



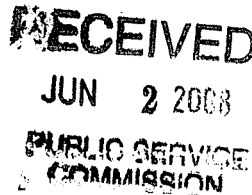
COMMONWEALTH OF KENTUCKY
OFFICE OF THE KNOTT COUNTY ATTORNEY
P.O. Box 470
HINDMAN, KENTUCKY 41822

TIMOTHY C. BATES
COUNTY ATTORNEY

TELEPHONE:
(606) 785-5355
FAX:
(606) 785-3064

May 29, 2008

George Wakim, PE
Water and Sewer Branch Manager
Engineering Division
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615



2008-00177

RE: Application for Certification of Public Convenience and Necessity
ALC Tank Replacement and Pippa Passes Tank Rehabilitation Project
Knott County Water & Sewer District
Pippa Passes, Kentucky

Dear Mr. Wakim:

Please be advised the Knott County Water & Sewer District (KCWDS) has declared a local state of emergency for the Pippa Passes water system which condemns the existing Alice Lloyd College (ALC) Tank. This declaration is a result from a failed Public Service Commission (PSC) Utilities Inspection Report dated September 12th 2007 which cited the ALC Tank for having "a great deal of rust" and cited the existing Pippa Passes Tank for "scum at the bottom of the tank and rusted screws".

The ALC Tank is an existing 100,000 gallon steel tank that was constructed in the mid-1960's and is showing a large amount of rust and deterioration along the bottom of the tank near the foundation. Lead paint is present, on the outside of the tank, and flakes and peels with minimal effort. The tank is located on the Alice Lloyd College campus at a higher elevation and is situated directly above several ALC facilities. If the tank began to leak rapidly, 100,000 gallons of water would travel down the mountain causing damage to public and private properties.

This tank will be replaced by a new 100,000 gallon steel tank that will have the exact dimensions and storage capacity. KCWSD plans to place the new tank on the existing concrete foundation and replace the plumbing. The old tank will be removed and disposed of in an environmentally sound manner and in accordance with all local, state

and federal regulations. This will eliminate the public health and safety hazards currently present.

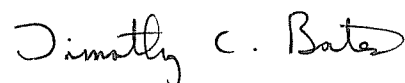
The Pippa Passes Tank is an existing 100,000 gallon glass lined tank that was constructed around 1985 near ALC-owned housing unit located along KY Rt. 899. The screw bolts, which hold the tank components together and prevent leaks, are showing some rust and deterioration. KCWSD is proposing to hand brush the bolts to remove all rust, and then place an epoxy sealant and protective plastic cap over the bolt to prolong the life of the fasteners. KCWSD would also install sacrificial cathodic protection which prevents the rusting of the inside of the tank. These maintenance measures will remedy the problem associated with this tank and extend the longevity of its service.

The anticipated schedule for the construction and/or maintenance for the two tanks is proposed to begin in early June and finish sometime in early August. This schedule takes advantage of the fact that ALC does not offer courses during these months, thus reducing the daily water demand. The detailed schedule will be set so that one tank is available for storage while the other is temporarily taken offline. Construction will be complete and both tanks will be online before ALC resumes courses in the Fall Term.

It is my understanding that the total project cost has been estimated at \$300,000. 75% of the cost will be funded by Rural Development and 25% will be provided by Coal Severance taxes. The operational cost once the tanks are completed will be very minimal. The steel tank will then have to be painted regularly to assure the steel is protected from corrosion.

If you have any questions regarding this matter please feel free to contact the project engineer, Stephen R. Harris at (606) 785-5926 or by email at sharris@rmje.net.

Sincerely,

A handwritten signature in cursive script that reads "Timothy C. Bates".

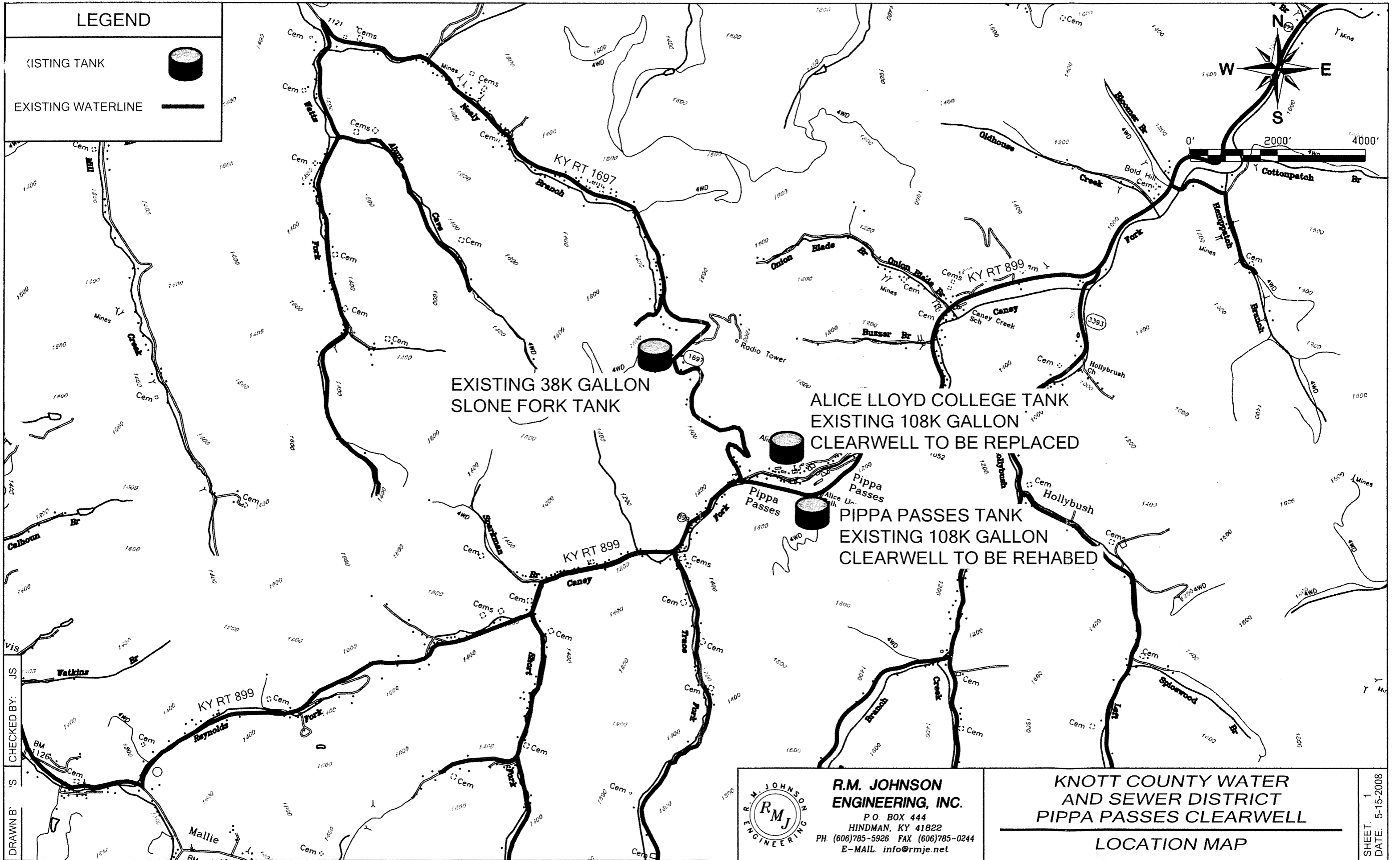
Timothy C. Bates
Knott County Attorney

LEGEND

EXISTING TANK



EXISTING WATERLINE



DRAWN BY: JS
CHECKED BY: JS



**R.M. JOHNSON
ENGINEERING, INC.**
P.O. BOX 444
HINDMAN, KY 41822
PH. (606)785-5926 FAX (606)785-0244
E-MAIL: info@rmje.net

**KNOTT COUNTY WATER
AND SEWER DISTRICT
PIPPA PASSES CLEARWELL**

LOCATION MAP

SHEET: 1
DATE: 5-15-2008

COMMONWEALTH OF KENTUCKY
JOHN Y. BROWN III
SECRETARY OF STATE



0558283.09 PBlwina
NAOI
John Y. Brown III
Secretary of State
Received and Filed
04/16/2003 9:33:40 AM
Fee Receipt: \$8.00

ARTICLES OF INCORPORATION
Nonprofit Corporation

For the purposes of forming a nonprofit corporation in Kentucky Pursuant to KRS Chapter KRS 273, the undersigned incorporator(s) hereby submit(s) the following Articles of Incorporation to the Secretary of State for filing:

Article I: The name of the corporation is

KNOTT COUNTY WATER AND SEWER, INC.

Article II: The purpose for which the corporation is organized is to provide water/wastewater services to the people of Knott County

Article III: The street address of the corporation's initial registered office in Kentucky is

90 JUSTICE CENTER DRIVE HINDMAN KY 41822

and the name of the initial registered agent at that office is Alice Ritchie

Article IV: The mailing address of the corporation's principal office is

P.O. BOX 884 Hindman KY 41822

Article V: The number of directors constituting the initial board of directors is 5. The names and mailing addresses of the persons who are to serve as the initial board of directors are as follows:

See Attachment # 1

Article VI: The name and mailing address of each incorporator is

Reva Campbell P.O. Box 884 Hindman, KY 41822

Executed by the incorporator(s) on April 16, 2003

Alice Ritchie

Alice Ritchie
Signature of incorporator

Reva Campbell

Reva Campbell
Signature of incorporator

I, Alice Ritchie, consent to serve as the registered agent on behalf of the corporation.

Type or print name of registered agent

Signature of Registered Agent

Alice Ritchie, Chairperson

Type or Print Name & Title

This form does not comply with the 501 (C) status. You should contact the Internal Revenue Service prior to filing the Articles of Incorporation.

SEE ATTACHMENT # 2

ATTACHMENT # 1

KNOTT COUNTY WATER AND SEWER DISTRICT, INC.

Alice G. Ritchie, Chairperson	6876 Lotts Creek Road	Hazard	KY	41701
Dale Hamilton, Vice-Chair	P.O. Box 34	Topmost	KY	41862
Delores Allen	6597 Lotts Creek Road	Hazard	KY	41701
Jerry W. Slone	P.O. Box 101	Pippa Passes	KY	41844
James O. Childers	390 Hurricane Branch	Leburn	KY	41831

2-10-99

**A RESOLUTION ESTABLISHING AND CREATING
A SPECIAL DISTRICT TO PROVIDE WATER AND SEWER
SERVICES TO THE RESIDENTS OF KNOTT COUNTY, KENTUCKY**

**BE IT RESOLVED BY THE KNOTT COUNTY FISCAL COURT
AS FOLLOWS:**

**WHEREAS, the legislature of the Commonwealth of Kentucky has
delegated responsibility to the local governmental units to adopt and implement ordinances
and resolutions to take action promoting the health, safety and general welfare of the citizens
of Knott County, Kentucky and,**

**WHEREAS, many rural areas of Knott County do not have adequate potable
water and suitable sanitary sewer septic systems to the meet the needs of the citizens and
residents of those areas, and ,**

**WHEREAS, the lack of such organized water and sewer systems has lead to
extremely critical environmental problems such as pollution to the streams, rivers and aquifers,
which further creates contaminated drinking water in Knott County, Kentucky.**

**NOW, THEREFORE, BE IT RESOLVED BY THE KNOTT COUNTY
FISCAL COURT that there is hereby created a special district to be known as THE KNOTT
COUNTY WATER AND SEWER DISTRICT, and shall be governed and operated under the
rules and procedures established under KRS Chapter 74, relating to water districts and KRS
Chapter 220 relating to sanitation districts.**

That this special district is created for the purpose of providing county-wide water and sewer systems in order to provide safe and adequate potable water and a sanitary sewer system to adequately deal with the disposal thereof in those areas of the County lacking in such systems.

DATED this 10th day of February, 1999.

Normie Newsome
KNOTT COUNTY JUDGE/EXECUTIVE

Ayes _____

NAYS: _____

Ray Bolan
Gennie Adams
Harold Rittner
James Huff

The vote taken on said Resolution at the Regular Meeting of the Knott County Fiscal Court on February 10th, 1999, the results being as shown above.

ATTEST:
By: *[Signature]*
CLERK OF THE FISCAL COURT OF KNOTT COUNTY

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

UTILITY INSPECTION REPORT

Report Date: 9/12/2007

Report Number: KnottCWSD-091107

BRIEF

Inspector: Joe Greenwell
Inspection Date: 9/11/2007
Type of Inspection: Follow-Up Inspection

Type of Facility: Purchaser and Distribution Facility
Name of Utility: Knott County Water & Sewer District
Location of Facility: Water Division, P.O. Box 884, Hindman, Kentucky 41822
Purpose of Inspection: Inspection of utility facilities to verify actions taken to correct a deficiency.

Applicable Regulations KRS 278 and 807 KAR Chapter 5

INSPECTION

Description of Utility: Water treatment plant with a capacity of 140,000 gallons
Number of Customers: 444
Area of Operation: Knott County
Supply Source: City of Hindman and 4 wells
Distribution Description: Average daily consumption of 75,000 gallons with a total storage capacity of 216,000 gallons, 30 miles of distribution line (PVC, DI, and AC)
Workforce Summary: 2 employees: 1 office; 1 field
Utility Reps in Insp: Reva Campbell
Date of Last Inspection: 6/20/2007
DTR from Last Insp: 2
DTRs not Cleared: 0

Summary of items and facilities Inspected:

Records including, but not limited to, meter testing, reading, and history; flushing; service interruptions; complaints; facilities inspections and procedures; operation and maintenance manual; facilities maintenance; safety guidelines; a copy of a water shortage response plan; and the service area map, etc.; Alice Lloyd College Water Storage Facility (108,000 gal.) in Pippa Passes; Pippa Passes Water Storage Facility (108,000 gal.); and the bottom of the tank which has scum buildup and rusted screws.

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**

UTILITY INSPECTION REPORT

Report Date: 9/12/2007

Report Number: KnottCWSD-091107

FINDINGS

- 1 The Alice Lloyd College and the Pippa Passes Water Storage Facilities appear to be in need of maintenance and refurbishing. The Pippa Passes Water Storage Facility has scum at the bottom of the tank and rusted screws. The Alice Lloyd College Water Storage Facility is showing a great deal of rust. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program.
-

RECOMMENDATIONS

Knott County Water & Sewer District shall provide maintenance attention to the Alice Lloyd College and Pippa Passes Water Storage Facilities. The Pippa Passes Water Storage Facility has scum at the bottom of the tank and rusted screws. The Alice Lloyd College Water Storage Facility is showing a great deal of rust. The facilities shall be inspected, cleaned, and refurbished. In addition the district does not have any records of maintenance being performed on the Pippa Passes Water Storage Facility, and the Alice Lloyd College Water Facility was scheduled for inspection over 2 years ago, but the inspection has not yet been completed. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program.

Knott County Water & Sewer District may be understaffed. The district may consider obtaining an opinion from the Kentucky Rural Water Association concerning this issue. The water system seems to be in a physically deteriorating condition that could possibly be due to lack of staffing among other things. The main concern is the reason this facility was allowed to reach its current condition. This may indicate a failure to operate the utility's facilities in an adequate and safe manner. This may also indicate an ineffective inspection and maintenance program. This concern will be cited at this time.

ADDITIONAL INSPECTOR COMMENTS

The district was given a copy of the water utility inspection quick reference, the water utility inspection checklist, the Public Service Commission's water loss monthly report, the water utility inspection procedures outline, the general outline for inspection plans, and the new edition of the laws affecting public utilities.

Knott County Water & Sewer District has begun construction of the new Carr Creek Water Treatment Plant which should be on line by fall of 2008.

Water loss for 2005 was 22 percent; water loss for 2006 was 18 percent. Knott County Water & Sewer District submitted a water loss prevention/leak detection plan and certain actions taken to curb water loss in their system. Since there is a clear decline in the water loss percentage, this will remain an ongoing deficiency that will not be cited at this time, unless the water loss percentages increase again. The district has a meter replacement program.

A follow-up inspection will be conducted within 6 months.



**United States Department of Agriculture
Rural Development
Kentucky State Office**

May 21, 2008

Alice Ritchie, Chairperson
Knott County Water District
P.O. Box 884
Hindman, Kentucky 41822

Dear Ms. Ritchie:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The 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 grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS grant not to exceed \$375,000, a Knott County Fiscal Court local contribution in the amount of \$125,000.

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

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

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

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

1. Number of Users and Their Contribution:

There shall be 716 water users, of which all are existing users. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

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

Committed to the future of rural communities.

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

2. Grant Agreement:

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

3. Drug-Free Work Place:

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

4. Land Rights and Real Property:

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

5. Organization:

The District will be legally organized under applicable KRS which will permit them to perform this service.

6. Business Operations:

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

7. Accounts, Records and Audits:

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

The District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts.

8. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District

should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- D. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

9. 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 "17" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

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

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

10. 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 grantees 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.

11. Closing Instructions:

The State Director, will be required to write closing instructions in connection with this grant. Conditions listed therein must be met by the District.

12. Compliance with Special Laws and Regulations:

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

13. Treatment Plant and System Operator:

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

14. Prior to Closing the Grant, the District Will Be Required to Adopt:

- A. Form RD 400-1, "Equal Opportunity Agreement."
- B. Form RD 400-4, "Assurance Agreement."
- C. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- D. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- E. RUS Bulletin 1780-22, "Eligibility Certification."

15. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

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

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

Grantees receiving federal grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment

Enrollment Form,” for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

16. Disbursement of Grant Funds:

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

17. Cost of Facility:

Breakdown of Costs:

Development	\$ 380,000
Legal and Administrative	4,053
Engineering	78,447
Contingencies	<u>37,500</u>
TOTAL	\$ 500,000

Financing:

RUS Grant	\$ 375,000
Fiscal Court Contribution	<u>125,000</u>
TOTAL	\$ 500,000

18. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids and for the Knott County Fiscal Court contribution in the amount of \$125,000.

19. Use of Remaining Project Funds:

The Fiscal Court contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project.

20. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed project 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.

21. Rates and Charges:

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

Water rates will be at least:

3/4 " meter

First	2,000	gallons @ \$	18.25 - Minimum Bill.
Next	8,000	gallons @ \$	5.63 - per 1,000 gallons.
All Over	10,000	gallons @ \$	4.55 - per 1,000 gallons.

Water rates will be at least:

2" meter

First	15,000	gallons @ \$	86.00 - Minimum Bill.
All Over	15,000	gallons @ \$	4.55 - per 1,000 gallons..

22. Compliance with the Bioterrorism Act:

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

23. Floodplain Construction:

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

24. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated February 13, 2008, from Ms. Lee Nalley.

- B. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- C. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

25. 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,


KENNETH SLONE
State Director

Enclosures

- cc: Area Director - London, Kentucky
KY River ADD - Hazard, Kentucky
Timothy C. Bates - Hindman, Kentucky
RM Johnson Engineers - Hindman, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky