR-21 Water Line	12,750	\$7.75	\$98,813
3" Gate Valve	6	\$600	\$3,600
Air Release Valve	2	\$750	\$1,500
Connection of Exist. System	2	\$2,000	\$4,000
New Customer Service	3	\$1,000	\$3,000
3" Blowoff Assembly	2	\$2,000	\$4,000
Cleanup and Restoration	12,750	\$1	\$12,750
Gravel Replacement	500	\$7	\$3,500
Total Estimated Construction Cost			\$131,163



Water/Wastewater
Transportation
Engineers
Environmental

Project: 4178.00
Date: 6/25/2014
Engineer: JR
Page:

Construction Cost Estimate
for
Parker Road Extension
Fleming County Water Association

Item	Quantity	Unit Price	Total
3" SDR-21 Water Line	3,300	\$7.75	\$25,575
3" Gate Valve	2	\$600	\$1,200
Connection of Exist. System	1	\$2,000	\$2,000
New Customer Service	2	\$1,200	\$2,400
3" Blowoff Assembly	1	\$2,000	\$2,000
Cleanup and Restoration	3,300	\$1	\$3,300
Gravel Replacement	200	\$7	\$1,400
Total Estimated Construction Cost			\$37,875



Water/Wastewater
Transportation
Engineers
Environmental

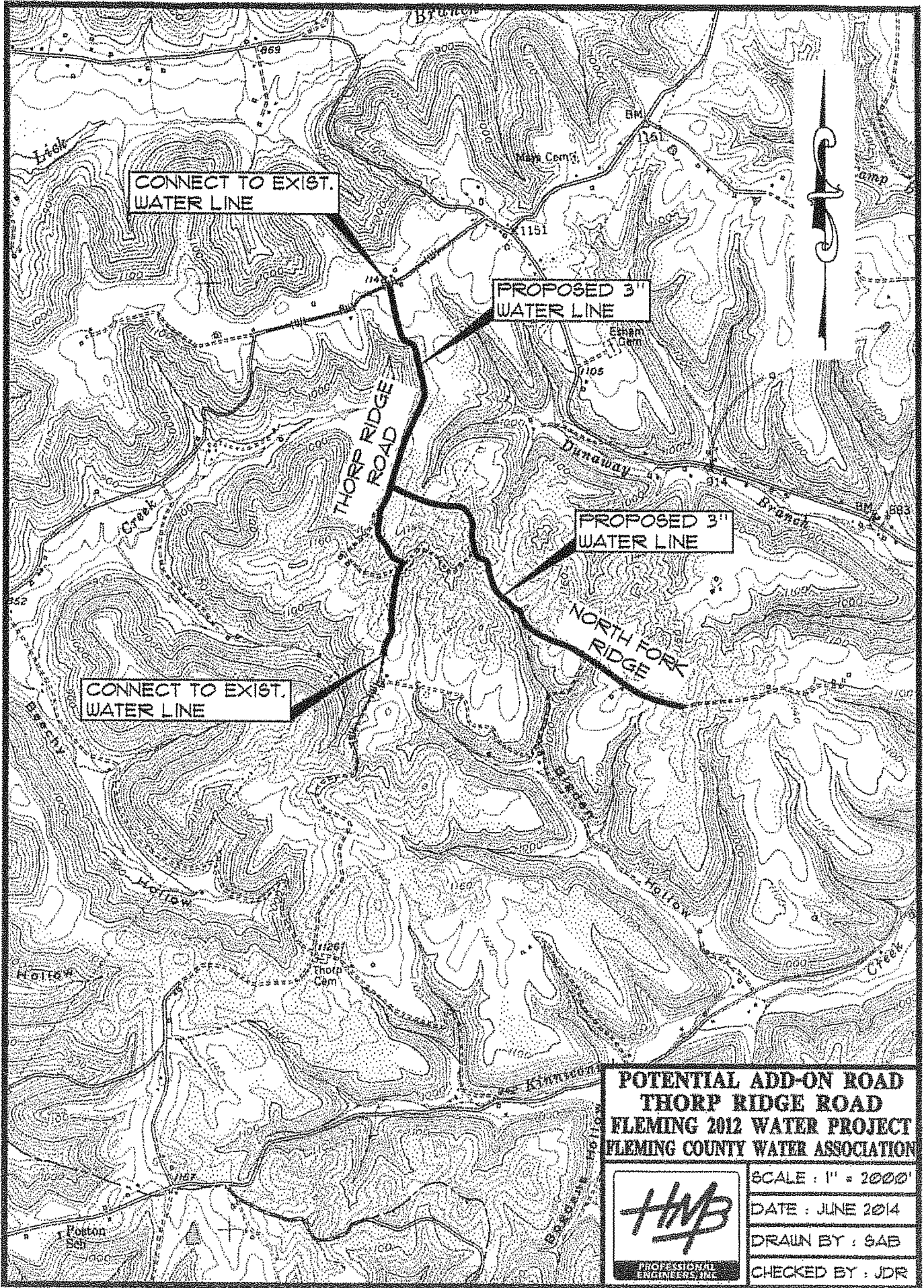
Project: 4178.00
Date: 6/25/2014
Engineer: JR
Page:

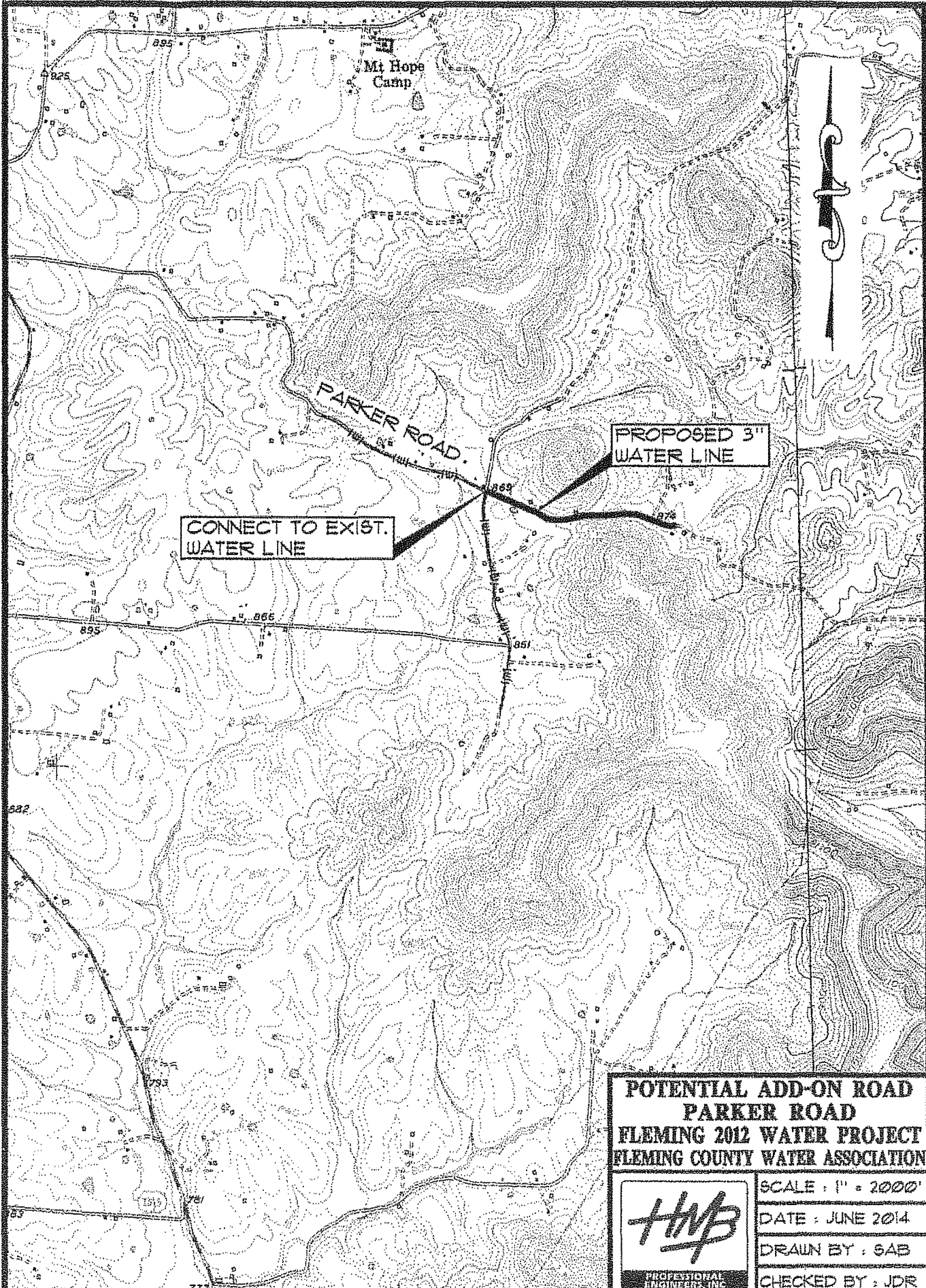
Potential Add-On Road
Construction Cost Estimate
for
Logan Run Loop
Fleming County Water Association

Item	Quantity	Unit Price	Total
3" SDR-21 Water Line	2,200	\$7.75	\$17,050
3" Gate Valve	1	\$600	\$600
3" Blowoff Assembly	1	\$2,000	\$2,000
Cleanup and Restoration	2,200	\$1	\$2,200
8" Road Bore	20	\$80	\$1,600
Gravel Replacement	50	\$7	\$350
Total Estimated Construction Cost			\$23,800

Note: Logan Run Loop is not included in the construction cost for additional water lines.

\\engr\env\4178\CAD\EXHIBITS\ADD-ON ROADS EXHIBIT.dwg, 6/26/2014 3:41:38 PM, ENV_W840





CONNECT TO EXIST.
WATER LINE

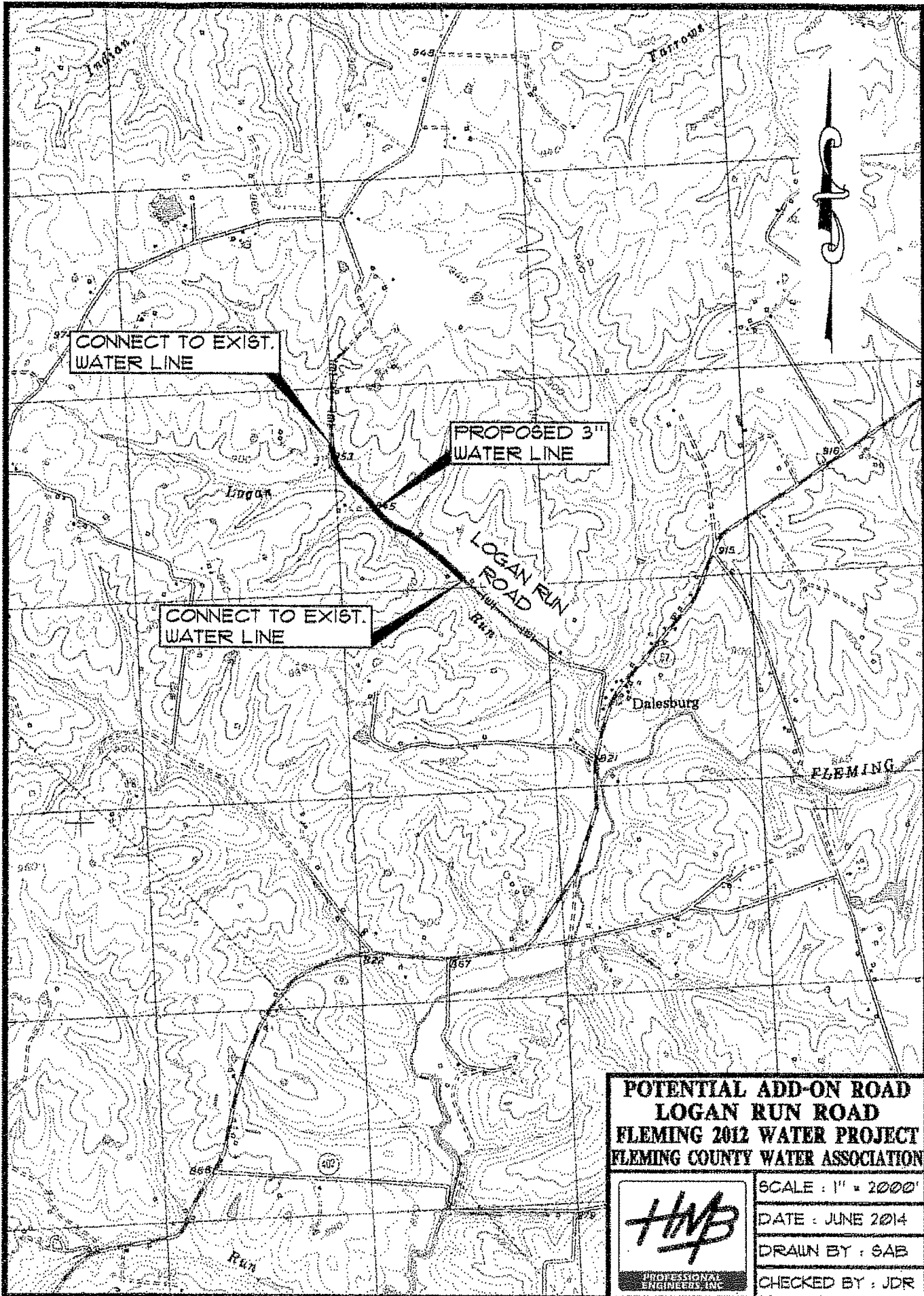
PARKER ROAD

PROPOSED 3"
WATER LINE

**POTENTIAL ADD-ON ROAD
PARKER ROAD
FLEMING 2012 WATER PROJECT
FLEMING COUNTY WATER ASSOCIATION**



SCALE : 1" = 2000'
DATE : JUNE 2014
DRAWN BY : GAB
CHECKED BY : JDR



CONNECT TO EXIST.
WATER LINE

PROPOSED 3"
WATER LINE

CONNECT TO EXIST.
WATER LINE

LOGAN RUN
ROAD

**POTENTIAL ADD-ON ROAD
LOGAN RUN ROAD
FLEMING 2012 WATER PROJECT
FLEMING COUNTY WATER ASSOCIATION**



SCALE : 1" = 2000'
DATE : JUNE 2014
DRAWN BY : SAB
CHECKED BY : JDR



Bid Tabulation
Fleming 2012 Water Project
Fleming County Water Association

Project: 4178.00
 Date: 6/11/2014
 Engineer: JFR
 Page: 1

Bid Date: June 11, 2014 @ 10:00 AM local time

Item No.	Item	Quantity	Unit	Little Creek Construction		Tison Excavating		G and W Construction		Packs' Inc.	
				Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	8" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	43,600	LF	\$9.25	\$403,300.00	\$10.25	\$446,800.00	\$11.40	\$497,040.00	\$10.70	\$466,520.00
2	6" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	100	LF	\$11.00	\$1,100.00	\$7.00	\$ 700.00	\$9.50	\$950.00	\$9.10	\$910.00
3	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	2,500	LF	\$6.75	\$16,875.00	\$5.30	\$ 13,250.00	\$7.71	\$19,275.00	\$6.40	\$16,000.00
4	3" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	100	LF	\$7.75	\$775.00	\$5.00	\$ 500.00	\$7.40	\$740.00	\$6.90	\$690.00
5	14" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	500	LF	\$103.00	\$51,500.00	\$110.00	\$ 55,000.00	\$129.20	\$64,600.00	\$110.00	\$55,000.00
6	8" Unclassified Bore and/or Jack under Improved surfaces, including driveways, no casing required (Water Pipe Not Included)	200	LF	\$50.00	\$10,000.00	\$45.00	\$ 9,000.00	\$38.00	\$7,600.00	\$40.00	\$8,000.00
7	1 1/4" PVC Service Line Bore, Under Roads, Improved Surfaces and Driveways, Including Unclassified Bore and/or Jack (Service Line Not Included)	1,050	LF	\$10.00	\$10,500.00	\$15.00	\$ 15,750.00	\$18.00	\$18,900.00	\$15.00	\$15,750.00
8	10" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$2,000.00	\$2,000.00	\$2,000.00	\$ 2,000.00	\$1,789.88	\$1,789.88	\$1,771.00	\$1,771.00
9	8" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	26	EA	\$1,100.00	\$28,600.00	\$1,200.00	\$ 31,200.00	\$1,170.00	\$30,420.00	\$1,187.00	\$30,882.00
10	6" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$800.00	\$1,600.00	\$800.00	\$ 1,600.00	\$600.00	\$1,800.00	\$816.00	\$1,632.00
11	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	3	EA	\$700.00	\$2,100.00	\$600.00	\$ 1,800.00	\$785.00	\$2,355.00	\$814.00	\$1,942.00
12	3" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$600.00	\$600.00	\$600.00	\$ 600.00	\$725.00	\$725.00	\$600.00	\$600.00
13	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$500.00	\$500.00	\$500.00	\$ 500.00	\$600.00	\$600.00	\$514.00	\$514.00
14	Existing Service Connection to Proposed Water Line	107	EA	\$400.00	\$42,800.00	\$600.00	\$ 64,200.00	\$296.70	\$31,746.90	\$400.00	\$42,800.00
15	1" CTS Service Tubing, Furnishing, Laying, Trenching and Backfilling (Including Tracer Wire)	3,000	LF	\$5.00	\$15,000.00	\$4.50	\$ 13,500.00	\$5.25	\$15,750.00	\$5.00	\$15,000.00
16	Creek Crossing #1 with 8" PE by Directional Bore, complete in place	1	LS	\$40,000.00	\$40,000.00	\$16,500.00	\$ 16,500.00	\$9,500.00	\$9,500.00	\$16,500.00	\$16,500.00
17	Creek Crossing #2 with 6" PE by Directional Bore, complete in place	1	LS	\$29,500.00	\$29,500.00	\$20,000.00	\$ 20,000.00	\$9,500.00	\$9,500.00	\$22,000.00	\$22,000.00
18	Creek Crossing #3 with 8" PE by Directional Bore, complete in place	1	LS	\$29,500.00	\$29,500.00	\$13,000.00	\$ 13,000.00	\$9,500.00	\$9,500.00	\$22,000.00	\$22,000.00
19	Creek Crossing #4 with 8" PE by Directional Bore, complete in place	1	LS	\$23,000.00	\$23,000.00	\$13,000.00	\$ 13,000.00	\$9,500.00	\$9,500.00	\$15,500.00	\$16,500.00
20	4" Type "B" Creek Crossing including Fittings, Concrete Casing, Casing Pipe, Complete in Place as shown on the detail	20	LF	\$100.00	\$2,000.00	\$100.00	\$ 2,000.00	\$60.00	\$1,200.00	\$68.00	\$1,360.00
21	#57 Crushed Stone on Trench Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	1,500	LF	\$7.00	\$10,500.00	\$5.00	\$ 9,000.00	\$8.00	\$12,000.00	\$4.00	\$6,000.00
22	Bituminous Paving Replacement on Non-State Maintained Roads, County Roads and Driveways, including gravel backfill	100	LF	\$15.00	\$1,500.00	\$50.00	\$ 5,000.00	\$25.00	\$2,500.00	\$20.00	\$2,000.00



Bid Tabulation
Fleming 2012 Water Project
Fleming County Water Association

Project: 4178.00
 Date: 6/11/2014
 Engineer: JFR
 Page: 2

Bid Date: June 11, 2014 @ 10:00 AM local time

BASE BID				Little Creek Construction		Timon Excavating		G and W Construction		Packer Inc.	
Item No.	Item	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
23	Concrete Paving Replacement, 6" Thick, including gravel backfill	50	LF	\$15.00	\$750.00	\$50.00	\$ 2,500.00	\$45.00	\$2,250.00	\$26.00	\$1,300.00
24	Staple Entire Work Area Prior to Start of Construction	1	LS	\$1,000.00	\$1,000.00	\$500.00	\$ 500.00	\$2,000.00	\$2,000.00	\$1,000.00	\$1,000.00
25	Existing Gate Valve Box Removal	20	EA	\$50.00	\$1,000.00	\$50.00	\$ 1,000.00	\$100.00	\$2,000.00	\$100.00	\$2,000.00
26	Furnish and Install 10"x8" Tapping Tee and Valve	2	EA	\$2,700.00	\$5,400.00	\$3,500.00	\$ 7,000.00	\$2,600.00	\$5,000.00	\$2,930.00	\$5,860.00
27	Furnish and Install 10"x4" Tapping Tee and Valve	1	EA	\$2,000.00	\$2,000.00	\$3,000.00	\$ 3,000.00	\$2,000.00	\$2,000.00	\$2,155.00	\$2,155.00
28	Furnish and Install 8"x8" Tapping Tee and Valve	8	EA	\$2,800.00	\$20,800.00	\$2,800.00	\$ 22,400.00	\$2,250.00	\$18,000.00	\$2,800.00	\$22,400.00
29	Furnish and Install 6"x4" Tapping Tee and Valve	1	EA	\$2,000.00	\$2,000.00	\$2,200.00	\$ 2,200.00	\$1,800.00	\$1,800.00	\$1,936.00	\$1,936.00
30	Furnish and Install 4"x4" Tapping Tee and Valve	1	EA	\$2,000.00	\$2,000.00	\$1,800.00	\$ 1,800.00	\$1,500.00	\$1,500.00	\$1,838.00	\$1,838.00
31	Automatic Air Release Valve Assembly and Box, Complete in Place	8	EA	\$750.00	\$6,000.00	\$600.00	\$ 4,800.00	\$865.00	\$6,920.00	\$716.00	\$5,728.00
32	Out and Cap Existing Water Line, All Sizes	12	EA	\$1,200.00	\$15,600.00	\$590.00	\$ 6,500.00	\$400.00	\$5,200.00	\$540.00	\$7,020.00
33	4" Blowoff Assembly, including valve, valve box, restraints, concrete, pipe and fittings, complete in place	2	EA	\$2,000.00	\$4,000.00	\$1,600.00	\$ 3,200.00	\$1,884.04	\$3,768.08	\$1,900.00	\$3,800.00
34	2" Blowoff Assembly, including valve, valve box, restraints, concrete, pipe and fittings, complete in place	1	EA	\$1,900.00	\$1,900.00	\$1,800.00	\$ 1,800.00	\$1,510.16	\$1,510.16	\$1,800.00	\$1,800.00
35	Cleanup and Restoration	46,300	LF	\$1.00	\$46,300.00	\$1.00	\$ 46,300.00	\$1.00	\$46,300.00	\$1.00	\$46,300.00
TOTAL BASE BID PRICE (Items 1 to 35)							\$832,000.00		\$837,800.00		\$845,240.02
											\$847,236.00



Bid Tabulation
Fleming 2012 Water Project
Fleming County Water Association

Project: 4178.00
 Date: 6/11/2014
 Engineer: JFR
 Page: 3

Bid Date: June 11, 2014 @ 10:00 AM local time

BASE BID				BP Pipeline, LLC		Flo-Line Contracting		City Pipeline		Distel Construction, Inc.	
Item No.	Item	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
1	8" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	43,600	LF	\$12.50	\$545,000.00	\$12.00	\$ 523,200.00	\$12.75	\$555,900.00	\$15.87	\$683,212.00
2	8" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	100	LF	\$10.50	\$1,050.00	\$11.90	\$ 1,190.00	\$15.80	\$1,580.00	\$25.90	\$2,590.00
3	4" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	2,500	LF	\$7.50	\$18,750.00	\$9.00	\$ 22,500.00	\$8.75	\$21,875.00	\$14.70	\$36,750.00
4	3" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	100	LF	\$7.00	\$700.00	\$9.95	\$ 995.00	\$8.15	\$815.00	\$20.25	\$2,025.00
5	14" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	500	LF	\$100.00	\$50,000.00	\$100.00	\$ 50,000.00	\$125.50	\$62,750.00	\$136.00	\$68,000.00
6	8" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	200	LF	\$80.00	\$16,000.00	\$45.00	\$ 9,000.00	\$86.40	\$17,280.00	\$100.00	\$20,000.00
7	1 1/4" PVC Service Line Bore, Under Roads, Improved Surfaces and Driveways, Including Unclassified Bore and/or Jack (Service Line Not Included)	1,050	LF	\$10.00	\$10,500.00	\$20.00	\$ 21,000.00	\$20.60	\$21,630.00	\$16.50	\$17,275.00
8	10" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$1,600.00	\$1,600.00	\$2,000.00	\$ 2,000.00	\$2,045.00	\$2,045.00	\$1,750.00	\$1,750.00
9	8" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	26	EA	\$1,500.00	\$39,000.00	\$1,200.00	\$ 31,200.00	\$1,510.00	\$39,260.00	\$1,150.00	\$29,900.00
10	6" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	2	EA	\$850.00	\$1,700.00	\$900.00	\$ 1,800.00	\$1,180.00	\$2,360.00	\$805.00	\$1,610.00
11	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	3	EA	\$700.00	\$2,100.00	\$700.00	\$ 2,100.00	\$1,055.00	\$3,165.00	\$675.00	\$2,025.00
12	3" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$700.00	\$700.00	\$800.00	\$ 800.00	\$1,010.00	\$1,010.00	\$630.00	\$630.00
13	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$625.00	\$625.00	\$800.00	\$ 800.00	\$915.00	\$915.00	\$530.00	\$530.00
14	Existing Service Connection to Proposed Water Line	107	EA	\$670.00	\$71,690.00	\$650.00	\$ 69,550.00	\$220.00	\$23,540.00	\$490.00	\$52,430.00
15	1" CTS Service Tubing, Furnishing, Laying, Trenching and Backfilling (Including Tracer Wire)	3,000	LF	\$6.00	\$18,000.00	\$5.50	\$ 16,500.00	\$10.00	\$30,000.00	\$26.27	\$78,810.00
16	Creek Crossing #1 with 8" PE by Directional Bore, complete in place	1	LS	\$10,000.00	\$10,000.00	\$7,500.00	\$ 7,500.00	\$5,880.00	\$5,880.00	\$7,200.00	\$7,200.00
17	Creek Crossing #2 with 8" PE by Directional Bore, complete in place	1	LS	\$13,000.00	\$13,000.00	\$14,000.00	\$ 14,000.00	\$8,880.00	\$8,880.00	\$4,800.00	\$4,800.00
18	Creek Crossing #3 with 8" PE by Directional Bore, complete in place	1	LS	\$7,200.00	\$7,200.00	\$17,000.00	\$ 17,000.00	\$8,880.00	\$8,880.00	\$7,200.00	\$7,200.00
19	Creek Crossing #4 with 8" PE by Directional Bore, complete in place	1	LS	\$7,200.00	\$7,200.00	\$14,000.00	\$ 14,000.00	\$6,880.00	\$6,880.00	\$7,200.00	\$7,200.00
20	4" Type 'B' Creek Crossing Including Fittings, Concrete Casing, Casing Pips, Complete in Place as shown on the detail	20	LF	\$40.00	\$800.00	\$150.00	\$ 3,000.00	\$525.00	\$10,500.00	\$55.00	\$1,100.00
21	#67 Crushed Stone on Trench Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	1,500	LF	\$10.00	\$15,000.00	\$15.00	\$ 22,500.00	\$15.00	\$22,500.00	\$13.00	\$19,500.00
22	Bifuminous Paving Replacement on Non-State Maintained Roads, County Roads and Driveways. Including gravel backfill.	100	LF	\$50.00	\$5,000.00	\$30.00	\$ 3,000.00	\$50.00	\$5,000.00	\$33.50	\$3,350.00



Bid Tabulation
Fleming 2012 Water Project
Fleming County Water Association

Project: 4178.00
 Date: 6/11/2014
 Engineer: JR
 Page: 4

Bid Date: June 11, 2014 @ 10:00 AM local time

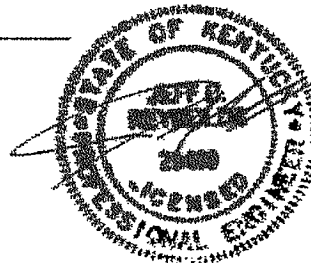
BASE BID				BP Pipeline, LLC		Flo-Line Contracting		Clay Pipeline		Distal Construction, Inc.	
Item No.	Item	Quantity	Unit	Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
23	Concrete Paving Replacement, 6" Thick, including gravel backfill	50	LF	\$60.00	\$3,000.00	\$45.00	\$ 2,250.00	\$50.00	\$2,500.00	\$97.00	\$1,850.00
24	Victodapa Entire Work Area Prior to Start of Construction	1	LS	\$4,000.00	\$4,000.00	\$5,000.00	\$ 5,000.00	\$4,500.00	\$4,500.00	\$4,000.00	\$4,000.00
25	Existing Gate Valve Box Removal	20	EA	\$200.00	\$4,000.00	\$100.00	\$ 2,000.00	\$810.00	\$12,200.00	\$25.00	\$500.00
26	Furnish and Install 10"x8" Tapping Tee and Valve	2	EA	\$4,000.00	\$8,000.00	\$3,000.00	\$ 6,000.00	\$2,855.00	\$5,910.00	\$3,158.00	\$6,318.00
27	Furnish and Install 10"x4" Tapping Tee and Valve	1	EA	\$4,000.00	\$4,000.00	\$2,000.00	\$ 2,000.00	\$2,425.00	\$2,425.00	\$2,507.00	\$2,507.00
28	Furnish and Install 8"x8" Tapping Tee and Valve	8	EA	\$2,800.00	\$20,800.00	\$3,000.00	\$ 24,000.00	\$2,235.00	\$17,880.00	\$3,183.00	\$25,464.00
29	Furnish and Install 8"x4" Tapping Tee and Valve	1	EA	\$2,700.00	\$2,700.00	\$2,000.00	\$ 2,000.00	\$1,735.00	\$1,735.00	\$2,471.00	\$2,471.00
30	Furnish and Install 4"x4" Tapping Tee and Valve	1	EA	\$1,600.00	\$1,600.00	\$1,800.00	\$ 1,800.00	\$1,515.00	\$1,515.00	\$1,953.00	\$1,953.00
31	Automatic Air Release Valve Assembly and Box, Complete in Place	8	EA	\$800.00	\$6,400.00	\$800.00	\$ 7,200.00	\$955.00	\$7,720.00	\$851.00	\$6,808.00
32	Cut and Cap Existing Water Line, All Sizes	13	EA	\$300.00	\$3,900.00	\$800.00	\$ 10,400.00	\$1,100.00	\$14,300.00	\$600.00	\$7,800.00
33	4" Blowoff Assembly, including valve, valve box, restraints, concrete, pipe and fittings, complete in place	2	EA	\$1,500.00	\$3,000.00	\$3,000.00	\$ 6,000.00	\$940.00	\$1,880.00	\$1,961.00	\$3,922.00
34	2" Blowoff Assembly, including valve, valve box, restraints, concrete, pipe and fittings, complete in place	1	EA	\$1,400.00	\$1,400.00	\$2,800.00	\$ 2,800.00	\$800.00	\$800.00	\$1,700.00	\$1,700.00
35	Cleanup and Restoration	46,300	LF	\$1.00	\$46,300.00	\$1.00	\$ 46,300.00	\$1.00	\$46,300.00	\$1.00	\$46,300.00
TOTAL BASE BID PRICE (Items 1 to 35)					\$944,715.00		\$851,065.00		\$965,390.00		\$1,153,478.00

Indicates Error in Bid Calculations

This is to state that the above is an accurate tabulation of bids received on June 11, 2014 by the Fleming County Water Association for the Fleming 2012 Water Project.

Signed

Jeff Reynolds, PE
 Kentucky PE No. 20469





United States Department of Agriculture

Rural Development July 21, 2014

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: Fleming County Water Association
2012 Water Project
Contract Award Concurrence

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
Morehead, 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, Little Creek Construction, in the amount of \$832,000.00.

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


THOMAS G. FERN
State Director
Rural Development

cc: HMB
Frankfort, Kentucky

Exhibit "4"

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

FLEMING COUNTY WATER ASSOCIATION, INC. CASE NO. 2014-

Rate Exhibit "A"

CURRENT MONTHLY RATES OF SERVICE
All CUSTOMERS

First	2,000 Gallons-	\$17.00	Minimum Bill
Next	8,000 Gallons-	6.60	Per 1,000 Gallons
Next	40,000 Gallons-	5.14	Per 1,000 Gallons
Over	50,000 Gallons-	3.95	Per 1,000 Gallons

Rate Exhibit "B"

PROPOSED MONTHLY RATES OF SERVICE
ALL CUSTOMERS

First	2,000 Gallons	\$18.30	Minimum Bill
Next	8,000 Gallons	6.75	Per 1,000 Gallons
Next	40,000 Gallons	5.30	Per 1,000 Gallons
Over	50,000 Gallons	4.10	Per 1,000 Gallons

NOTICE TO THE MEMBERS OF FLEMING
COUNTY WATER ASSOCIATION, INC.

July 15, 2014

There will be a special meeting of the members of Fleming County Water Association, Inc. on Wednesday, Aug. 20, 2014 at 10:00 A.M. at its office located at 2772 Morehead Road (on the By-Pass), Flemingsburg, KY.

A resolution will be proposed authorizing the officials of the association to borrow the sum of \$957,000.00 from the USDA (Rural Development) and to apply for a grant in the amount of \$318,000.00 from USDA to make certain improvements to its water distribution system in the counties of Fleming, Lewis and Mason, Kentucky. The resolution will authorize the officials of the association to mortgage all of the assets of the association to the USDA (Rural Development) to secure the loan.

Also, member action must be taken to authorize the Board of Directors to take all necessary action to obtain the loan and to sign the necessary notes and papers therefor.

All members are invited to attend.

Wayne Craft, Secretary

Exhibit 'C'

RESOLUTION

WHEREAS, the Fleming County Water Association, Inc. of 2772 Morehead Road, P. O. Box 327, Flemingsburg, Kentucky 41041 is filing an Application with the Public Service Commission of Kentucky for matters including AN ORDER APPROVING THE ADJUSTMENT OF RATES, and

WHEREAS, Fleming County Water Association, Inc has not had an increase in water rates since 2009 and purchased water costs and general operating expenses have generally increased;

NOW THEREFORE, the following proposed rates for members are hereby adopted:

First	2,000 Gallons	\$18.30	Minimum Bill
Next	8,000 Gallons	6.75	Per 1,000 Gallons
Next	40,000 Gallons	5.30	Per 1,000 Gallons
Over	50,000 Gallons	4.10	Per 1,000 Gallons

I hereby certify that the foregoing resolution was adopted by the Board of Directors of the Fleming County Water Association, Inc. at its regular meeting on July 16, 2014.

Wayne Craft
WAYNE CRAFT, SECRETARY

Exhibit "1"

FLEMING COUNTY WATER ASSOC., INC.

NOTICE OF PROPOSED RATE INCREASE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky, as set out in 807 KAR 5:069, Section 4, notice is hereby given the members of the Fleming County Water Association, Inc. of a filing of an Application with the Public Service Commission, 211 Sower Blvd., P. O. Box 615, Frankfort, Ky. 40602 for permission to adjust their rate schedule as set forth herein. Inquiries concerning said filing should be made to the Commission before August 20, 2014.

CURRENT MONTHLY RATES OF SERVICE
All CUSTOMERS

First	2,000 Gallons	\$17.00	Minimum Bill
Next	8,000 Gallons	6.60	Per 1,000 Gallons
Next	40,000 Gallons	5.14	Per 1,000 Gallons
Over	50,000 Gallons	3.95	Per 1,000 Gallons

Meter Connection is \$883.00 for 5/8" Meter and cost for 1" Meter

Membership Fee is \$10.00 Per Member.

PROPOSED MONTHLY RATES OF SERVICE
ALL CUSTOMERS

First	2,000 Gallons	\$18.30	Minimum Bill
Next	8,000 Gallons	6.75	Per 1,000 Gallons
Next	40,000 Gallons	5.30	Per 1,000 Gallons
Over	50,000 Gallons	4.10	Per 1,000 Gallons

Meter Connection is \$883.00 for 5/8" Meter and cost for 1" Meter

Membership Fee is \$10.00 Per Member.

Signed: Stephen H. Miller, President
Fleming County Water Association, Inc.
P. O. Box 327
Flemingsburg, Ky. 41041

LETTER OF TRANSMITTAL



HMB Professional Engineers, Inc.
 3 HMB Circle, US 460
 Frankfort, KY 40601
 Phone: 502/695-9800
 Fax: 502/695-9810

DATE	7/22/2014	JOB NO.	4178
ATTENTION			
RE:			
Fleming 2012 Water Project			
Fleming County Water Association			
RECEIVED			
JUL 22 2014			
PUBLIC SERVICE COMMISSION			

Public Service Commission

- WE ARE SENDING YOU Attached Under Separate Cover Via: _____ the following items:
- Shop Drawings Prints Plans Samples Specifications
- Copy of Letter Change Order _____

COPIES	DATE	NO.	DESCRIPTION
10			PSC Application
1			Electronic Copy of Exhibit "2" - Plans & Specs

THESE ARE TRANSMITTED as checked below:

- | | | |
|---|---|---|
| <input type="checkbox"/> For Approval | <input type="checkbox"/> Approved as Submitted | <input type="checkbox"/> Approved as Submitted |
| <input type="checkbox"/> For Your Use | <input type="checkbox"/> Approved as Noted | <input type="checkbox"/> Approved as Noted |
| <input type="checkbox"/> As Requested | <input type="checkbox"/> Returned for Corrections | <input type="checkbox"/> Returned for Corrections |
| <input type="checkbox"/> For Review and Comment | <input type="checkbox"/> _____ | |
| <input type="checkbox"/> FOR BIDS DUE _____ | <input type="checkbox"/> PRINTS RETURNED AFTER LOAN TO US | |

REMARKS

If you have any questions, please call.

COPY TO _____

SIGNED: Jeff Reynolds, P.E.

If enclosures are not as noted, kindly notify us at once