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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WESTERN ROCKCASTLE)
WATER ASSOCIATION, INC., OF ROCKCASTLE,)
LINCOLN, GARRARD AND PULASKI COUNTIES,)
KENTUCKY FOR A CERTIFICATE OF PUBLIC) Case No. 2013-_____
CONVENIENCE AND NECESSITY TO CONSTRUCT)
AND FINANCE A PROJECT PURSUANT TO THE)
PROVISIONS OF KRS 278.023)

APPLICATION

This Application of the Western Rockcastle Water Association, Inc., (the "Applicant") of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, respectfully shows:

1. That the Applicant is a non-profit water association of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, created and existing under and by virtue of Chapter 273 of the Kentucky Revised Statutes. Applicant's Articles of Incorporation are on file with the Public Service Commission in **Case No. 98-099**.

2. That the post office address of the Applicant is:

Western Rockcastle Water Association, Inc.
c/o Mr. Darrell Whitaker, President
P.O. Box 627
Mt. Vernon, Kentucky 40456

3. That the Applicant, pursuant to the provisions of 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.

4. That the proposed construction project consists of (i) the rehabilitation of four existing ground water storage tanks; (ii) the installation of approximately 13,700 linear feet of water line and appurtenances; and (iii) the replacement of an existing booster pump station.

5. That the Applicant proposes to finance the construction of the Project through (i) the issuance of a \$625,000 Promissory Note, and (ii) a grant from USDA, Rural Development (“RD”) in the amount of \$350,000. The Applicant has a commitment from RD to purchase said \$625,000 note maturing over a 40-year period, at an interest rate of not exceeding 2.75% per annum, as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That the Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That the Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

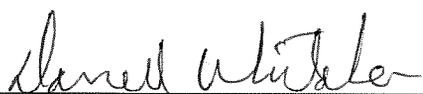
- A. Copy of RD Letter of Conditions, as amended (**Exhibit A**).
- B. Copy of RD Letter of Concurrence in Bid Award (**Exhibit B**).
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the President of the Applicant (**Exhibit C**), based upon statements of the Engineers for the Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;
 - (2) All other state approvals or permits have already been obtained;
 - (3) The current rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That the foregoing constitutes the documents necessary to obtain the approval of the Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the Filing Requirements specified in 807 KAR 5:069, Section 1.

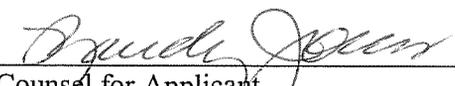
WHEREFORE, the Applicant, the Western Rockcastle Water Association, Inc., asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

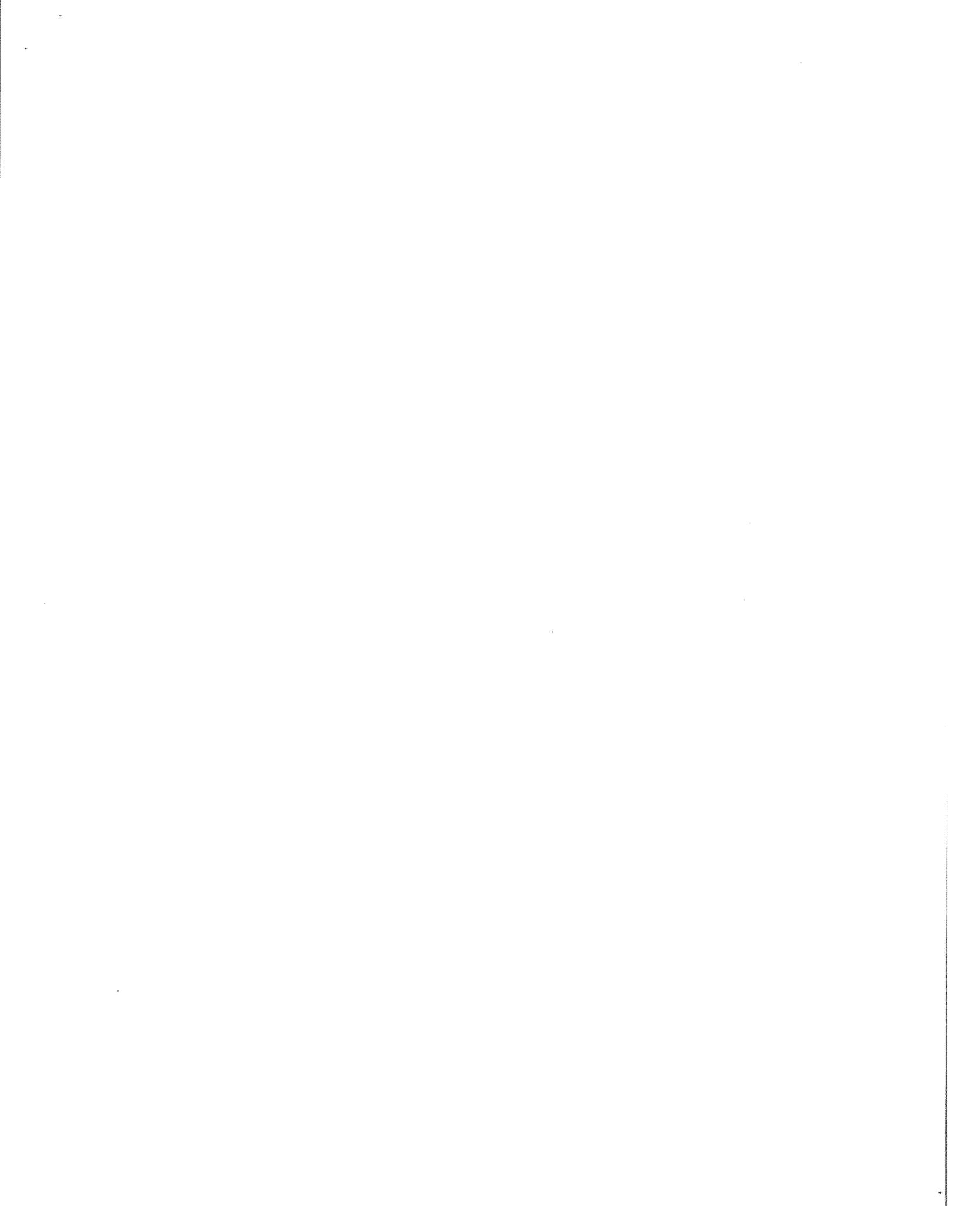
- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of the Applicant.
- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of a \$625,000 Promissory Note at an interest rate of not exceeding 2.75% per annum; and an RD grant in the amount of \$350,000.

Western Rockcastle Water Association, Inc.

By: 
President
Board of Directors

Rubin & Hays

By: 
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525





United States Department of Agriculture
Rural Development
Kentucky State Office

July 9, 2012

Darrell Whitaker, President
Western Rockcastle Water Association, Inc.
PO Box 627
Mt. Vernon, Kentucky 40456

COPY

Dear Mr. Whitaker:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$625,000; a RUS grant not to exceed \$350,000. No applicant cash contribution will be required.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

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

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

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

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

1. Number of Users and Their Contribution:

There shall be 4,030 water users, of which 4,020 are existing users and 10 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Grant Agreement:

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

3. Drug-Free Work Place:

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

4. Repayment Period:

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

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the Association to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The Association will be required to deposit \$225 per month into a "Funded Debt Reserve Account" until the account reaches \$27,240. The deposits are to be resumed any time the account falls below the \$27,240.

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

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The Association also needs to fund an account for short-lived assets by depositing a sum of \$1,290 monthly to the account. The funds in the short-lived asset account may be used by the Association as needed to replace or add short-lived assets in the Association's water system.

7. Security Requirements:

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

8. Land Rights and Real Property:

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

9. Organization:

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

10. Business Operations:

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

11. Accounts, Records and Audits:

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

The Association shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

12. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Association will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Association will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Association. The Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Association will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Association will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$215,000.
- D. Real Property Insurance - The Association will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Association from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Association will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority - owned business participation.
 - 3. Legal Service Agreements.

4. Engineering Agreements.

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

15. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

16. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Association.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

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

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

20. Refinancing and Graduation Requirements:

The Association is reminded that if at any time it shall appear to the Government that the Association is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Association will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The Association will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Association will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

22. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

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

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Association. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3019 (as applicable). Interest earned on grant funds in excess of \$250 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 743,886
Land and Rights	10,000
Legal and Administrative	7,000
Engineering	125,000
Interest	15,000
Contingencies	<u>74,114</u>
TOTAL	\$ 975,000

Financing:

RUS Loan	\$ 625,000
RUS Grant	<u>350,000</u>
TOTAL	\$ 975,000

25. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

26. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, Operating Budget, or similar form may be utilized for this purpose.

27. Rates and Charges:

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

Water rates will be at least:

5/8" Meters:

First	2,000	gallons @ \$	26.00. - Minimum Bill.
Next	3,000	gallons @ \$	7.15. - per 1,000 gallons.
Next	5,000	gallons @ \$	6.51. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

1" Meters:

First	5,000	gallons @ \$	41.40. - Minimum Bill.
Next	5,000	gallons @ \$	6.51. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

1 1/2" Meters:

First	10,000	gallons @ \$	73.95. - Minimum Bill.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

2" Meters:

First	25,000	gallons @ \$	161.85. - Minimum Bill.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

28. Water Purchase Contract:

The Association will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

29. Compliance with the Bioterrorism Act:

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

30. Floodplain Construction:

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

(NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

31. Mitigation Measures:

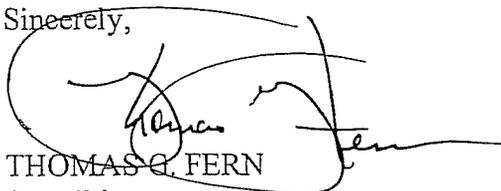
- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated July 15, 2011, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated September 20, 2011, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

32. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,



THOMAS G. FERN
State Director

Enclosures

cc: Area Director - London, Kentucky
Cumberland Valley ADD - London, Kentucky
Jerry Cox – Mt. Vernon, Kentucky
Monarch Engineering - Lawrenceburg, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



Rural Development

October 24, , 2013

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: Western Rockcastle Water Association
Contract 10 and 11 water improvements
Contract Award Concurrence

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Director
London, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of contract to the low bidder on Contract 10, Stotts Construction Co., Inc., in the amount of \$483,302.50, the award of the contract to the low bidder on Contract 11, Huffman Tank and Tower, Inc., in the amount of \$246,000.00.

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


THOMAS G. FERN
State Director
Rural Development

cc: Monarch Engineering
Lawrenceburg, Kentucky

~~Randy Jones~~
Louisville, Kentucky

USDA is an equal opportunity provider and employer.

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

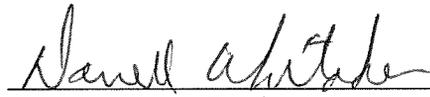
CERTIFICATE OF PRESIDENT OF WESTERN ROCKCASTLE WATER ASSOCIATION, INC., AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069

I, Darrell Whitaker, hereby certify that I am the duly qualified and acting President of the Western Rockcastle Water Association, Inc., of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, and that said Association is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the Association (the "Project"), in cooperation with the Engineers for the Association, Monarch Engineering, Inc., Lawrenceburg, Kentucky.

Based on information furnished to me by said Engineers for the Association, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the current rates of the Association are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about February 14, 2014, and will end on or about July 15, 2014.

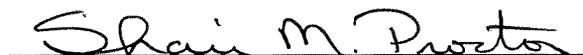
IN TESTIMONY WHEREOF, witness my signature this December 10, 2013.



President
Western Rockcastle Water Association, Inc.

STATE OF KENTUCKY)
) SS
COUNTY OF ROCKCASTLE)

Subscribed and sworn to before me by Darrell Whitaker, President of the Board of Directors of the Western Rockcastle Water Association, Inc., on this December 10, 2013.



Notary Public
In and For Said State and County

(Seal of Notary)

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JAN - 3 2014

PUBLIC SERVICE
COMMISSION

**PRELIMINARY ENGINEERING REPORT
FOR THE
WESTERN ROCKCASTLE WATER ASSOCIATION
WATER SYSTEM EXTENSION & IMPROVEMENTS
CONTRACT 10**

AUGUST 2011

M
Monarch Engineering, Inc.

Deron S. Byrne
STATE OF KENTUCKY
DERON S.
BYRNE
23127
LICENSED
PROFESSIONAL ENGINEER
12/4/2013

**PRELIMINARY ENGINEERING REPORT
FOR THE
WESTERN ROCKCASTLE WATER ASSOCIATION
WATER SYSTEM EXTENSION & IMPROVEMENTS
CONTRACT 10**

AUGUST 2011

PRELIMINARY ENGINEERING REPORT

CONTRACT 10 WATER SYSTEM EXTENSION & IMPROVEMENTS

WESTERN ROCKCASTLE WATER ASSOCIATION ROCKCASTLE, LINCOLN, & PULASKI COUNTIES, KENTUCKY

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system extension and improvements that are being planned by the Western Rockcastle Water Association to install approximately 9,000 LF of 4-inch water line, install approximately 3,600 LF of 3-inch water line, replace an existing water booster pump station, renovate five (5) existing ground water storage tanks, and install a radio read meter system for 500 existing customers in Rockcastle, Pulaski and Lincoln counties. The new customers to be served are all residential.

The Western Rockcastle Water Association provides potable water service to nearly 4,000 customers in Rockcastle, Pulaski and Lincoln counties. The Association purchases all water for resale from the City of Mount Vernon.

Included in this report are maps of the proposed service area showing the intended routes of the water lines, and the location of major appurtenances. In addition, project cost estimates are included which outline the entire project costs along with the proposed financing scheme.

II. PROJECT PLANNING AREA

The area to be served with potable water for the first time is located on Jim Weaver Road and new US Highway 150 in Rockcastle County. The area to connect two water mains to increase hydraulics and better serve an area should one portion of system need to be shut down is located on Turkeytown/Slaty Branch Road in Rockcastle County. These areas are delineated on the attached maps. The topography in these areas consists primarily of gently rolling hills throughout the valley areas and along the numerous creeks in this area with steep ridges encountered in the Daniel Boone National Forest. The land use in the valley areas is mainly agricultural with some light timber harvesting. Within the proposed area, there are no major industrial or commercial businesses.

The residents located at the end of Jim Weaver Road have never been served by a public water system and most rely on community springs, family wells, or depend on water trucks to provide them with their potable water. Most individuals pay to have their water delivered and those who cannot afford to pay local water haulers, transport their water by means of barrels, bucket, or other containers. They often make daily trips to the nearest

water source, none of which are monitored by an approved health agency. The residents located along the new US Highway 150 are new customers that have developed along the new route of US Highway 150. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

The five (5) water storage tanks to be renovated are located on Old US Highway 461, at the Level Green Community located off of KY 1152, at the Blanton Community located off of KY 618, on Chestnut Ridge Road, and at the Greenfish Hill Community off of US Highway, all located in Rockcastle County.

III. EXISTING FACILITIES

The Western Rockcastle Water Association executed a contract in 1994 with the City of Mount Vernon to purchase 10 million gallons of water per month for 45 years. The City has recently completed the constructing a new water treatment plant and the water purchase agreement has been amended to reflect a longer term and a larger allotment. The Association operates a distribution system that serves nearly 4,000 residential and nonresidential customers that reside throughout Rockcastle, Lincoln and Pulaski Counties.

The Western Rockcastle Water Association operates the water system through a Board of Directors, Office Manager, office personnel and field personnel.

Information regarding the current rate structure, annual operating and maintenance data and a tabulation of the users for an annual period by monthly usage categories and revenue, will be analyzed in the Summary Addendum which will be included in the Kentucky Guide 7A.

IV. NEED FOR THE PROJECT

This project is intended to serve first time users along the Jim Weaver Road and first time users along new US Highway 150. The Jim Weaver Road water line extension has been requested by the land owners for some time now. The US Highway 150 water line extension will serve new housing that has been built since the new highway has been built and put into service. The water line connection on Old Kentucky Highway 461 will better serve customers in this area as they are being served by an undersized water line to serve approximately four existing customers.

It is anticipated that eleven (11) homes will be immediately affected by the water line extension portion of the project. The proposed service area is shown on the attached maps, and is located in a geographic area where rock conditions are prevalent. The terrain is over laden with visible rock outcroppings and numerous creek crossings with limited access along the public roadway.

The existing water storage tanks are experiencing large scale paint loss on both the interior and exterior surfaces. There are also certain structural and safety components which will require repair in order to ensure its continued operation. The storage tanks are a critical component to the Association's potable water distribution system and therefore their continued use is vital to the community itself. They serve all existing commercial users and thousands of residential customers. The potable water supply to these customers is dependent on these structures continued use.

With the widespread of heavy rains and flooding that has occurred over the past year or two, it has been difficult to manually read residential and commercial water meters due to meter boxes full of water. In numerous occasions after the rains and high waters have subsided the meter boxes have remained full of water and mud, making it difficult to get a read on the meters. The project proposes to replace approximately 500 existing meter services with radio read type meters which will allow meters to be read remotely even under submerged circumstances.

The Ottawa pump station project will consist of installing a new metering system that will allow the Association to regulate and keep record of the amount of water flowing through the pump station to fill an existing tank.

The renovation of the Old Kentucky Highway 461 booster pump station is the result of being undersized due to the growth and demand in this area. This station is in need of major repair, modification or replacement. The improvements will be site and station specific and includes measures to ensure that the booster pump station is able to function during high water demands and furnish tanks with adequate amounts of potable water.

V. ALTERNATIVES CONSIDERED

Based on the fact that there are no other major potable water suppliers that exist in this area, the only practical potable water supplier that would consider serving these areas is the Western Rockcastle Water Association. There are no other practical alternatives that could be considered. The Western Rockcastle Water Association is supplied water by the City of Mount Vernon. Both of these entities are regulated by the Kentucky Division of Water and have a history of compliance with the Division's regulations and policies. Therefore, it was determined that these areas would be best served by a water system built, owned, operated and served by the Western Rockcastle Water Association.

VI. PROPOSED PROJECT

The project entails the construction of 9,000 LF of 4-inch water line to serve new US Highway 150 and connection of Old Us Highway 461 with new US Highway 461. The project also entails the installation of approximately 3,600 LF of 3-inch water line to serve new users along Jim Weaver Road and interconnect two water pressure zones to provide areas should there be a water line break. The radio read meter replacement and interface system consists of replacing approximately 500 meter settings, meters, and

meter boxes with new radio read meters, meter boxes, appurtenances. The proposed tank renovation portion of the project will consist of the repair or replacement of all damage structural members, complete removal of all existing interior and exterior coatings, and the complete repainting of all interior and exterior surfaces. With today's advanced coatings and better application methods, the renovation will allow the tank to provide trouble free storage for a minimum of twenty years before any significant maintenance or restoration will be required. With proper coating maintenance the tank itself will remain in operation for hundreds of years.

The analysis of the Association's ability to finance and in turn own and operate the extension is itemized in the Summary Addendum, which will be submitted at a later date. This data will evaluate and compare the current and expected revenues as a result of the sale of water, operation and maintenance costs, other miscellaneous income and costs, and a summary of the long-term debts including their annual principle and interest payments.

An analysis of the customer monthly water usage and associated revenue generation will be included and will be based on actual water sales for a one-year period. The Western Rockcastle Water Association will supply this information.

The project cost has been estimated to be \$975,000 and it is to be financed by a \$682,500 loan from Rural Development and a \$292,500 grant from Rural Development.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the need for the Western Rockcastle Water Association to continue to supply their customers with a sufficient and dependable potable water supply along with the capability to transport water throughout the Association's water system, it is recommended that the Western Rockcastle Water Association pursue the financial assistance as outlined above in order that these improvements can be implemented. The Water Association is the only major supplier of potable water within the rural area of Western Rockcastle County and their system is situated such that these improvements could be made without adversely affecting service to their other customers.

PRELIMINARY COST ESTIMATE
CONTRACT 10 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011

PROJECT COSTS

DEVELOPMENT	\$743,886.00
CONTINGENCY	74,114.00
ENGINEERING DESIGN	69,000.00
CONSTRUCTION INSPECTION	46,000.00
PRELIMINARY ENGINEERING REPORT	10,000.00
ENVIRONMENTAL	10,000.00
LEGAL & ADMINISTRATION	7,000.00
INTEREST	<u>15,000.00</u>
TOTAL PROJECT COSTS	\$975,000.00

PROJECT FUNDS

USDA RURAL DEVELOPMENT LOAN	\$682,500.00
USDA RURAL DEVELOPMENT GRANT	<u>292,500.00</u>
TOTAL PROJECT FUNDING	\$975,000.00

PRELIMINARY COST ESTIMATE
200,000 GALLON OLD 461 WATER STORAGE TANK
REHABILITATION PROJECT
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Coating System for Exterior Steel	1	LS	\$30,000.00	\$30,000.00
2	Coating System for Interior Steel	1	LS	39,000.00	39,000.00
3	Welding for Damaged Areas	10	LF	60.00	600.00
4	6" x 6" x 3/8" Carbon Steel Plates	6	EA	250.00	1,500.00
5	Interior Grinding Edges or Weld Spatter	4	HR	90.00	360.00
	TOTAL				\$71,460.00

PRELIMINARY COST ESTIMATE
44,000 GALLON LEVEL GREEN WATER STORAGE TANK
REHABILITATION PROJECT
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Coating System for Exterior Steel	1	LS	\$15,000.00	\$15,000.00
2	Coating System for Interior Steel	1	LS	19,500.00	19,500.00
3	Welding for Damaged Areas	5	LF	60.00	300.00
4	6" x 6" x 3/8" Carbon Steel Plates	6	EA	250.00	1,500.00
5	Interior Grinding Edges or Weld Spatter	4	HR	90.00	360.00
	TOTAL				\$36,660.00

**PRELIMINARY COST ESTIMATE
50,000 GALLON BLANTON WATER STORAGE TANK
REHABILITATION PROJECT
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011**

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Coating System for Exterior Steel	1	LS	\$15,000.00	\$15,000.00
2	Coating System for Interior Steel	1	LS	20,000.00	20,000.00
3	Welding for Damaged Areas	5	LF	60.00	300.00
4	6" x 6" x 3/8" Carbon Steel Plates	6	EA	250.00	1,500.00
5	Interior Grinding Edges or Weld Spatter	4	HR	90.00	360.00
	TOTAL				\$37,160.00

PRELIMINARY COST ESTIMATE
20,000 GALLON CHESTNUT RIDGE WATER STORAGE TANK
REHABILITATION PROJECT
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Coating System for Exterior Steel	1	LS	\$10,000.00	\$10,000.00
2	Coating System for Interior Steel	1	LS	15,000.00	15,000.00
3	Welding for Damaged Areas	4	LF	60.00	240.00
4	6" x 6" x 3/8" Carbon Steel Plates	6	EA	250.00	1,500.00
5	Interior Grinding Edges or Weld Spatter	4	HR	90.00	360.00
	TOTAL				\$27,100.00

PRELIMINARY COST ESTIMATE
131,000 GALLON GREENFISH HILL WATER STORAGE TANK
REHABILITATION PROJECT
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Coating System for Exterior Steel	1	LS	\$25,000.00	\$25,000.00
2	Coating System for Interior Steel	1	LS	34,000.00	34,000.00
3	Welding for Damaged Areas	10	LF	60.00	600.00
4	6" x 6" x 3/8" Carbon Steel Plates	6	EA	250.00	1,500.00
5	Interior Grinding Edges or Weld Spatter	4	HR	90.00	360.00
	TOTAL				\$61,460.00

**PRELIMINARY COST ESTIMATE
 JIM WEAVER ROAD WATER LINE EXTENSION
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE COUNTY, KENTUCKY**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch PVC Water Line	2,112 LF	\$8.00	\$16,896.00
2	3-Inch Gate Valve	2 EA	450.00	900.00
3	Connection	2 EA	1,500.00	3,000.00
4	Blowoff Assembly	1 EA	1,000.00	1,000.00
5	Meter Setting	3 EA	700.00	2,100.00
6	3/4-Inch PE Service Tubing	150 LF	6.00	900.00
	TOTAL			\$24,796.00

**PRELIMINARY COST ESTIMATE
 TURKEYTOWN/SLATY BRANCH ROAD
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE COUNTY, KENTUCKY
 MAY 2011**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch PVC Water Line	1,500 LF	\$8.00	\$12,000.00
2	3-Inch Gate Valve	2 EA	450.00	900.00
3	Connection	2 EA	1,500.00	3,000.00
4	Blowoff Assembly	1 EA	1,000.00	1,000.00
5	Pressure Reducing Station	1 LS	7,500.00	7,500.00
TOTAL				\$24,400.00

**PRELIMINARY COST ESTIMATE
 NEW US HIGHWAY 150 WATER LINE EXTENSION
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE COUNTY, KENTUCKY
 MAY 2011**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	4-Inch PVC Water Line	7,700 LF	\$12.00	\$92,400.00
2	Directional Bore & Case for 4-Inch Water Line	100 LF	200.00	20,000.00
3	Bore & Case for 4-Inch Water Line	30 LF	100.00	3,000.00
4	4-Inch Gate Valve	3 EA	550.00	1,650.00
5	Connection	2 EA	1,500.00	3,000.00
6	2-Way Flush Hydrant	1 EA	1,500.00	1,500.00
7	Meter Setting	4 EA	700.00	2,800.00
8	3/4-Inch PE Service Tubing	200 LF	6.00	1,200.00
	TOTAL			\$125,550.00

**PRELIMINARY COST ESTIMATE
 US HIGHWAY 461 WATER LINE CONNECTION
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE COUNTY, KENTUCKY**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	4-Inch PVC Water Line	1,300 LF	\$12.00	\$15,600.00
2	4-Inch Gate Valve	2 EA	550.00	1,100.00
3	Connection	2 EA	1,500.00	3,000.00
4	2-Way Flush Hydrant	1 EA	1,500.00	1,500.00
5	Meter Setting	4 EA	700.00	2,800.00
6	3/4-Inch PE Service Tubing	200 LF	6.00	1,200.00
	TOTAL			\$25,200.00

**PRELIMINARY COST ESTIMATE
OTTAWA BOOSTER PUMP STATION BYPASS METER
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011**

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Bypass Meter, Valve Vault, & Piping System	1	LS	\$25,000.00	\$25,000.00
	TOTAL				\$25,000.00

**PRELIMINARY COST ESTIMATE
 US 461 BOOSTER PUMP STATION REPLACEMENT
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE COUNTY, KENTUCKY
 MAY 2011**

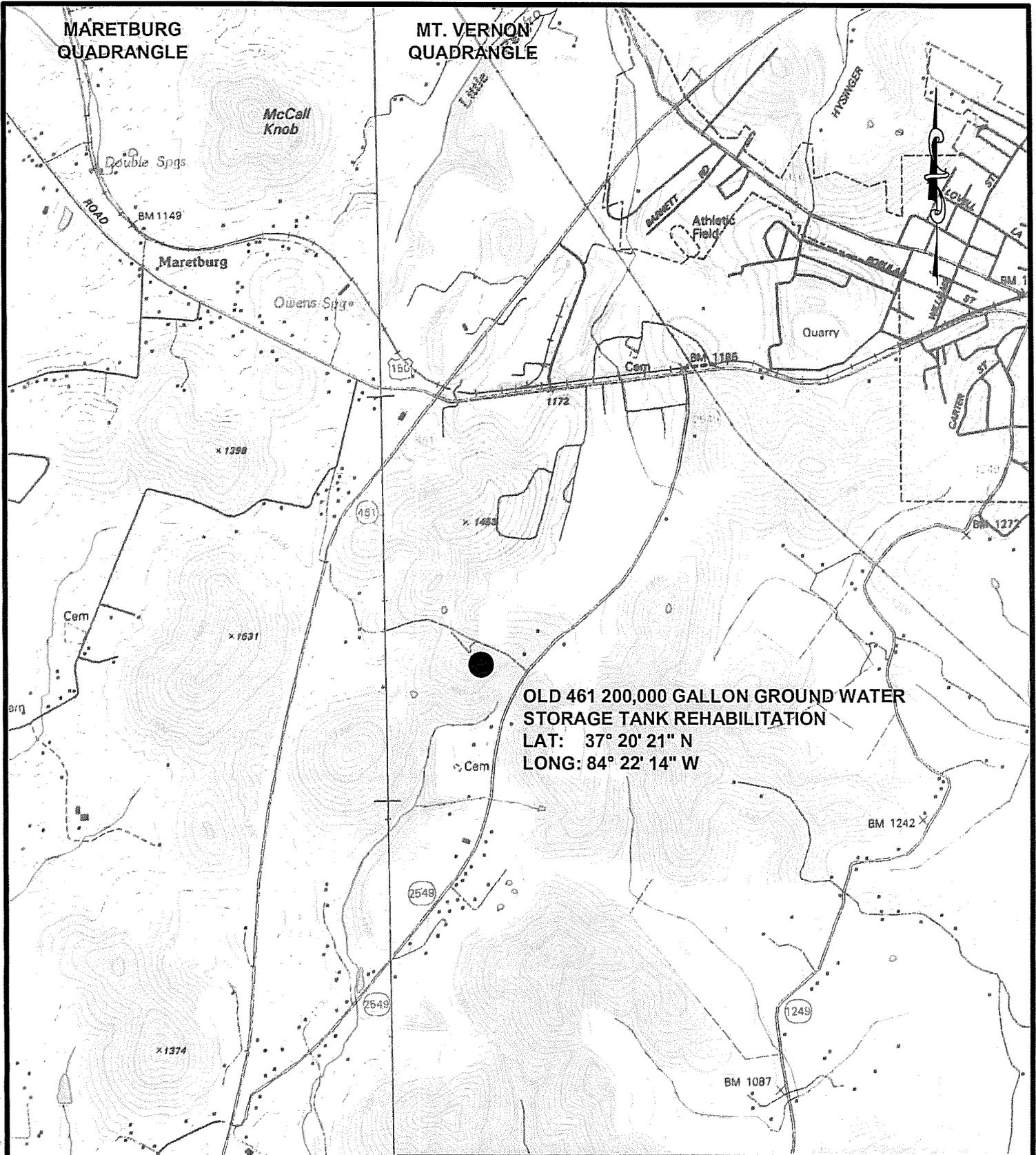
ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	US 461 Booster Pump Station Replacement	1 LS	\$142,100.00	\$142,100.00
2	3-Phase Power	1 LS	10,000.00	10,000.00
TOTAL				\$152,100.00

**PRELIMINARY COST ESTIMATE
RADIO READ METER SYSTEM
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
MAY 2011**

Item No.	Item Description	Bid Quantity	Unit	Unit Price	Amount
1	Metering System Software & Interface Software	1	LS	\$8,000.00	\$8,000.00
2	5/8" x 3/4" Radio Read Meter Replacement	500	EA	250.00	125,000.00
	TOTAL				\$133,000.00

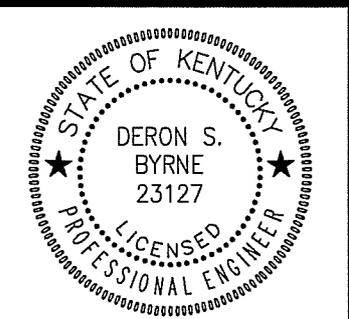
MARETBURG
QUADRANGLE

MT. VERNON
QUADRANGLE



**OLD 461 200,000 GALLON GROUND WATER
STORAGE TANK REHABILITATION**
 LAT: 37° 20' 21" N
 LONG: 84° 22' 14" W

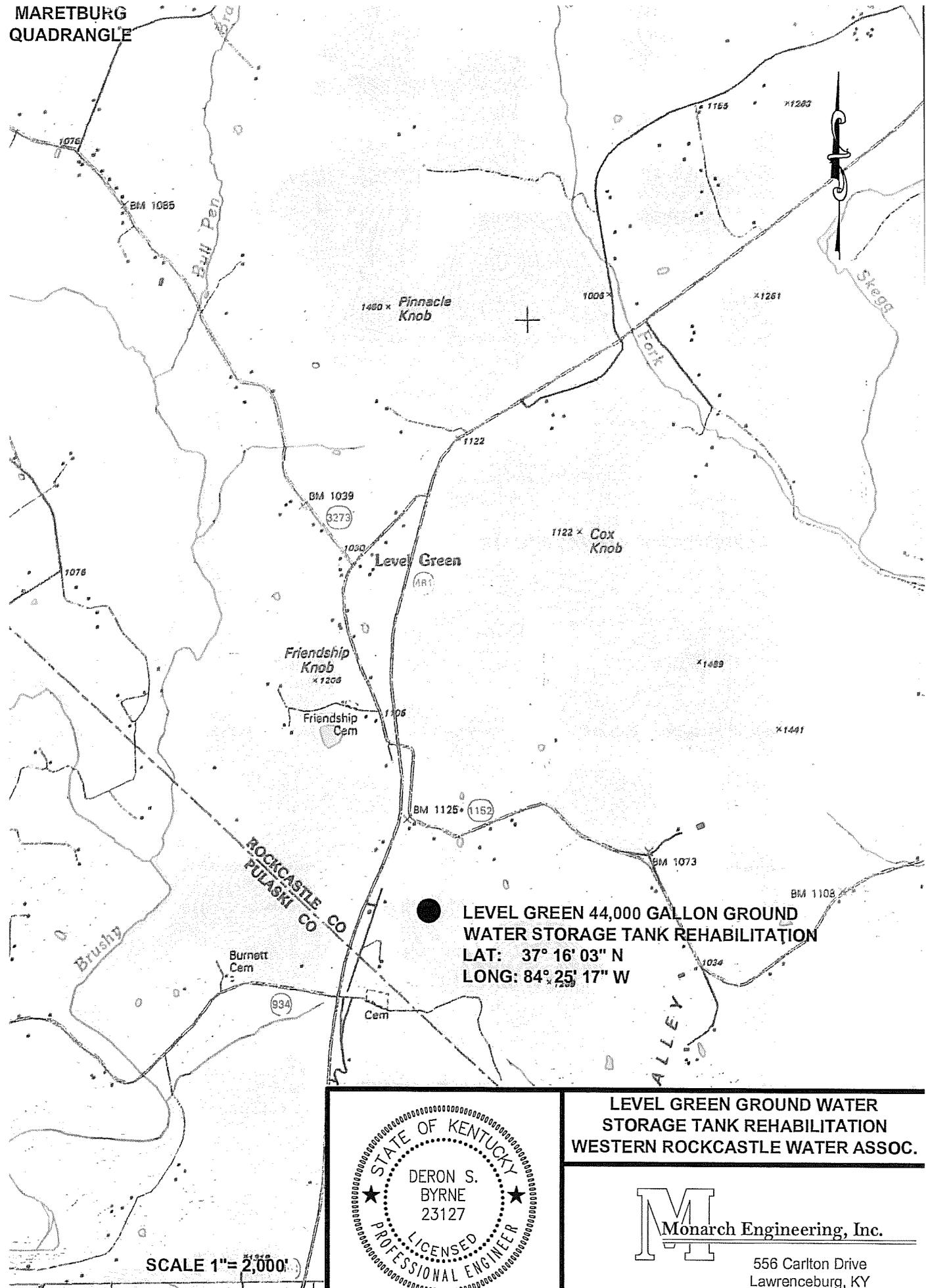
SCALE 1" = 2,000'



**OLD 461 GROUND WATER
STORAGE TANK REHABILITATION
WESTERN ROCKCASTLE WATER ASSOC.**

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

MARETBURG
QUADRANGLE



● LEVEL GREEN 44,000 GALLON GROUND
WATER STORAGE TANK REHABILITATION
LAT: 37° 16' 03" N
LONG: 84° 25' 17" W

SCALE 1" = 2,000'



LEVEL GREEN GROUND WATER
STORAGE TANK REHABILITATION
WESTERN ROCKCASTLE WATER ASSOC.



Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

MARETBURG
QUADRANGLE

1485 x Purcell
Knob

Cable Comm Tower
Knob Δ 1585

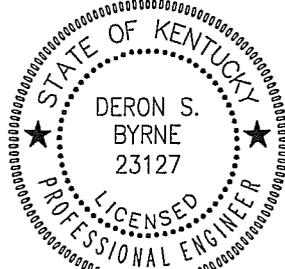
BLANTON 50,000 GALLON GROUND
WATER STORAGE TANK REHABILITATION
LAT: 37° 19' 38" N
LONG: 84° 25' 16" W

1648 Δ Sand
Knob

Marler
Knob

Skegg
Cem

SCALE 1" = 2,000'



BLANTON GROUND WATER
STORAGE TANK REHABILITATION
WESTERN ROCKCASTLE WATER ASSOC.

M
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

MT. VERNON
QUADRANGLE

Communication Towers

Quarry

Cems

BM 1154

INTERCHANGE 59

BM 1388

CHESTNUT

**CHESTNUT RIDGE 20,000 GALLON
GROUND WATER STORAGE TANK
REHABILITATION**
LAT: 37° 19' 33" N
LONG: 84° 18'-27" W

BM 1435

ROAD

Lima

Cem

BM 1378

Wellhope

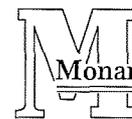
BM 1433

BM 1436

SCALE 1"= 2,000'

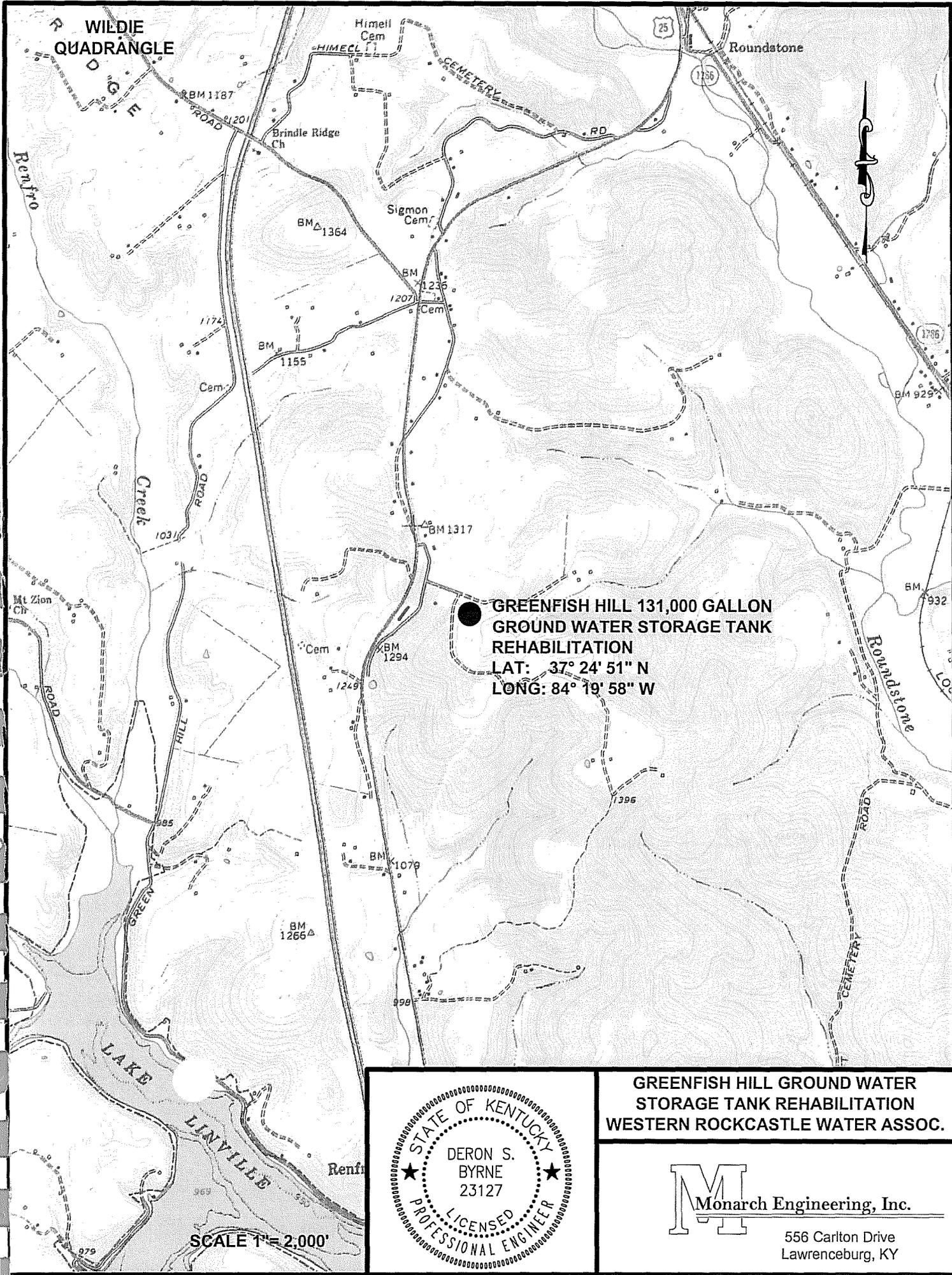


**CHESTNUT RIDGE GROUND WATER
STORAGE TANK REHABILITATION
WESTERN ROCKCASTLE WATER ASSOC.**

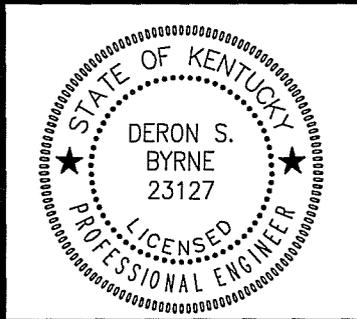


Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY



**GREENFISH HILL 131,000 GALLON
 GROUND WATER STORAGE TANK
 REHABILITATION**
 LAT: 37° 24' 51" N
 LONG: 84° 19' 58" W

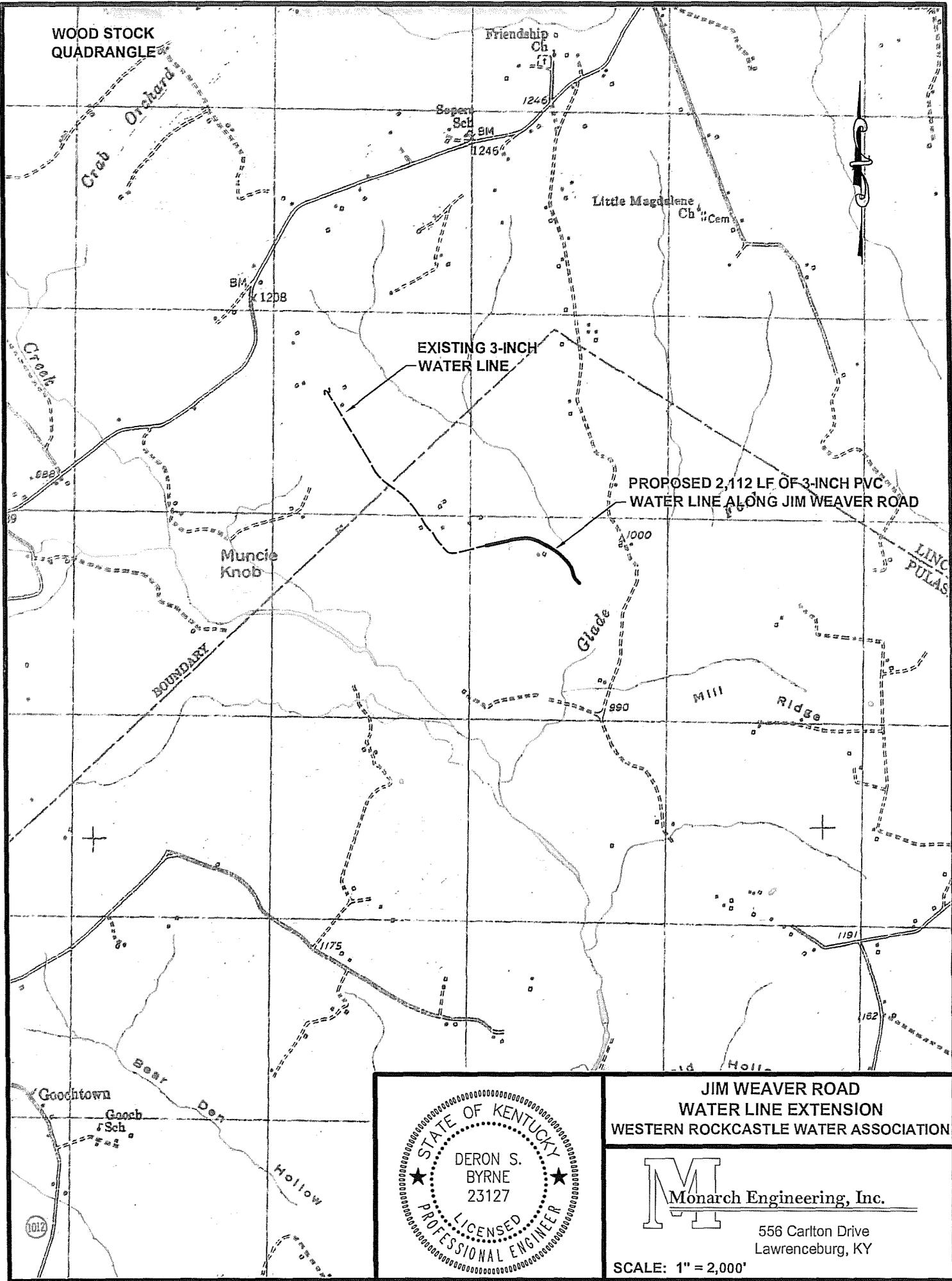


**GREENFISH HILL GROUND WATER
 STORAGE TANK REHABILITATION
 WESTERN ROCKCASTLE WATER ASSOC.**

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

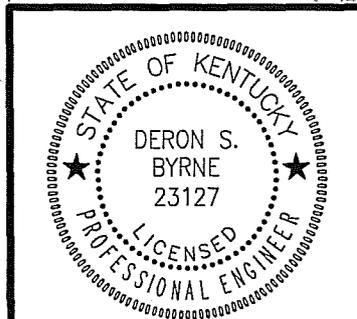
SCALE 1" = 2,000'

WOOD STOCK
QUADRANGLE

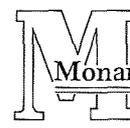


EXISTING 3-INCH
WATER LINE

PROPOSED 2,112 LF OF 3-INCH PVC
WATER LINE ALONG JIM WEAVER ROAD



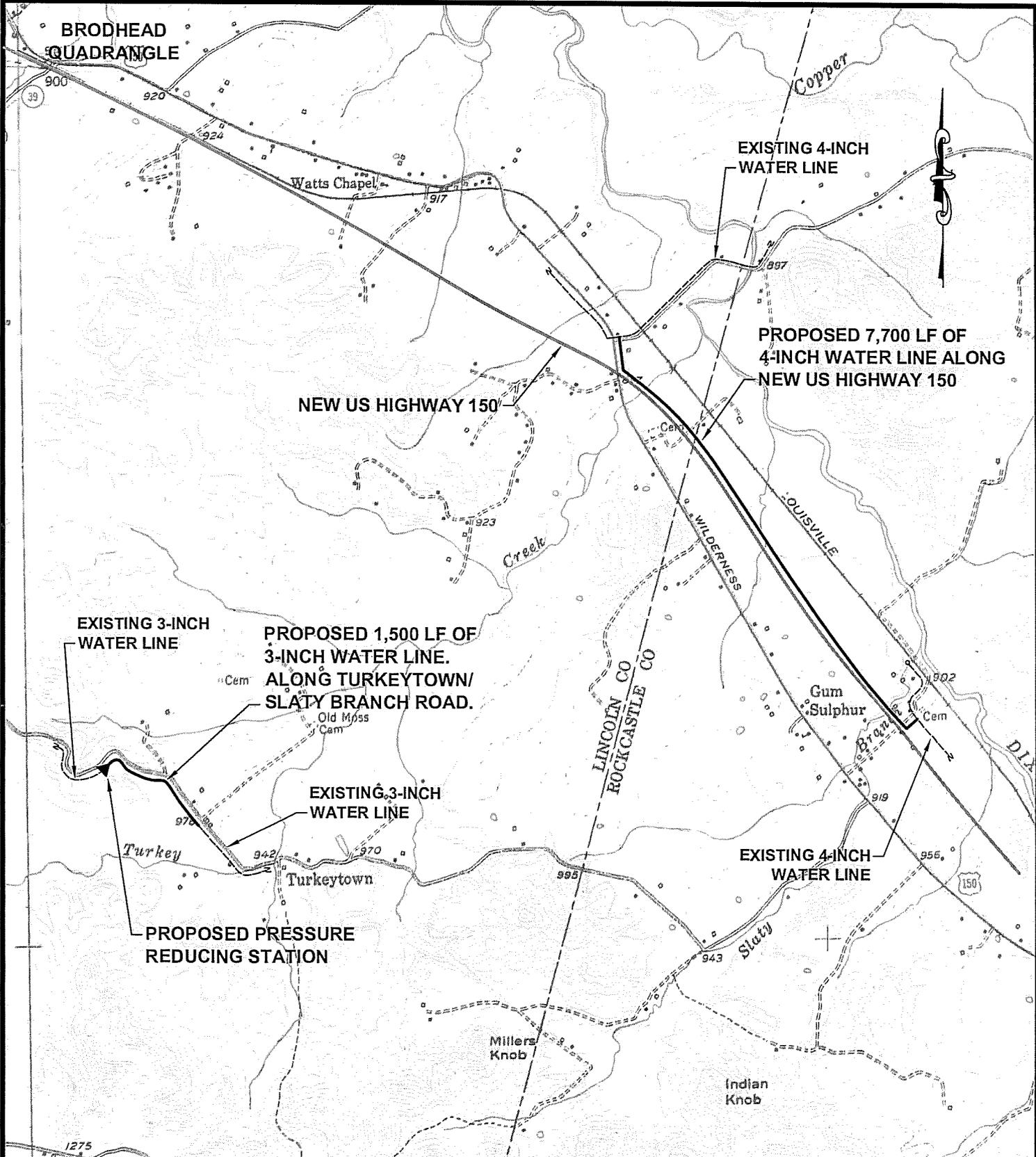
JIM WEAVER ROAD
WATER LINE EXTENSION
WESTERN ROCKCASTLE WATER ASSOCIATION



Monarch Engineering, Inc.

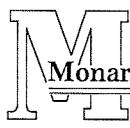
556 Carlton Drive
Lawrenceburg, KY

SCALE: 1" = 2,000'



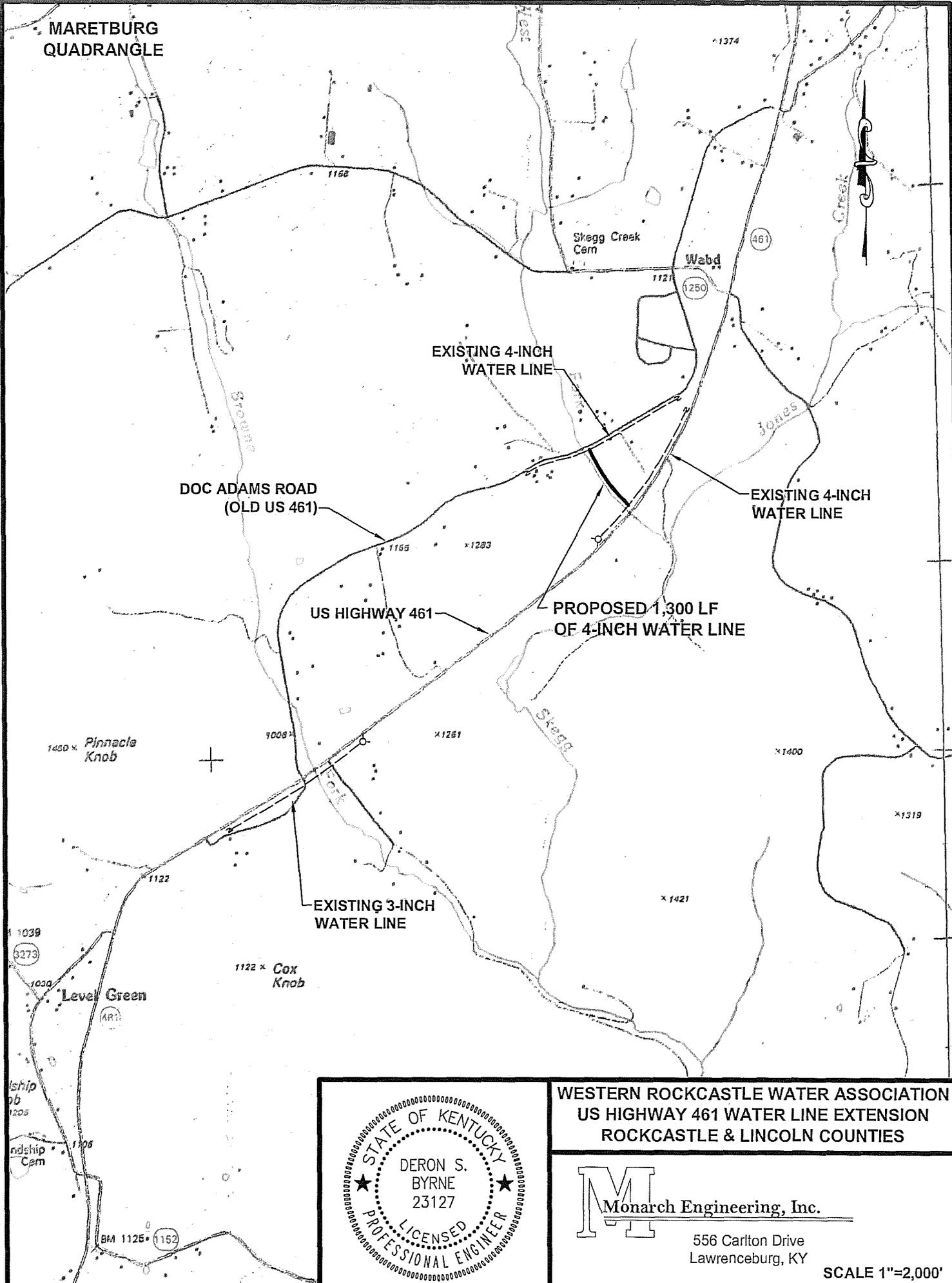
STATE OF KENTUCKY
 ★ DERON S. BYRNE ★
 23127
 LICENSED PROFESSIONAL ENGINEER

WESTERN ROCKCASTLE WATER ASSOCIATION
US HIGHWAY 150 WATER LINE EXTENSION
ROCKCASTLE & LINCOLN COUNTIES


Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

SCALE 1"=2,000'

MARETBURG
QUADRANGLE



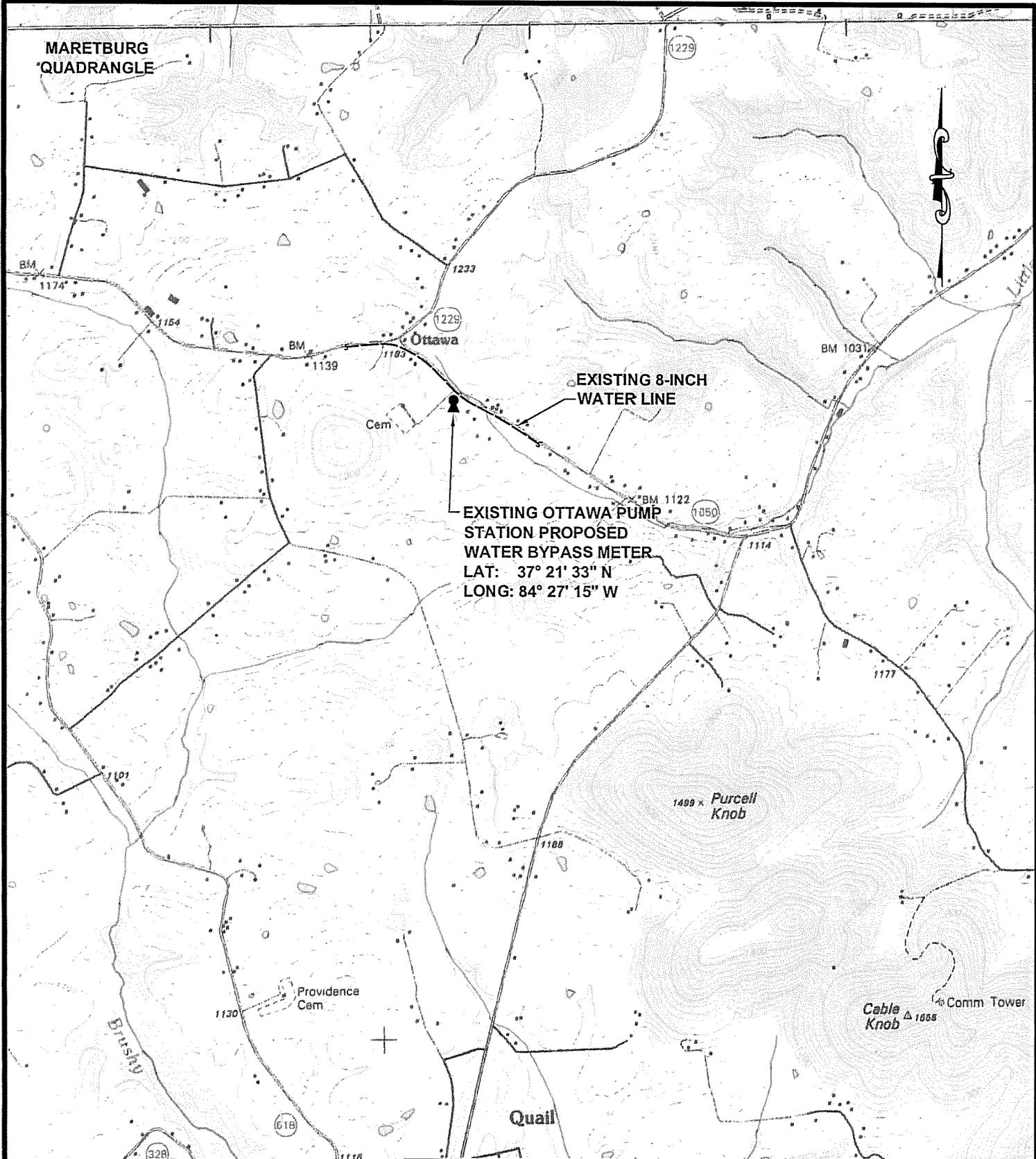
WESTERN ROCKCASTLE WATER ASSOCIATION
US HIGHWAY 461 WATER LINE EXTENSION
ROCKCASTLE & LINCOLN COUNTIES

M
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

SCALE 1"=2,000'

MARETBURG
QUADRANGLE



EXISTING 8-INCH
WATER LINE

EXISTING OTTAWA PUMP
STATION PROPOSED
WATER BYPASS METER
LAT: 37° 21' 33" N
LONG: 84° 27' 15" W

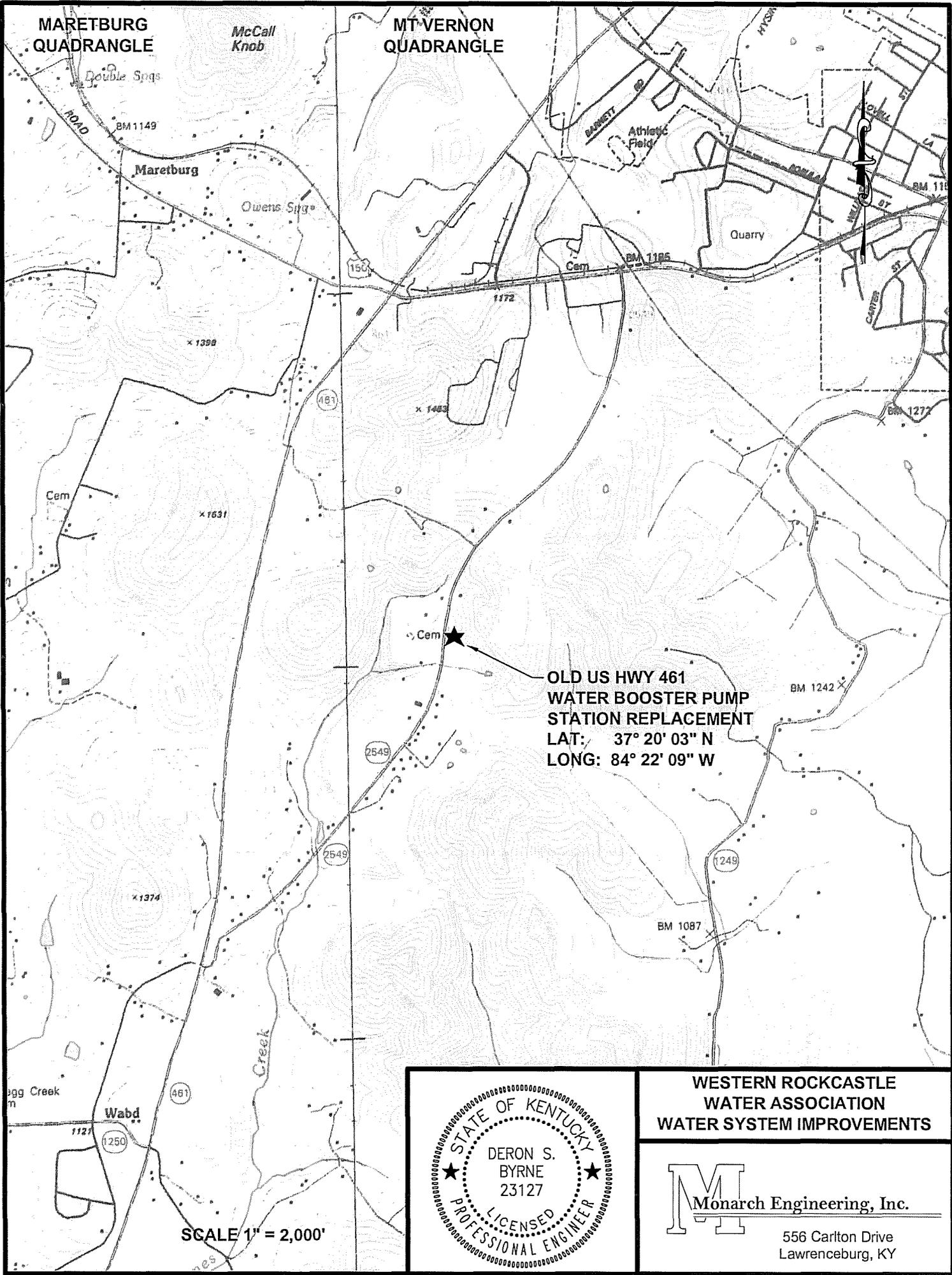
OTTAWA PUMP STATION
WATER BYPASS METER
WESTERN ROCKCASTLE WATER ASSOCIATION



M
Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

SCALE: 1" = 2,000'



**OLD US HWY 461
 WATER BOOSTER PUMP
 STATION REPLACEMENT**
 LAT: 37° 20' 03" N
 LONG: 84° 22' 09" W

SCALE 1" = 2,000'



**WESTERN ROCKCASTLE
 WATER ASSOCIATION
 WATER SYSTEM IMPROVEMENTS**

M
Monarch Engineering, Inc.
 556 Carlton Drive
 Lawrenceburg, KY

RECEIVED

JAN - 3 2014

PUBLIC SERVICE
COMMISSION

FINAL ENGINEERING REPORT

**CONTRACT 10 – WATER SYSTEM EXTENSIONS & IMPROVEMENTS
AND
CONTRACT 11 – WATER STORAGE TANKS REHABILITATION**

**WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY**

OCTOBER 22, 2013

PREPARED BY:





October 17, 2013

Mr. Darrell Whitaker, President
Western Rockcastle Water Association
371 New Brodhead Road
Mt. Vernon, Kentucky 40456

Re: Western Rockcastle Water Association
Contract 10 - Water System Extension and Improvements
Contract 11 - Water Storage Tank Renovations

Dear Mr. Whitaker:

On September 5, 2013 bids were received by the Western Rockcastle Water Association for Contract 11 - Water Storage Tank Renovations. Three bids were submitted and the lowest bid was by Huffman Tank & Tower, Inc. located in Albany, Kentucky for an amount of \$246,000.00.

On October 17, 2013 bids were received by the Western Rockcastle Water Association for Contract 10 - Water System Extension and Improvements. Five bids were submitted and the lowest bid was by Stotts Construction Co., Inc. located in Columbia, Kentucky for an amount of \$358,300.00. In addition to the Base Bid, each contractor for Contract 10 also submitted a bid on Alternates No. 1 and No. 2, which is an extension to the Contract 10 Base Bid. In addition to the Base Bid amount of \$358,300.00, the proposal submitted by Stotts for Alternates No. 1 and No. 2 was \$80,002.50.

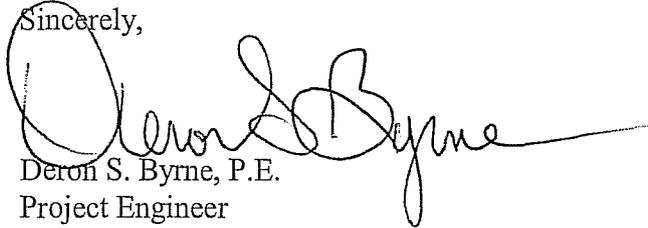
The total combined amounts for Contract 10 and Contract 11 Base Bids plus Contract 10 Alternates results in a total project cost of \$684,302.50. This total project cost would be within the total project budget as shown on the attached Final Project Budget. A copy of the summarized bid tabulation of all bids received is attached along with a final project budget.

In reviewing the Letter of Conditions dated July 9, 2012, the amount of funds available for development is \$975,000.00. Based on this information, we recommend that the Western Rockcastle Water Association consider awarding a contract to Stotts Construction Co., Inc. for an amount of \$438,302.50 for Contract 10, and also to Huffman Tank & Tower, Inc. in the amount of \$246,000.00 for Contract 11. This recommendation is contingent upon approval by USDA Rural Development and the Kentucky Public Service Commission.

M

October 17, 2013
Page Two

Sincerely,

A handwritten signature in black ink that reads "Deron S. Byrne". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Deron S. Byrne, P.E.
Project Engineer

/dsb

cc: Tom Partin
USDA Rural Development

Julie Anderson
USDA Rural Development

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 10 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 17, 2013 @ 10:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728		United Pipeline, Inc. 4627 Gamaliel Rd. Tompkinsville, KY 42167		D & H Contracting Co., Inc. 2003 Lakeview Dr. London, KY 40741	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID							
1	4-Inch PVC SDR 17 Water Line	2,200 LF	\$14.00	\$30,800.00	\$14.00	\$30,800.00	\$11.00	\$24,200.00
2	3-Inch PVC SDR 17 Water Line	8,200 LF	12.00	98,400.00	13.00	106,600.00	10.00	82,000.00
3	Bore & Case for 4-Inch Water Line	50 LF	60.00	3,000.00	100.00	5,000.00	120.00	6,000.00
4	Bore & Case for 3-Inch Water Line	40 LF	55.00	2,200.00	100.00	4,000.00	120.00	4,800.00
5	Creek Crossing for 3-Inch Water Line	160 LF	40.00	6,400.00	100.00	16,000.00	120.00	19,200.00
6	4-Inch Gate Valve	1 EA	900.00	900.00	800.00	800.00	1,000.00	1,000.00
7	Blowoff Assembly	2 EA	700.00	1,400.00	1,200.00	2,400.00	1,100.00	2,200.00
8	Connection	5 EA	1,200.00	6,000.00	1,700.00	8,500.00	1,700.00	8,500.00
9	Meter Setting	8 EA	925.00	7,400.00	1,000.00	8,000.00	850.00	6,800.00
10	3/4-Inch Service Tubing	400 LF	7.00	2,800.00	7.00	2,800.00	5.00	2,000.00
11	Pressure Reducing Valve Station	1 LS	20,000.00	20,000.00	11,900.00	11,900.00	35,000.00	35,000.00
12	Ottawa 3-Inch Master Meter & Vault	1 LS	12,000.00	12,000.00	8,900.00	8,900.00	14,000.00	14,000.00
13	Booster Pump Station	1 LS	160,000.00	160,000.00	151,500.00	151,500.00	192,300.00	192,300.00
14	Demo & Removal-Existing Pump Station	1 LS	3,000.00	3,000.00	4,000.00	4,000.00	15,000.00	15,000.00
15	Exploration	20 HR	200.00	4,000.00	75.00	1,500.00	100.00	2,000.00
	TOTAL BASE BID			\$358,300.00		\$362,700.00		\$415,000.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 10:00A.M. LOCAL TIME, THURSDAY, OCTOBER 17, 2013 AT THE ROCKCASTLE COUNTY WATER ASSOCIATION.

BY:


 Deron S. Byrne
DERON S. BYRNE
 23127
LICENSED PROFESSIONAL ENGINEER

10/17/2013
 Date

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 10 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 17, 2013 @ 10:00 A.M. LOCAL TIME

			Stotts Construction Co., Inc.		United Pipeline, Inc.		D & H Contracting Co., Inc.	
			P.O. Box 1689		4627 Gamaliel Rd.		2003 Lakeview Dr.	
			Columbia, KY 42728		Tompkinsville, KY 42167		London, KY 40741	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 1 (Plan Sheet 6)							
1	3-Inch PVC SDR 21 Water Line	1,800 LF	\$18.30	\$32,940.00	\$24.00	\$43,200.00	\$11.00	\$19,800.00
2	3-Inch Gate Valve	1 EA	1,000.00	1,000.00	800.00	800.00	1,000.00	1,000.00
3	Blowoff Assembly	1 EA	1,500.00	1,500.00	1,200.00	1,200.00	1,100.00	1,100.00
4	Connection	1 EA	1,500.00	1,500.00	2,000.00	2,000.00	2,400.00	2,400.00
5	Meter Setting	2 EA	1,200.00	2,400.00	1,000.00	2,000.00	850.00	1,700.00
6	3/4-Inch Service Tubing	100 LF	12.25	1,225.00	7.00	700.00	5.00	500.00
7	Exploration	4 HR	300.00	1,200.00	75.00	300.00	100.00	400.00
	TOTAL ALTERNATE NO. 1			\$41,765.00		\$50,200.00		\$26,900.00

			Stotts Construction Co., Inc.		United Pipeline, Inc.		D & H Contracting Co., Inc.	
			P.O. Box 1689		4627 Gamaliel Rd.		2003 Lakeview Dr.	
			Columbia, KY 42728		Tompkinsville, KY 42167		London, KY 40741	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 2 (Plan Sheet 7)							
1	3-Inch PVC SDR 17 Water Line	1,500 LF	\$18.40	\$27,600.00	\$24.00	\$36,000.00	\$12.00	\$18,000.00
2	3-Inch Gate Valve	1 EA	1,000.00	1,000.00	800.00	800.00	1,000.00	1,000.00
3	Blowoff Assembly	1 EA	1,500.00	1,500.00	1,200.00	1,200.00	1,100.00	1,100.00
4	Connection	1 EA	1,500.00	1,500.00	2,000.00	2,000.00	2,400.00	2,400.00
5	Meter Setting	3 EA	1,200.00	3,600.00	1,000.00	3,000.00	850.00	2,550.00
6	3/4-Inch Service Tubing	150 LF	12.25	1,837.50	7.00	1,050.00	5.00	750.00
7	Exploration	4 HR	300.00	1,200.00	75.00	300.00	100.00	400.00
	TOTAL ALTERNATE NO. 2			\$38,237.50		\$44,350.00		\$26,200.00

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 10 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 17, 2013 @ 10:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157		K. Carrender Construction 200 Ringgold Rd. Somerset, KY 42503	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID					
1	4-Inch PVC SDR 17 Water Line	2,200 LF	\$15.00	\$33,000.00	\$16.00	\$35,200.00
2	3-Inch PVC SDR 17 Water Line	8,200 LF	14.00	114,800.00	15.50	127,100.00
3	Bore & Case for 4-Inch Water Line	50 LF	150.00	7,500.00	160.00	8,000.00
4	Bore & Case for 3-Inch Water Line	40 LF	150.00	6,000.00	160.00	6,400.00
5	Creek Crossing for 3-Inch Water Line	160 LF	80.00	12,800.00	100.00	16,000.00
6	4-Inch Gate Valve	1 EA	800.00	800.00	950.00	950.00
7	Blowoff Assembly	2 EA	1,000.00	2,000.00	1,600.00	3,200.00
8	Connection	5 EA	1,000.00	5,000.00	1,250.00	6,250.00
9	Meter Setting	8 EA	1,000.00	8,000.00	950.00	7,600.00
10	3/4-Inch Service Tubing	400 LF	8.00	3,200.00	13.00	5,200.00
11	Pressure Reducing Valve Station	1 LS	22,000.00	22,000.00	17,500.00	17,500.00
12	Ottawa 3-Inch Master Meter & Vault	1 LS	13,000.00	13,000.00	12,000.00	12,000.00
13	Booster Pump Station	1 LS	190,000.00	190,000.00	195,000.00	195,000.00
14	Demo & Removal-Existing Pump Station	1 LS	5,000.00	5,000.00	7,500.00	7,500.00
15	Exploration	20 HR	200.00	4,000.00	100.00	2,000.00
	TOTAL BASE BID			\$427,100.00		\$449,900.00

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 10 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 17, 2013 @ 10:00 A.M. LOCAL TIME

			Twin States Utilities, Inc.		K. Carrender Construction	
			P.O. Box 14		200 Ringgold Rd.	
			Mt. Hermon, KY 42157		Somerset, KY 42503	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 1 (Plan Sheet 6)						
1	3-Inch PVC SDR 21 Water Line	1,800 LF	\$20.00	\$36,000.00	\$16.00	\$28,800.00
2	3-Inch Gate Valve	1 EA	750.00	750.00	950.00	950.00
3	Blowoff Assembly	1 EA	1,000.00	1,000.00	1,250.00	1,250.00
4	Connection	1 EA	1,000.00	1,000.00	1,500.00	1,500.00
5	Meter Setting	2 EA	1,000.00	2,000.00	950.00	1,900.00
6	3/4-Inch Service Tubing	100 LF	8.00	800.00	13.00	1,300.00
7	Exploration	4 HR	200.00	800.00	100.00	400.00
TOTAL ALTERNATE NO. 1				\$42,350.00	\$36,100.00	

			Twin States Utilities, Inc.		K. Carrender Construction	
			P.O. Box 14		200 Ringgold Rd.	
			Mt. Hermon, KY 42157		Somerset, KY 42503	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2 (Plan Sheet 7)						
1	3-Inch PVC SDR 17 Water Line	1,500 LF	\$20.00	\$30,000.00	\$17.00	\$25,500.00
2	3-Inch Gate Valve	1 EA	750.00	750.00	950.00	950.00
3	Blowoff Assembly	1 EA	1,000.00	1,000.00	1,250.00	1,250.00
4	Connection	1 EA	1,000.00	1,000.00	1,500.00	1,500.00
5	Meter Setting	3 EA	1,000.00	3,000.00	950.00	2,850.00
6	3/4-Inch Service Tubing	150 LF	8.00	1,200.00	13.00	1,950.00
7	Exploration	4 HR	200.00	800.00	100.00	400.00
TOTAL ALTERNATE NO. 2				\$37,750.00	\$34,400.00	

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 11 - WATER STORAGE TANK REHABILITATION
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: SEPTEMBER 5, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Huffman Tank & Tower, Inc. 210 Burkesville Rd. Albany, KY 42602		Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232		Utility Service Co., Inc. P.O. Box 1350 Perry, GA 31069	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	CHESTNUT RIDGE TANK							
1	Complete Removal and Re-coating							
	System for Interior Steel	1 LS	\$10,000.00	\$10,000.00	\$10,700.00	\$10,700.00	\$15,000.00	\$15,000.00
2	Complete Removal and Re-coating							
	System for Exterior Steel	1 LS	9,500.00	9,500.00	11,860.00	11,860.00	12,000.00	12,000.00
3	Tank Repairs	1 LS	8,500.00	8,500.00	10,350.00	10,350.00	19,000.00	19,000.00
	CHESTNUT RIDGE TANK TOTAL			\$28,000.00		\$32,910.00		\$46,000.00

ITEM NO.	DESCRIPTION	QUANTITY	Huffman Tank & Tower, Inc. 210 Burkesville Rd. Albany, KY 42602		Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232		Utility Service Co., Inc. P.O. Box 1350 Perry, GA 31069	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BLANTON TANK							
1	Complete Removal and Re-coating							
	System for Interior Steel	1 LS	\$18,000.00	\$18,000.00	\$18,700.00	\$18,700.00	\$22,000.00	\$22,000.00
2	Complete Removal and Re-coating							
	System for Exterior Steel	1 LS	16,000.00	16,000.00	17,450.00	17,450.00	17,500.00	17,500.00
3	Tank Repairs	1 LS	14,000.00	14,000.00	24,850.00	24,850.00	26,000.00	26,000.00
	BLANTON TANK TOTAL			\$48,000.00		\$61,000.00		\$65,500.00

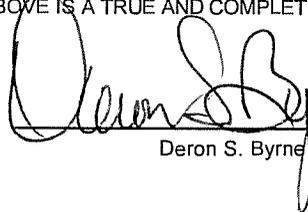
BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 11 - WATER STORAGE TANK REHABILITATION
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: SEPTEMBER 5, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Huffman Tank & Tower, Inc. 210 Burkesville Rd. Albany, KY 42602		Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232		Utility Service Co., Inc. P.O. Box 1350 Perry, GA 31069	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	GREENFISH HILL TANK							
1	Complete Removal and Re-coating System for Interior Steel	1 LS	\$33,000.00	\$33,000.00	\$33,000.00	\$33,000.00	\$34,500.00	\$34,500.00
2	Complete Removal and Re-coating System for Exterior Steel	1 LS	37,000.00	37,000.00	36,100.00	36,100.00	33,000.00	33,000.00
3	Tank Repairs	1 LS	16,000.00	16,000.00	33,300.00	33,300.00	30,000.00	30,000.00
	GREENFISH HILL TANK TOTAL			\$86,000.00		\$102,400.00		\$97,500.00

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	OLD KY HIGHWAY 461 TANK							
1	Complete Removal and Re-coating System for Interior Steel	1 LS	\$37,000.00	\$37,000.00	\$35,600.00	\$35,600.00	\$34,000.00	\$34,000.00
2	Complete Removal and Re-coating System for Exterior Steel	1 LS	34,000.00	34,000.00	34,600.00	34,600.00	28,000.00	28,000.00
3	Tank Repairs	1 LS	13,000.00	13,000.00	21,250.00	21,250.00	25,000.00	25,000.00
	OLD KY HIGHWAY 461 TANK TOTAL			\$84,000.00		\$91,450.00		\$87,000.00

TOTAL BASE BID			\$246,000.00		\$287,760.00		\$296,000.00
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THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS, RECEIVED AT 11:00A.M. LOCAL TIME, THURSDAY, SEPTEMBER 5, 2013 AT THE ROCKCASTLE COUNTY WATER ASSOCIATION.

BY:  **DERON S. BYRNE**
 Deron S. Byrne
 23127
STATE OF KENTUCKY
LICENSED PROFESSIONAL ENGINEER
 Date 9/5/2013

FINAL PROJECT BUDGET
CONTRACT 10 & 11 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE COUNTY, KENTUCKY
OCTOBER 17, 2013

PROJECT COSTS

DEVELOPMENT

CONTRACT 10 - WATER SYSTEM EXT. & IMPROVEMENTS	\$358,300.00
CONTRACT 10 - ALTERNATES NO. 1 & NO. 2	80,002.50
CONTRACT 11 - WATER STORAGE TANK RENOVATIONS	<u>246,000.00</u>
SUBTOTAL	\$684,302.50
CONTINGENCY	125,551.25
ENGINEERING DESIGN (9.49%)	64,940.31
CONSTRUCTION INSPECTION (6.46%)	44,205.94
PRELIMINARY ENGINEERING REPORT	10,000.00
ENVIRONMENTAL	14,000.00
LAND & RIGHTS AND LEGAL & ADMINISTRATION	17,000.00
INTEREST	<u>15,000.00</u>
TOTAL PROJECT COSTS	\$975,000.00
 PROJECT FUNDS	
USDA RURAL DEVELOPMENT LOAN	\$625,000.00
USDA RURAL DEVELOPMENT GRANT	<u>350,000.00</u>
TOTAL PROJECT FUNDING	\$975,000.00