

# Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

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

December 22, 2011

RECEIVED

DEC 23 2011

PUBLIC SERVICE  
COMMISSION

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

Re: Bracken County Water District - Kentucky Public Service Commission Application  
for a CPCN and approval of financing for a Water System Improvements Project

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Bracken County Water District for a Certificate of Public Convenience and Necessity to construct and finance a water system improvements project pursuant to KRS Chapter 278.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Plans and Specifications, prepared by HMB Engineers on the Project, two of which are being forwarded by said Engineers.

Please let us know if you have any questions or need any additional information.

Sincerely,

Rubin & Hays

By

  
W. Randall Jones

WRJ:jl  
Enclosures

cc: Ms. Diana Moran, BCWD  
Jeff Reynolds, P.E., HMB Engineers

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**

DEC 28 2011

PUBLIC SERVICE  
COMMISSION

In the matter of:

**APPLICATION OF THE BRACKEN COUNTY WATER )**  
**DISTRICT FOR A CERTIFICATE OF PUBLIC )**  
**CONVENIENCE AND NECESSITY TO )**  
**CONSTRUCT AND FINANCE A WATERWORKS ) Case No. 2011- \_\_\_\_\_**  
**IMPROVEMENTS PROJECT PURSUANT TO )**  
**KRS 278.020 AND 278.300 )**

**APPLICATION**

The Bracken County Water District (the "District"), by counsel, pursuant to KRS 278.020, petitions the Commission for a certificate of public convenience and necessity to construct a waterworks improvement project and finance said project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is P.O. Box 201, Brooksville, Kentucky 41004. Its principal officers are listed in its 2010 Annual Report, which is on file with the Commission;
2. The District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws;
3. A description of the District's water system and its property stated at original cost by accounts is contained in its 2010 Annual Report, which is incorporated by reference pursuant to 807 KAR 5:001 Section (5)(5). All required normal financial schedules and other data are in the Annual Report;
4. The Short Roads Water Project (the "Project") consists of the construction of improvements to the waterworks system as described in **Exhibit "A"** attached hereto;

5. The Project is in the public interest and will improve the District's system - see **Exhibit "A"** attached hereto;
6. The total project cost is approximately \$1,096,000, as forth in the Final Project Budget attached hereto as **Exhibit "B"**;
7. The District has obtained all of the easements for the Project;
8. This service will not compete with any other utility in the area;
9. Based on these facts, the District believes that it is in the public interest that this certificate be granted and that the plan of financing be authorized;
10. Copies of the certified bid tabulations are attached hereto as **Exhibit "C"**;
11. The following information is provided in response to 807 KAR 5:001 Section (8)(3);
  - a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74;
12. The following information is supplied to 807 KAR 5:001 Section (9)(2);
  - a. Facts relied upon to show that the Project is in the public interest: see **Exhibit "A"** attached hereto;
  - b. No new franchises are required. Copies of the permits are attached hereto as **Exhibit "D"**;
  - c. Diagrams of the proposed construction and construction specifications are contained in the Plans and Specifications on file with the Commission;
  - d. Three (3) maps of suitable scale showing location of the proposed facilities are attached hereto;

e. The construction costs will be funded from the proceeds of (i) a Kentucky Infrastructure Authority (“KIA”) loan (fund B) in the principal amount of \$475,000; and (ii) a KIA loan (fund C) in the principal amount of \$621,000; (see attached Conditional Commitment Letters from KIA attached hereto as **Exhibit “E”**);

f. The estimated cost of operation of the system after Project completion is attached hereto as **Exhibit “F”**;

13. The following information is provided as required by 807 KAR 5:001 Section (11)(1);

a. A general description of the property is contained in the 2010 Annual Report;

b. Financial information relating to the KIA Loans is contained in **Exhibit “E”** attached hereto;

c. All funds are to be used in accordance with the Final Project Budget, see **Exhibit “B”**;

d. No real property are being acquired in connection with this Project;

e. No proceeds of the KIA Loans will be used to refund outstanding obligations.

f. The KIA Loans will be secured by and paid out of the revenues of the District’s system.

14. The detailed Statement of Revenues, Expenses and Changes in Net Assets, Statement of Net Assets and Statement of Cash Flows for the twelve month period ending on December 31, 2010 are attached hereto as **Exhibit “G”**;

15. The following exhibits are provided pursuant to 807 KAR 5:001 section (11)(2);

a. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2010. The financial data filed herewith as **Exhibit "G"** is for the twelve (12) month period ending December 31, 2010. This is the most recent published financial data available. Because the Project has been bid and the District is under a bid-hold period by the Contractors, the District cannot run the risk of delaying the commencement of the Project and losing the favorable bids while more current financial data is compiled;

b. There are no trust deeds or mortgages applicable;

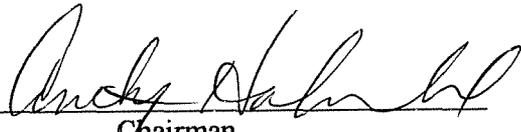
c. Maps and detailed plans are on file with the Commission. Detailed estimate of property acquired by USOA number is attached hereto as **Exhibit "H"**;

16. District requests that it be granted a deviation under 807 KAR 5:001(14), if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous or which would hinder District's daily operations.

**WHEREFORE**, the Applicant, Bracken County Water District requests 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 a water system improvement project;
- B. An order approving the financing arrangements, including the loans from the Kentucky Infrastructure Authority in the aggregate principal amount of \$1,096,000.
- C. Applicant's motion for a deviation from the 90 day requirement for financial information as required by 807 KAR 5:001 Section (11)(2)(a).

Bracken County Water District

By   
Chairman

Rubin & Hays

By   
W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525







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

December 15, 2011

Randy Jones  
 Rubin & Hays  
 Kentucky Home Trust Building  
 450 S. Third St.  
 Louisville, KY 40202-1410

RE: Short Roads Water Project  
 Bracken County Water District  
 HMB #4162

Dear Randy:

Below find a brief narrative description and the public necessity of the Bracken County Water District's (BCWD) Short Roads Water Project.

- The BCWD continues to have numerous leaks and breaks on the 12-inch PVC water line from the main pump station. This water line is responsible for supplying water to all of the BCWD system and the City of Brooksville. When service through this line is disrupted, the entire system is affected and it can take several days to get everything up and running like it should. BCWD proposes to replace the 12-inch PVC with 12-inch ductile iron, which is much stronger and therefore, less susceptible to breaks.
- In a continuing effort, to provide safe potable water to rural Bracken County, BCWD will be extending water service to approximately 17 potential customers. This will involve the construction of approximately 18,000 l.f. of new water line and the upgrading of approximately 5,500 l.f. of small diameter water line.
- Like many of the water systems in Kentucky, the BCWD's original system was constructed of asbestos cement (A.C.) water line. A.C. water line is notorious for being brittle resulting in numerous leaks and breaks. In a continuing effort to rid the system of A.C. water line, BCWD will be replacing approximately 5,500 l.f. of A.C. water line with PVC water line.
- The BCWD's Industrial Park Tank was built with the intent of providing water service and fire protection to an industry or business that would be constructed in the industrial park. Unfortunately, no industry or business has been constructed. As a result, the BCWD is unable to get proper turn over in the tank causing the water to become stagnant. To remedy this situation, the BCWD proposes to construct the Dutch Ridge Valve Vault. This will allow BCWD to designate a specific service area to the Industrial Park Tank and insure water in the tank is properly turned over.

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



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

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

Sincerely,

*HMB Professional Engineers, Inc.*

A handwritten signature in black ink, appearing to read 'Jeff Reynolds', is written over a horizontal line.

Jeff Reynolds, P.E.

Highway Engineering

Structural Engineering

Water & Wastewater

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Landscape Architecture

**KENTUCKY ■ TENNESSEE ■ INDIANA ■ ALABAMA ■ WEST VIRGINIA ■ GEORGIA**



**KENTUCKY INFRASTRUCTURE AUTHORITY  
PROJECT BUDGET  
PROJECT #**

*As-Bid Project Budget*

Cost Classification		Infrastructure Revolving Loan (Fund B)	Infrastructure Revolving Loan (Fund C)	Other Funding Source B	Other Funding Source C	Local Funds	Total Project Cost
1	Administrative Expenses (Including Interim Financing)	4,750	20,000				
2	Legal Expenses	5,000	3,000				
3	Land, Appraisals, Easements, Right-of-Way						
4	Relocation Expense & Payments						
5	Planning	7,500					
6	Engineering Fees - Design	30,300	24,980				
7	Engineering Fees - Construction	7,700	6,120				
8	Engineering Fees - Inspection	29,000	17,100				
9	Construction	350,000	389,250				
10	Equipment						
11	Contingency	40,750	160,550				
12	Other						
	<b>Total</b>	<b>475,000</b>	<b>621,000</b>				

Funding Sources	Amount	Date Committed
A		
B		
C		

Please identify all sources and amounts of Local Funding		Amount
1		
2		
3		

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date





**Bid Tabulation**  
**Bracken County Water District**  
**Short Roads Water Project**  
 Bid Date: December 2, 2011 @ 10:00 AM local time

Project: 4162.00  
 Date: 12/2/2011  
 Engineer: JR  
 Page: \_\_\_\_\_

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Tilton Excavating		Packs, Inc.		Emmitt Caskey Inc		B.P. Pipeline		Walter Martin Excavating	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	12" D.I., Class 350 Pipe, Including, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	11,000	LF	\$31.50	\$346,500.00	\$32.70	\$359,700.00	\$30.86	\$339,460.00	\$37.50	\$412,500.00	\$36.00	\$396,000.00
2	4" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	20,900	LF	\$4.90	\$102,410.00	\$5.00	\$104,500.00	\$5.19	\$108,471.00	\$6.00	\$125,400.00	\$4.35	\$90,915.00
3	4" PVC, Class 250 Pipe, SDR 17, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	1,900	LF	\$5.35	\$10,165.00	\$5.10	\$9,690.00	\$5.46	\$10,374.00	\$7.00	\$13,300.00	\$5.00	\$9,500.00
4	4" PVC, Class 200 Pipe, DR-14, AWWA C-900, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	3,900	LF	\$6.25	\$24,375.00	\$5.85	\$22,815.00	\$6.14	\$23,946.00	\$6.50	\$25,350.00	\$6.00	\$23,400.00
5	4" D.I., Class 350 Pipe, Including, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	1,900	LF	\$20.50	\$38,950.00	\$18.92	\$35,948.00	\$19.97	\$37,943.00	\$22.00	\$41,800.00	\$19.00	\$36,100.00
6	3" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	600	LF	\$4.50	\$2,700.00	\$4.12	\$2,472.00	\$4.60	\$2,760.00	\$5.30	\$3,180.00	\$4.25	\$2,550.00
7	2" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	550	LF	\$4.50	\$2,475.00	\$3.10	\$1,705.00	\$4.10	\$2,255.00	\$5.00	\$2,750.00	\$3.25	\$1,787.50
8	18" Steel Casing by Bore & Jack under State, County, and City Roads (Water Line Not Included)	35	LF	\$110.00	\$3,850.00	\$160.00	\$5,600.00	\$174.00	\$6,090.00	\$60.00	\$2,100.00	\$200.00	\$7,000.00
9	8" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	255	LF	\$80.00	\$20,400.00	\$90.00	\$22,950.00	\$80.00	\$20,400.00	\$45.00	\$11,475.00	\$120.00	\$30,600.00
10	4" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	25	LF	\$60.00	\$1,500.00	\$87.00	\$2,175.00	\$65.00	\$1,625.00	\$35.00	\$875.00	\$75.00	\$1,875.00
11	12" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	25	LF	\$45.00	\$1,125.00	\$45.00	\$1,125.00	\$75.00	\$1,875.00	\$25.00	\$625.00	\$75.00	\$1,875.00
12	4" or Smaller Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	250	LF	\$40.00	\$10,000.00	\$20.00	\$5,000.00	\$35.00	\$8,750.00	\$15.00	\$3,750.00	\$32.00	\$8,000.00
13	12" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	5	EA	\$1,825.00	\$9,125.00	\$1,900.00	\$9,500.00	\$1,974.00	\$9,870.00	\$2,200.00	\$11,000.00	\$2,100.00	\$10,500.00
14	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	11	EA	\$575.00	\$6,325.00	\$685.00	\$7,535.00	\$740.00	\$8,140.00	\$600.00	\$6,600.00	\$975.00	\$10,725.00
15	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$450.00	\$450.00	\$572.00	\$572.00	\$495.00	\$495.00	\$400.00	\$400.00	\$875.00	\$875.00
16	Install 4" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	2	EA	\$1,000.00	\$2,000.00	\$1,150.00	\$2,300.00	\$1,745.00	\$3,490.00	\$900.00	\$1,800.00	\$1,300.00	\$2,600.00
17	Install 2" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	3	EA	\$1,000.00	\$3,000.00	\$1,072.00	\$3,216.00	\$1,645.00	\$4,935.00	\$800.00	\$2,400.00	\$1,050.00	\$3,150.00
18	Furnish & Install 4"x4" Tapping Tee and Valve	5	EA	\$2,000.00	\$10,000.00	\$1,700.00	\$8,500.00	\$1,845.00	\$9,225.00	\$1,500.00	\$7,500.00	\$1,700.00	\$8,500.00



**Bid Tabulation**  
**Bracken County Water District**  
**Short Roads Water Project**  
 Bid Date: December 2, 2011 @ 10:00 AM local time

Project: 4162.00  
 Date: 12/2/2011  
 Engineer: JR  
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ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Tilton Excavating		Packs, Inc.		Emmitt Caskey Inc		B.P. Pipeline		Walter Martin Excavating	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
19	Furnish & Install 4"x3" Tapping Tee and Valve	1	EA	\$2,000.00	\$2,000.00	\$1,400.00	\$1,400.00	\$1,795.00	\$1,795.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00
20	Customer Service with Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Opposite Side of Road as Main, 70 feet service tubing (maximum)	4	EA	\$1,000.00	\$4,000.00	\$850.00	\$3,400.00	\$975.00	\$3,900.00	\$970.00	\$3,880.00	\$1,250.00	\$5,000.00
21	Customer Service with Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Same Side of Road as Main, 10 feet service tubing (maximum)	2	EA	\$750.00	\$1,500.00	\$689.00	\$1,378.00	\$775.00	\$1,550.00	\$700.00	\$1,400.00	\$755.00	\$1,510.00
22	Customer Service, including Copper Setter, Meter Box, Lid, Opposite Side of Road as Main, 70 feet service tubing (maximum)	1	EA	\$800.00	\$800.00	\$800.00	\$800.00	\$745.00	\$745.00	\$800.00	\$800.00	\$1,050.00	\$1,050.00
23	Customer Service, including Copper Setter, Meter Box, Lid, Same Side of Road as Main, 10 feet service tubing (maximum)	10	EA	\$650.00	\$6,500.00	\$500.00	\$5,000.00	\$645.00	\$6,450.00	\$600.00	\$6,000.00	\$525.00	\$5,250.00
24	Existing Service Connection to Proposed Water Line, including New Meter and Lid, Opposite Side of Road as Main, 70' of Service Tubing (Max.)	7	EA	\$650.00	\$4,550.00	\$600.00	\$4,200.00	\$845.00	\$5,915.00	\$550.00	\$3,850.00	\$1,050.00	\$7,350.00
25	Existing Service Connection to Proposed Water Line, including New Meter and Lid, Same Side of Road as Main, 10' of Service Tubing (Max.)	8	EA	\$600.00	\$4,800.00	\$450.00	\$3,600.00	\$745.00	\$5,960.00	\$500.00	\$4,000.00	\$525.00	\$4,200.00
26	Existing Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Max.) No New Meter	15	EA	\$400.00	\$6,000.00	\$500.00	\$7,500.00	\$575.00	\$8,625.00	\$450.00	\$6,750.00	\$635.00	\$9,525.00
27	Existing Service Connection to Proposed Water Line, Same Side of Road as Main, 10' of Service Tubing (Max.) No New Meter	16	EA	\$250.00	\$4,000.00	\$300.00	\$4,800.00	\$345.00	\$5,520.00	\$400.00	\$6,400.00	\$325.00	\$5,200.00
28	Existing 1" Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Max.) No New Meter	1	EA	\$500.00	\$500.00	\$600.00	\$600.00	\$615.00	\$615.00	\$590.00	\$590.00	\$765.00	\$765.00
29	Replace Existing Customer Service with New Meter, Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Opposite Side of Road, 70 feet Service Tubing (Max.)	3	EA	\$1,100.00	\$3,300.00	\$740.00	\$2,220.00	\$975.00	\$2,925.00	\$1,000.00	\$3,000.00	\$1,425.00	\$4,275.00
30	Replace Existing Customer Service with New Meter, Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Same Side of Road, 10 feet Service Tubing (Max.)	4	EA	\$800.00	\$3,200.00	\$655.00	\$2,620.00	\$945.00	\$3,780.00	\$900.00	\$3,600.00	\$875.00	\$3,500.00
31	Additional 3/4" Service Tubing, Furnishing, Laying, Trenching and Backfilling. Where Required in Addition to Maximum Lengths	1,500	LF	\$3.50	\$5,250.00	\$2.71	\$4,065.00	\$4.45	\$6,675.00	\$4.00	\$6,000.00	\$2.15	\$3,225.00



**Bid Tabulation**  
**Bracken County Water District**  
**Short Roads Water Project**  
**Bid Date: December 2, 2011 @ 10:00 AM local time**

**Project:** 4162.00  
**Date:** 12/2/2011  
**Engineer:** JR  
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ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Tilton Excavating		Packs, Inc.		Emmitt Caskey inc		B.P. Pipeline		Walter Martin Excavating	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
32	Fire Hydrant Assembly Including Tee, valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	3	EA	\$3,000.00	\$9,000.00	\$3,300.00	\$9,900.00	\$2,774.00	\$8,322.00	\$3,200.00	\$9,600.00	\$3,065.00	\$9,195.00
33	Single Nozzle Blowoff Hydrant Assembly, Including Tee, valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	16	EA	\$1,250.00	\$20,000.00	\$1,631.50	\$26,104.00	\$1,845.00	\$29,520.00	\$1,600.00	\$25,600.00	\$1,745.00	\$27,920.00
34	#57 Crushed Stone on Trench Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	2,500	LF	\$5.00	\$12,500.00	\$7.00	\$17,500.00	\$8.00	\$20,000.00	\$10.00	\$25,000.00	\$10.75	\$26,875.00
35	Bituminous Paving Replacement on State Maintained Roads, County Roads and Driveways. Including gravel backfill.	250	LF	\$10.00	\$2,500.00	\$20.00	\$5,000.00	\$20.00	\$5,000.00	\$35.00	\$8,750.00	\$54.50	\$13,625.00
36	Concrete Paving Replacement, 6" Thick, including gravel backfill	150	LF	\$10.00	\$1,500.00	\$28.80	\$4,320.00	\$25.00	\$3,750.00	\$60.00	\$9,000.00	\$43.75	\$6,562.50
37	Cut and Cap Existing Water Line, All Sizes	8	EA	\$500.00	\$4,000.00	\$250.00	\$2,000.00	\$1,045.00	\$8,360.00	\$300.00	\$2,400.00	\$650.00	\$5,200.00
38	4" Type "B" Creek Crossing Including Fittings, Concrete Casing, Casing Pipe, Complete in Place as shown on the detail	245	LF	\$60.00	\$14,700.00	\$55.00	\$13,475.00	\$50.00	\$12,250.00	\$40.00	\$9,800.00	\$135.00	\$33,075.00
39	Automatic Air Release Valve Assembly and Box, Complete in Place	7	EA	\$500.00	\$3,500.00	\$622.00	\$4,354.00	\$645.00	\$4,515.00	\$644.00	\$4,508.00	\$430.00	\$3,010.00
40	1" By-Pass Meter, including Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Service Tubing	6	EA	\$1,000.00	\$6,000.00	\$950.00	\$5,700.00	\$1,045.00	\$6,270.00	\$1,000.00	\$6,000.00	\$980.00	\$5,880.00
41	Videotape Entire Work Area Prior to Start of Construction	1	LS	\$0.00	\$0.00	\$500.00	\$500.00	\$500.00	\$500.00	\$2,000.00	\$2,000.00	\$2,150.00	\$2,150.00
42	Existing Hydrant Removal, Including Isolation Valve	3	EA	\$100.00	\$300.00	\$500.00	\$1,500.00	\$945.00	\$2,835.00	\$400.00	\$1,200.00	\$870.00	\$2,610.00
43	Existing Gate Valve Box Removal	10	EA	\$50.00	\$500.00	\$350.00	\$3,500.00	\$150.00	\$1,500.00	\$50.00	\$500.00	\$160.00	\$1,600.00
44	Dutch Ridge Valve Vault, including but limited to meter, valves, fitting, power pole, vault as shown on plans. (Complete in Place)	1	LS	\$18,000.00	\$18,000.00	\$14,486.00	\$14,486.00	\$12,000.00	\$12,000.00	\$16,000.00	\$16,000.00	\$22,000.00	\$22,000.00
45	Crushed Stone Encasement of Pipe, where indicated on plans and as shown on details	500	LF	\$10.00	\$5,000.00	\$4.50	\$2,250.00	\$10.00	\$5,000.00	\$5.00	\$2,500.00	\$21.75	\$10,875.00
<b>Bid Totals</b>					\$739,250.00		\$757,475.00		\$774,381.00		\$843,433.00		\$868,880.00



**Bid Tabulation**  
**Bracken County Water District**  
**Short Roads Water Project**  
**Bid Date: December 2, 2011 @ 10:00 AM local time**

**Project:** 4162.00  
**Date:** 12/2/2011  
**Engineer:** JR  
**Page:**

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Unger Construction		Salmon Construction		Southern Backhoe		Kenney, Inc.		UNIT PRICE	TOTAL
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL		
1	12" D.I., Class 350 Pipe, Including, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	11,000	LF	\$35.00	\$385,000.00	\$35.93	\$395,230.00	\$35.00	\$385,000.00	\$43.90	\$482,900.00		
2	4" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	20,900	LF	\$5.00	\$104,500.00	\$6.53	\$136,477.00	\$7.50	\$156,750.00	\$7.20	\$150,480.00		
3	4" PVC, Class 250 Pipe, SDR 17, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	1,900	LF	\$6.00	\$11,400.00	\$7.25	\$13,775.00	\$9.00	\$17,100.00	\$7.70	\$14,630.00		
4	4" PVC, Class 200 Pipe, DR-14, AWWA C-900, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	3,900	LF	\$7.00	\$27,300.00	\$8.00	\$31,200.00	\$12.00	\$46,800.00	\$8.50	\$33,150.00		
5	4" D.I., Class 350 Pipe, Including, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	1,900	LF	\$22.00	\$41,800.00	\$24.00	\$45,600.00	\$26.00	\$49,400.00	\$24.80	\$47,120.00		
6	3" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	600	LF	\$5.00	\$3,000.00	\$6.00	\$3,600.00	\$6.50	\$3,900.00	\$7.10	\$4,260.00		
7	2" PVC, Class 200 Pipe, SDR 21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	550	LF	\$5.00	\$2,750.00	\$5.52	\$3,036.00	\$6.40	\$3,520.00	\$6.00	\$3,300.00		
8	18" Steel Casing by Bore & Jack under State, County, and City Roads (Water Line Not Included)	35	LF	\$200.00	\$7,000.00	\$100.00	\$3,500.00	\$195.00	\$6,825.00	\$190.00	\$6,650.00		
9	8" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	255	LF	\$110.00	\$28,050.00	\$75.00	\$19,125.00	\$90.00	\$22,950.00	\$90.00	\$22,950.00		
10	4" Steel Casing by Bore & Jack under State, County and City Roads (Water Line Not Included)	25	LF	\$50.00	\$1,250.00	\$40.00	\$1,000.00	\$90.00	\$2,250.00	\$65.00	\$1,625.00		
11	12" Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	25	LF	\$90.00	\$2,250.00	\$25.00	\$625.00	\$50.00	\$1,250.00	\$85.00	\$2,125.00		
12	4" or Smaller Unclassified Bore and/or Jack under improved surfaces, including driveways, no casing required (Water Pipe Not Included)	250	LF	\$40.00	\$10,000.00	\$25.00	\$6,250.00	\$40.00	\$10,000.00	\$50.00	\$12,500.00		
13	12" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	5	EA	\$1,800.00	\$9,000.00	\$2,000.00	\$10,000.00	\$2,500.00	\$12,500.00	\$1,940.00	\$9,700.00		
14	4" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	11	EA	\$600.00	\$6,600.00	\$620.00	\$6,820.00	\$650.00	\$7,150.00	\$610.00	\$6,710.00		
15	2" CI AWWA NRS Gate Valve and Box, Concrete Pad, Complete in Place	1	EA	\$400.00	\$400.00	\$500.00	\$500.00	\$525.00	\$525.00	\$440.00	\$440.00		
16	Install 4" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	2	EA	\$1,200.00	\$2,400.00	\$1,500.00	\$3,000.00	\$1,100.00	\$2,200.00	\$1,200.00	\$2,400.00		
17	Install 2" Gate Valve in Existing Water Line, including Valve Box, Concrete Pad, Complete in Place	3	EA	\$1,000.00	\$3,000.00	\$1,000.00	\$3,000.00	\$900.00	\$2,700.00	\$990.00	\$2,970.00		
18	Furnish & Install 4"x4" Tapping Tee and Valve	5	EA	\$2,500.00	\$12,500.00	\$1,450.00	\$7,250.00	\$1,600.00	\$8,000.00	\$1,640.00	\$8,200.00		



**Bid Tabulation**  
 Bracken County Water District  
 Short Roads Water Project  
 Bid Date: December 2, 2011 @ 10:00 AM local time

Project: 4162.00  
 Date: 12/2/2011  
 Engineer: JR  
 Page:

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Unger Construction		Salmon Construction		Southern Backhoe		Kenney, Inc.		\$0.00	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
19	Furnish & Install 4"x3" Tapping Tee and Valve	1	EA	\$2,500.00	\$2,500.00	\$1,375.00	\$1,375.00	\$1,500.00	\$1,500.00	\$1,510.00	\$1,510.00		
20	Customer Service with Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Opposite Side of Road as Main, 70 feet service tubing (maximum)	4	EA	\$1,400.00	\$5,600.00	\$900.00	\$3,600.00	\$900.00	\$3,600.00	\$1,600.00	\$6,400.00		
21	Customer Service with Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Same Side of Road as Main, 10 feet service tubing (maximum)	2	EA	\$1,000.00	\$2,000.00	\$800.00	\$1,600.00	\$590.00	\$1,180.00	\$750.00	\$1,500.00		
22	Customer Service, including Copper Setter, Meter Box, Lid, Opposite Side of Road as Main, 70 feet service tubing (maximum)	1	EA	\$1,300.00	\$1,300.00	\$675.00	\$675.00	\$875.00	\$875.00	\$1,400.00	\$1,400.00		
23	Customer Service, including Copper Setter, Meter Box, Lid, Same Side of Road as Main, 10 feet service tubing (maximum)	10	EA	\$900.00	\$9,000.00	\$625.00	\$6,250.00	\$570.00	\$5,700.00	\$560.00	\$5,600.00		
24	Existing Service Connection to Proposed Water Line, including New Meter and Lid, Opposite Side of Road as Main, 70' of Service Tubing (Max.)	7	EA	\$1,000.00	\$7,000.00	\$600.00	\$4,200.00	\$600.00	\$4,200.00	\$1,100.00	\$7,700.00		
25	Existing Service Connection to Proposed Water Line, including New Meter and Lid, Same Side of Road as Main, 10' of Service Tubing (Max.)	8	EA	\$800.00	\$6,400.00	\$500.00	\$4,000.00	\$400.00	\$3,200.00	\$460.00	\$3,680.00		
26	Existing Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Max.) No New Meter	15	EA	\$800.00	\$12,000.00	\$700.00	\$10,500.00	\$500.00	\$7,500.00	\$1,000.00	\$15,000.00		
27	Existing Service Connection to Proposed Water Line, Same Side of Road as Main, 10' of Service Tubing (Max.) No New Meter	16	EA	\$600.00	\$9,600.00	\$475.00	\$7,600.00	\$300.00	\$4,800.00	\$360.00	\$5,760.00		
28	Existing 1" Service Connection to Proposed Water Line, Opposite Side of Road as Main, 70' of Service Tubing (Max.) No New Meter	1	EA	\$900.00	\$900.00	\$600.00	\$600.00	\$700.00	\$700.00	\$1,050.00	\$1,050.00		
29	Replace Existing Customer Service with New Meter, Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Opposite Side of Road, 70 feet Service Tubing (Max.)	3	EA	\$700.00	\$2,100.00	\$900.00	\$2,700.00	\$900.00	\$2,700.00	\$1,565.00	\$4,695.00		
30	Replace Existing Customer Service with New Meter, Pressure Regulator, Tandom Copper Setter, Meter Box, Lid, Same Side of Road, 10 feet Service Tubing (Max.)	4	EA	\$900.00	\$3,600.00	\$700.00	\$2,800.00	\$700.00	\$2,800.00	\$785.00	\$3,140.00		
31	Additional 3/4" Service Tubing, Furnishing, Laying, Trenching and Backfilling. Where Required in Addition to Maximum Lengths	1,500	LF	\$5.00	\$7,500.00	\$4.00	\$6,000.00	\$6.00	\$9,000.00	\$5.60	\$8,400.00		



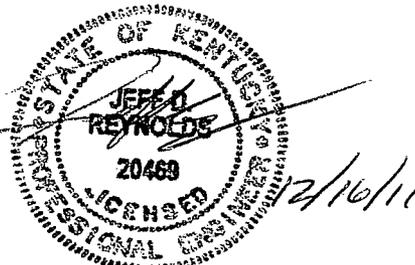
**Bid Tabulation**  
 Bracken County Water District  
 Short Roads Water Project  
 Bid Date: December 2, 2011 @ 10:00 AM local time

Project: 4162.00  
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ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Unger Construction		Salmon Construction		Southern Backhoe		Kenney, Inc.		\$0.00	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
32	Fire Hydrant Assembly Including Tee, valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	3	EA	\$3,200.00	\$9,600.00	\$3,000.00	\$9,000.00	\$3,500.00	\$10,500.00	\$3,390.00	\$10,170.00		
33	Single Nozzle Blowoff Hydrant Assembly, Including Tee, valve, Valve Box, Mechanical Joint Anchoring, Pipe and Fittings. Complete in Place	16	EA	\$2,000.00	\$32,000.00	\$2,000.00	\$32,000.00	\$2,500.00	\$40,000.00	\$1,830.00	\$29,280.00		
34	#57 Crushed Stone on Trench Surface at Driveways, Roadway Crossings and Streets, Full Depth of Ditch	2,500	LF	\$10.00	\$25,000.00	\$10.00	\$25,000.00	\$5.00	\$12,500.00	\$8.70	\$21,750.00		
35	Bituminous Paving Replacement on State Maintained Roads, County Roads and Driveways. Including gravel backfill.	250	LF	\$40.00	\$10,000.00	\$25.00	\$6,250.00	\$20.00	\$5,000.00	\$31.50	\$7,875.00		
36	Concrete Paving Replacement, 6" Thick, including gravel backfill	150	LF	\$40.00	\$6,000.00	\$25.00	\$3,750.00	\$40.00	\$6,000.00	\$38.00	\$5,700.00		
37	Cut and Cap Existing Water Line, All Sizes	8	EA	\$1,000.00	\$8,000.00	\$1,000.00	\$8,000.00	\$150.00	\$1,200.00	\$655.00	\$5,240.00		
38	4" Type "B" Creek Crossing Including Fittings, Concrete Casing, Casing Pipe, Complete in Place as shown on the detail	245	LF	\$70.00	\$17,150.00	\$75.00	\$18,375.00	\$150.00	\$36,750.00	\$65.30	\$15,998.50		
39	Automatic Air Release Valve Assembly and Box, Complete in Place	7	EA	\$900.00	\$6,300.00	\$620.00	\$4,340.00	\$600.00	\$4,200.00	\$760.00	\$5,320.00		
40	1" By-Pass Meter, including Pressure Regulator, Tandem Copper Setter, Meter Box, Lid, Service Tubing	6	EA	\$1,000.00	\$6,000.00	\$800.00	\$4,800.00	\$800.00	\$4,800.00	\$1,150.00	\$6,900.00		
41	Videotape Entire Work Area Prior to Start of Construction	1	LS	\$5,000.00	\$5,000.00	\$2,000.00	\$2,000.00	\$20,000.00	\$20,000.00	\$7,400.00	\$7,400.00		
42	Existing Hydrant Removal, including Isolation Valve	3	EA	\$500.00	\$1,500.00	\$500.00	\$1,500.00	\$500.00	\$1,500.00	\$445.00	\$1,335.00		
43	Existing Gate Valve Box Removal	10	EA	\$400.00	\$4,000.00	\$200.00	\$2,000.00	\$5.00	\$50.00	\$225.00	\$2,250.00		
44	Dutch Ridge Valve Vault, including but limited to meter, valves, fitting, power pole, vault as shown on plans, (Complete in Place)	1	LS	\$17,000.00	\$17,000.00	\$30,000.00	\$30,000.00	\$26,000.00	\$26,000.00	\$30,525.00	\$30,525.00		
45	Crushed Stone Encasement of Pipe, where indicated on plans and as shown on details	500	LF	\$7.00	\$3,500.00	\$6.00	\$3,000.00	\$10.00	\$5,000.00	\$9.25	\$4,625.00		
<b>Bid Totals</b>					\$878,750.00		\$891,903.00		\$960,075.00		\$1,032,313.50		\$0.00

This is to state that the above is an accurate tabulation of bids received on December 2, 2011 by Bracken County Water District for the Short Roads Water Project.

Signed:   
 Jeff Reynolds, PE  
 Kentucky PE No. 20469



Incidates Bid error





STEVEN L. BESHEAR  
GOVERNOR

LEONARD K. PETERS  
SECRETARY

ENERGY AND ENVIRONMENT CABINET  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WATER  
14 REILLY ROAD  
FRANKFORT, KENTUCKY 40601  
[www.kentucky.gov](http://www.kentucky.gov)  
May 5, 2011

HMB Professional  
Engineers, Inc.

MAY 22 2011

CAS  
JG  
REB

Mr. Michael Brothers  
Bracken County Water District  
P.O. Box 201  
Brooksville, KY 41004

RE: Bracken County Water District  
AI # 33805, APE20110001  
PWSID # 0120039-11-001  
Short Road Water Project  
Bracken County, KY

Dear Mr. Brothers:

We have reviewed the plans and specifications for the above referenced project. The plans include construction of approximately 10,000 feet of 12-inch DI, 27,700 feet of 4-inch PVC, 600 feet of 3-inch PVC and 500 feet 2-inch PVC water line. For the purpose of review, DOW will not approve lines less than 3-inches for distribution. When 2-inch lines are proposed for distribution they are approved on a case-by-case basis with the stipulations that such cannot be extended. In areas where lines may be extended in the future, DOW reserve the right to approve 3-inch waterlines as a minimum diameter. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

If you have any questions concerning this project, please contact Mr. Farhoud Sarabi at 502-564-3410 extension 4825.

Sincerely,

Solitha Dharman, PE  
Supervisor, Engineering Section  
Water Infrastructure Branch  
Division of Water

DSM:FS

Enclosures

C: HMB Professional Engineers, Inc.  
Bracken County Health Department.  
Public Service Commission.

**Distribution-Major Construction**

Bracken Co Water District  
Facility Requirements

Activity ID No.: APE20110001

Page 1 of 7

**GACT000000020 (Short Road Water Project-Bracken Water District) 500 ft of 2-inch PVC, 600 ft of 3-inch PVC, 27,700 ft of 4-inch PVC and 10,000 ft of 12-inch DL:**

**Monitoring Requirements:**

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Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

**Submittal/Action Requirements:**

**Coliform:**

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Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

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Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]
S-3	The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

**Distribution-Major Construction**

Bracken Co Water District  
Facility Requirements

Activity ID No.: APE20110001

**GACT0000000020 (continued):**

**Narrative Requirements:**

**Additional Limitations:**

Condition No.	Condition
T-1	Additional Limitations: Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]
Condition No.	Condition
T-2	This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
T-3	Unless construction of this project is begun within 1 year from the issuance date of this permit, the permit shall expire. If requested prior to the permit expiration, an official extension from the Division of Water may be granted. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Drinking Water Branch at 502/564-3410. [401 KAR 8:100 Section 1(9)]
T-4	Final approval of facility. Upon completion of construction, the person who presented the plans shall certify in writing that the project has been completed in accordance with the "approved" plans and specifications. The public water supply shall operate the facility consistent with the approved plans and specifications. Any proposed change to the approved plan shall be submitted to the cabinet for approval. The public water supply shall not implement any change to the approved plan without the prior written approval of the cabinet. [401 KAR 8:100 Section 401 KAR 8:100(1)(8)]
T-5	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]

## Distribution-Major Construction

Bracken Co Water District  
Facility Requirements

Activity ID No.: APE20110001

Page 3 of 7

**PORT000000021 (Waterline Extension) 500 ft of 2-inch PVC, 600 ft of 3-inch PVC, 27,700 ft of 4-inch PVC and 10,000 ft of 12-inch DI.:**

### Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth $\geq 6$ in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth $\geq 30$ in to prevent freezing. [Recommended Standards for Water Works 8.5.3, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	All water lines shall have Diameter $\geq 3$ in. [Recommended Standards for Water Works 8.1.4] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Diameter	Water lines with Diameter $< 6$ in shall not have fire hydrants. [Recommended Standards for Water Works 8.1.5] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter $\geq 6$ in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-6	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance $\leq 1.0$ mi should be utilized. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-7	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance $> 10$ ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-8	Distance	Except when not practical, water lines shall be laid a horizontal Distance $\geq 10$ ft from any existing or proposed sewer. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

**Distribution-Major Construction**

Bracken Co Water District

Facility Requirements

Activity ID No.: APE20110001

PORT0000000021 (continued):

Page 4 of 7

Limitation Requirements:

Condition No.	Parameter	Condition
L-9	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none"><li>1) water lines shall be laid such that either<ol style="list-style-type: none"><li>a) the the top of the water line is a vertical Distance <math>\geq 18</math> in below the bottom of the sewer line or</li><li>b) the bottom of the water line is a vertical Distance <math>\geq 18</math> in above the top of the sewer line,</li></ol></li><li>2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible, and</li><li>3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.3]</li></ol> <p>This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-10	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance <math>\geq 1.0</math> ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-11	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure <math>\geq 20</math> psi under all conditions of flow. [Recommended Standards for Water Works 8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-12	Pressure	<p>Pressure <math>\geq 30</math> psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>
L-13	Residual Disinfection	<p>New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection <math>\geq 25</math> ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform.</p> <p>If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>

## Distribution-Major Construction

Bracken Co Water District

Facility Requirements

Activity ID No.: APE20110001

PORT0000000021 (continued):

Page 5 of 7

### Limitation Requirements:

Condition No.	Parameter	Condition
L-14	Velocity	Each blow-off, fire hydrant, or flush hydrant shall be sized so that Velocity $\geq$ 2.5 ft/sec can be achieved in the water main served by the blow-off or hydrant during flushing. [Recommended Standards for Water Works 8.1.6.b, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

### Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

### Narrative Requirements:

#### Additional Limitations:

Condition No.	Condition
T-1	<b>Additional Limitations:</b> Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]
T-2	<b>Additional Limitations:</b> Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]
T-3	<b>Additional Limitations:</b> At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]

**Distribution-Major Construction**

Bracken Co Water District  
Facility Requirements

Activity ID No.: APE20110001

**PORT0000000021 (continued):**

**Narrative Requirements:**

**Additional Limitations:**

Condition No.	Condition
T-4	<p><b>Additional Limitations:</b> All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]</p>
T-5	<p><b>Additional Limitations:</b> For lines that dead end, a fire hydrant or blow-off shall be required at the end of each 6 inch or larger diameter line and a flush hydrant or blow-off shall be required at the end of each line that is less than 6 inches in diameter. [Recommended Standards for Water Works 8.1.6]</p>
T-6	<p><b>Additional Limitations:</b> For each fire or flush hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]</p>
T-7	<p><b>Additional Limitations:</b> No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.6, Recommended Standards for Water Works 8.4.3]</p>
T-8	<p><b>Additional Limitations:</b> If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]</p>
T-9	<p><b>Additional Limitations:</b> No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]</p>
T-10	<p><b>Additional Limitations:</b> If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]</p>
T-11	<p><b>Additional Limitations:</b> If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact the Water Quality Certification Supervisor of the Water Quality Branch at (502) 564-2225. [401 KAR 8:100 Section 1(7)]</p>

**Distribution-Major Construction**

Bracken Co Water District  
Facility Requirements

Activity ID No.: APE20110001

**PORT0000000021 (continued):**

**Narrative Requirements:**

**Additional Limitations:**

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Condition No.	Condition
T-12	<p><b>Additional Limitations:</b> Since the proposed ? Road water line will have a small number of customers, water turnover/water quality problems may result. Therefore, the water quality in this line extension shall be monitored on a regular basis and appropriate corrective action, including but not limited to flushing at 2.5 feet per second, shall be taken as required. [401 KAR 8:100 Section 1(7)]</p>

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**Subfluvial Pipe Crossings:**

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Condition No.	Condition
T-13	<p><b>Subfluvial Pipe Crossings:</b> For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met.</p> <ol style="list-style-type: none"><li>1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.</li><li>2) Crossing trenches shall be backfilled as closely as possible to the original contour.</li><li>3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.</li><li>4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.</li><li>5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]</li></ol>
T-14	<p><b>Subfluvial Pipe Crossings:</b> For subfluvial pipe crossings greater than 15 feet in width,</p> <ol style="list-style-type: none"><li>1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and</li><li>2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair.</li></ol> <p>Valves shall</p> <ol style="list-style-type: none"><li>a) be easily accessible,</li><li>b) not be subject to flooding, and</li><li>c) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]</li></ol>

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Steven L. Beshear  
Governor

**KENTUCKY INFRASTRUCTURE AUTHORITY**

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

John E. Covington III  
Executive Director

December 14, 2010

Mr. Eddie Chinn  
Bracken County Water District  
1324 Brooksville-Germantown Road, P.O. Box 201  
Brooksville, KY 41004

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND  
CONDITIONAL COMMITMENT LETTER (B10-10)**

Dear Mr. Chinn:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On December 9, 2010, the Authority approved your financial assistance for the Short Roads Improvements and Upgrades project subject to the conditions stated below. The total cost of the project shall not exceed \$ 475,000 of which the Authority loan shall provide \$475,000 of the funding. The final loan amounts will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Bracken County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (12/14/2011) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$475,000.
2. The loan shall contain principal forgiveness in the amount of 80%. Actual loan and forgiveness amounts will be based on actual project costs drawn from the Authority.

3. The loan shall bear interest at the rate of 3% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on June 1 or December 1 immediately succeeding the date of the last draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1 or December 1 which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan and grant funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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

1. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.
2. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable

state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.

3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding or any new sources of funding not reflected in Attachment A shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. Based on the final "as bid" project budget, the community must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by your consultant engineer.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
8. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
9. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.

Mr. Eddie Chinn  
December 14, 2010  
Page 4

10. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
11. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
12. Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). If there is a significant deviation from the Final Design Plan during construction, As-built plans shall also be provided to the Authority in the same format.

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

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

Sincerely,



Kasi L. White  
Financial Analyst

#### Attachments

cc: Laura Jefferson, Buffalo Trace Area Development District  
Jeff Reynolds, HMB Engineers  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - Bracken County Water District - B10-10

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

  
\_\_\_\_\_  
Accepted

12-21-2010  
\_\_\_\_\_  
Date

AUTHORIZATION FOR ELECTRONIC DEPOSIT  
OF BORROWER PAYMENT  
KENTUCKY INFRASTRUCTURE AUTHORITY  
(FUND B10-10)

Borrower information:

Name: Bracken County Water District

Address: 1324 Brooksville Germantown Rd P O Box 201

City: Brooksville State: KY Zip: 41004

Telephone: 606-735-3513 Contact: Pamela Hopkins

Federal I.D. # 61-0651413

Financial Institution Information:

Bank Name: First National Bank

Branch: \_\_\_\_\_ Phone No: 606-735-2125

City: Brooksville State: KY Zip: 41004

Transit / ABA No.: 042103826

Account Name: Bracken County Water construction acct

Account Number: 005-2217

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

Signature: Diana Moran Date: 12/22/10

Name Printed: Diana Moran Job Title: Office Mgr

Please return completed form to:

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

**ATTACHMENT A**

**Bracken County Water District  
B10-10**

Reviewer: Kasi White  
Date: December 9, 2010  
Loan Number: B10-10

**KENTUCKY INFRASTRUCTURE AUTHORITY  
INFRASTRUCTURE REVOLVING LOAN FUND (FUND "B")  
BRACKEN COUNTY WATER DISTRICT, BRACKEN COUNTY  
PROJECT REVIEW  
WX21023030**

**I. PROJECT DESCRIPTION**

The Bracken County Water District (BCWD) is requesting a Fund B loan in the amount of \$475,000 for the Short Roads Improvement and Upgrades project. This project will replace a 2,400 feet of two inch line on Badger Road with a four inch line, extend a line on Case Ridge by 3,200 feet, upgrade Augusta Berlin Road from Bladeston and extend to Ruf Road, upgrade waterline on 1011 at Bladeston (1,000 feet DI and 2,200 feet PVC), upgrade two inch line on Mini Farms Subdivision to six inch for 6,000 feet, install 2.1 miles of four inch line on Old Pea Ridge and place valves at side road intersections in Mini Farms. The financing will be offered as 80% principal forgiveness and 20% loan. This project ranked 3rd on the Buffalo Trace Area Development District Water Management Council ranking completed in the fall of 2009.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 4,750
Legal Expenses	5,000
Engineering Fees	74,500
Construction	350,000
Contingency	35,750
Other	5,000
<b>Total</b>	<b>\$ 475,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund B Loan	\$ 475,000	100%
<b>Total</b>	<b>\$ 475,000</b>	<b>100%</b>

#### IV. KIA DEBT SERVICE

The below numbers are approximate based on the estimated cost of the project. The final principal forgiveness amount will be based on 80% of the final amount disbursed for the project.

Construction Loan	\$ 475,000
Less: Principal Forgiveness (80%)	\$ 380,000
Amortized Loan Amount	\$ 95,000
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 6,351
Administrative Fee (0.20%)	190
<b>Total Estimated Annual Debt Service</b>	<b>\$ 6,541</b>

#### V. PROJECT SCHEDULE

Bid Opening:	March, 2011
Construction Start:	June, 2011
Construction Stop:	October, 2011

#### VI. CUSTOMER BREAKDOWN AND RATE STRUCTURE

Customers	Current	Proposed	Total
Residential	2,370	10	2,380
Commercial	23	0	23
Industrial	0	0	0
<b>Total</b>	<b>2,393</b>	<b>10</b>	<b>2,403</b>

The city purchases their water from the City of August and provides service to approximately 357 customers in Brooksville and 30 customers of the East Pendleton Water District.

Rates were last increased in September, 2010 approximately 28% based on a rate study completed in 2009.

	Rate	
Minimum (2,000 gallons)	\$ 25.19	
Next 38,000 gallons	\$ 9.54	(Rates per 1,000 gal.)
Over 40,000 gallons	\$ 7.51	
<b>Cost for 4,000 gallons</b>	<b>\$ 44.27</b>	
 Affordability Index (Rate/MHI)	 1.5%	

## **VII. DEMOGRAPHICS**

In 2000, the County's population was 8,279 with a Median Household Income (MHI) of \$34,823. The median household income for the Commonwealth is \$33,672. The project will qualify for an interest rate of 3.0% because the County MHI is above the state MHI.

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

Financial information for city is from audited financial statements for the years ended June 30, 2007 – 2009. Budgeted information from the district was provided for 2010.

### **HISTORICAL**

Since 2007, Bracken County Water District has seen a moderate decline in their revenues falling from \$1.27 million to \$1.16 million. During the same period expenses have increased from \$1.05 million to \$1.17 million. Since the system purchases all the water for distribution to their residential, commercial and wholesale customers, they are directly impacted by the pass through rates of the City of Augusta (the water supplier). As such, they identified the need to perform a rate study in 2009 to make sure their rates were on target to cover existing O&M and financial needs as well as their anticipated needs in the future. Through a combination of grant and bond financing they have been able to complete a significant amount of waterline extension projects which has allowed them to expand their customer base. Their debt coverage ratio declined drastically between 2007 and 2008 due to a \$3.25 million bond issue for capital projects. However, upon receipt of results of the rate study conducted, the district has passed an approximate 28% rate increase which will support operations and provide debt capacity for projects that the districts plans to construct over the next three to five years.

In reviewing the balance sheet, assets have increased from just over \$11 million in 2007 to over \$13 million in 2009 due primarily to grants received (restricted assets) and expansion of the distribution system as reflected in the Fixed Assets. Liabilities increased as well with addition of over \$5 million in new bonding from 2007 to 2009 which was used to finance capital projects.

### **PROJECTED**

Projections are based on the following assumptions.

- \* Revenues are anticipated to increase in 2010 and 2011 due to the rate increase implemented in September, 2010. For 2012 and 2013, no increase in revenues is anticipated.
- \* Expenses will increase 5% annually.

- \* The Kentucky Rural Water note in the amount of \$1,250,000 whose proceeds were used to fund the Delisle project matured February 2010 and was paid off with line item grant dollars.
- \* A replacement reserve of \$1,200 will be funded annually.
- \* The new annual debt service as a result of the KIA loan is estimated at \$6,541.

In 2012, which represents the first full year of principal and interest payments, the debt service ratio is anticipated to be 1.35. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund B loan.

#### REPLACEMENT RESERVE

The annual replacement cost is \$1,200. This amount should be added to the replacement account each December 1 until the balance reaches \$12,000 and maintained for the life of the loan.

#### IX. DEBT OBLIGATIONS

Description	Outstanding	Maturity
Kentucky Rural Water Finance Corporation	\$1,250,000	short term note
KIA Loan (F02-10)	725,134	2024
Buffalo Trace Area Development District	5,983	2010
KIA Loan (C89-18)	150,000	2012
Rural Development	926,000	2044
Kentucky Rural Water Finance Corporation	3,125,000	2028
<b>Total</b>	<b>\$6,201,962</b>	

#### X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Delisle Curve	KRWFC	\$3,350,000	Loan
Rural Route 8 Waterline Extension	HB380	\$100,000	Grant
Highway 435 Waterline Extension	HB380	\$1,000,000	Grant
Tucker's Trailer Park Waterline Extension	HB380	\$108,000	Grant
Route 8 Waterline Extension	HB380	\$120,000	Grant
Phase I County Cleanup (Delisle)	HB608	\$1,000,000	Grant
Phase II County Cleanup (Delisle)	HB608	\$250,000	Grant

## **XI. CONTACTS**

<b>Applicant</b>		<b>Applicant Contact</b>	
Name	Bracken County Water District	Name	Buffalo Trace Area Development District
Address	1324 Brooksville-Germantown Road, P.O. Box 201 Brooksville, KY 41004	Address	201 Government St, P.O. Box 460 Maysville, KY 41056
County	Bracken	Contact	Laura Jefferson
Contact	Eddie Chinn	Phone	(606) 564-6894
Phone	(606) 735-3513	Email	ljefferson@btadd.com
Email	echinn109@windstream.net		

<b>Engineer</b>	
Name	Jeff Reynolds
Firm	HMB Engineers
Address	3 HMB Circle Frankfort, KY 40601
Phone	(502) 695-9800
Email	jdraynolds@hmbpe.com

## **XII. RECOMMENDATIONS**

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

**EXECUTIVE SUMMARY**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**FUND B, INFRASTRUCTURE**  
**REVOLVING LOAN FUND**

Reviewer: Kasl White  
 Date: December 9, 2010  
 KIA Loan Number: B10-10  
 WRIS Number: WX21023030

**BORROWER:** BRACKEN COUNTY WATER DISTRICT  
 BRACKEN COUNTY

**BRIEF DESCRIPTION:**  
 The Bracken County Water District (BCWD) is requesting a Fund B loan in the amount of \$475,000 for the Short Roads Improvement and Upgrades project. This project will replace a 2,400 feet of two inch line on Badger Road with a four inch line, extend a line on Case Ridge by 3,200 feet, upgrade Augusta Berlin Road from Bladeston and extend to Ruf Road, upgrade waterline on 1011 at Bladeston (1,000 feet DI and 2,200 feet PVC), upgrade two inch line on Mini Farms Subdivision to six inch for 6,000 feet, install 2.1 miles of four inch line on Old Pea Ridge and place valves at side road intersections in Mini Farms. The financing will be offered as 80% principal forgiveness and 20% loan. This project ranked 3rd on the Buffalo Trace Area Development District Water Management Council ranking completed in the fall of 2009.

PROJECT FINANCING:		PROJECT BUDGET	
Fund B Loan	\$ 475,000	Administrative Expenses	\$ 4,750
		Legal Expenses	5,000
<b>TOTAL</b>	<b>\$ 475,000</b>	Engineering Fees	74,500
		Construction	350,000
		Contingency	35,750
		Other	5,000
		<b>TOTAL</b>	<b>\$ 475,000</b>

REPAYMENT		Rate	3.00%	Est. Annual Payment	\$ 6,541
		Term	20 years	1st Payment	6 Mo. after first draw

PROFESSIONAL SERVICES	
Engineer	HMB Engineers
Bond Counsel	Peck, Shaffer, & Williams

PROJECT SCHEDULE	
Bid Opening:	March, 2011
Construction Start:	June, 2011
Construction Stop:	October, 2011

DEBT PER CUSTOMER	
Existing:	\$ 2,592
Proposed:	\$ 1,959

**OTHER DEBT** See Attached

**OTHER STATE-FUNDED PROJECTS LAST 5 YRS** See Attached

RESIDENTIAL RATES		Users	Avg. Bill
Current	2,393	\$ 44.27	(for 4,000 gallons)
Additional	10	\$ 44.27	(for 4,000 gallons)

**REGIONAL COORDINATION** This project is consistent with regional planning recommendations.

CASHFLOW	Cash Available for		Income after Debt	
	Debt Service	Debt Service	Service	Coverage Ratio
Audited 2007	607,271	311,254	296,017	1.95
Audited 2008	451,912	420,747	31,165	1.07
Audited 2009	421,065	418,582	2,483	1.01
Projected 2010	508,379	386,102	122,278	1.32
Projected 2011	684,430	483,307	201,123	1.43
Projected 2012	621,588	458,754	162,834	1.35
Projected 2013	578,804	379,992	198,812	1.52

**T 1**  
**BRACKEN COUNTY WATER DISTRICT**  
**CASH FLOW ANALYSIS**

gray shaded items are linked to revenue bridge

	Audited 2007	% Change	Audited 2008	% Change	Audited 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013
<b>Operating Revenues</b>									
Sales	1,193,908	-5%	1,137,517	-2%	1,117,790	1,271,148	1,468,200	1,469,200	1,469,200
Water Sales	4,747	-60%	1,900	57%	2,974	3,000	3,000	3,000	3,000
Other	38,592	1%	39,123	-92%	3,306	3,000	3,000	3,000	3,000
Other	33,572	2%	34,334	14%	38,141	35,682	35,882	35,682	35,682
<b>Operating Revenues</b>	<b>1,270,819</b>	<b>-5%</b>	<b>1,212,874</b>	<b>-4%</b>	<b>1,163,211</b>	<b>1,312,828</b>	<b>1,510,682</b>	<b>1,510,882</b>	<b>1,510,882</b>
<b>Operating Expenses</b>									
Operating Expenses	399,819	8%	430,074	-8%	397,598	417,478	438,350	460,267	483,200
Depreciation	331,882	14%	377,329	1%	379,595	398,575	418,503	439,429	461,400
Amortization	324,021	17%	379,114	8%	401,004	409,024	417,205	425,549	434,060
Debt Service						0	1,200	1,200	1,200
Other	1,055,522	12%	1,186,517	-1%	1,178,195	1,225,075	1,275,258	1,326,445	1,379,940
<b>Operating Income</b>	<b>215,297</b>	<b>-88%</b>	<b>26,357</b>	<b>-157%</b>	<b>(14,984)</b>	<b>87,754</b>	<b>235,624</b>	<b>184,438</b>	<b>130,943</b>
<b>Operating Income and Expenses</b>									
Investments	1,322	523%	8,237	-83%	1,361	1,500	1,500	1,500	1,500
Taps & Gains(Loss) on Sales	68,631		38,204		33,584	10,102	10,102	10,102	10,102
<b>Non-Operating Income &amp; Expenses</b>	<b>67,953</b>	<b>-32%</b>	<b>46,441</b>	<b>-25%</b>	<b>35,045</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>
<b>Non-Cash Expenses</b>									
Depreciation	324,021	17%	379,114	8%	401,004	409,024	417,205	425,549	434,060
<b>Available for Debt Service</b>	<b>607,271</b>	<b>-26%</b>	<b>451,912</b>	<b>-7%</b>	<b>421,065</b>	<b>599,379</b>	<b>664,430</b>	<b>621,588</b>	<b>576,604</b>
<b>Debt Service</b> (enter as positive #)									
Principal	72,116		195,885		199,499	171,989	254,197	260,442	192,725
Interest	238,138		225,062		219,083	209,417	202,589	191,771	180,725
Other						4,696	6,541	6,541	6,541
<b>Debt Service</b>	<b>311,254</b>		<b>420,747</b>		<b>418,582</b>	<b>386,102</b>	<b>463,307</b>	<b>458,754</b>	<b>379,992</b>
<b>Balance After Debt Service</b>	<b>296,017</b>		<b>31,165</b>		<b>2,483</b>	<b>122,278</b>	<b>201,123</b>	<b>162,834</b>	<b>196,612</b>
<b>Coverage Ratio</b>	<b>1.95</b>		<b>1.07</b>		<b>1.01</b>	<b>1.32</b>	<b>1.43</b>	<b>1.35</b>	<b>1.52</b>
					Revenue %	101%	101%	100%	100%
					Expense %	105%	105%	105%	105%

**BRACKEN COUNTY WATER DISTRICT  
BALANCE SHEETS**

2012

ASSETS	2007	2008	2009	Upon Completion
<b>Current Assets</b>				
Cash and Cash Equivalents	317,911	123,233	125,018	162,834
Accounts Receivable	108,851	136,829	132,984	129,189
Inventory	33,055	27,931	40,434	39,807
Prepaid	14,987	10,723	10,739	10,750
<b>Total Current Assets</b>	<u>472,804</u>	<u>298,716</u>	<u>309,175</u>	<u>336,529</u>
<b>Restricted Assets</b>				
Cash and Cash Equivalents	417,610	279,317	1,480,317	259,597
Sinking Funds	202,186	233,139	248,977	284,815
<b>Total Restricted Assets</b>	<u>619,796</u>	<u>512,456</u>	<u>1,729,294</u>	<u>524,412</u>
<b>Utility Plant</b>				
Land, System, Building and Equipment	12,816,287	13,263,727	14,508,433	14,883,433
Less Accumulated Depreciation ( )	(2,877,826)	(3,234,940)	(3,635,944)	(3,659,894)
<b>Net Fixed Assets</b>	<u>9,938,461</u>	<u>10,028,787</u>	<u>10,872,489</u>	<u>11,323,739</u>
<b>Other Assets</b>				
Unamortized Bond Costs and Discount, Net	117,208	114,111	111,013	107,915
<b>Total Other Assets</b>	<u>117,208</u>	<u>114,111</u>	<u>111,013</u>	<u>107,915</u>
<b>Total Assets</b>	<u>11,148,269</u>	<u>10,954,070</u>	<u>13,021,971</u>	<u>12,292,595</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	167,934	53,754	43,011	43,011
Customer Deposits	62,778	57,250	56,850	58,959
Current Portion Long Term Debt	194,684	199,500	177,971	284,022
Short Term Note	0	0	1,250,000	0
Accrued Payroll Costs	15,540	17,117	16,309	16,322
Taxes Payable	5,428	3,907	6,674	5,336
Accrued Interest	74,160	71,454	80,772	75,462
<b>Total Current Liabilities</b>	<u>520,522</u>	<u>402,982</u>	<u>1,631,587</u>	<u>463,112</u>
<b>Liabilities Payable - Restricted Assets</b>				
Notes and Bonds Payable	5,152,462	4,951,961	4,773,991	4,442,805
Construction Funds Available	(53,031)	0	0	0
City of Augusta Undercharge Payable	0	65,917	37,686	0
<b>Total Liabilities Payable - Restricted Assets</b>	<u>5,099,431</u>	<u>5,017,878</u>	<u>4,811,657</u>	<u>4,442,805</u>
<b>Total Liabilities</b>	<u>5,619,953</u>	<u>5,420,860</u>	<u>6,443,244</u>	<u>4,905,917</u>
<b>Retained Earnings:</b>				
Invested in Capital Assets Net of Related Debt	4,644,346	4,877,326	4,870,527	6,375,798
Restricted	417,610	279,317	1,480,317	259,597
Unrestricted	466,360	378,567	427,883	751,284
<b>Total Retained Earnings</b>	<u>5,528,316</u>	<u>5,533,210</u>	<u>6,578,727</u>	<u>7,386,678</u>
<b>Total Liabilities and Equities</b>	<u>11,148,269</u>	<u>10,954,070</u>	<u>13,021,971</u>	<u>12,292,598</u>
<b>Balance Sheet Analysis</b>				
Current Ratio	0.91	0.74	0.19	0.73
Debt to Equity	1.02	0.98	0.98	0.68
Working Capital	(47,718)	(104,266)	(1,322,412)	(126,583)
Percent of Total Assets in Working Capital	-0.43%	-0.95%	-10.16%	-1.03%
DSO	36.9	47.3	46.0	44.7





Steven L. Beshear  
Governor

**KENTUCKY INFRASTRUCTURE AUTHORITY**

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

John E. Covington III  
Executive Director

March 4, 2011

Mr. Eddie Chinn  
Bracken County Water District  
1324 Brooksville-Germantown Road, P.O. Box 201  
Brooksville, KY 41004



**KENTUCKY INFRASTRUCTURE AUTHORITY  
GOVERNMENTAL AGENCIES PROGRAM  
CONDITIONAL COMMITMENT LETTER (C11-01)**

Dear Mr. Chinn:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On March 3, 2011, the Authority approved your loan for the Main Replacement project subject to the conditions stated below. The total cost of the project shall not exceed \$621,000 of which the Authority loan shall provide up to \$621,000 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Bracken County Water District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (March 4, 2012) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$621,000.
2. The loan shall bear interest at the rate of 3% per annum commencing with the first draw of funds.

3. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter during the draw phase.
5. Full principal and interest payments will commence on June 1 or December 1 immediately succeeding the date of the last draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1 or December 1 which is at least six months from the date of the last draw of funds. Full payments of principal and interest will be due each month on the first day of each month thereafter until the loan is repaid.
6. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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

1. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.
2. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.

3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding or any new sources of funding not reflected in Attachment A shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. Based on the final "as bid" project budget, the community must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by your consultant engineer
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.
8. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
9. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
10. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.
11. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for

Mr. Eddie Chinn  
March 4, 2011  
Page 4

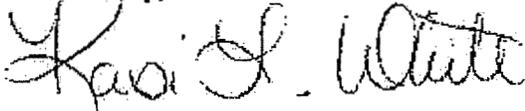
services are based upon the cost of providing such service.

12. Final Design Plans in an AutoCAD Drawing File Format (DWG), referenced to the appropriate (North, South or Single) Kentucky State Plane Coordinate System (NAD83-Survey Feet) on a Compact Disc (CD). If there is a significant deviation from the Final Design Plan during construction, As-built plans shall also be provided to the Authority in the same format.

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

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

Sincerely,

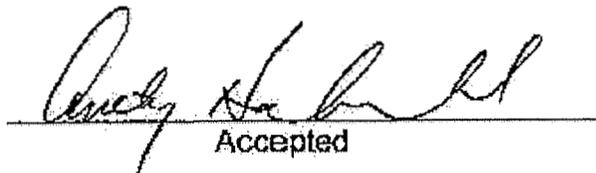


Kasi L. White  
Financial Analyst

#### Attachments

cc: Laura Jefferson, Buffalo Trace Area Development District  
Jeff Reynolds, HMB Engineers  
Dirk Bedarff, Peck, Shaffer & Williams LLP  
State and Local Debt Office, DLG  
Borrower File - Bracken County Water District - C11-01

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



Accepted

3-16-2011  
Date

**AUTHORIZATION FOR ELECTRONIC DEPOSIT  
OF BORROWER PAYMENT  
KENTUCKY INFRASTRUCTURE AUTHORITY  
(FUND C11-01)**

**Borrower Information:**

Name: BRACKEN COUNTY WATER DISTRICT  
Address: PO BOX 201  
City: BROOKSVILLE State: KY Zip: 41004  
Telephone: 606-735-3513 Contact: PAM HOPKINS  
Federal I.D.# 61-0651413

**Financial Institution Information:**

Bank Name: FIRST NATIONAL BANK  
Branch: \_\_\_\_\_ Phone No: 606-735-2125  
City: BROOKSVILLE State: KY Zip: 41004  
Transit / ABA No.: 042103826  
Account Name: BRACKEN CO WATER CONSTRUCTION ACCT  
Account Number: 0052217

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

Signature: *Pam Hopkins* Date: 3/16/11  
Name Printed: PAM HOPKINS Job Title: OFFICE ASSISTANT

Please return completed form to:

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

**ATTACHMENT A**

**Bracken County Water District  
C11-01**

**EXECUTIVE SUMMARY**  
**KENTUCKY INFRASTRUCTURE AUTHORITY**  
**FUND C, GOVERNMENTAL AGENCIES FUND**  
**REVOLVING LOAN FUND**

Reviewer: Kasi White  
 Date: March 3, 2011  
 KIA Loan Number: C11-01  
 WRIS Number: WX21023026

**BORROWER:** BRACKEN COUNTY WATER DISTRICT  
 BRACKEN COUNTY

**BRIEF DESCRIPTION:**  
 The Bracken County Water District (BCWD) is requesting a Fund C loan in the amount of \$621,000 to replace approximately 11,220 linear feet of 12" PVC water main from the pump house. The current water main is 25 years old and was constructed in ground that is extremely rocky. Updated pumps have caused additional pressure on the line that and the new main will be able to handle the additional pressure.

<b>PROJECT FINANCING:</b>		<b>PROJECT BUDGET</b>	
Fund C Loan	\$ 621,000	Administrative Expenses	\$ 20,000
		Land, Easements	3,000
<b>TOTAL</b>	<b>\$ 621,000</b>	Engineering Fees	93,000
		Construction	455,000
		Contingency	45,000
		Other	5,000
		<b>TOTAL</b>	<b>\$ 621,000</b>

<b>REPAYMENT</b>		Rate	3.00%	Est. Annual Payment	\$ 42,758
	Term	20 years		1st Payment	6 Mo. after first draw

<b>PROFESSIONAL SERVICES</b>		Engineer	HMB Engineers
	Bond Counsel	Peck, Shaffer, & Williams	

<b>PROJECT SCHEDULE</b>		Bid Opening:	May, 2011
	Construction Start:	July, 2011	
	Construction Stop:	October, 2011	

<b>DEBT PER CUSTOMER</b>		Existing:	\$ 2,581
	Proposed:	\$ 2,102	

**OTHER DEBT** See Attached

**OTHER STATE-FUNDED PROJECTS LAST 5 YRS** See Attached

<b>RESIDENTIAL RATES</b>		Users	Avg. Bill
	Current	2,403	\$ 44.27 (for 4,000 gallons)
	Additional	10	\$ 44.27 (for 4,000 gallons)

**REGIONAL COORDINATION** This project is consistent with regional planning recommendations.

<b>CASHFLOW</b>	<b>Cash Available for</b>		<b>Income after Debt</b>	
	<b>Debt Service</b>	<b>Debt Service</b>	<b>Service</b>	<b>Coverage Ratio</b>
Audited 2007	607,271	311,254	296,017	1.95
Audited 2008	451,912	420,747	31,165	1.07
Audited 2009	421,065	418,582	2,483	1.01
Projected 2010	508,379	416,796	91,583	1.22
Projected 2011	662,830	506,065	156,765	1.31
Projected 2012	619,988	501,512	118,476	1.24
Projected 2013	575,004	422,750	152,254	1.36

**KENTUCKY INFRASTRUCTURE AUTHORITY  
GOVERNMENTAL AGENCIES LOAN FUND (FUND "C")  
BRACKEN COUNTY WATER DISTRICT, BRACKEN COUNTY  
PROJECT REVIEW  
WX21023026**

**I. PROJECT DESCRIPTION**

The Bracken County Water District (BCWD) is requesting a Fund C loan in the amount of \$621,000 to replace approximately 11,220 linear feet of 12" PVC water main from the pump house. The current water main is 25 years old and was constructed in ground that is extremely rocky. Updated pumps have caused additional pressure on the line that and the new main will be able to handle the additional pressure.

**II. PROJECT BUDGET**

	<u>Total</u>
Administrative Expenses	\$ 20,000
Land & Easements	3,000
Engineering Fees	93,000
Construction	455,000
Contingency	45,000
Other	5,000
<b>Total</b>	<b>\$ 621,000</b>

**III. PROJECT FUNDING**

	<u>Amount</u>	<u>%</u>
Fund C Loan	\$ 621,000	100%
<b>Total</b>	<b>\$ 621,000</b>	<b>100%</b>

**IV. KIA DEBT SERVICE**

Construction Loan	\$ 621,000
Interest Rate	3.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 41,516
Administrative Fee (0.20%)	1,242
<b>Total Estimated Annual Debt Service</b>	<b>\$ 42,758</b>

## V. PROJECT SCHEDULE

Bid Opening:	May, 2011
Construction Start:	July, 2011
Construction Stop:	October, 2011

## VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

Customers	Current
Residential	2,380
Commercial	23
Industrial	<u>0</u>
Total	2,403

- No additional customers are anticipated as a result of this project.

The city purchases their water from the City of August and provides service to approximately 357 customers in Brooksville and 30 customers of the East Pendleton Water District.

### RATES

Rates were last increased in September, 2010 approximately 28% based on a rate study completed in 2009.

	<u>Rate</u>	
Minimum (2,000 gallons)	\$ 25.19	(Rates per 1,000 gal.)
Next 38,000 gallons	9.54	
Over 40,000 gallons	<u>7.51</u>	
Cost for 4,000 gallons	\$ 44.27	
Affordability Index (Rate/MHI)		1.5%

## VII. DEMOGRAPHICS

In 2000, the County's population was 8,279 with a Median Household Income (MHI) of \$34,823. The median household income for the Commonwealth is \$33,672. The project will qualify for an interest rate of 3.0% because the County MHI is above the state MHI.

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

Financial information for city is from audited financial statements for the years ended June 30, 2007 – 2009. Budgeted information from the district was provided for 2010 and 2011.

### **HISTORICAL**

Since 2007, Bracken County Water District has seen a moderate decline in their revenues falling from \$1.27 million to \$1.16 million. During the same period expenses have increased from \$1.05 million to \$1.17 million. Since the system purchases all the water for distribution to their residential, commercial and wholesale customers, they are directly impacted by the pass through rates of the City of Augusta (the water supplier). As such, they identified the need to perform a rate study in 2009 to make sure their rates were on target to cover existing O&M and financial needs as well as their anticipated needs in the future. Through a combination of grant and bond financing they have been able to complete a significant amount of waterline extension projects which has allowed them to expand their customer base. Their debt coverage ratio declined drastically between 2007 and 2008 due to a \$3.25 million bond issue for capital projects. However, upon receipt of results of the rate study conducted, the district has passed an approximate 28% rate increase which will support operations and provide debt capacity for projects that the districts plans to construct over the next three to five years.

In reviewing the balance sheet, assets have increased from just over \$11 million in 2007 to over \$13 million in 2009 due primarily to grants received (restricted assets) and expansion of the distribution system as reflected in the Fixed Assets. Liabilities increased as well with addition of over \$5 million in new bonding from 2007 to 2009 which was used to finance capital projects.

### **PROJECTED**

Projections are based on the following assumptions.

- \* Revenues are anticipated to increase in 2010 and 2011 due to the rate increase implemented in September, 2010. For 2012 and 2013, no increase in revenues is anticipated.
- \* Expenses will increase 5% annually.
- \* The Kentucky Rural Water note in the amount of \$1,250,000 whose proceeds were used to fund the Delisle project matured February 2010 and was paid off with line item grant dollars.
- \* KIA issues a binding commitment letter in December 2010 for the Short Roads Improvement and Upgrades project from the Fund B program for \$475,000 with an 80% principal forgiveness component. The analysis assumes this loan fully drawn with an estimated debt service payment of \$6,541 and a replacement reserve of \$1,200 to be funded annually.
- \* A replacement reserve of \$1,600 will be funded annually.
- \* The new annual debt service as a result of the KIA loan is estimated at \$42,758.

In 2012, which represents the first full year of principal and interest payments, the debt service ratio is anticipated to be 1.24. Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund C loan.

**REPLACEMENT RESERVE**

The annual replacement cost is \$1,600. This amount should be added to the replacement account each December 1 until the balance reaches \$16,000 and maintained for the life of the loan.

**IX. DEBT OBLIGATIONS**

Description	Outstanding	Maturity
Kentucky Rural Water Finance Corporation	\$1,250,000	short term note
KIA Loan (F02-10)	725,134	2024
Buffalo Trace Area Development District	5,983	2010
KIA Loan (C89-18)	150,000	2012
Rural Development	926,000	2044
Kentucky Rural Water Finance Corporation	3,125,000	2028
<b>Total</b>	<b>\$6,201,962</b>	

**X. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS**

Project Title	Funding Source	Amount	Type
Delisle Curve	KRWFC	\$3,350,000	Loan
Rural Route 8 Waterline Extension	HB380	\$100,000	Grant
Highway 435 Waterline Extension	HB380	\$1,000,000	Grant
Tucker's Trailer Park Waterline Extension	HB380	\$108,000	Grant
Route 8 Waterline Extension	HB380	\$120,000	Grant
Phase I County Cleanup (Delisle)	HB608	\$1,000,000	Grant
Phase II County Cleanup (Delisle)	HB608	\$250,000	Grant

**XI. CONTACTS**

Applicant		Applicant Contact	
Name	Bracken County Water District	Name	Buffalo Trace Area Development District
Address	1324 Brooksville-Germantown Road, P.O. Box 201 Brooksville, KY 41004	Address	201 Government St, P.O. Box 460 Maysville, KY 41056
County	Bracken	Contact	Laura Jefferson
Contact	Eddie Chinn	Phone	(606) 564-6894
Phone	(606) 735-3513	Email	ljefferson@btadd.com
Email	echinn109@windstream.net		

<b>Engineer</b>	
Name	Jeff Reynolds
Firm	HMB Engineers
Address	3 HMB Circle Frankfort, KY 40601
Phone	(502) 695-9800
Email	jdreynolds@hmbpe.com

**XII. RECOMMENDATIONS**

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

**EXHIBIT 1** gray shaded items are linked to revenue bridge

**BRACKEN COUNTY WATER DISTRICT  
CASH FLOW ANALYSIS**

	Audited 2007	% Change	Audited 2008	% Change	Audited 2009	4 / 12ths of 28.8% Projected 2010	5 / 12ths of 28.8% Projected 2011	Projected 2012	Projected 2013
<b>Operating Revenues</b>									
Water Sales	1,193,908	-5%	1,137,517	-2%	1,117,790	1,271,146	1,469,200	1,469,200	1,469,200
Bulk Water Sales	4,747	-60%	1,900	57%	2,974	3,000	3,000	3,000	3,000
Surcharge	38,592	1%	39,123	-92%	3,306	3,000	3,000	3,000	3,000
Other	33,572	2%	34,334	14%	39,141	35,682	35,682	35,682	35,682
<b>Total Revenues</b>	<b>1,270,819</b>	<b>-5%</b>	<b>1,212,874</b>	<b>-4%</b>	<b>1,163,211</b>	<b>1,312,828</b>	<b>1,510,882</b>	<b>1,510,882</b>	<b>1,510,882</b>
<b>Operating Expenses</b>									
Operating Expenses	399,919	8%	430,074	-8%	397,596	417,476	438,350	460,267	483,280
Purchased Water	331,682	14%	377,329	1%	379,595	398,575	418,503	439,429	461,400
Depreciation	324,021	17%	379,114	6%	401,004	409,024	417,205	425,549	434,060
Replacement Reserve							2,800	2,800	2,800
<b>Total Expenses</b>	<b>1,055,622</b>	<b>12%</b>	<b>1,186,517</b>	<b>-1%</b>	<b>1,178,195</b>	<b>1,225,075</b>	<b>1,276,858</b>	<b>1,328,045</b>	<b>1,381,540</b>
<b>Net Operating Income</b>	<b>215,297</b>	<b>-88%</b>	<b>26,357</b>	<b>-157%</b>	<b>(14,984)</b>	<b>87,754</b>	<b>234,024</b>	<b>182,838</b>	<b>129,343</b>
<b>Non-Operating Income and Expenses</b>									
Interest on Investments	1,322	523%	8,237	-83%	1,361	1,500	1,500	1,500	1,500
Other - Taps & Gains (Loss) on Sales	66,631		38,204		33,684	10,102	10,102	10,102	10,102
<b>Total Non-Operating Income &amp; Expenses</b>	<b>67,953</b>	<b>-32%</b>	<b>46,441</b>	<b>-25%</b>	<b>35,045</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>
<b>Add Non-Cash Expenses</b>									
Depreciation	324,021	17%	379,114	6%	401,004	409,024	417,205	425,549	434,060
<b>Cash Available for Debt Service</b>	<b>607,271</b>	<b>-26%</b>	<b>451,912</b>	<b>-7%</b>	<b>421,065</b>	<b>508,379</b>	<b>662,830</b>	<b>619,988</b>	<b>575,004</b>
<b>Debt Service (order as paid)</b>									
Existing Principal	72,116		195,686		199,499	171,989	254,197	260,442	192,726
Existing Interest	239,138		225,082		219,083	209,417	202,569	191,771	180,725
KIA Loan (B10-10)						4,696	6,541	6,541	6,541
Proposed KIA Loan						30,694	42,758	42,758	42,758
<b>Total Debt Service</b>	<b>311,254</b>		<b>420,747</b>		<b>418,582</b>	<b>416,796</b>	<b>506,065</b>	<b>501,512</b>	<b>422,750</b>
<b>Income After Debt Service</b>	<b>296,017</b>		<b>31,165</b>		<b>2,483</b>	<b>91,583</b>	<b>156,765</b>	<b>118,475</b>	<b>152,254</b>
<b>Debt Coverage Ratio</b>	<b>1.95</b>		<b>1.07</b>		<b>1.01</b>	<b>1.22</b>	<b>1.31</b>	<b>1.24</b>	<b>1.36</b>
					Revenue %	101%	101%	100%	100%
					Expense %	105%	105%	105%	105%

**BRACKEN COUNTY WATER DISTRICT  
BALANCE SHEETS**

2012

ASSETS	2007	2008	2009	Upon Completion
<b>Current Assets</b>				
Cash and Cash Equivalents	317,911	123,233	125,016	118,475
Accounts Receivable	106,851	136,829	132,984	129,139
Inventory	33,055	27,931	40,434	33,807
Prepaid	14,957	10,723	10,739	10,750
<b>Total Current Assets</b>	<b>472,804</b>	<b>298,716</b>	<b>309,175</b>	<b>292,171</b>
<b>Restricted Assets</b>				
Cash and Cash Equivalents	417,610	279,317	1,480,317	261,197
Sinking Funds	202,186	233,139	248,977	264,815
<b>Total Restricted Assets</b>	<b>619,796</b>	<b>512,456</b>	<b>1,729,294</b>	<b>526,012</b>
<b>Utility Plant</b>				
Land, System, Building and Equipment	12,816,287	13,263,727	14,508,433	15,604,433
<b>Less Accumulated Depreciation ( )</b>	<b>(2,877,826)</b>	<b>(3,234,940)</b>	<b>(3,635,944)</b>	<b>(3,690,744)</b>
<b>Net Fixed Assets</b>	<b>9,938,461</b>	<b>10,028,787</b>	<b>10,872,489</b>	<b>11,913,689</b>
<b>Other Assets</b>				
Unamortized Bond Costs and Discount, Net	117,208	114,111	111,013	107,915
<b>Total Other Assets</b>	<b>117,208</b>	<b>114,111</b>	<b>111,013</b>	<b>107,915</b>
<b>Total Assets</b>	<b>11,148,269</b>	<b>10,954,070</b>	<b>13,021,971</b>	<b>12,839,787</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	167,934	53,754	43,011	43,011
Customer Deposits	62,778	57,250	58,850	58,859
Current Portion Long Term Debt	194,884	199,500	177,971	287,426
Short Term Note	0	0	1,250,000	0
Accrued Payroll Costs	15,540	17,117	16,309	16,322
Taxes Payable	5,428	3,907	6,674	5,336
Accrued Interest	74,160	71,454	80,772	75,482
<b>Total Current Liabilities</b>	<b>520,522</b>	<b>402,982</b>	<b>1,631,587</b>	<b>488,516</b>
<b>Liabilities Payable - Restricted Assets</b>				
Notes and Bonds Payable	5,152,462	4,951,961	4,773,991	4,763,185
Construction Funds Available	(53,031)	0	0	0
City of Augusta Undercharge Payable	0	65,917	37,666	0
<b>Total Liabilities Payable - Restricted Assets</b>	<b>5,099,431</b>	<b>5,017,878</b>	<b>4,811,657</b>	<b>4,763,185</b>
<b>Total Liabilities</b>	<b>5,619,953</b>	<b>5,420,860</b>	<b>6,443,244</b>	<b>5,249,701</b>
<b>Retained Earnings:</b>				
Invested in Capital Assets Net of Related Debt	4,644,346	4,877,326	4,670,527	6,652,658
Restricted	417,610	279,317	1,480,317	261,197
Unrestricted	466,360	376,587	427,883	678,231
<b>Total Retained Earnings</b>	<b>5,528,316</b>	<b>5,533,210</b>	<b>6,578,727</b>	<b>7,590,086</b>
<b>Total Liabilities and Equities</b>	<b>11,148,269</b>	<b>10,954,070</b>	<b>13,021,971</b>	<b>12,839,787</b>
<b>Balance Sheet Analysis</b>				
Current Ratio	0.91	0.74	0.19	0.60
Debt to Equity	1.02	0.98	0.98	0.69
Working Capital	(47,718)	(104,266)	(1,322,412)	(194,345)
Percent of Total Assets In Working Capital	-0.43%	-0.95%	-10.16%	-1.51%
DSO	36.9	47.3	46.0	44.7

[Letterhead of Counsel for Water Utility]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

RE: Fund C Loan C11-01 + Fund B Loan B10-10  
Bracken County Water District

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Bracken County Water District, hereinafter referred to as the "Water Utility". I am familiar with the organization and existence of the Water Utility and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the water project (the "Project") with respect to which the funding commitment by and between the Kentucky Infrastructure Authority ("Authority") and the Water utility.

I have reviewed the commitment letter by and between the Authority and the Water Utility and the documentation regarding wage rates and procurement with respect to the Project.

Based upon my review I am of the opinion that:

The Water Utility has prepared construction specifications in accordance with all applicable state or federal wage rate laws and that the procurement procedures including those for construction, land, equipment and professional services that are a part of the project are in compliance with all applicable federal, state and local procurement laws.

Respectfully,



**EXHIBIT 1  
BRACKEN COUNTY WATER DISTRICT  
CASH FLOW ANALYSIS**

	<b>Audited 2009</b>	<b>Projected 2010</b>	<b>Projected 2011</b>	<b>Projected 2012</b>	<b>Projected 2013</b>
<b>Operating Revenues</b>					
Water Sales	1,117,790	1,271,146	1,469,200	1,469,200	1,469,200
Bulk Water Sales	2,974	3,000	3,000	3,000	3,000
Surcharge	3,305	3,000	3,000	3,000	3,000
Other	39,141	35,682	35,682	35,682	35,682
<b>Total Revenues</b>	<b>1,163,211</b>	<b>1,312,828</b>	<b>1,510,882</b>	<b>1,510,882</b>	<b>1,510,882</b>
<b>Operating Expenses</b>					
Operating Expenses	397,596	417,476	438,350	460,267	483,280
Purchased Water	379,595	398,575	418,503	439,429	461,400
Depreciation	401,004	409,024	417,205	425,549	434,060
Replacement Reserve			2,800	2,800	2,800
<b>Total Expenses</b>	<b>1,178,195</b>	<b>1,225,075</b>	<b>1,276,858</b>	<b>1,328,045</b>	<b>1,381,540</b>
<b>Net Operating Income</b>	<b>(14,984)</b>	<b>87,754</b>	<b>234,024</b>	<b>182,838</b>	<b>129,343</b>
<b>Non-Operating Income and Expenses</b>					
Interest on Investments	1,361	1,500	1,500	1,500	1,500
Other - Taps & Gains(Loss) on Sales	33,684	10,102	10,102	10,102	10,102
<b>Total Non-Operating Income &amp; Expenses</b>	<b>35,045</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>	<b>11,602</b>
<b>Add Non-Cash Expenses</b>					
Depreciation	401,004	409,024	417,205	425,549	434,060
<b>Cash Available for Debt Service</b>	<b>421,065</b>	<b>508,379</b>	<b>662,830</b>	<b>619,988</b>	<b>575,004</b>
<b>Debt Service (enter as positive #'s)</b>					
Existing Principal	199,499	171,989	254,197	260,442	192,726
Existing Interest	219,083	209,417	202,569	191,771	180,725
KIA Loan (B10-10)		4,698	6,541	6,541	6,541
Proposed KIA Loan		30,694	42,758	42,758	42,758
<b>Total Debt Service</b>	<b>418,582</b>	<b>416,796</b>	<b>506,065</b>	<b>501,512</b>	<b>422,750</b>
<b>Income After Debt Service</b>	<b>2,483</b>	<b>91,583</b>	<b>156,765</b>	<b>118,475</b>	<b>152,254</b>
<b>Debt Coverage Ratio</b>	<b>1.01</b>	<b>1.22</b>	<b>1.31</b>	<b>1.24</b>	<b>1.36</b>



**BRACKEN COUNTY WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
For The Years Ended December 31, 2010 and 2009

	2010	2009
<b>OPERATING INCOME</b>		
Water Sales	\$ 1,342,671	\$ 1,117,790
Bulk Water Sales	3,423	2,974
Surcharge	-	3,306
Other Service	46,545	39,141
<b>Total Operating Income</b>	<b>1,392,639</b>	<b>1,163,211</b>
 <b>OPERATING EXPENSES</b>		
Water Purchased	381,368	379,595
Salaries	205,833	188,499
Employee Pensions and Benefits	48,925	42,966
Electricity	39,858	35,947
Maintenance	466	7,740
Operation Supplies and Expenses	24,189	6,967
Insurance	21,781	23,025
Office Supplies and Expense	22,146	19,047
Outside Services	23,392	28,330
Transportation	14,044	9,763
Miscellaneous	4,482	18,577
Regulatory Commission Expense	1,841	1,865
Payroll Taxes	15,647	14,870
<b>Total Operating Expenses</b>	<b>803,972</b>	<b>777,191</b>
 <b>Operating Income Before Depreciation and Amortization</b>	<b>588,667</b>	<b>386,020</b>
Depreciation Expense	(265,166)	(401,004)
Amortization Expense	(3,097)	(3,097)
 <b>OPERATING INCOME (LOSS)</b>	<b>320,404</b>	<b>(18,081)</b>
 <b>Non-Operating Income (Expense)</b>		
Gain on Sale of Land	-	2,364
Customer Tap Fees	24,700	28,956
Interest Income	354	1,361
Interest Expense	(211,449)	(219,083)
<b>Total Non-Operating Income (Expense)</b>	<b>(186,395)</b>	<b>(186,402)</b>
 <b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>134,009</b>	<b>(204,483)</b>
 STATE CONTRIBUTIONS IN AID OF CONSTRUCTION	-	1,250,000
 <b>NET INCOME AFTER CONTRIBUTIONS</b>	<b>134,009</b>	<b>1,045,517</b>
 NET ASSETS, BEGINNING OF YEAR	6,578,727	5,533,210
 <b>NET ASSETS, END OF YEAR</b>	<b>\$ 6,712,736</b>	<b>\$ 6,578,727</b>

The accompanying notes are an integral part of the financial statements.

**BRACKEN COUNTY WATER DISTRICT  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUND  
December 31, 2010 and 2009**

	2010	2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents - Unrestricted	\$ 169,963	\$ 125,018
Cash and Cash Equivalents - Restricted	188,302	1,480,317
KRWFC Sinking Fund	135,357	149,424
KIA Sinking Fund	121,227	99,553
Unbilled Revenue	48,323	37,179
Accounts Receivable - Customers, Net of Allowance for Uncollectible (\$8,657)	145,097	95,805
Inventory of Supplies - at cost	40,825	40,434
Prepaid Insurance	10,372	10,739
<b>Total Current Assets</b>	<b>859,466</b>	<b>2,038,469</b>
<b>Fixed Assets</b>		
Property, Plant and Equipment	14,625,831	14,508,433
Less: Accumulated Depreciation	(3,901,110)	(3,635,944)
<b>Total Fixed Assets</b>	<b>10,724,721</b>	<b>10,872,489</b>
<b>Other Assets</b>		
Bond Issue Costs	107,916	111,013
<b>TOTAL ASSETS</b>	<b>\$ 11,692,103</b>	<b>\$ 13,021,971</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 44,090	\$ 43,011
Customer Deposits	57,241	56,850
Accrued Wages and Vacation Pay	19,782	16,309
Taxes Payable	8,299	6,674
Accrued Interest	66,548	80,772
Short-term Note Payable KRWFC	-	1,250,000
Current Portion of Long-Term Debt	241,197	177,971
<b>Total Current Liabilities</b>	<b>437,157</b>	<b>1,631,587</b>
<b>Long-term Liabilities</b>		
Notes Payable, Net of Current Portion	4,532,794	4,773,991
City of Augusta Undercharge Payable	9,416	37,666
<b>Total Long-term Liabilities</b>	<b>4,542,210</b>	<b>4,811,657</b>
<b>TOTAL LIABILITIES</b>	<b>4,979,367</b>	<b>6,443,244</b>
<b>Net Assets</b>		
Investment in Capital Assets, Net of Related Debt	5,950,730	4,670,527
Restricted Net Assets	444,886	1,480,317
Unrestricted Net Assets	317,120	427,883
<b>TOTAL NET ASSETS</b>	<b>6,712,736</b>	<b>6,578,727</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 11,692,103</b>	<b>\$ 13,021,971</b>

The accompanying notes are an integral part of the financial statements.

**BRACKEN COUNTY WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**PROPRIETARY FUND**  
For The Years Ended December 31, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts From Customers	\$ 1,286,049	\$ 1,127,515
Payments to Suppliers	(573,361)	(613,250)
Payments to Employees	(266,932)	(204,177)
Other Receipts (Payments)	46,545	39,141
	<b>492,301</b>	<b>349,229</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
KIA Sinking Fund	(21,674)	(2,218)
KRWFC Sinking Fund	14,067	(13,620)
Interest Income	354	1,361
	<b>(7,253)</b>	<b>(14,477)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds From Capital Debt	-	1,250,000
Principal Paid on Capital Debt	(1,427,971)	(199,499)
Purchases of Capital Assets	(117,398)	(172,313)
Proceeds From Sale of Capital Assets	-	150,000
Payments for New Line Extensions	-	(1,220,028)
State Grants Received	-	1,250,000
Contributed Capital - Tap Fees	24,700	28,956
Interest Paid on Capital Debt	(211,449)	(219,083)
	<b>(1,732,118)</b>	<b>868,033</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(1,247,070)</b>	<b>1,202,785</b>
Cash and Cash Equivalents - At Beginning of Year	1,605,335	402,550
<b>CASH AND CASH EQUIVALENTS - AT END OF YEAR</b>	<b>\$ 358,265</b>	<b>\$ 1,605,335</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income (Loss)	\$ 320,404	\$ (18,081)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	265,166	401,004
Amortization Expense	3,097	3,097
Change in Assets and Liabilities:		
Accounts Receivable, Net	(60,436)	3,845
Inventories	(391)	(12,503)
Prepaid Expense	367	(16)
Accounts Payable and Other Payables	(39,770)	(26,909)
Customer Deposits	391	(400)
Accrued Wages and Vacation	3,473	(808)
	<b>\$ 492,301</b>	<b>\$ 349,229</b>

The accompanying notes are an integral part of the financial statements.





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

## **Breakdown of the Dollar Amount of Funds Used for Property Acquisition:**

#331 – Transmission and Distribution Mains: \$665,850

#334 – Meter and Meter Installations: \$44,400

#335 – Hydrants: \$29,000

Highway Engineering

Structural Engineering

Water & Wastewater

Site Development

Right-of-Way

Master Planning

Environmental Planning

Surveying

Project Management

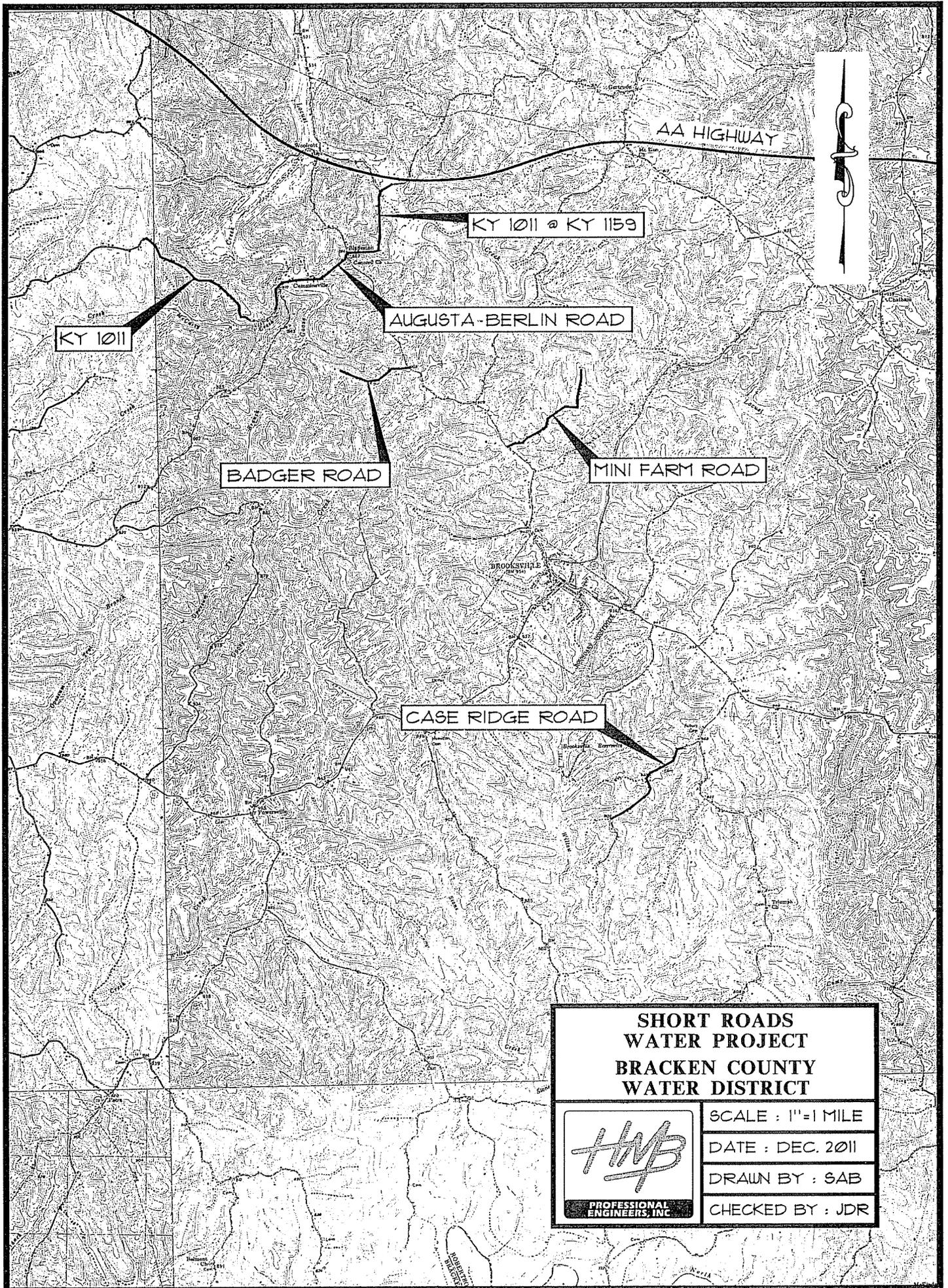
Cost Estimation

Construction Inspection

Aviation Services

Environmental Remediation

Landscape Architecture



**SHORT ROADS  
WATER PROJECT  
BRACKEN COUNTY  
WATER DISTRICT**

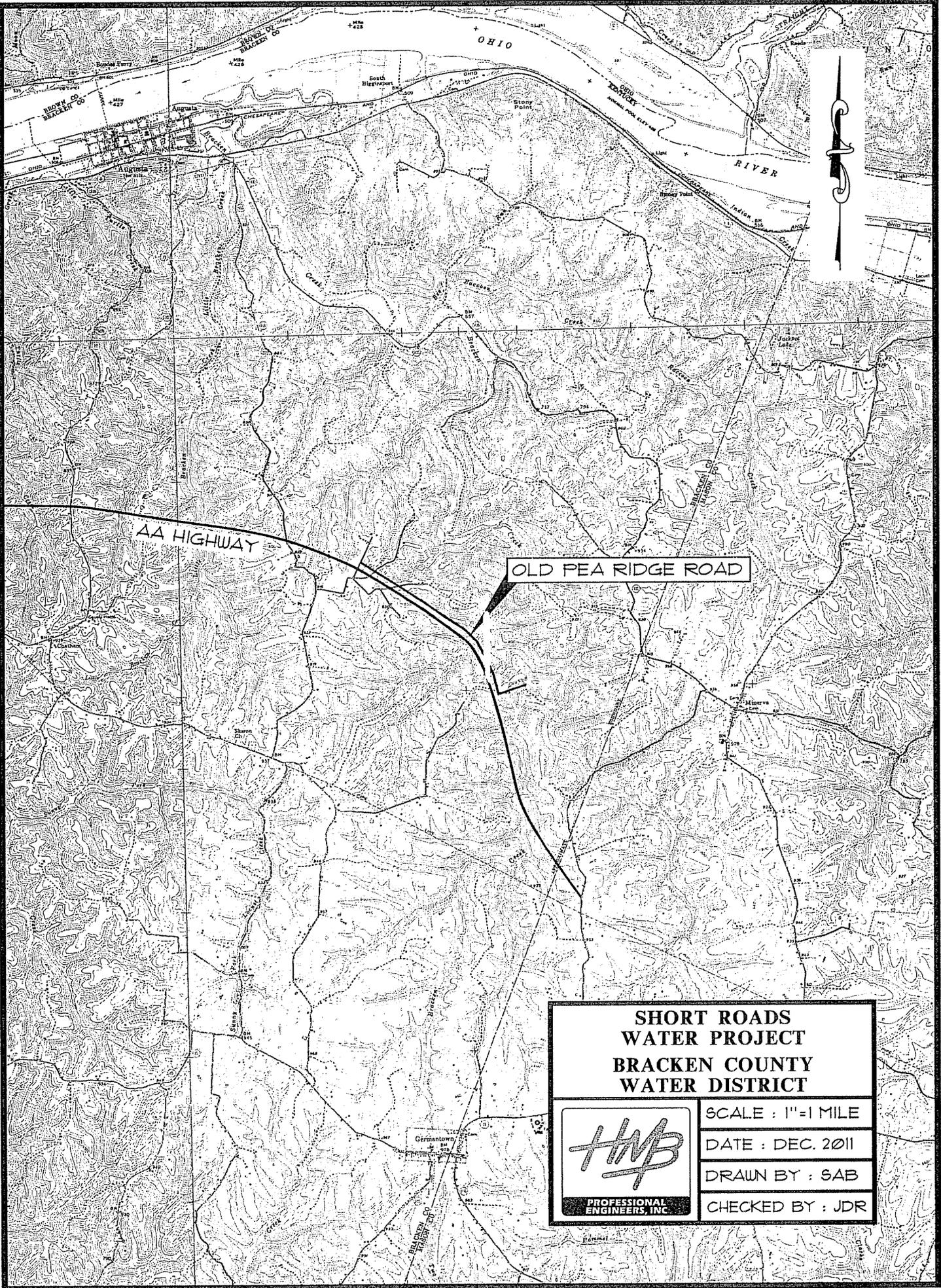


SCALE : 1"=1 MILE

DATE : DEC. 2011

DRAWN BY : SAB

CHECKED BY : JDR



<b>SHORT ROADS WATER PROJECT BRACKEN COUNTY WATER DISTRICT</b>	
	SCALE : 1"=1 MILE
	DATE : DEC. 2011
	DRAWN BY : SAB
	CHECKED BY : JDR

OHIO  
KENTUCKY

+ Mile  
430

NORMAL POOL ELEVATION 485

RIVER

CHESAPEAKE

OHIO

BM  
509

BM  
509

BM  
510

PROPOSED 12" DUCTILE  
IRON WATER LINE

**SHORT ROADS  
WATER PROJECT  
BRACKEN COUNTY  
WATER DISTRICT**



SCALE : 1"=2000'  
DATE : DEC. 2011  
DRAWN BY : SAB  
CHECKED BY : JDR