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

April 7, 2015

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

2015-00115

Re: Cumberland Falls Highway Water District PSC Application - KRS 278.023

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Cumberland Falls Highway Water District for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the **exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed.**

The Engineers on this Project will file the electronic copy of the Plans and Specifications in the near future.

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

Rubin & Hays

ATTORNEYS AT LAW

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

DISTRIBUTION LIST

Re: Cumberland Falls Highway Water District Waterworks Revenue Bonds, Series 2015, in the principal amount of $803,000

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477
Telephone: (859) 224-7336
Fax: (859) 224-7425

Mr. Clay McKnight
USDA, Rural Development
100 Fortress Properties Street, Suite 3
London, Kentucky 40741
Telephone: (606) 864-5168
Fax: (855) 454-4516

Ms. Dayna Cain
Cumberland Falls Highway Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701
Telephone: (606) 528-0222

Carlos E. Miller, P.E.
Kenvirons, Inc.
452 Versailles Road
Frankfort, Kentucky 40601
Telephone: (502) 695-4357

Brad Freeman, Esq.
Freeman & Childers
201 South Main Street
Corbin, Kentucky 40701
Telephone: (606) 528-1000
Fax: (606) 528-0995

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Telephone: (502) 569-7525
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE CUMBERLAND FALLS HIGHWAY WATER DISTRICT FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT, FINANCE AND INCREASE RATES PURSUANT TO KRS 278.023	)))))	**Case No. 2015-115**

APPLICATION

This Application of the Cumberland Falls Highway Water District ("Applicant"), respectfully shows:

1. That Applicant is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Cumberland Falls Highway Water District
c/o Mr. Les Moses, Manager
6926 Cumberland Falls Highway
Corbin, Kentucky 40701
Phone: (606) 528-0222
Fax: (606) 528-9875
email address: cflhwd@yahoo.com

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks improvement project (the "Project"); (ii) an Order approving increased water rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the installation of approximately 17,000 of water transmission main, a pumping station and associates appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of $803,000 of its Waterworks Revenue Bonds; (ii) a USDA, Rural Development ("RD") grant in the amount of $397,000; and (iii) a contribution from the Application in the amount of $192,309. Applicant has a commitment from RD to purchase said $803,000 of bonds maturing over

a 40-year period, at an interest rate not to exceed 2.75% per annum as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

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

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

A. Copy of RD Letter of Conditions, as amended (**Exhibit "A"**).

B. Copy of RD Letter of Concurrence in Contract Award (**Exhibit "B"**).

C. Copy of Preliminary Engineering Report, Final Engineering Report and certified bid tabulations.

D. Certified statement from the Chairman of Applicant **(Exhibit "C")**, based upon statements of the Engineers for 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 been obtained;

(3) The proposed rates of Applicant shall produce the total revenue requirements recommended in the engineering reports; and

(4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) and (b) by posting a copy of the Notice of Proposed Rate Change (the "Notice") (i) at its place of business; and (ii) within five (5) business days of the date this Application is submitted to the Commission, on it's website (www.cfhwd.com) along with a hyperlink to the location on the Commission's website where the case documents are available. Applicant has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspaper of general circulation in Applicant's service area. Said Notice sets out the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "D"**. Applicant shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).

9. That the foregoing constitutes the documents necessary to obtain the approval of this 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 2.

WHEREFORE, Applicant, the Cumberland Falls Highway Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a water system improvement project.

b. An Order approving the financing arrangements made by Applicant, viz., (i) the issuance of $803,000 of Cumberland Falls Highway Water District Waterworks Revenue Bonds at an interest rate not to exceed 2.75% per annum; (ii) an RD grant in the amount of $397,000; and (iii) an Application contribution in the amount of $192,309.

c. An Order approving the proposed water rates as set out in Section 27 of the RD Letter of Conditions filed herewith as an Exhibit.

Cumberland Falls Highway Water District

By: _____
Chairman
Board of Water Commissioners

_____
W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
wrjones@rubinhays.com

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF WHITLEY)

The undersigned, Bill Perkins, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Cumberland Falls Highway Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this April 2nd, 2015.

Bill Perkins, Chairman
Cumberland Falls Highway Water District

Subscribed and sworn to before me by Bill Perkins, Chairman of the Board of Commissioners of the Cumberland Falls Highway Water District, on this April 2nd, 2015.

My Commission expires: 7-10-15.

Notary Public

USDA
United States Department of Agriculture

Rural Development

Kentucky State Office

771 Corporate Drive
Suite 200
Lexington, KY
40503

Voice 859 224 7300
Fax 859 224 7425
TTY 859 224 7422

September 3, 2013

Bill Perkins, Chairman
Cumberland Falls Highway Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

COPY

Dear Chairman Perkins:

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 $803,000; a RUS grant not to exceed $397,000. 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 3,066 water users, of which alll are existing 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 District 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 Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January 1st. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond 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 District 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 District will be required to deposit $290 per month into a "Funded Debt Reserve Account" until the account reaches $34,800. The deposits are to be resumed any time the account falls below the $34,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond 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 District also needs to fund an account for short-lived assets by depositing a sum of $1,370 monthly into the account The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds. if possible.

If this is not possible. the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

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

9. Organization:

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

10. Business Operations:

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

11. Accounts, Records and Audits:

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

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

Rural Development review of the accounting system is required

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

The District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The District 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 District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.

C. Fidelity Bond - The District 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 $185,000.

D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.

E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a 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 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

B The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans. specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation
3. Legal Service Agreements.
4. Engineering Agreements.

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

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

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 District.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

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

A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."

B. Form RD 400-1, "Equal Opportunity Agreement."

C. Form RD 400-4, "Assurance Agreement."

D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."

E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."

F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

G. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

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

21. Commercial Interim Financing:

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

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

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

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 District'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 District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of $100 (as applicable) per year will be submitted to RUS at least quarterly

24. Cost of Facility:

Breakdown of Costs:

Development		$ 879.000
Land and Rights		10.000
Legal and Administrative		17.000
Engineering		169.000
Interest		35.000
Contingencies		90.000
	TOTAL	$ 1,200.000

Financing:

RUS Loan		$ 803.000
RUS Grant		397.000
	TOTAL	$ 1,200.000

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 in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

26. Proposed Operating Budget:

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

27. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and

meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meter:			
First	1.000	gallons @ $	21.18. - Minimum Bill.
All Over	1.000	gallons @ $	8.74. - per 1.000 gallons.
1" Meter			
First	5,000	gallons @ $	56.14. - Minimum Bill.
All Over	5.000	gallons @ $	8.74. - per 1,000 gallons.
2" Meter:			
First	25.000	gallons @ $	230.94. - Minimum Bill.
All Over	25.000	gallons @ $	8.74. - per 1.000 gallons.

28. Water Purchase Contract:

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

30. Floodplain Construction:

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

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 14, 2012, 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 May 30, 2013. 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
Rubin & Hays - Louisville, Kentucky
Brad Freeman - Corbin, Kentucky
Kenvirons, Inc. - Frankfort, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort. Kentucky

USDA
United States Department of Agriculture

Rural Development

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

March 31, 2015

Bill Perkins, Chairman
Cumberland Falls Highway Water District
6926 Cumberland Falls Highway
Corbin, Kentucky 40701

Re: Letter of Conditions Dated September 3, 2013

Dear Chairman Perkins:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated September 3, 2013. The purpose of this amendment is to revise project costs and applicant contribution.

Paragraph numbered "24" is revised to read as follows:

"24. Cost of Facility:

Breakdown of Costs:

Development		$ 1,050,078
Land and Rights		10,000
Legal and Administrative		17,000
Engineering		170,231
Interest		35,000
Telemetry Controls		20,000
Contingencies		90,000
	TOTAL	$ 1,392,309

Financing:

RUS Loan		$ 803,000
RUS Grant		397,000
Applicant Contribution		192,309
	TOTAL	$ 1,392,309

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

Sincerely,

THOMAS G. FERN
State Director

Cumberland Falls Highway Water District

cc: Area Director - London, Kentucky
Cumberland Valley ADD - London, Kentucky
Rubin & Hays - Louisville, Kentucky
Brad Freeman - Corbin, Kentucky
Kenvirons, Inc. - Frankfort, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky

USDA
United States Department of Agriculture

Rural Development

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

March 18, 2015

SUBJECT: Cumberland Falls Highway Water District
US 25 transmission main and PS
Contract Award Concurrence

TO: Area Office
London, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Akins Excavating, Inc., in the amount of $1,050,078.00.

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

THOMAS G. FERN
State Director
Rural Development

cc: London Area Office

MAR 23 2015

CERTIFICATE OF CHAIRMAN OF CUMBERLAND FALLS HIGHWAY WATER DISTRICT, AS TO STATEMENT REQUIRED BY SECTION 2(6) OF 807 KAR 5:069

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Cumberland Falls Highway Water District, and that said District is in the process of arranging to finance the construction of improvements to the water system (the "Project"), in cooperation with Kenvirons, Inc., Frankfort, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers, 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 been obtained.

3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements recommended 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 June 1, 2015, and will end on or about December 31, 2015.

IN TESTIMONY WHEREOF, witness my signature this April 2nd, 2015.

Chairman
Cumberland Falls Highway Water District

STATE OF KENTUCKY)
) SS
COUNTY OF WHITLEY)

Subscribed and sworn to before me by Bill Perkins, Chairman of the Board of Commissioners of the Cumberland Falls Highway Water District, on this April 2nd, 2015.

Notary Public
In and For Said State and County

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission ("PSC") as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Cumberland Falls Highway Water District (the "District") of a change in water rates for users of the District's water system. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development ("RD") in connection with a loan by RD to the District in the principal amount of $803,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

5/8 x 3/4 inch Meters		Monthly Rate
First	1,000 gallons	$17.36 minimum bill
Over	1,000 gallons	7.16 per 1,000 gallons

1 inch Meters		Monthly Rate
First	5,000 gallons	$46.00 minimum bill
Over	5,000 gallons	7.16 per 1,000 gallons

2 inch Meters		Monthly Rate
First	25,000 gallons	$189.20 minimum bill
Over	25,000 gallons	7.16 per 1,000 gallons

Proposed Monthly Water Rates

5/8 x 3/4 inch Meters		New Monthly Rate	Dollar Change	Percentage Change
First	1,000 gallons	$21.18 minimum bill	$3.82	22.00%
Next	1,000 gallons	8.74 per 1,000 gallons	1.58	22.00

1 inch Meters		New Monthly Rate	Dollar Change	Percentage Change
First	5,000 gallons	$56.14 minimum bill	$10.14	22.00%
Over	5,000 gallons	8.74 per 1,000 gallons	1.58	22.00

	2 inch Meters	New Monthly Rate	Dollar Change	Percentage Change
First	25,000 gallons	$230.94 minimum bill	$44.74	22.00%
Next	25,000 gallons	8.74 per 1,000 gallons	1.58	22.00

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application.

The amount of average usage for all customers in the calendar year 2014 was 4,231 gallons per month thus generating an average monthly billing based on current rates of $40.49. The proposed monthly rates will increase the average monthly billing to $49.42 for an impact of $8.93 or 22.00%.

The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Cumberland Falls Highway Water District office, 6926 Cumberland Falls Highway, Corbin, Kentucky 40701; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at http://psc.ky.gov. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The RD loan proceeds will be used in conjunction with a $397,000 RD grant and a $192,309 District contribution to finance the cost of the installation of approximately 17,000 linear feet of water transmission main, a pumping station and associates appurtenances. Signed, Bill Perkins, Chairman, Cumberland Falls Highway Water District.

RECEIVED
APR 9 2015
PUBLIC SERVICE COMMISSION

FINAL ENGINEERING REPORT

FOR

CUMBERLAND FALLS HIGHWAY WATER DISTRICT

US 25 TRANSMISSION MAIN AND PUMP STATION

PROJECT NO. 2012059

MARCH, 2015

A Preliminary Engineering Report dated May 2012 (PER) describes, in detail, the scope and need for this project. The report is included herewith by reference. Subsequent to the preparation of the above identified PER, the water district expressed the desire to abandon the existing 6-inch asbestos-cement pipeline on US 25. The abandonment of the existing 6-inch pipeline necessitated increasing the size of the proposed 8-inch pipeline to 12-inch with the accompanying increase in the project cost. The water district agreed to provide the funding for the increased project cost.

Bids were received on March 5, 2015. The project was bid in one (1) contract. Six (6) bids were received.

The low bidder was Akins Excavating Company, Inc., Corbin, Kentucky in the amount of $1,050,078 for the Base Project. A copy of the certified bid tabulations is included in this report.

The project funding, per the Rural Development Letter of Conditions, is $1,200,000. The funding sources available for this project are as follows:

Rural Development Loan	$803,000
Rural Development Grant	397,000
Local Contribution	192,309
Total Funding Available	$1,392,309

A revised project cost breakdown is as follows:

Budget Item	R.D. Letter of Conditions	Revised
Development	$879,000	$1,050,078
	---	20,000[2]
Land & Rights	10,000	10,000
Legal & Administrative	17,000	17,000
Engineering	169,000	170,231[1]
Interest	35,000	35,000
Contingencies	90,000	90,000
	$1,200,000	$1,392,309

[1]Engineering

Design (8.79%)	$92,302
Construction Observation (5.55%)	58,279
Preliminary Engineering Report	12,000
Environmental Report	7,650
	$170,231

[2]Telemetry Controls by Synergy Electric/Merus Automations.

Recommendations

1. The bid amounts for the project are in the acceptable range for the types of work involved. The contractor that submitted the low bid has completed projects for Kenvirons in the past and is experienced and acceptable.

2. It is recommended that the Highway 25 Transmission Pipeline and Pump Station Project be awarded to Akins Excavating Company, Inc. in the amount of $1,050,078.

3. Proceed with the application to the Public Service Commission for authority to construct the facilities and adjust the rates.

4. Remaining monies should be used to reduce the water district's contribution amount or install additional improvements in the system. When the initial project is substantially complete and the amount of remaining monies can be more precisely determined, a report relative to recommended facilities will be submitted.

BID TABULATIONS

KENVIRONS, INC
452 Versailles Road
Frankfort, KY 40601
TEL (502) 695-4357

Owner: Cumberland Falls Highway Water District
Project: Highway 25 Transmission Pipeline & Pump Station
Location: Corbin, Kentucky
Bid Date: March 5, 2015 at 1 00 P M. Local Time

Base Bid

Item No.	Item Description	Unit	Quantity	Akins Excavating Co , Inc. 182 Busy Lane Corbin, KY 40701		Clay Pipeline 70 Fox Hollow Road Manchester, KY 40962		Frederick & May Const Co., Inc. P O Box 337 West Liberty, KY 41314	
				Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	12-inch PVC Pipe, SDR 17	LF	17,460	$27.00	$471,420.00	$30.00	$523,800.00	$31.00	$541,260.00
2	12 inch D.I. Pipe, P.O., Cl 350	LF	800	42.00	33,600.00	43.00	34,400.00	48.00	38,400.00
3	12 inch Gate Valve	EA	15	2,500.00	37,500.00	2,870.00	43,050.00	2,400.00	36,000.00
4	Manual Air Release Valve	EA	3	420.00	1,260.00	2,200.00	6,600.00	1,245.00	3,735.00
5	Fire Hydrant	EA	1	3,500.00	3,500.00	4,800.00	4,800.00	3,745.00	3,745.00
6	Connection to Corbin	LS	1	6,100.00	6,100.00	4,350.00	4,350.00	4,500.00	4,500.00
7	Bore & Jack for 20" Steel Encasement Pipe	LF	80	215.00	17,200.00	230.00	18,400.00	210.00	16,800.00
8	Open Cut for 20" Steel Encasement Pipe	LF	295	53.00	15,635.00	90.00	26,550.00	140.00	41,300.00
9	Stream Crossing	EA	4	3,800.00	15,200.00	5,590.00	22,360.00	6,500.00	26,000.00
10	Pavement Replacement								
10.1	Crushed Stone	LF	1,500	15.00	22,500.00	12.00	18,000.00	15.00	22,500.00
10.2	Light Duty Bituminous	LF	400	95.00	38,000.00	58.00	23,200.00	75.00	30,000.00
10.3	Heavy Duty Bituminous	LF	100	102.00	10,200.00	70.00	7,000.00	95.00	9,500.00
10.4	Concrete	LF	100	42.00	4,200.00	85.00	8,500.00	80.00	8,000.00
11	Control Valve Vault (Sht 3, Detail "B")	LS	1	30,000.00	30,000.00	53,000.00	53,000.00	85,000.00	85,000.00
12	Underground Pump Station and Double Check Vavle Vault	LS	1	230,000.00	230,000.00	240,000.00	240,000.00	262,000.00	262,000.00
13	Final Pipeline Cleanup	LF	18,000	1.00	18,000.00	1.00	18,000.00	1.00	18,000.00
14	Tie-In to Highway 1193 (Sht 3, Detail "A")	LS	1	5,000.00	5,000.00	2,530.00	2,530.00	9,500.00	9,500.00
15	Tie-In to US 25 W (Sht 3, Detail "C")	LS	1	6,000.00	6,000.00	3,030.00	3,030.00	12,500.00	12,500.00
16	Leak Detection Meter	EA	2	1,650.00	3,300.00	1,565.00	3,130.00	3,500.00	7,000.00
17	Nitrile Gaskets for 12-inch D.I., P.O. Pipe	EA	44	42.00	1,848.00	44.00	1,936.00	250.00	11,000.00
18	12" x 12" Stub-Out	EA	2	3,800.00	7,600.00	1,100.00	2,200.00	4,500.00	9,000.00
19	12" x 6" Stub-Out	EA	3	1,955.00	5,865.00	1,595.00	4,785.00	3,200.00	9,600.00
20	12" x 4" Stub-Out	EA	3	1,750.00	5,250.00	1,495.00	4,485.00	3,000.00	9,000.00
21	Spruce Creek Crossing	LS	1	17,390.00	17,390.00	48,000.00	48,000.00	6,500.00	6,500.00
22	Little Spruce Creek Crossing	LS	1	17,390.00	17,390.00	25,000.00	25,000.00	6,500.00	6,500.00
23	Little Spruce Creek Tributary Crossing No. 1	LS	1	12,400.00	12,400.00	21,500.00	21,500.00	6,500.00	6,500.00
24	Little Spruce Creek Tirbutary Crossing No. 2	LS	1	12,400.00	12,400.00	21,800.00	21,800.00	6,500.00	6,500.00
25	Polyethylene Wrap for D I. Pipe	LF	800	1.65	1,320.00	1.60	1,280.00	2.90	2,320.00
TOTAL BASE BID					**$1,050,078.00**		**$1,191,686.00**		**$1,242,660.00**

Add Tie-In Alternates	Lump Sum Price	Lump Sum Price	Lump Sum Price
Spruce Creek Rd. (Sht 5, Detail A)	$5,754.00	$3,000.00	$8,500.00
Nancy Lane (Sht 5, Detail B)	21,620.00	12,000.00	9,000.00
Oak Hill Rd. (Sht 5, Detail C)	5,900.00	3,000.00	8,000.00
Chestnut Rd. (Sht 6, Detail A)	5,850.00	3,000.00	8,000.00
Hightop Rd. (Sht 7, Detail A)	6,400.00	3,000.00	8,000.00
Oak Grove School (Sht 7, Detail B)	27,500.00	20,000.00	12,500.00
Total Add Alternates	**$73,024.00**	**$44,000.00**	**$54,000.00**

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED UNTIL 1 00 P M Local Time on March 5 2015

By _____ _____
Kenneth D Taylor, P E Date

BID TABULATIONS

KENVIRONS INC
452 Versailles Road
Frankfort, KY 40601
TEL (502) 695-4357

Owner: Cumberland Falls Highway Water District
Project: Highway 25 Transmission Pipeline & Pump Station
Location: Corbin, Kentucky
Bid Date: March 5, 2015 at 1 00 P.M. Local Time

Base Bid

Item No.	Item Description	Unit	Quantity	Stotts Const Co , Inc. P O Box 1689 Columbia, KY 42728 Unit Cost	Stotts Const Co , Inc. Cost	D&H Contracting Co., Inc 2003 Lakeview Drive London, KY 40741 Unit Cost	D&H Contracting Co., Inc Cost	Norris Bros Excavating 1007 Rodgers Road Crossville, TN 38572 Unit Cost	Norris Bros Excavating Cost
1	12-inch PVC Pipe, SDR 17	LF	17,460	$34.50	$602,370.00	$28.00	$488,880.00	$52.00	$907,920.00
2	12-inch D.I. Pipe, P.O., Cl 350	LF	800	42.00	33,600.00	40.00	32,000.00	56.00	44,800.00
3	12 inch Gate Valve	EA	15	3,200.00	48,000.00	2,800.00	42,000.00	2,900.00	43,500.00
4	Manual Air Release Valve	EA	3	600.00	1,800.00	1,000.00	3,000.00	3,000.00	9,000.00
5	Fire Hydrant	EA	1	4,000.00	4,000.00	4,500.00	4,500.00	3,000.00	3,000.00
6	Connection to Corbin	LS	1	4,500.00	4,500.00	10,000.00	10,000.00	4,000.00	4,000.00
7	Bore & Jack for 20" Steel Encasement Pipe	LF	80	160.00	12,800.00	250.00	20,000.00	220.00	17,600.00
8	Open Cut for 20" Steel Encasement Pipe	LF	295	100.00	29,500.00	85.00	25,075.00	90.00	26,550.00
9	Stream Crossing	EA	4	5,000.00	20,000.00	11,000.00	44,000.00	10,000.00	40,000.00
10	Pavement Replacement								
10.1	Crushed Stone	LF	1,500	15.00	22,500.00	10.00	15,000.00	9.00	13,500.00
10.2	Light Duty Bituminous	LF	400	20.00	8,000.00	90.00	36,000.00	20.00	8,000.00
10.3	Heavy Duty Bituminous	LF	100	50.00	5,000.00	140.00	14,000.00	20.00	2,000.00
10.4	Concrete	LF	100	30.00	3,000.00	100.00	10,000.00	20.00	2,000.00
11	Control Valve Vault (Sht 3, Detail "B")	LS	1	75,000.00	75,000.00	65,000.00	65,000.00	18,000.00	18,000.00
12	Underground Pump Station and Double Check Vavle Vault	LS	1	238,000.00	238,000.00	280,000.00	280,000.00	500,000.00	500,000.00
13	Final Pipeline Cleanup	LF	18,000	1.00	18,000.00	1.00	18,000.00	1.00	18,000.00
14	Tie-In to Highway 1193 (Sht 3, Detail "A")	LS	1	3,500.00	3,500.00	3,500.00	3,500.00	4,000.00	4,000.00
15	Tie-In to US 25 W (Sht 3, Detail "C")	LS	1	4,200.00	4,200.00	4,000.00	4,000.00	4,000.00	4,000.00
16	Leak Detection Meter	EA	2	1,200.00	2,400.00	1,300.00	2,600.00	6,500.00	13,000.00
17	Nitrile Gaskets for 12-inch D.I., P.O. Pipe	EA	44	150.00	6,600.00	70.00	3,080.00	110.00	4,840.00
18	12" x 12" Stub-Out	EA	2	1,000.00	2,000.00	3,500.00	7,000.00	1,200.00	2,400.00
19	12" x 6" Stub-Out	EA	3	2,000.00	6,000.00	2,000.00	6,000.00	800.00	2,400.00
20	12" x 4" Stub-Out	EA	3	2,000.00	6,000.00	1,800.00	5,400.00	800.00	2,400.00
21	Spruce Creek Crossing	LS	1	45,000.00	45,000.00	70,000.00	70,000.00	18,000.00	18,000.00
22	Little Spruce Creek Crossing	LS	1	18,000.00	18,000.00	40,000.00	40,000.00	18,000.00	18,000.00
23	Little Spruce Creek Tributary Crossing No. 1	LS	1	18,000.00	18,000.00	30,000.00	30,000.00	18,000.00	18,000.00
24	Little Spruce Creek Tirbutary Crossing No. 2	LS	1	18,000.00	18,000.00	30,000.00	30,000.00	18,000.00	18,000.00
25	Polyethylene Wrap for D.I. Pipe	LF	800	3.00	2,400.00	4.00	3,200.00	30.00	24,000.00
TOTAL BASE BID					**$1,258,170.00**		**$1,312,235.00**		**$1,786,910.00**

Add Tie-In Alternates	Lump Sum Price	Lump Sum Price	Lump Sum Price
Spruce Creek Rd. (Sht 5, Detail A)	$2,800.00	$3,500.00	$3,500.00
Nancy Lane (Sht 5, Detail B)	10,000.00	13,000.00	7,900.00
Oak Hill Rd. (Sht 5, Detail C)	3,500.00	3,500.00	3,500.00
Chestnut Rd. (Sht 6, Detail A)	3,600.00	3,500.00	3,500.00
Hightop Rd. (Sht 7, Detail A)	3,500.00	3,500.00	3,500.00
Oak Grove School (Sht 7, Detail B)	18,000.00	16,000.00	7,000.00
Total Add Alternates	**$41,400.00**	**$43,000.00**	**$28,900.00**

PRELIMINARY ENGINEERING REPORT

FOR

CUMBERLAND FALLS HIGHWAY WATER DISTRICT

US 25 TRANSMISSION MAIN AND PUMP STATION

PROJECT NO. 2012059

MAY, 2012

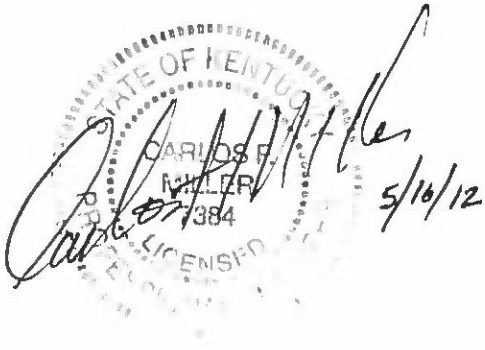


TABLE OF CONTENTS

PAGE

INTRODUCTION

Cumberland Falls Highway Water District (CFHWD) was organized in 1967 to provide a dependable water supply to the northwestern rural area of Whitley County. CFHWD presently provides potable water to over 3,100 rural customers. The project proposed herein consists of approximately 3.5 miles of transmission main and pump station. Maps showing the proposed extensions and project elements are contained in Appendix 1 of the report.

GEOGRAPHIC LOCATION

Whitley County is located in the southeastern part of Kentucky on the Kentucky/Tennessee border. The county seat is the City of Williamsburg which is located near the geographic center of the county. Figure 1 shows the county location.

PROJECT NEED

CFHWD purchases treated water from three (3) sources, namely Corbin Utilities, West Laurel Water Association (WLWA) and Williamsburg. The wholesale water purchase rate from Williamsburg was increased from $2.20 per 1,000 gallons to $2.50 per 1,000 gallons effective in February, 2012. WLWA increased their wholesale rate from $1.78 per 1,000 gallons to $3.62 in 2005 and from $3.62 per 1,000 gallons to $4.46 in 2012. This total WLWA increase of $2.68 per 1,000 gallons results in an increase in the annual cost of purchasing water from WLWA in the amount of $87,844 based on water purchased during 2011. Purchase water adjustments were approved by the KY Public Service Commission for CFHWD to increase its general customer rates to cover the WLWA and Williamsburg wholesale rate increases. The water district board requested a feasibility investigation regarding the elimination of water purchases from WLWA and shifting that water quantity to Corbin and/or Williamsburg at a significantly lower rate. The water purchase contract between WLWA and CFHWD stipulates a minimum purchase of 20,000 gallons per month or 240 M Gallons per year. The minimum monthly quantity at the current rate amounts to $1,070 per year. The difference in the current WLWA and Corbin wholesale rates is $2.26 per 1,000 gallons ($4.46 - $2.20). The difference in the cost of water relative to purchasing water from Corbin instead of WLWA is $74,077 ($2.26 x 32,777.5 M Gals), based on water purchased from WLWA during 2011, minus $1,070 (minimum purchase) or $73,007. The opinion of probable annual costs for the project to provide the facilities necessary to switch the WLWA water purchases to Corbin is $74,046 (Exhibit 5). The difference in the proposed project annual cost and the savings between the annual cost of water between WLWA and Corbin is negligible. The difference between the proposed project annual cost and the increase in the annual water purchase cost from WLWA is $13,798 ($87,844 - $74,046). It is understood that a general rate increase for WLWA is imminent which would result in another increase in the wholesale rate to CFHWD. The Corbin rate has historically been much more stable with no increase expected in the near future according to information from the City. This project is needed to stabilize the water district's rates and maintain a rate structure comparable to the median income of the area.

FIGURE 1
CUMBERLAND FALLS HWY WATER DISTRICT

KENVIRONS, INC.
462 VERSAILLES ROAD, FRANKFORT, KENTUCKY
(502) 695-4357

ALTERNATIVES

There are only three (3) viable sources for providing treated water to the Bee Creek service area of the Cumberland Falls Highway Water District.

- Alternative 1: Continue purchasing water from WLWA at $4.46 per 1,000 gallons.
- Alternative 2: Provide the facilities to enable purchasing the WLWA water purchased quantity from Corbin.
- Alternative 3: Provide the facilities to enable purchasing the WLWA water purchased quantity from Williamsburg. This is not a viable alternative due to the topography and elevations between Williamsburg and CFHWD. Reasonable hydraulics are prohibitive.

EXISTING FACILITIES

The existing facilities consist of:

1. Pipeline

Pipeline	Miles
8-inch	8.2
6-inch	99.2
4-inch	66.4
3-inch	30.3
2-inch	4.0

2. Booster Pumps

Oak Grove School	300 GPM,	20 HP
Highway 90	50 GPM,	5 HP
Bee Creek	100 GPM,	15 HP
92 West	50 GPM,	3 HP

3. Storage Tanks

100,000 Gallons Ground (Corbin)
300,000 Gallons Ground (Corbin)
187,000 Gallons Ground (Watts Creek)
150,000 Gallons Elevated (Bee Creek)
50,000 Gallons Ground (KY 90)
20,000 Gallons Skid Tank (92 West)

One Pressure Reducing Valve is located at the intersection of US 25 and KY 90.

The CFHWD offices, garage and maintenance facilities and yard storage are located on US 25 approximately one-quarter mile north of Bee Creek Road. This facility was completed in June, 1997 and dedicated on August 28, 1997.

CFHWD presently purchases water from three (3) sources as follows:

Source	Present Rate	Monthly Contract Limit	Average Monthly Purchases During 2011
Corbin	$2.20/1,000 Gallons + $50 Service Charge	9.72 Million (225 GPM)	13.5 Million
Williamsburg	$2.50/1,000 Gallons	8 Million	4.9 Million
West Laurel W. A.	$4.46/1,000 Gallons	1 Million	2.7 Million

PROPOSED FACILITIES

The proposed project includes approximately 17,000 LF of 8-inch pipeline and a new 800 GPM pump station. Included also is a solenoid controlled valve station which will control the drawdown/fill cycle of the Bee Creek tank. An amount of $100,000 is budgeted for an upgrade of a pump station in the Corbin system that maintains the water level in the storage tank that delivers water to the CFHWD master meter on US 25. There are no new customer connections in this project.

The operation of the existing Bee Creek pump station located near Laurel Lake that currently pumps the water from WLWA into the CFHWD Bee Creek elevated tank will be reduced to the monthly minimum stipulated in the WLWA / CFHWD water purchase contract. The proposed solenoid controlled valve station to be located near the intersection of KY 1277 and US 25 will open and close to control the flow into the Bee Creek tank with the fill/drawdown cycles controlled by radio telemetry. The WLWA connection will be used as an emergency back-up source.

WATER SYSTEM OPERATION

Preliminary hydraulic modeling has been done to size the transmission line and to determine the characteristics of the booster pumping station.

The system was designed and sized to meet the anticipated peak demand conditions and to allow for normal growth. The maps in the back of this report show all water lines recommended as a part of this construction project. The system has been designed so that water pressures at the meters of individual customers will not be less than 30 psi at peak flow conditions. Where static pressures exceed 100 psi, individual pressure regulators will be required to protect fixtures from high pressure.

Storage tanks are used in the water system to stabilize the pressure throughout the system, to provide sufficient water to take care of instantaneous peak requirements, to provide water in the event of temporary failure of the source and to provide water during peak days if the water demand exceeds the capacity of the source. The tanks must be of sufficient elevation to maintain a minimum of 30 psi pressure in the zone they serve. The minimum storage volume is required to be at least a one day usage under average conditions.

The existing tanks are filled by pumping stations equipped with duplicate pumps which run alternately.

Pumps are designed to maintain an operating level in the tanks about 10 to 12 feet lower than the overflow level of the tanks. This requires pumping to begin when the water level in the tanks drop to the operating level; pumping stops when the tanks are refilled to the overflow level. This procedure provides adequate pressure stabilization of the system. The pumps are controlled by telemetering with electric check valves to dampen pressure surges during pump cut-on and cut-off.

LAND, WATER AND OTHER RIGHTS AND PERMITS

Land

It will be necessary to acquire land or easement for a pump station.

Water

The quantity of water required by CFHWD will not change. The water purchased from WLWA will be transferred to Corbin. The quantity of water is approximately 90,000 GPD. This quantity is insignificant relative to the excess capacity of Corbin's 10 MGD treatment plant. Corbin indicated it is ready, willing and able to provide this additional quantity.

Other Rights and Permits

The majority of the transmission main will be installed on highway right-of-way. A permit for this type of construction must be obtained from the affected highway department (either state or county). This permit can be incorporated into the permit necessary for line crossings of highways. The engineer will provide the necessary information and apply for these permits.

Several other permits and approvals will be necessary before completion of the project. Among these are: Kentucky Division of Water; a permit for stream crossing from the Kentucky Department for Natural Resources and Environmental Protection; and Kentucky Public Service Commission. The District's attorney, engineer and the Rural Development county supervisor will advise and assist in procuring the necessary and proper permits and approvals.

There are no railroad crossings required.

EXHIBIT 1

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
WATER SYSTEM REINFORCEMENTS

OPINION OF PROBABLE COSTS

		Quantity	Unit Cost	Total Cost
1.	8-inch PVC, SDR 17	17,000 LF	$22.00	$374,000
2.	8-inch DI with Nitril Gaskets	500 LF	40.00	20,000
3.	8-inch Gate Valve	17 EA	1,200.00	20,400
4.	Bored Encasement for 8-inch Carrier Pipe	200 LF	100.00	20,000
5.	Trenched Creek Crossing	300 LF	80.00	24,000
6.	Pavement Restoration			
	6.1 Crushed Stone	1,700 LF	10.00	17,000
	6.2 Bituminous	200 LF	25.00	5,000
	6.3 Concrete	200 LF	35.00	7,000
7.	Air Release Valve	2 EA	800.00	1,600
8.	Freebore for 8-inch Pipe	200 LF	60.00	12,000
9.	Final Pipeline Cleanup	17,000 LF	1.00	17,000
10.	8" x 8" TS&V	2 EA	3,000.00	6,000
11.	Directional Bore	3 EA	5,000.00	15,000
12.	Upgrade Oak Grove Pumps	1 EA	40,000.00	40,000
13.	New Bee Creek Pump Station	1 EA	200,000.00	200,000
14.	Upgrade Corbin Pumps	1 EA	100,000.00	100,000
		TOTAL CONSTRUCTION COST		**$879,000**

EXHIBIT 2

OPINION OF PROBABLE PROJECT COST AND FUNDING

I. Project Cost

1.	CONSTRUCTION COST		$879,000
2.	ENGINEERING		
	Preliminary Engineering Report	$12,000	
	Design	82,000	
	Construction Observation	53,000	
	Environmental	22,000	
			$169,000
3.	LEGAL		
	Local Counsel	$6,000	
	Bond Counsel	10,000	
			$16,000
4.	CAPITALIZED INTEREST		35,000
5.	CONTINGENCIES		90,000
6.	ADMINISTRATION		1,000
7.	LAND AND RIGHTS-OF-WAY		10,000
	TOTAL PROJECT COST		**$1,200,000**

II. Project Funding

Rural Development Loan	$840,000
Rural Development Grant @ 30%	360,000
TOTAL PROJECT FUNDING	**$1,200,000**

EXHIBIT 3

REVENUES AND REVENUE REQUIREMENT
(Source: 2011 Annual Report)

1. Revenues		
	Water Sales	$1,447,832
	Private Fire Protection	6,413
	Misc. Service Revenues	49,986
	Interest Income	8,589
	Total 2011 Revenues	**$1,512,820**
2. Operating & Maintenance Expenses		
	2.1 Source of Supply	$617,439
	2.2 Pumping	30,237
	2.3 Water Treatment	---
	2.4 Transmission & Distribution	423,899
	2.5 Customer Accounts	7,222
	2.6 Administrative & General	255,867
	Subtotal	$1,334,664
	2.7 Unamortized Debt Discount	181
	2.8 Taxes other than Income	25,784
	Total O&M Expense	$1,360,629
3. Depreciation		$246,324
4. Debt Service		
	Interest	$103,121
	Principal	40,920
5. Debt Service Coverage @ 10%		$14,404
	TOTAL 2011 REVENUE REQUIREMENT	**$1,765,398**

REQUIRED RATE INCREASE =
($1,765,398 - $49,986 - $8,589) ÷ $1,454,245 = 1.174 OR 17.4%

EXHIBIT 4

ADJUSTMENTS

1. EXPENSES

1.1 Health Insurance

Increase 8% per year	
$130,728 per year x 1.08^4	$177,854
2011 Health Insurance Premium	130,728
Adjustment	**$ 47,126** (1)

1.2 Salary Increase

Increase 4% per year	
$333,585 x 1.0^4	$390,247
2011 Salary Expense	333,585
Adjustment	**$ 56,662** (1)

1.3 Purchased Water

West Laurel Water Association		
32,777.500 m gals x $4.46/M gals	$146,188	
32,777.500 m gals x 1.78/M gals	(-) 58,344	
	$87,844	
Williamsburg		
59,175.00 m gals x $2.50/M gals	$147,938	
59,175.000 m gals x $2.20/M gals	(-)130,185	
	$17,753	
Adjustment		**$105,597**

1.4 Debt Service and Coverage

	Principal	Interest	Debt Service Coverage
2014	$45,000	$96,282	$14, 128
2011	39,500	103,121	14, 262
Adjustment	**$5,500**	**($6,839)**	**($134)**

2. REVENUES

Water Sold During 2011	163,016 M gals
PSC Approved Purchased Water Adjustments in 2012	
West Laurel Water Association	
$1.78 to $3.62	$0.38 per M gals
$3.62 to $4.46	0.17
Williamsburg $2.20 to $2.50	0.11
Purchased Water Adjustment	$0.66 per M gals
Adjustment (163,016 M Gals x $0.66)	**$107,591**

(1) Proportioned between Transmission and Distribution and Administration and General.

EXHIBIT 5

PROPOSED PROJECT EXPENSES

1.	Power for Pumping: 32,777.5 M Gals x $0.05	$1,639
2.	Transmission & Distribution: 26 inch-miles x $100	2,600
3.	Debt Service: $840,000 @ 4% for 38 years	43,461
4.	Debt Service Coverage:	4,346
5.	Depreciation: $879,000 ÷ 40 years	22,000
	TOTAL PROPOSED EXPENSES	**$74,046**

EXHIBIT 6

REVENUE REQUIREMENT

	Existing 2011	Adjustments (Exhibit 4)	Proposed Project (Exhibit 5)	Proforma 2015
1. OPERATION AND MAINTENANCE				
Source of Supply	$617,439	$105,597	-----	$723,036
Pumping	30,237	-----	$1,639	31,876
Water Treatment	-----	-----	-----	-----
Transmission & Distribution	423,899	73,393	2,600	499,892
Customer Accounts	7,222	-----	-----	7,222
Administration & General	255,867	30,395	-----	286,262
Unamortized Debt Discount	181	-----	-----	181
Taxes other than Income	25,784	-----	-----	25,784
	$1,360,629	$209,385	$4,239	**$1,574,253**
2. DEPRECIATION	$246,324	---	$22,000	**$268,324**
3. DEBT SERVICE				
Interest	$103,121	($6,839)	$33,600	$129,882
Principal	39,500	5,500	10,000	55,000
	$142,621	($1,339)	$43,600	**$184,882**
4. DEBT SERVICE COVERAGE	14,262	(134)	4,360	**18,488**
TOTAL REVENUE REQUIREMENT	**$1,763,836**	**$207,912**	**$74,199**	**$2,045,947**

EXHIBIT 7

ADJUSTMENT OF RATES

1. REVENUE REQUIREMENT

Proforma 2015 Revenue Requirement (Ex. 6)	$2,045,947
Deduct WLWA Purchased Water	
32,777.5 M Gals x $4.46/M Gals	(-) 146,188
Add WLWA Contract Minimum	
20 M Gals/mo x 12 x $4.46/M Gals	(+) 1,070
Add Additional Corbin Purchased Water	
(32,777.5 M Gals – 20 M Gals) x $2.20/M Gals	(+) 72,067
Adjusted Revenue Requirement	**$1,970,756**
Interest	(-) 8,589
Non Utility Income	(-) 49,986
Revenues to Be Generated Through Water Sales	**$1,912,181**

2. REVENUES

2011 Revenues (Ex. 3)		
2011 Water Sales	$1,447,832	
PWA Adjustment in 2012 (Ex. 4, Item 2)	(+)107,591	
	$1,555,423	

Rate Increase Required =
$1,912,181 ÷ 1,555,423 = 1.229 use 22%

NOTE:	2011 Adjusted Purchased Water Expense (Ex. 6)	$723,036
	Deduct WLWA Purchased Water	(-) 146,188
	Add WLWA Contract Minimum	(+) 1,070
	Add Additional Corbin Purchased Water	(+) 72,067
		$649,985

EXHIBIT 8

PROPOSED RATES AND COMPARISON OF RATES

Meter Size	Existing	Proposed	% Increase
5/8" x 3/4" Meter			
First 1,000 Gals	$17.36	$21.18	22
Over 1,000 Gals	7.16 per 1,000 Gals	8.74	22
1" Meter			
First 5,000 Gals	$46.00	$56.14	22
Over 5,000 Gals	7.16 per 1,000 Gals	8.74	22
2" Meter			
First 25,000 Gals	$189.20	$230.94	22
Over 25,000 Gals	7.16 per 1,000 Gals	8.74	22

PROJECT MAPS

N:\P\2012059\dwg\TOPO-COUNTY MAPS-REV052013.dwg, 5/20/2013 9:40:37 AM, HP DesignJet 1050C.pc3

Existing Bee Creek Tank

Proposed Solenoid Controlled Valve

Water Supply from West Laurel Water District

Existing Water Main

Existing Oak Grove Pump Station

Proposed 8" Transmission Main

Proposed New Pump Station

Water Supply from City of Corbin

Bark Camp

Jockey

Woodbine

CORBIN

LAUREL

WHITLEY

SHEET NO. 1 of 1	PROJECT NO. 2012059	KENVIRONS, INC. FRANKFORT, KENTUCKY	DRAWN BY: PTH CHECKED BY: CHECKED BY:CFM DATE: MAY, 2012 SCALE: 1"=1 Mile REV:	CUMBERLAND FALLS HIGHWAY WATER DISTRICT US 25E TRANSMISSION MAIN AND PUMP STATION WHITLEY COUNTY, KENTUCKY

CUMBERLAND FALLS HIGHWAY WATER DISTRICT
US 25E TRANSMISSION MAIN AND PUMP STATION
WHITLEY COUNTY, KENTUCKY

Water Supply from West Laurel Water District

Water Supply from City of Corbin

Proposed New Pump Station

Existing Oak Grove Pump Station

Proposed Solenoid Controlled Valve

Existing Bee Creek Tank

Existing 8" Water Main

Proposed 12" Transmission Main

VOX, KY QUAD
WOFFORD, KY QUAD

DRAWN BY: PTH	
CHECKED BY:	
CHECKED BY:CFM	
DATE: MAY, 2012	
SCALE: 1"=2000'	
REV:	

KENVIRONS, INC.
FRANKFORT, KENTUCKY

PROJECT NO.
2012059

SHEET NO.
1 of 1

SUMMARY ADDENDUM

TO

PRELIMINARY ENGINEERING REPORT

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED October 22, 2012

FOR
Cumberland Falls Highway Water District
US 25 Transmission Main and Pump Station
(NAME OF PROJECT)

APPLICANT CONTACT PERSON Marshall Lovitt

APPLICANT PHONE NUMBER 606-528-0222

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-0711885

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

PROPOSED FACILITIES

The proposed project includes approximately 17,000 LF of 8-inch pipeline and a new pump station. Included also is an upgrade of the pumps in the existing Oak Grove pump station from 200 GPM to 800 GPM, which currently pumps water from the Corbin system into the CFHWD system. An amount of $100,000 is budgeted for an upgrade of a pump station in the Corbin system that maintains the water level in the storage tank that delivers water to the CFHWD master meter on US 25. There are no new customer connections in this project.

The operation of the existing Bee Creek pump station located near Laurel Lake that currently pumps the water from WLWA into the CFHWD Bee Creek elevated tank will be reduced to the monthly minimum stipulated in the WLWA / CFHWD water purchase contract. The proposed pump station to be located near the intersection of Bee Creek Road and US 25 will pump into the Bee Creek tank with the fill/drawdown cycles controlled by radio telemetry. The WLWA connection will be used as an emergency back-up source.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. Sewage Treatment:

1. Type _____

2. Method of Sludge Disposal _____

3. Cost per 1,000 gallons is sewage treatment is contracted:

*$*_____

4. Date Constructed _____

B. Treatment Capacity of Sewage Treatment Plant _____

C. Type of Sewage Collector System (Describe) _____

_____

_____

D. Number and Capacity of Sewage Lift Stations _____

_____

E. Sewage Collection System:

Lineal Feet of Collection Lines, by size 6" _____ *8"* _____

10" _____ *12"* _____ *, Larger* _____

Date(s) Constructed _____

F. Conditions of Existing System: Briefly describe the conditions and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

_____

_____

_____

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

All treated water is purchased from Corbin, Williamsburg and West Laurel Water Association.

If the applicant purchases water:

Seller(s);

1. Corbin City Utilities
2. City of Williamsburg
3. West Laurel Water Association

Price/1,000 gallons:

1. $2.20 per Thousand Gallons + $50 per month
2. $2.50 per Thousand Gallons
3. $4.46 per Thousand Gallons

Present Estimated Market Value of Existing System: $ 3,031,513

B. Water Storage:

Type:	Ground Storage Tank	4	Elevated Tank	1
	Standpipe		Other	
Number of Storage Structures		5		
Total Storage Volume Capacity		807,000		
Date Storage Tank(s) Constructed				

C. Water Distribution System:

Pipe Material		PVC and Ductile Iron		
Lineal Feet of Pipe:	3" Diameter	160,000	4"	350,600
	6"	523,800	8"	43,300
	10"		12"	
Date(s) Water Lines Constructed		1969,1986,1996, 2001, 2005		
Number and Capacity of Pump Station(s)		Corbin: 2-30 hp /		
Bee Creek: 2-15 hp / Highway 90: 2-5 hp / Hwy 92W: 2-3 hp				

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

The system is in excellent condition. Major renovations will not be necessary unless unanticipated growth occurs.

E. Percentage of Water Loss Existing System 14.6%

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

Date of Issue	Bond/Note Holder	Principal Balance (1)	Payment Date	Bond Type Water/Sewer*				Amount on Deposit in Reserve Account
1996 Issue	RD	$ 613,000	Jan 1	100	%		%	
2001 Issue	RD	$ 516,936	Jan 1	100	%		%	
2005 Issue	RD	$ 1,329,000	Jan 1	100	%		%	
					%		%	
					%		%	
					%		%	

*If a combined issue, show attributable portion to each system.

B. Principal and Interest Payments: (Begin with Next Fiscal Year Payment)

Date of Issue	Bond/Note Holder	Payment Year 2013 Principal Payment	Payment Year 2013 Interest Payment	Payment Year 2014 Principal Payment	Payment Year 2014 Interest Payment	Payment Year 2015 Principal Payment	Payment Year 2015 Interest Payment
1996 Issue	RD	15,500	26,280	16,000	25,560	17,000	24,795
2001 Issue	RD	7,500	22,587	8,000	22,227	8,500	21,845
2005 Issue	RD	20,000	51,521	21,000	52,408	21,500	53,274
Totals							

(1) Per December 31, 2008

V. EXISTING SHORT-TERM INDEBTEDNESS **NA**

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV Above)

Lender or Lesser	Date of Issue (Month & Year)	Principal Balance	Purpose (Water and/ or Sewer)	Payment Date	Principal & Interest Payment (P&I)	Date to Be Paid In Full

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water		*Sewer*	
Number of Storage Tank Sites:	Water	5	*Sewer*	
Number of Pump Stations:	Water	4	*Sewer*	
Total Acreage:	Water	6 Acres	*Sewer*	Acres
Purchase Price:	Water	$0.00/NA	*Sewer*	$

VII. NUMBER OF EXISTING USERS

	Water	*Sewer*
Residential (In Town)*		
Residential (Out of Town)*	3,013	
Non-Residential (In Town)		
Non-Residential (Out of Town)	88	
Total	3,101	
Number to Total Potential Users Living in the Service Area	3,300	

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

Meter Size	Water Connection Fee	*Sewer Connection Fee*
5/8" x 3/4"	$ 300	*$*
1-inch	$ 325	*$*
2-inch	$ 400	*$*

IX. SEWER RATES - EXISTING SYSTEM

Percentage of Water Bill _____ ***%*** ***Minimum Charge*** ***$*** _____

Other: (If Charge Not Based on Water Bill) _____

Date This Rate Went Into Effect _____

X. WATER RATES - EXISTING SYSTEM

Existing Rate Schedule:

5/8" x 3/4"

First	1,000	Gallons @	$ 17.36	Minimum.
Next		Gallons @	$	per 1,000 Gallons.
Next		Gallons @	$	per 1,000 Gallons.
Next		Gallons @	$	per 1,000 Gallons.
Next		Gallons @	$	per 1,000 Gallons.
Next		Gallons @	$	per 1,000 Gallons.
All Over	1,000	Gallons @	$ 7.16	per 1,000 Gallons.

Date This Rate Went Into Effect February 2012

1"

First	5,000	Gallons @	$ 46.00	Minimum.
All Over	5,000	Gallons @	$ 7.16	per 1,000 Gallons.

2"

First	25,000	Gallons @	$ 189.20	Minimum.
All Over	25,000	Gallons @	$ 7.16	per 1,000 Gallons.

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

For Period _____ *to* _____.

All Meter Sizes	Monthly Sewer Usage			Average	Residential		Non-Residential	
					No. of Users	Usage (1000)	No. of Users	Usage (1000)
	0 - 2,000	Gal.		1,000				
	2,000 - 3,000	Gal.		2,500				
	3,000 - 4,000	Gal.		3,500				
	4,000 - 5,000	Gal.		4,500				
	5,000 - 6,000	Gal.		5,500				
	6,000 - 7,000	Gal.		6,500				
	7,000 - 8,000	Gal.		7,500				
	8,000 - 9,000	Gal.		8,500				
	9,000 - 10,000	Gal.		9,500				
	10,000 - 11,000	Gal.		10,500				
	11,000 - 12,000	Gal.		11,500				
	12,000 - 13,000	Gal.		12,500				
	13,000 - 14,000	Gal.		13,500				
	14,000 - 15,000	Gal.		14,500				
	15,000 - 16,000	Gal.		15,500				
	16,000 - 17,000	Gal.		16,500				
	17,000 - 18,000	Gal.		17,500				
	18,000 - 19,000	Gal.		18,500				
	19,000 - 20,000	Gal.		19,500				
	-	Gal.						
	-	Gal.						
	-	Gal.						
				Total	( )	( )	( )	( )
				Average Usage		( )		( )

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

For Period January 1 to December 31, 2011 .

All Meter Sizes	Monthly Water Usage		Average	Residential		Non-Residential	
Meter Size				No. of Users	Usage (1000)	No. of Users	Usage (1000)
5/8" x 3/4"	First	1,000		410	177		
	Over	1,000		2,656	12,347		
1"	First	5,000				14	23
	Over	5,000				9	170
2"	First	25,000				6	47
	Over	25,000				7	820
			Total	(3,066)	(12,524)	(36)	(1,060)
			Average Usage		(4.1)		(29)

Total Water Purchased and/or Produced	21,154
Total Water Sold	13,584

Total Annual Water Sold = (13,584) x 12 = 163,008 M Gals.

XIII. *FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM*

A. Sewage Treatment:

1. Type _____

2. Method of Sludge Disposal _____

_____

3. Cost per 1,000 gallons if sewage treatment is contracted:

$ _____

B. Treatment Capacity of Sewage Treatment Plant _____

C. Type of Sewage Collector System (Describe) _____

_____

_____

D. Number and Capacity of Sewage Lift Stations _____

_____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ *8"* _____

10" _____ *12"* _____ *Larger* _____

XIV. *LAND AND RIGHTS - PROPOSED SEWER SYSTEM*

Number of Treatment Plant Sites	_____
Number of Pump Sites	_____
Number of Other Sites	_____
Total Acreage	*Acres* _____
Purchase Price	*$* _____

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

No additional customers or demands relative to this project.

B. Water Storage: **N/A**

Type: Ground Storage Tank _____ Elevated Tank _____

Standpipe _____ Other _____

Number of Storage Structures _____

Total Storage Volume Capacity _____

C. Water Distribution System:

Pipe Material PVC

Lineal Feet of Pipe:	3" Diameter		4"	
	6"		8"	17,000
	10"		12"	

Number and Capacity of Pump Station(s) Upgrade one (1) pump station to 800 GPM; one (1) new 150 GPM pump station

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM N/A

Number of Treatment Plant Sites	
Number of Storage Tank Sites	
Number of Pump Stations	NA – existing water district property
Total Acreage	Acres
Purchase Price	$

XVII. *NUMBER OF NEW SEWER USERS*

*Residential (In Town)**	
*Residential (Out of Town)**	
Non-Residential (In Town)	
Non-Residential (Out of Town)	
Total	
Number to Total Potential Users Living in the Service Area	

Note:* ***Residential Users:* *Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.*

XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

Meter Size	Connection Fee
5/8" x 3/4"	$
1-Inch	$
1-1/2 Inch	$
2-Inch	$
3-Inch	$
4-Inch	$
5-Inch	$
6-Inch	$

XIX. NUMBER OF NEW WATER USERS N/A

Residential (In Town)*	
Residential (Out of Town)*	
Non-Residential (In Town)	
Non-Residential (Out of Town)	
Total	
Number to Total Potential Users Living in the Service Area	

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

Meter Size	Connection Fee
5/8" x 3/4"	$ 300
1-Inch	$ 325
1-1/2 Inch	$
2-Inch	$ 400
3-Inch	$
4-Inch	$
5-Inch	$
6-Inch	$

XXI. SEWER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

Percentage of Water Bill _____ *%* *Minimum Charge* *$* _____
Other: (If Charge Not Based on Water Bill) _____

Proposed Rate Schedule: (Without RUS Grant)

First	_____	*Gallons @*	*$* _____	*Minimum.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
All Over	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

Percentage of Water Bill _____ *%* *Minimum Charge* *$* _____
Other: (If Charge Not Based on Water Bill) _____

Proposed Rate Schedule: (With RUS Grant)

First	_____	*Gallons @*	*$* _____	*Minimum.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
Next	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*
All Over	_____	*Gallons @*	*$* _____	*per 1,000 Gallons.*

If more than one rate, use additional sheets.

XXII. WATER RATES – PROPOSED

A. Proposed Rate Schedule Without RUS Grant:

5/8" x 3/4"

First	1,000	Gallons @	$ 21.31	Minimum.
All Over	1,000	Gallons @	$ 8.79	per 1,000 Gallons.

1"

First	5,000	Gallons @	$ 56.47	Minimum.
All Over	5,000	Gallons @	$ 8.79	per 1,000 Gallons.

2"

First	25,000	Gallons @	$ 232.27	Minimum.
All Over	25,000	Gallons @	$ 8.79	per 1,000 Gallons.

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

5/8" x 3/4"

First	1,000	Gallons @	$ 21.18	Minimum.
All Over	1,000	Gallons @	$ 8.74	per 1,000 Gallons.

1"

First	5,000	Gallons @	$ 56.14	Minimum.
All Over	5,000	Gallons @	$ 8.74	per 1,000 Gallons.

2"

First	25,000	Gallons @	$ 230.94	Minimum.
All Over	25,000	Gallons @	$ 8.74	per 1,000 Gallons.

XXIII. FORECAST OF SEWER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

Meter Size*	Monthly Sewer Usage				Average	Average Rate	Residential			Non-Residential		
							No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0	-	2,000	Gal.	1,000							
	2,000	-	3,000	Gal.	2,500							
	3,000	-	4,000	Gal.	3,500							
	4,000	-	5,000	Gal.	4,500							
	5,000	-	6,000	Gal.	5,500							
	6,000	-	7,000	Gal.	6,500							
5/8 x 3/4	7,000	-	8,000	Gal.	7,500							
Inch	8,000	-	9,000	Gal.	8,500							
	9,000	-	10,000	Gal.	9,500							
	10,000	-	11,000	Gal.	10,500							
	11,000	-	12,000	Gal.	11,500							
	12,000	-	13,000	Gal.	12,500							
	13,000	-	14,000	Gal.	13,500							
	14,000	-	15,000	Gal.	14,500							
	15,000	-	16,000	Gal.	15,500							
	16,000	-	17,000	Gal.	16,500							
	17,000	-	18,000	Gal.	17,500							
	18,000	-	19,000	Gal.	18,500							
	19,000	-	20,000	Gal.	19,500							
		-		Gal.								
		-		Gal.								
		-		Gal.								
					Subtotal		( )	( )	( )	( )	( )	( )
					Average Monthly Rate	( )						
					Average Monthly Usage			( )			( )	

* *Breakdown of meter size usage is <u>not</u> required unless different sewer rates are charged based on size of water meter.*

** *Number of users should reflect the actual number of "meter settings".*

1-Inch			*Gal.*											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
1-1/2 Inch			*Gal.*											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
2- Inch			*Gal.*											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
3- Inch			*Gal.*											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
4-Inch			*Gal.*											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			

* *Breakdown of meter size usage is <u>not</u> required unless different sewer rates are charged based on size of water meter.*

** *Number of users should reflect the actual number of "meter settings".*

			Gal.										
			Gal.										
5-Inch			Gal.										
			Gal.										
			Gal.										
				Subtotal		( )	( )	( )	( )	( )	( )		
			Gal.										
			Gal.										
6-Inch			Gal.										
			Gal.										
			Gal.										
				Subtotal		( )	( )	( )	( )	( )	( )		
				TOTALS		( )	( )	( )					

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

Name of Unit	*Number of Units*	*Number of Meters*	*Revenue Calculations*

* ***Breakdown of meter size usage is <u>not</u> required unless different sewer rates are charged based on size of water meter.***

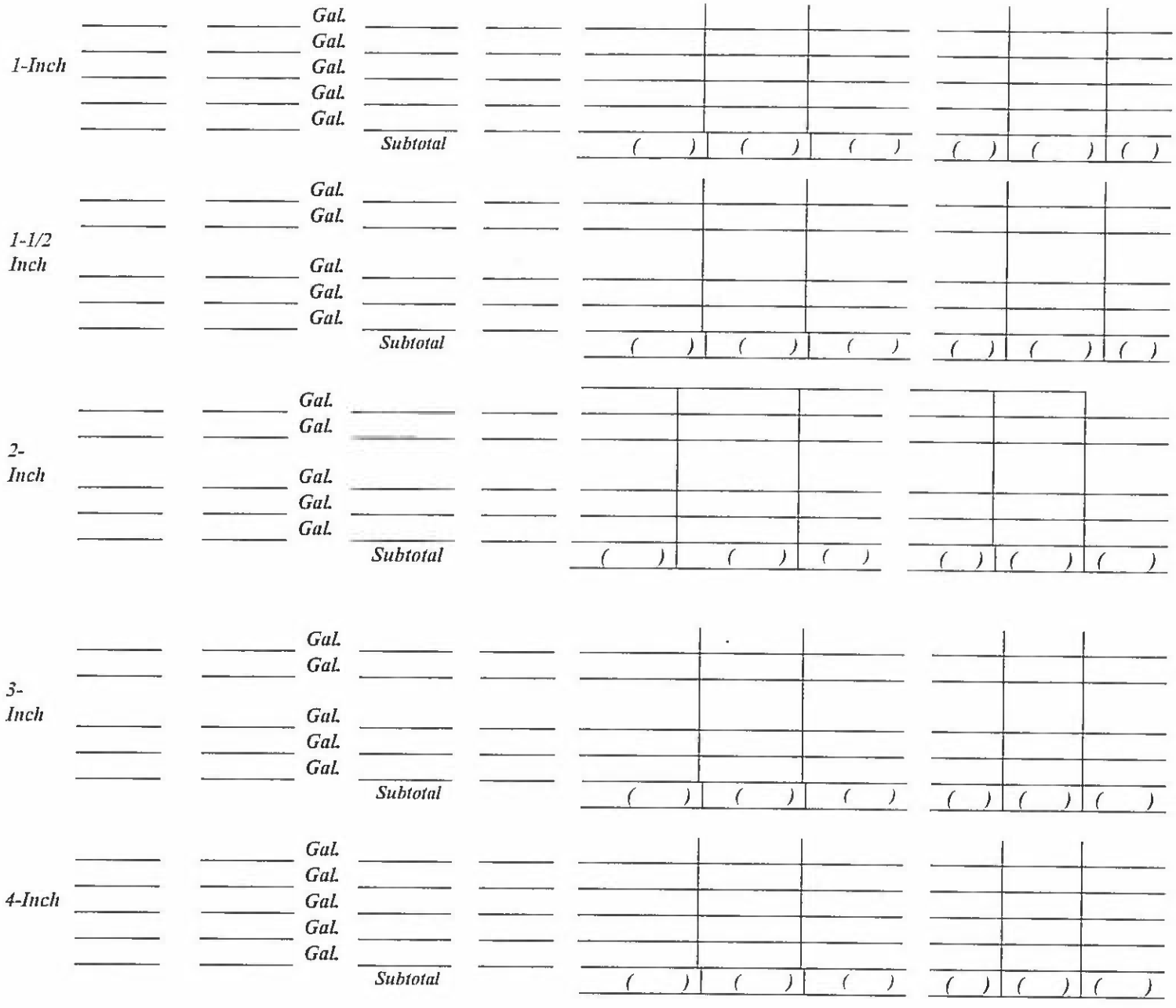
** ***Number of users should reflect the actual number of "meter settings".***

XXIV. FORECAST OF SEWER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Meter Size*	Monthly Sewer Usage				Average	Average Rate	Residential			Non-Residential		
							No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0	-	2,000	Gal.	1,000							
	2,000	-	3,000	Gal.	2,500							
	3,000	-	4,000	Gal.	3,500							
	4,000	-	5,000	Gal.	4,500							
	5,000	-	6,000	Gal.	5,500							
	6,000	-	7,000	Gal.	6,500							
5/8 x 3/4	7,000	-	8,000	Gal.	7,500							
Inch	8,000	-	9,000	Gal.	8,500							
	9,000	-	10,000	Gal.	9,500							
	10,000	-	11,000	Gal.	10,500							
	11,000	-	12,000	Gal.	11,500							
	12,000	-	13,000	Gal.	12,500							
	13,000	-	14,000	Gal.	13,500							
	14,000	-	15,000	Gal.	14,500							
	15,000	-	16,000	Gal.	15,500							
	16,000	-	17,000	Gal.	16,500							
	17,000	-	18,000	Gal.	17,500							
	18,000	-	19,000	Gal.	18,500							
	19,000	-	20,000	Gal.	19,500							
		-		Gal.								
		-		Gal.								
		-		Gal.								
					Subtotal		( )	( )	( )	( )	( )	( )
					Average Monthly Rate	( )						
					Average Monthly Usage			( )			( )	

* *Breakdown of meter size usage is <u>not</u> required unless different sewer rates are charged based on size of water meter.*

** *Number of users should reflect the actual number of "meter settings".*



* *Breakdown of meter size usage is <u>not</u> required unless different sewer rates are charged based on size of water meter.*

** *Number of users should reflect the actual number of "meter settings".*

			Gal.										
			Gal.										
5-Inch			Gal.										
			Gal.										
			Gal.										
				Subtotal		( )	( )	( )		( )	( )	( )	
			Gal.										
			Gal.										
6-Inch			Gal.										
			Gal.										
			Gal.										
				Subtotal		( )	( )	( )		( )	( )	( )	
				TOTALS		( )	( )	( )					

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

Name of Unit	*Number of Units*	*Number of Meters*	*Revenue Calculations*

* ***Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.***

** ***Number of users should reflect the actual number of "meter settings".***

XXV. Forecast of Water Usage - Income - Existing System - Existing Users

Meter Size*	Monthly Water Usage			Avg.	Average Rate	Residential			Non-Residential		
						No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
5/8"x 3/4"	First	1,000	Gals.	—	21.18	410	177	8,684			
	Over	1,000	Gals.	4,650	53.08	2,656	12,347	140,980			
				Subtotal		(3,066)	(12,524)	(149,664)			
				Average Monthly Rate	48.81						
				Average Monthly Usage	4.1						

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

Added Customers on Existing Lines

										Users	Usage	Inc.
1-inch	First	5,000	Gal	---	56.14					14	23	786
	Over	5,000	Gal	16,400	155.78					9	170	1,402
			Gal									
			Gal									
			Gal									
				Subtotal		( )		( )		(23)	(193)	(2,188)
			Gal									
			Gal									
1-1/2 Inch												
			Gal									
			Gal									
			Gal									
				Subtotal		( )	( )	( )		( )	( )	( )
2-inch	First	25,000	Gal	---	230.94					6	47	1,386
	Over	25,000	Gal	117,100	1,035.89					7	820	7,251
			Gal									
			Gal									
			Gal									
				Subtotal		( )	( )	( )		(13)	(867)	(8637)
			Gal									
			Gal									
3- inch												
			Gal									
			Gal									
			Gal									
				Subtotal		( )	( )	( )		( )	( )	( )

U.S. Corps of Engineers

			Gal									
			Gal									
4-inch			Gal									
			Gal									
			Gal									
				Subtotal		( )	( )	( )		( )	( )	( )

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

5- Inch			Gal.									
			Gal.									
			Gal.									
			Gal.									
			Gal.									
				Subtotal		( )	( )	( )	( )	( )	( )
6- Inch			Gal.									
			Gal.									
			Gal.									
			Gal.									
			Gal.									
				Subtotal		( )	( )	( )	( )	( )	( )
				TOTALS		(3,066)	(12,524)	(149,664)	36	1,060	10,825

Annual Water Sales = (149,664 + 10,825) x 12 = $1,925,868

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

Name of Unit	Number of Units	Number of Meters	Revenue Calculations

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVI. FORECAST OF WATER USAGE - INCOME - NEW USERS - EXTENSION ONLY N/A

Meter Size*	Monthly Sewer Usage				Average	Average Rate	Residential			Non-Residential		
							No. of Users**	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0	-	2,000	Gal.	1,000							
	2,000	-	3,000	Gal.	2,500							
	3,000	-	4,000	Gal.	3,500							
	4,000	-	5,000	Gal.	4,500							
	5,000	-	6,000	Gal.	5,500							
	6,000	-	7,000	Gal.	6,500							
5/8 x 3/4 Inch	7,000	-	8,000	Gal.	7,500							
	8,000	-	9,000	Gal.	8,500							
	9,000	-	10,000	Gal.	9,500							
	10,000	-	11,000	Gal.	10,500							
	11,000	-	12,000	Gal.	11,500							
	12,000	-	13,000	Gal.	12,500							
	13,000	-	14,000	Gal.	13,500							
	14,000	-	15,000	Gal.	14,500							
	15,000	-	16,000	Gal.	15,500							
	16,000	-	17,000	Gal.	16,500							
	17,000	-	18,000	Gal.	17,500							
	18,000	-	19,000	Gal.	18,500							
	19,000	-	20,000	Gal.	19,500							
		-		Gal.								
		-		Gal.								
		-		Gal.								
					Subtotal					( )	( )	( )
					Average Monthly Rate							
					Average Monthly Usage						( )	

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

1-Inch			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
1-1/2 Inch			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
2- Inch			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
3- Inch			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			
4-Inch			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Gal.											
			Subtotal			( )	( )	( )	( )	( )	( )			

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

5- Inch			Gal.										
			Gal.										
			Gal.										
			Gal.										
			Gal.										
			Subtotal			( )	( )	( )	( )	( )	( )		
6- Inch			Gal.										
			Gal.										
			Gal.										
			Gal.										
			Gal.										
			Subtotal			( )	( )	( )	( )	( )	( )		
			TOTALS			( )	( )	( )					

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

Name of Unit	Number of Units	Number of Meters	Revenue Calculations

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVII. CURRENT OPERATING BUDGET (SEWER SYSTEM)

(As of the last full operating year.)

A. Operating Income:

Sewer Revenue	$
Late Charge Fees	
Other (Describe)	
Less Allowances and Deductions	( )
Total Operating Income	$

B. Operation and Maintenance Expenses:
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Operation Expense	$
Maintenance Expense	
Customer Accounts Expense	
Administrative and General Expense	
Total Operating and Maintenance Expenses	$
Net Operating Income	$

C. Non-Operating Income:

Interest on Deposits	$
Other (Identify)	
Total Non-Operating Income	$

D. Net Income $

E. Debt Repayment:

RUS Interest	$
RUS Principal	
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$

F. Balance Available for Coverage $

XXVIII. PROPOSED OPERATING BUDGET (SEWER SYSTEM) - EXISTING SYSTEM AND NEW USERS (1st Full Year of Operation) Year Ending _____

A. *Operating Income:*

Sewer Revenue	$
Late Charge Fees	
Other (Describe)	
Less Allowances and Deductions	( )
Total Operating Income	$

B. *Operation and Maintenance Expenses:*
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Operation Expense	$
Maintenance Expense	
Customer Accounts Expense	
Administrative and General Expense	
Total Operating and Maintenance Expenses	$
Net Operating Income	$

C. *Non-Operating Income:*

Interest on Deposits	$
Other (Identify)	
Total Non-Operating Income	$

D. *Net Income* $

E. *Debt Repayment:*

RUS Interest	$
RUS Principal	
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$

F. *Balance Available for Coverage* $

XXIX. PROPOSED OPERATING BUDGET (SEWER SYSTEM) - NEW USERS - EXTENSION ONLY (1st Full Year of Operation) Year Ending _____

A. *Operating Income:*

Sewer Revenue	$
Late Charge Fees	
Other (Describe)	
Less Allowances and Deductions	( )
Total Operating Income	$

B. *Operation and Maintenance Expenses:*
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Operation Expense	$
Maintenance Expense	
Customer Accounts Expense	
Administrative and General Expense	
Total Operating and Maintenance Expenses	$
Net Operating Income	$

C. *Non-Operating Income:*

Interest on Deposits	$
Other (Identify)	
Total Non-Operating Income	$

D. *Net Income* $

E. *Debt Repayment:*

RUS Interest	$
RUS Principal	
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$

F. *Balance Available for Coverage* $

XXX. CURRENT OPERATING BUDGET (WATER SYSTEM)
(As of the last full operating year.)

A. Operating Income:

Water Sales	$ 1,447,832
Disconnect/Reconnect/Late Charge Fees	49,986
Other (Describe) Private Fire Protection	6,413
Less Allowances and Deductions	( )
Total Operating Income	$ 1,504,231

B. Operation and Maintenance Expenses:
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	$ 617,439
Pumping Expense	30,237
Water Treatment Expense	---
Transmission and Distribution Expense	423,899
Customer Accounts Expense	7,222
Administrative and General Expense	255,867
Unamortized Debt Discount	181
Taxes other than Income	25,784
Depreciation	246,324
Total Operating Expenses	$ 1,606,953
Net Operating Income	$ (102,722)

C. Non-Operating Income:

Interest on Deposits	$ 8,589
Other (Identify)	
Total Non-Operating Income	$ 8,589

D. Net Income $ (94,133)

E. Debt Repayment:

RUS Interest	$ 103,121
RUS Principal	39,500
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$ 142,621

F. Balance Available for Coverage $ (236,754)

XXXI. PROPOSED OPERATING BUDGET (WATER SYSTEM) EXISTING SYSTEM AND NEW USERS
(1st Full Year of Operation) Year Ending 2015

A. Operating Income:

Water Sales	$ 1,925,868
Disconnect/Reconnect/Late Charge Fees	49,986
Other (Describe)	
Less Allowances and Deductions (Taxes)	( )
Total Operating Income	$ 1,975,854

B. Operation and Maintenance Expenses:
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	(1)	$ 649,985
Pumping Expense		31,876
Water Treatment Expense		---
Transmission and Distribution Expense		499,892
Customer Accounts Expense		7,222
Administrative and General Expense		286,262
Unamortized Debt Discount		181
Taxes other than Income		25,784
Depreciation		268,324
Total Operating Expenses		$1,769,526
Net Operating Income		$ 206,328

C. Non-Operating Income:

Interest on Deposits	$ 8,589
Other (Identify)	
Total Non-Operating Income	$ 8,589

D. Net Income $ 214,917

E. Debt Repayment:

RUS Interest	$ 133,514
RUS Principal	57,000
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$ 190,514

F. Balance Available for Coverage $ 24,403

(1) See Exhibit 7, Preliminary Engineering Report

XXXII. PROPOSED OPERATING BUDGET (WATER SYSTEM) NEW USERS EXTENSION ONLY N/A

(1st Full Year of Operation) Year Ending _____

A. Operating Income:

Water Sales	$
Disconnect/Reconnect/Late Charge Fees	
Other (Describe)	
Less Allowances and Deductions	( )
Total Operating Income	$

B. Operation and Maintenance Expenses:
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	$
Pumping Expense	
Water Treatment Expense	--
Transmission and Distribution Expense	
Customer Accounts Expense	
Administrative and General Expense	
Total Operating Expenses	$
Net Operating Income	$

C. Non-Operating Income:

Interest on Deposits	$
Other (Identify)	
Total Non-Operating Income	$

D. Net Income $

E. Debt Repayment:

RUS Interest	$
RUS Principal	
Non-RUS Interest	
Non-RUS Principal	
Total Debt Repayment	$

F. Balance Available for Coverage $

XXXIII. ESTIMATED PROJECT COST - SEWER

(Round to nearest $100)

	COLLECTION	*TREATMENT*	*TOTAL*
Development			
Land & Rights			
Legal			
Engineering			
Interest			
Contingencies			
Initial Operating and Maintenance			
Other			
TOTAL			

XXXIV. ESTIMATED PROJECT FUNDING - SEWER

	COLLECTION	*TREATMENT*	*TOTAL*
Applicant - User Contribution Fees			
Other - Applicant Contribution			
RUS Loan			
RUS Grant			
ARC Grant (If applicable)			
CDBG (If applicable)			
Other (Specify)			
Other (Specify)			

XXXV. ESTIMATED PROJECT COST - WATER

Development	$ 879,000
Land and Rights	10,000
Legal	17,000
Engineering	169,000
Interest	35,000
Contingencies	90,000
Initial Operating and Maintenance	
Other (Administration)	
TOTAL	$ 1,200,000

XXXVI. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	$
Other Applicant Contribution	
RUS Financial Assistance	840,000
RUS Grant	360,000
ARC Grant (If applicable)	
CDBG Grant (If applicable)	
Other (Specify)	
Other (Specify)	
TOTAL	$ 1,200,000