

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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MAY 27 2008

**PUBLIC SERVICE
COMMISSION**

In the Matter of:

**THE APPLICATION OF MCCREARY COUNTY)
WATER DISTRICT OF MCCREARY COUNTY,)
KENTUCKY, FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY) Case No. 2008-00138
TO CONSTRUCT AND FINANCE PURSUANT)
TO KRS 278.023)**

NOTICE OF CHANGES IN PROJECT SCOPE AND FINANCING

This Application of the McCreary County Water District ("Applicant") of McCreary County, Kentucky, respectfully shows:

1. That on April 15, 2008, Applicant filed an Application, pursuant to the provisions of KRS 278.023, seeking (i) a Certificate of Public Convenience and Necessity permitting Applicant to construct a water project, consisting of extensions, additions, and improvements (the "Project") to the existing water system of Applicant; and (ii) an Order approving the proposed plan of financing said Project.

2. That on May 15, 2008, the Commission issued its Order granting Applicant a Certificate of Public Convenience and Necessity to construct the Project and approving the plan of financing. The Cumberland Falls Project originally consisted of the construction and installation of approximately 15,250 linear feet of 6-inch water line and appurtenances; two master meter vaults; pump station upgrades; and a pressure reducing valve and pit replacement.

3. That the proposed financing included an Appalachian Regional Commission ("ARC") grant in the amount of \$500,000. The ARC grant was not received by Applicant and accordingly, Applicant had to downsize the scope of the original Project in order to allow the Project to be completed within the revised budget.

4. That Applicant files herewith a letter from Strand Associates, Inc., setting forth the revised description of the Project.

5. That Applicant also files herewith Amendment No. 2 to the original RD Letter of Conditions which reflects the revised cost of facility and financing.

6. That Applicant files this Notice with the Commission for the purpose of supplementing the file in Case No. 2008-00138 and informing the Commission of the changes to the project scope and financing.

A handwritten signature in cursive script, appearing to read "W. Randall Jones", is written over a horizontal line.

W. RANDALL JONES, ESQ.
RUBIN & HAYS
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525



United States Department of Agriculture
Rural Development
Kentucky State Office

May 21, 2008

Mr. Raymond Taylor, Chairman
McCreary County Water District
P.O. Box 488
Whitley City, Kentucky 42653

Re: Letter of Conditions Dated March 19, 2007

Dear Mr. Taylor:

This letter shall serve as Amendment No. 2 to the Letter of Conditions dated March 19, 2007. The purpose of this amendment is to revise the cost and financing of the facility.

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

“ This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$150,000 and a RUS grant not to exceed \$390,000.”

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

“ 24. Cost of Facility:

Breakdown of Costs:

Development	\$ 384,582
Legal and Administrative	10,000
Engineering	112,398
Contingencies	<u>33,020</u>
TOTAL	\$ 540,000

Financing:

RUS Loan	\$ 150,000
RUS Grant	<u>390,000</u>
TOTAL	\$ 540,000 ”

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Paragraph numbered "25. Commitment of Other Project Funds" is no longer relevant and should be disregarded.

Paragraph numbered "26" is revised to read as follows:

" 26. 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. "

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

Sincerely,


KENNETH SLONE
State Director

cc: Area Director - London, Kentucky
Lake Cumberland ADD - Somerset, Kentucky
Tim Lavender - Whitley City, Kentucky
Rubin & Hays - Louisville, Kentucky
Strand Associates, Inc. - Louisville, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



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www.strand.com

May 19, 2008

Ms. Stephanie Stumbo, Executive Director
Kentucky Public Service Commission
PO Box 615
Frankfort, KY 40601

Re: Case No. 2008-000138 - Revision to the Scope of the Cumberland Falls State Park & Riverwoods Environmental Center Water Main Extensions Project

Dear Ms. Stumbo,

A revision to the scope of the 'Cumberland Falls State Park & Riverwoods Environmental Center Water Main Extensions Project' was required since an anticipated ARC Grant in the amount of \$500,000 was pulled from the project. The revised scope includes the construction of a 6" water main to the storage tank at the Cumberland Falls State Park, which will be served by the McCreary County Water District.

Portions of the initial project that were removed include the section of 6" water main that was to be constructed from the storage tank vicinity towards the Riverwoods Environmental Center site, Alternatives #1 & #2, and the proposed Change Order #1 that would have permitted upgrades to a nearby water pump station. This revision required a negative change order to reduce the construction costs by \$189,885 to a current total construction cost of \$384,582.

This construction cost and costs associated with engineering fees, administration & legal fees, and environmental assessments sum to a total of \$540,000, which will be covered by a RD Loan and RD Grant in the amounts of \$150,000 and \$390,000, respectively. Any unanticipated expenses above the \$540,000 will be covered by the McCreary County Water District.

Sincerely,

STRAND ASSOCIATES, INC.®

A handwritten signature in black ink, appearing to read 'Ryan D. Tinsley', is written over the company name.

Ryan D. Tinsley