

CASE

NUMBER:

99-085

HISTORY INDEX FOR CASE: 1999-085
MORGAN COUNTY WATER DISTRICT
Construct, Finance; 278.023

KY. PUBLIC SERVICE COMMISSION
AS OF : 11/24/99

PAGE 1

IN THE MATTER OF THE APPLICATION OF MORGAN COUNTY WATER
DISTRICT OF MORGAN COUNTY, KENTUCKY FOR A CERTIFICATE OF
PUBLIC CONVENIENCE AND NECESSITY TO CONSTRUCT AND FINANCE
PURSUANT TO THE PROVISIONS OF KRS 278.023

SEQ NBR	ENTRY DATE	REMARKS
0001	03/10/1999	Application.
0002	03/11/1999	Acknowledgement letter.
0003	03/29/1999	No deficiencies letter
0004	04/08/1999	Final Order granting a Certificate to construct & accepting financing plan.
M0001	11/17/1999	DENNIS GULLEY MORGAN FO WD-WATER PURCHASE CONTRACT

Morgan County Water District
450 Prestonsburg Street
West Liberty, KY. 41472
743-1204 (Office) 606-743-3895 (Fax)

Earl Reed, Chairman
Jack Cline, Secretary
Jack Howard, Treasurer

Dennis Gulley, District Manager
Cindy Montgomery, Office Manager

NOV 17 1999

November 15, 1999

Ms. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky, 40602

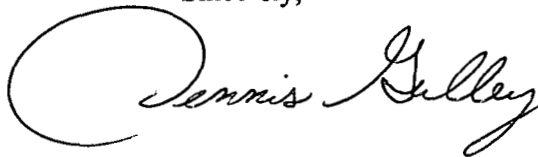
Re: Case No. 99-085

Dear Ms. Helton:

Pursuant to 807 KAR 5:011 Sec. 13, please accept the attached "Water Purchase Contract" between the Morgan County Water District and the City of Campton, Kentucky. Service to customers located in the improvement project area will start around December 1, 1999. I am also enclosing a copy of the November 6, 1997 Board Meeting Minutes adopting the Water Purchase Contract.

Should you or any member of your staff have any questions, please feel free to contact me.

Sincerely,



Dennis Gulley
District Manager

**MORGAN COUNTY WATER DISTRICT
REGULAR BOARD MEETING
NOVEMBER 6, 1997**

PEOPLE IN ATTENDANCE:

JAMES H. FINCH	TIM CONLEY
VIRGIL COLE	JERRY JACKSON
JACK CLINE	DAVID BOWLES
BOB MOTLEY	JOHN JONES
EVELYN MOTLEY	

TOPICS DISCUSSED:

1. DAVID BOWLES REPRESENTING MONARCH ENGINEERING INFORMED BOARD THAT A TIME FRAME SHOULD BE ESTABLISHED FOR SIGN-UPS INCLUDING TAP-ON-FEE OF 300.00 DOLLARS ON THE 203, CASKEY FORK LINE. VIRGIL COLE MADE MOTION TO ALLOW FIRST PAYMENT OF 150.00 DOLLARS TAP-ON-FEE PAID AND IN THE OFFICE BY JANUARY 1ST, SECOND PAYMENT TO BE RECEIVED IN THE OFFICE BY MARCH 1ST OR FIRST PAYMENT IS FORFIET, SECONDED BY JACK CLINE.

2. JOHN JONES ASKED THE BOARD TO CONSIDER A NEW WATER LINE ESTABLISHED BY TODD FREDRICK AT THE JUNCTION OF U.S. 460 AND 205. THE ENCROACHMENT BOND AND LINE WILL BE PAID FOR BY TODD FREDRICK WITH THE DISTRICT PROVIDING TWO TO THREE FREE METER HOOK-UPS. THE LINE WILL THEN BE ACCEPTED INTO THE MORGAN COUNTY WATER DISTRICT'S SYSTEM. MOTION MADE BY JACK CLINE TO ACCEPT THIS PROPOSAL, SECONDED BY VIRGIL COLE AND APPROVED BY JAMES H. FINCH.

3. TIM CONLEY APPROACHED BOARD ABOUT PROVIDING WATER SERVICE TO THE WRIGLEY SCHOOL WHICH CURRENTLY IS THE ONLY SCHOOL IN MORGAN COUNTY NOT SERVICED WITH POTABLE WATER. AT THIS TIME THE MORGAN COUNTY WATER DISTRICT CAN NOT SUPPLY THE FUNDS OR WATER NEEDED FOR THIS LINE, BUT WILL BE UNDER CONSIDERATION FOR A FUTURE PROJECT.

4. JAMES H. FINCH INFORMED BOARD THAT SID STEWART HAD WORKED OUT AN AGREEMENT WITH THE CITY OF PAINTSVILLE TO PURCHASE 300,000 GALLONS OF WATER. THE WATER WILL BE PURCHASED IN THE FUTURE WHEN THE 172 LINE IS EXTENDED TO THE JOHNSON COUNTY LINE.

5. JAMES H. FINCH MADE MOTION TO ACCEPT A WATER CONTRACT SIGNED WITH THE CITY OF CAMPTON TO PURCHASE WATER AT \$1.98 PER THOUSAND NOT TO EXCEED 750,000 GALLONS A MONTH, FOR THIRTY EIGHT YEARS. THIS WATER WILL BE PURCHASED AFTER THE 203 LINE IS EXTENDED TO WOLFE COUNTY AND THE CITY OF CAMPTON HAS UPDATED EXISTING SYSTEM. SECONDED BY JACK CLINE.

6. JERRY JACKSON INFORMED BOARD SOME EASEMENTS FOR 203 MAY BE DELETED DUE TO LINE CHANGES IN FUTURE.

7. JERRY JACKSON INFORMED BOARD THAT WHILE REPAIRING A LEAK, JOHNNY ROSE OFFERED THE USE OF HIS BACKHOE AT NO CHARGE. MR. JACKSON MADE A RECOMMENDATION TO LET MR. ROSE HAVE FREE WATER FOR ONE MONTH NOT TO EXCEED \$100.00 DOLLARS. JACK CLINE MADE MOTION TO ACCEPT PROPOSAL, SECONDED BY JAMES H. FINCH.

8. AFTER THE PUBLIC SERVICE COMMISSION PREFORMED THE AUDIT REQUIRED FOR A RATE INCREASE. BEVERLY DAVIS CONTACTED CINDY MONTGOMERY TO INFORM THE DISTRICT THAT THE CITY WAS IN FACT CHARGING LOCAL TAX ON THE MONTHLY WATER BILL THAT THE DISTRICT WAS ALREADY PAYING MONTHLY TO THE BOARD OF EDUCATION. CINDY MONTGOMERY CONTACTED LINDA BRADLEY AT THE CITY OF WEST LIBERTY ABOUT THIS SITUATION. MRS. BRADLEY LATER RETURNED CALL AND INFORMED THE DISTRICT THAT THE CITIES LAWYER WOULD BE CONTACTING THE DISTRICT ABOUT THIS MATTER.

WITH NO FURTHER BUSINESS TO ATTEND TO BILLS WERE APPROVED, CHECKS SIGNED, MEETING ADJOURNED.



SECRETARY

WATER PURCHASE CONTRACT

This contract for the sale and purchase of water is entered into as of the _____ day of _____, 19 _____, between the _____ City of Campton _____

_____ P.O. Box 35, Campton, KY 41301 _____

(Address)

hereinafter referred to as the "Seller" and the _____ Morgan County Water District _____

_____ 450 Prestonsburg Street, West Liberty, KY 41472 _____

(Address)

hereinafter referred to as the "Purchaser",

WITNESSETH:

Whereas, the Purchaser is organized and established under the provisions of _____ KRS _____ of the Code of _____ Kentucky _____, for the purpose of constructing and operating a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser and to accomplish this purpose, the Purchaser will require a supply of treated water, and

Whereas, the Seller owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of the Seller's system and the estimated number of water users to be served by the said Purchaser as shown in the plans of the system now on file in the office of the Purchaser, and

Whereas, by _____ Resolution _____ No. _____ enacted on the _____ day of _____, 19 _____, by the Seller, the sale of water to the Purchaser in accordance with the provisions of the said _____ Resolution _____ was approved, and the execution of this contract carrying out the said _____ Resolution _____ by the _____, and attested by the Secretary, was duly authorized, and

Whereas, by _____ Resolution _____ of the _____ Board of Commissioners of the Purchaser, enacted on the _____ day of _____, 19 _____, the purchase of water from the Seller in accordance with the terms set forth in the said _____ Resolution _____ was approved, and the execution of this contract by the _____, and attested by the Secretary was duly authorized;

Now, therefore, in consideration of the foregoing and the mutual agreements hereinafter set forth,

A. The Seller Agrees:

1. (Quality and Quantity) To furnish the Purchaser at the point of delivery hereinafter specified, during the term of this contract or any renewal or extension thereof, potable treated water meeting applicable purity standards of the _____ Kentucky Department for Natural Resources _____ in such quantity as may be required by the Purchaser not to exceed 750,000 gallons per month.

C. It is further mutually agreed between the Seller and the Purchaser as follows:

1. (Term of Contract) That this contract shall extend for a term of 40 years from the date of the initial delivery of any water as shown by the first bill submitted by the Seller to the Purchaser and, thereafter may be renewed or extended for such term, or terms, as may be agreed upon by the Seller and Purchaser.

2. (Delivery of Water) That 30 days prior to the estimated date of completion of construction of the Purchaser's water supply distribution system, the Purchaser will notify the Seller in writing the date for the initial delivery of water.

3. (Water for Testing) When requested by the Purchaser the Seller will make available to the contractor at the point of delivery, or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the Purchaser during construction, irrespective of whether the metering equipment has been installed at that time, at a

flat charge of \$ 1.98/1,000 gal. which will be paid by the contractor or, on his failure to pay, by the Purchaser.

4. (Failure to Deliver) That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.

5. (Modification of Contract) That the provisions of this contract pertaining to the schedule of rates to be paid by the Purchaser for water delivered are subject to modification at the end of every 3 year period. Any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization of the Seller's system. Other provisions of this contract may be modified or altered by mutual agreement.

6. (Regulatory Agencies) That this contract is subject to such rules, regulations, or laws as may be applicable to similar agreements in this State and the Seller and Purchaser will collaborate in obtaining such permits, certificates, or the like, as may be required to comply therewith.

7. (Miscellaneous) That the construction of the water supply distribution system by the Purchaser is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and the provisions hereof pertaining to the undertakings of the Purchaser are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration.

8. (Successor to the Purchaser) That in the event of any occurrence rendering the Purchaser incapable of performing under this contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.

In witness whereof, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in 3 counterparts, each of which shall constitute an original.

Seller:

City of Campton

By

Key S. Oliver

Title

Mayor

Attest:

Henry W. Harris
Secretary

Purchaser:

Morgan County Water District

By

James A. Finch

Title

Chairman

Attest:

Jack Cline
Secretary

This contract is approved on behalf of the Farmers Home Administration this _____ day of _____,

19 _____.

By _____

Title _____



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-085
MORGAN COUNTY WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on April 8, 1999.

See attached parties of record.

Stephanie Bell

Secretary of the Commission

SB/hv
Enclosure

Mr. Thomas G. Fern
State Director
Rural Development
771 Corporate Drive
Suite 200
Lexington, KY. 40503 5477

Mrs. Dorothy F. Smith
Rural Development
220 West First Street
Morehead, KY. 40351

Mr. Earl Reed
Chairman
Morgan County Water District
450 Prestonsburg Street
West Liberty, KY. 41472

Mr. David Bowles
Monarch Engineering
1009 Industry Road
Lawrenceburg, KY. 40342

Honorable D. Joleen Frederick
Attorney at Law
P. O. Box 508
West Liberty, KY. 41472

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
First Trust Centre
200 South Fifth Street
Louisville, KY. 40202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MORGAN COUNTY WATER)
DISTRICT OF MORGAN COUNTY, KENTUCKY, FOR)
A CERTIFICATE OF PUBLIC CONVENIENCE AND) CASE NO.
NECESSITY TO CONSTRUCT AND FINANCE) 99-085
PURSUANT TO PROVISIONS OF KRS 278.023)

O R D E R

On March 10, 1999, Morgan County Water District ("Morgan District") submitted an application for a Certificate of Public Convenience and Necessity to construct a \$411,000 waterworks improvement project and for approval of its plan of financing for this project. This project will provide service to 75 additional customers. Project funding is a \$75,000 bond issue to be purchased pursuant to an agreement with the U.S. Department of Agriculture's Rural Development ("RD"), a \$350,000 Appalachian Regional Commission ("ARC") grant, and an \$8,000 contribution from the applicant.

Morgan District's application was made pursuant to KRS 278.023, which requires the Commission to accept agreements between water utilities and the U.S. Department of Agriculture or the U.S. Department of Housing and Urban Development and to issue the necessary orders to implement the terms of such agreements within 30 days of satisfactory completion of the minimum filing requirements. Given that minimum filing requirements were met in this case on March 10, 1999, KRS 278.023 does not grant the

Commission any discretionary authority to modify or reject any portion of this agreement.

IT IS THEREFORE ORDERED that:

1. Morgan District is hereby granted a Certificate of Public Convenience and Necessity for the proposed construction project.
2. Morgan District's proposed plan of financing with RD is accepted.
3. Morgan District is authorized to issue bonds not to exceed \$75,000.
4. Morgan District shall file a copy of the "as-built" drawings and a certified statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the substantial completion of the construction certificated herein.
5. Three years from the effective date of this Order, Morgan District shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing herein accepted.

Done at Frankfort, Kentucky, this 8th day of April, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 29, 1999

To: All parties of record

RE: Case No. 99-085
MORGAN COUNTY WATER DISTRICT

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Mr. Thomas G. Fern
State Director
Rural Development
771 Corporate Drive
Suite 200
Lexington, KY. 40503 5477

Mrs. Dorothy F. Smith
Rural Development
220 West First Street
Morehead, KY. 40351

Mr. Earl Reed
Chairman
Morgan County Water District
450 Prestonsburg Street
West Liberty, KY. 41472

Mr. David Bowles
Monarch Engineering
1009 Industry Road
Lawrenceburg, KY. 40342

Honorable D. Joleen Frederick
Attorney at Law
P. O. Box 508
West Liberty, KY. 41472

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
First Trust Centre
200 South Fifth Street
Louisville, KY. 40202

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 10 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE APPLICATION OF MORGAN COUNTY WATER
DISTRICT OF MORGAN COUNTY, KENTUCKY FOR
A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY TO CONSTRUCT AND FINANCE
PURSUANT TO THE PROVISIONS OF KRS 278.023

)
) NO. 99-085
)
) **FILED**
)

MAR 10 1999

PUBLIC SERVICE
COMMISSION

APPLICATION

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

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

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

Morgan County Water District
c/o Mr. Earl Reed, Chairman
450 Prestonsburg Street
West Liberty, Kentucky 41472

3. That the Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.

4. That the proposed project consists of (i) the installation of approximately 37,000 linear feet of 3, 4 and 6-inch pipeline and associated appurtenances; and (ii) the construction and installation of a 25 GPM Booster Pump Station.

5. That the Applicant proposes to finance the construction of the Project through (i) issuance of \$75,000 of its Waterworks Revenue Bonds, (ii) an Appalachian Regional Commission



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

March 11, 1999

To: All parties of record

RE: Case No. 99-085
MORGAN COUNTY WATER DISTRICT
(Construct, Finance; 278.023)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received March 10, 1999 and has been assigned Case No. 99-085. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

Mr. Thomas G. Fern
State Director
Rural Development
771 Corporate Drive
Suite 200
Lexington, KY. 40503 5477

Mrs. Dorothy F. Smith
Rural Development
220 West First Street
Morehead, KY. 40351

Mr. Earl Reed
Chairman
Morgan County Water District
450 Prestonsburg Street
West Liberty, KY. 41472

Mr. David Bowles
Monarch Engineering
1009 Industry Road
Lawrenceburg, KY. 40342

Honorable D. Joleen Frederick
Attorney at Law
P. O. Box 508
West Liberty, KY. 41472

Honorable W. Randall Jones
Attorney at Law
Rubin & Hays
First Trust Centre
200 South Fifth Street
Louisville, KY. 40202

Rubin & Hays

ATTORNEYS AT LAW

First Trust Centre, 200 South Fifth Street, Louisville, Kentucky 40202-3236
Telephone (502) 569-7525 Telefax (502) 569-7555 Email: rh@rubinhays.com

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

OF COUNSEL
WM. CARL FUST

PARALEGAL
MARY M. EMBRY

RECEIVED

MAR 10 1999

PUBLIC SERVICE
COMMISSION

March 8, 1999

FILED

MAR 10 1999

PUBLIC SERVICE
COMMISSION

Ms. Helen C. Helton
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case
99-085

Re: Morgan County Water District KRS 278.023

Dear Ms. Helton:

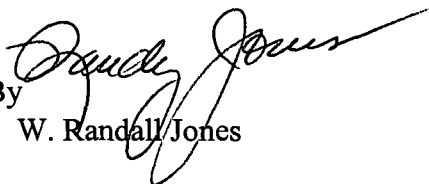
Enclosed please find the original and ten (10) copies of the Application of Morgan County Water District for an Order approving construction financing and Certificate of Public Convenience and Necessity pursuant to KRS 278.023.

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

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

DISTRIBUTION LIST

Account No. 2571.0000

Re: Morgan County Water District Waterworks Revenue Bonds, Series 1999

Mr. Thomas G. Fern
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (606) 224-7336
Fax: (606) 224-7425

Mrs. Dorothy Fannin Smith
Rural Development
220 West First Street
Morehead, Kentucky 40351

Telephone: (606) 784-6447
Fax: (606) 784-2921

Mr. James Finch, Chairman
Ms. Cindy Montgomery
Morgan County Water District
450 Prestonsburg Street
West Liberty, Kentucky 41472

Telephone: (606) 743-1204

Mr. David Bowles
Monarch Engineering
1009 Industry Road
Lawrenceburg, Kentucky 40342

Telephone: (502) 839-1310
Fax: (502) 839-1373

D. Joleen Frederick, Esq.
Attorney at Law
P.O. Box 508
West Liberty, Kentucky 41472

Telephone: (606) 743-2550
Fax: (606) 743-2551

W. Randall Jones, Esq.
Rubin & Hays
First Trust Centre
200 S. Fifth Street
Louisville, Kentucky 40202

Telephone: (502) 569-7525
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 10 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

**THE APPLICATION OF MORGAN COUNTY WATER
DISTRICT OF MORGAN COUNTY, KENTUCKY FOR
A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY TO CONSTRUCT AND FINANCE
PURSUANT TO THE PROVISIONS OF KRS 278.023**

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NO. 99-085

FILED

MAR 10 1999

APPLICATION

PUBLIC SERVICE
COMMISSION

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

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

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

Morgan County Water District
c/o Mr. Earl Reed, Chairman
450 Prestonsburg Street
West Liberty, Kentucky 41472

3. That the Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.

4. That the proposed project consists of (i) the installation of approximately 37,000 linear feet of 3,4 and 6-inch pipeline and associated appurtenances; and (ii) the construction and installation of a 25 GPM Booster Pump Station.

5. That the Applicant proposes to finance the construction of the Project through (i) issuance of \$75,000 of its Waterworks Revenue Bonds, (ii) an Appalachian Regional Commission

grant in the amount of \$328,000, and (iii) an Applicant contribution in the amount of \$8,000. The Applicant has a commitment from Rural Development ("RD") to purchase said \$75,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

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

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

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

8. That the foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Minimum Filing Requirements" specified in 807 KAR 5:069, Section 3.

WHEREFORE, the Applicant, the Morgan County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of the Applicant.
- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of \$75,000 of Morgan County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.50% per annum; a grant from ARC in the amount of \$328,000; and a contribution from the Applicant in the amount of \$8,000.

MORGAN COUNTY WATER DISTRICT

By: Earl Reed
Chairman
Board of Water Commissioners

RUBIN & HAYS

By: W. Spalding Jones
Counsel for Applicant
First Trust Centre
200 South Fifth Street
Louisville, Kentucky 40202
(502) 569-7525

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MORGAN)

The undersigned, Earl Reed, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Morgan County Water District, the 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 March 4, 1999.

Earl Reed
Earl Reed, Chairman
Morgan County Water District

Subscribed, sworn and acknowledged to before me by Earl Reed, Chairman of the Board of Commissioners of the Morgan County Water District, on this March 4, 1999.

My Commission expires: March 16th, 2002.

Cynthia A. Montgomery
Notary Public
In and for said County and State

(Seal of Notary)

A





United States
Department of
Agriculture

Rural Economic
and Community
Development
Service

771 Corporate Drive, Suite 200
Lexington, KY 40503-5477
(606) 224-7336
TTY: (606) 224-7422

September 10, 1997

Mr. James H. Finch, Chairman
Morgan County Water District
West Liberty, Kentucky 41472

Dear Mr. Finch:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. 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 Rural Development, by written amendment to this letter. Any changes not approved by RUS shall be cause for discontinuing processing of the application. It should also be understood that the RUS is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of an RUS loan not to exceed \$75,000 and an Appalachian Regional Commission (ARC) grant of \$328,000.

If RUS makes the loan, you may make a written request that the interest rate be the lower of the rate in effect at the time of loan approval or the time of loan closing. If you do not request the lower of the two interest rates, the interest rate charged will be the rate in effect at the time of loan approval. The loan will be considered approved on the date a signed copy of Form FmHA 1940-1, "Request for Obligation of Funds," is mailed to you. If you want the lower of the two rates, your written request should be submitted to RUS as soon as practical. In order to avoid possible delays in loan closing, such a request should ordinarily be submitted at least 30 days before loan closing.

Please complete and return the attached Form FmHA 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 RUS.

If the conditions set forth in this letter are not met within 240 days from the date hereof, RUS reserves the right to discontinue the processing of the application.

In signing Form FmHA 1942-46, you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 742 water users, of which 667 are existing users and 75 are new users contributing \$8,000 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Rural Development Manager will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. 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 (2) 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. RUS 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.

3. Funded Depreciation Reserve Account:

The District will be required to deposit \$35.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$4,200. The deposits are to be resumed any time the account falls below the \$4,200.

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.

4. Security Requirements:

A statutory lien and pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing Bonds.

5. 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. State and County rights-of-way will be used only in instances where necessary and properly justified. Easements and options are to be secured prior to advertising for construction bids.

6. Organization:

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

7. 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 RUS. 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, bookkeeping, making and delivering required reports and audits.

8. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1942.17(q) of FmHA Instruction 1942-A, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. Annual audits, budgets, and reports will be submitted to RUS. The District shall be required to submit a copy of its audit agreement for review and approval prior to advertising for construction bids. The District shall obtain the assistance of its accountant to establish the District's accounting system. RUS approval of the accounting system is required.

9. Accomplishing Audits for Years in Which Receive Federal Financial Assistance:

The District will accomplish audits in accordance with OMB Circular A-128 during the years in which federal funds are received. The District will provide copies of the audits to the District Office and the appropriate Federal cognizant agency as designated by OMB Circular A-128.

10. 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 \$44,000.
- 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.

11. 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 "20" of this letter. When this determination has been made, RUS should be so advised by letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Rural Development Manager is prepared to furnish the necessary guide for him 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 RUS for review and must be concurred in by RUS prior to advertisement for construction bids:
 - 1. Final plans and specifications.
 - 2. Contract documents and bid documents, with 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 RUS concurrence. Any agreements, contracts, etc. not reviewed and approved by RUS will not be eligible for payment from project funds or revenues from facilities financed by RUS.

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.

12. Compliance with Section 504 of the Rehabilitation Act of 1973:

The District will be required to comply with Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), in order to make sure no handicapped individual, solely by reason of their handicap, is excluded from participation in the use of the water system, be denied the benefits of the water system, or be subjected to discrimination.

13. 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.

14. Compliance with Special Laws and Regulations:

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

15. System Operator:

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

16. Prior to Pre-Closing the Loan, the District will be Required to Adopt:

- A. Form FmHA 1942-47, "Association Loan Resolution (Public Body)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form FmHA 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form FmHA 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

The District must offer the opportunity for all residents in the service area to become users of the facilities regardless of race, creed, color, religion, sex, national origin, marital status, physical or mental handicap or level of income.

17. 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.

18. 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 RUS 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. Any exceptions must be authorized under FmHA Instruction 1942-A, subsection 1942.17(n)(3).

19. 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.

During construction, the District shall disburse project funds in a manner consistent with subsection 1942.17(p)(5) of FmHA Instruction 1942-A. Form FmHA 1924-18, "Partial Payment Estimate," or similar form approved by RUS, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to RUS 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 RUS prior to payment by the District.

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

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

20. Cost of Facility:

Breakdown of Costs:

Development	\$ 310,000
Land and Rights	2,000
Legal and Administrative	5,000
Engineering	60,000
Interest	3,000
Contingencies	<u>31,000</u>
TOTAL	\$ 411,000

Financing:

RUS Loan	\$ 75,000
ARC Grant	328,000
Applicant Contribution	<u>8,000</u>
TOTAL	\$ 411,000

21. Use of Remaining Project Funds:

The applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS loan/ARC grant funds and refunded to the funding agencies in proportion to their participation in the project.

22. 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:

Minimum Bill - \$13.45 for first 2,000 gallons.
 Next 3,000 gallons @ \$ 5.60 - per 1,000 gallons.
 Next 5,000 gallons @ \$ 4.60 - per 1,000 gallons.
 Next 5,000 gallons @ \$ 4.35 - per 1,000 gallons.
 All Over 15,000 gallons @ \$ 4.10 - per 1,000 gallons.

1" Meter:

Minimum Bill - \$30.00 for first 5,000 gallons.
 Next 3,000 gallons @ \$ 5.60 - per 1,000 gallons.
 Next 5,000 gallons @ \$ 4.60 - per 1,000 gallons.
 Next 5,000 gallons @ \$ 4.35 - per 1,000 gallons.
 All Over 18,000 gallons @ \$ 4.10 - per 1,000 gallons.

2" Meter:

Minimum Bill - \$74.75 for first 15,000 gallons.

Next 3,000 gallons @ \$ 5.60 - per 1,000 gallons.

Next 5,000 gallons @ \$ 4.60 - per 1,000 gallons.

Next 5,000 gallons @ \$ 4.35 - per 1,000 gallons.

All Over 28,000 gallons @ \$ 4.10 - per 1,000 gallons.

A monthly surcharge of \$5.35 will be collected from each of the new users located on the line extension. This surcharge may be dropped after the total number of users on the line reaches 92. RUS may consent to a reduction or phase out of the surcharge with less customers if the District can show adequate cash flow. RUS consent must be in writing.

23. Water Purchase Contract:

The District will submit a Water Purchase Contract for approval by RUS before advertising for construction bids. If the contract is not on Form FmHA 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of FmHA Instruction 1942.18(f).

24. Commitment of ARC Grant:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the ARC Grant in the amount of \$328,000.

25. 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 RUS 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.

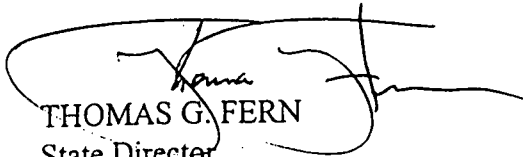
26. Final Approval Conditions:

Final approval of this loan 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.

In accordance with the intent of Congress as expressed in the FY 1997 Appropriations Act, recipients of Water and Waste assistance provided by the Rural Utilities Service are encouraged, in expending the assistance, to purchase only American-made equipment and products.

If you desire to proceed with your application, the Rural Development Manager will allot a reasonable portion of his time to provide guidance in application processing.

Sincerely,



THOMAS G. FERN
State Director
Rural Development

Enclosures

cc: Rural Development Manager - Morehead, KY
Community Development Manager - West Liberty, KY
Gateway ADD - Owingsville, KY
~~Henry M. Reed - Louisville, KY~~
Steve O'Conner - West Liberty, KY
Monarch Engineering - Lawrenceburg, KY
PSC - ATTN: Claude Rhorer - Frankfort, KY

✓ Randy Jones

8





March 4, 1999

SUBJECT: Morgan County Water District
Concurrence in Contract Award

TO: Rural Development Manager
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of the subject contract to the low bidder, BMW Construction, Inc., in the amount of \$225,244.00.

Janette Hunter Brown
for THOMAS G. FERN
State Director
Rural Development

cc: Rubin and Hays
Louisville, Kentucky

Monarch Engineering
Lawrenceburg, Kentucky

**CERTIFICATE OF CHAIRMAN OF MORGAN COUNTY WATER DISTRICT,
AS TO STATEMENT REQUIRED BY SECTION 3(2)(D) OF 807 KAR 5:069**

I, Earl Reed, hereby certify that I am the duly qualified and acting Chairman of the Morgan County Water District and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with the Engineers for the District, Monarch Engineering, Inc., Lawrenceburg, Kentucky.

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

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the existing rates of the District shall produce the total revenue requirements set out in the engineering reports.
4. That it is now contemplated that construction of the Project will begin on or about May 1, 1999, and will end on or about September 1, 1999.

IN TESTIMONY WHEREOF, witness my signature this March 4, 1999.

Earl Reed

Chairman
Morgan County Water District

STATE OF KENTUCKY)
) SS
COUNTY OF MORGAN)

Subscribed and sworn to before me by Earl Reed, Chairman of the Board of Commissioners of the Morgan County Water District, on this March 4, 1999.

Cynthia A. Montgomery

Notary Public

In and For Said State and County

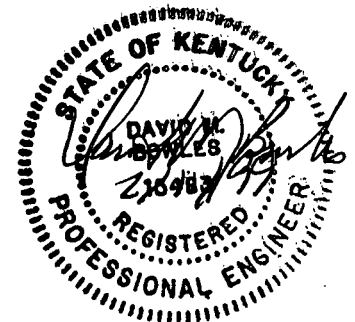
(Seal of Notary)

99-085
RECEIVED
MAR 10 1999
PUBLIC SERVICE
COMMISSION

PRELIMINARY ENGINEERING REPORT
FOR THE
MORGAN COUNTY WATER DISTRICT
WATER SYSTEM EXTENSIONS
KENTUCKY HIGHWAY 203 / CASKY FORK AREA

APRIL 1997

M
Monarch Engineering, Inc.



**PRELIMINARY ENGINEERING REPORT
WATER SYSTEM EXTENSIONS
KENTUCKY HIGHWAY 203 / CASKY FORK AREA
MORGAN COUNTY WATER DISTRICT
MORGAN COUNTY, KENTUCKY**

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system extension that is being planned by the Morgan County Water District to serve first time customers with potable water in the Casky Fork, Kentucky Highway 203 and Rexville Road area. Included in this report are maps of the proposed service area showing the intended routes of the water lines and the location of the major appurtenances. In addition, project cost estimates are included along with the Rural Development's "Kentucky Guide 7A" which serves as the Summary Addendum to the Preliminary Engineering Report. This Guide analyzes the capability of the Morgan County Water District to execute this project by evaluating the financial status of the Water District along with a review of the operation of the Water District.

II. PROJECT PLANNING AREA

The areas to be served with potable water for the first time are located in the southwestern portion of Morgan County. The areas are locally referred to as the Casky Fork and Rexville Road areas. These areas are delineated on the attached maps. The topography of the area is gently rolling hills throughout the valleys and steep slopes along the upper reaches of the drainage areas. The land use in the valley areas is mainly agricultural with some light timber harvesting in the steeper sloped areas. Within the proposed service area there are no major commercial or industrial businesses expected.

The residents in this area have never been served by a public water system and most rely on springs, family wells or depend on water trucks to provide them with their potable water. Most individuals pay to have their water delivered and those individuals who cannot afford to pay local water haulers, transport their water by means of barrels, buckets, or other containers. They often make daily trips to the nearest water source, none of which are monitored by an approved health agency. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

III. EXISTING FACILITIES

The Morgan County Water District purchases all of their potable water from the City of West Liberty. The Morgan County Water District is connected into the City of West

Liberty's system at three locations. Purchased water is metered at each of these connection points. At present, the water purchase contract is set at 1.9 million gallons per month.

The Morgan County Water District maintains three water storage tanks within the system with capacities of 110,000 gallons, 150,000 gallons and 175,000 gallons for a total storage capacity of 435,000 gallons. The system consists of approximately 60 miles of 4-inch through 8-inch water lines and 3 booster pump stations.

The Morgan County Water District operates the water system through a Board of Commissioners. The Board consists of three Commissioners and a Chairman. The Board is appointed by the Morgan County Fiscal Court.

Information regarding the current rate structure, annual operating and maintenance data, a tabulation of the users for the period of February 1996 through December 1996 by monthly usage categories and revenue, and a list of the outstanding bonds can be found in the Summary Addendum.

IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in the community in which it will serve. As mentioned earlier, the use of unsafe and potentially contaminated water for drinking and other vital human needs is prevalent. It is well known and confirmed by the local health agency and from conducting water samples that ground water, springs, and surface water from creeks and streams is unfit for human consumption.

It is anticipated that 75 homes will be immediately affected by the project and potentially 25 more that could use the water service shortly after the project is put into service.

V. ALTERNATIVES CONSIDERED

Based on the fact that there are no other major potable water suppliers in Morgan County with the exception of the City of West Liberty which serves the residents within the city limits, there are no other practical alternatives that could be considered. The Morgan County Water District is regulated by the Kentucky Division of Water and has a history of compliance with the Division's regulations and policies. Therefore, in view of the Water District's level of operation and as the only major provider of water service in Morgan County, it was determined by all those involved that the area would be best served by a water system built, owned, operated and served by the Morgan County Water District.

VI. PROPOSED PROJECT

The proposed project consists of the installation of 35,500 feet of 6-inch water line to serve the 75 new customers. Also included is a 50 gallon per minute pumping station.

An itemized cost estimate is included in this report and it outlines all of the individual construction items along with their associated estimated unit costs. A summary cost estimate summarizes all of the project costs and outlines the funding scheme for the project which is also included in this report.

The analysis of the Water District's ability to finance and in turn own and operate the extension is itemized in the Summary Addendum. This data evaluates and compares the current and expected revenues as a result of the sale of water, operation and maintenance costs, other miscellaneous income and costs, and a summary of long term debts including their annual principal and interest payments.

An analysis of the customer monthly water usage and associated revenue generated is included and is based on actual water sales for the period of February 1996 through December 1996. This information was supplied by the Morgan County Water District.

The project has been estimated to cost \$411,000.00 and is to be financed by \$8,000.00 from tap fees, a \$328,000.00 grant from the Appalachian Regional Commission and a \$75,000.00 loan from the Rural Development Agency.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in this community to have a potable water supply, it is recommended that the Morgan County Water District pursue the financial assistance as outlined above in order that this unhealthy situation can be corrected. The Water District is the only major supplier of potable water outside the City of West Liberty and within Morgan County and their system is situated such that these extensions could be made without affecting service to their other customers.

**PRELIMINARY COST ESTIMATE
 WATER SYSTEM EXTENSION
 KENTUCKY HIGHWAY 203 / CASKY FORK AREA
 MORGAN COUNTY WATER DISTRICT
 MARCH 1997**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	6-Inch Water Line	35,500 LF	\$5.50	\$195,250.00
2	Bore & Case for 6-Inch Water Line	40 EA	60.00	2,400.00
3	6-Inch Gate Valve	12 EA	500.00	6,000.00
4	Flush Hydrant	3 EA	1,600.00	4,800.00
5	5/8" x 3/4" Meter Settings with PRV	75 EA	350.00	26,250.00
6	3/4-Inch Service Tubing	3,750 EA	2.50	9,375.00
7	Pavement Replacement	100 EA	10.00	1,000.00
8	Master Meter and Vault	1 EA	10,000.00	10,000.00
9	Booster Pump Station	1 EA	40,000.00	40,000.00
10	Radio Telemetry	1 LS	15,000.00	15,000.00
Subtotal				\$310,075.00
Contingency				31,925.00
TOTAL COST				<u>\$342,000.00</u>

**PRELIMINARY COST ESTIMATE
WATER SYSTEM EXTENSION
KENTUCKY HIGHWAY 203 / CASKY FORK AREA
MORGAN COUNTY WATER DISTRICT
MARCH 1997**

PROJECT COST:

DEVELOPMENT	\$310,075.00
CONTINGENCY	31,925.00
ENGINEERING DESIGN	34,200.00
CONSTRUCTION INSPECTION	25,500.00
LEGAL	3,000.00
INTEREST	4,300.00
LAND AND RIGHTS	<u>2,000.00</u>
TOTAL PROJECT COSTS	\$411,000.00

FINANCING:

APPALACHIAN REGIONAL COMMISSION	\$328,000.00
RURAL DEVELOPMENT LOAN	75,000.00
TAP FEES	<u>8,000.00</u>
TOTAL PROJECT FINANCING	\$411,000.00

Licking River

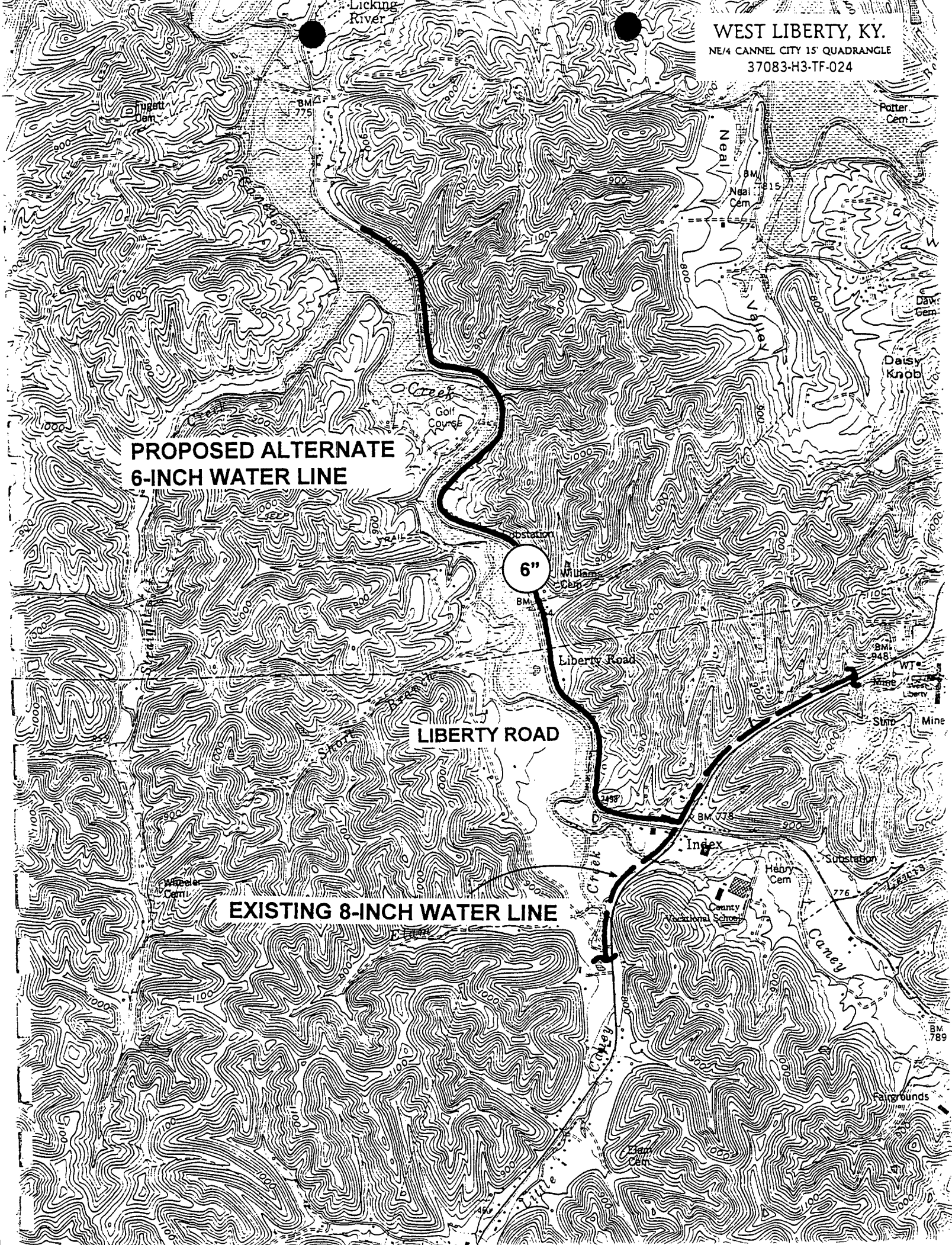
WEST LIBERTY, KY.
NE/4 CANNEL CITY 15 QUADRANGLE
37083-H3-TF-024

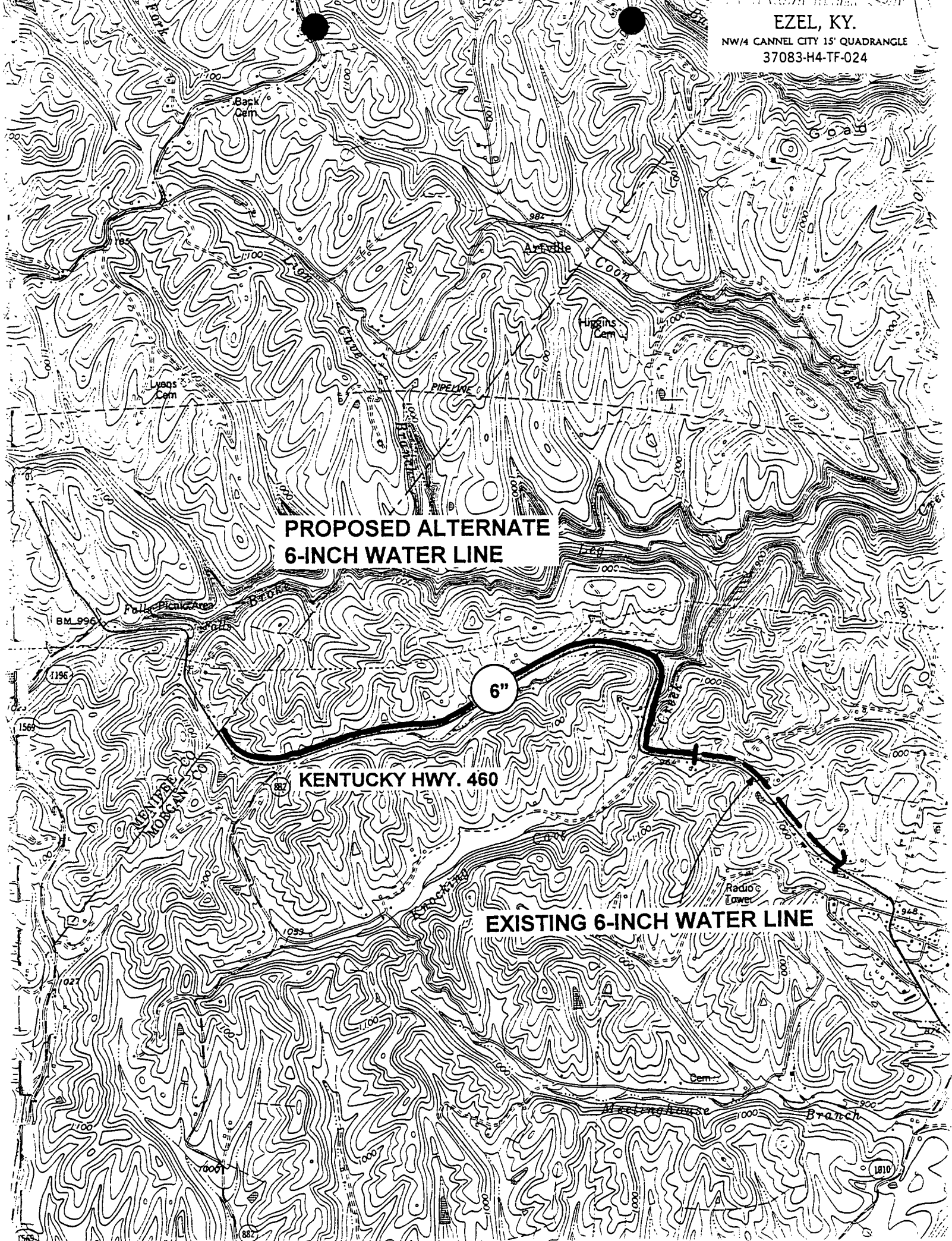
**PROPOSED ALTERNATE
6-INCH WATER LINE**

6"

LIBERTY ROAD

EXISTING 8-INCH WATER LINE



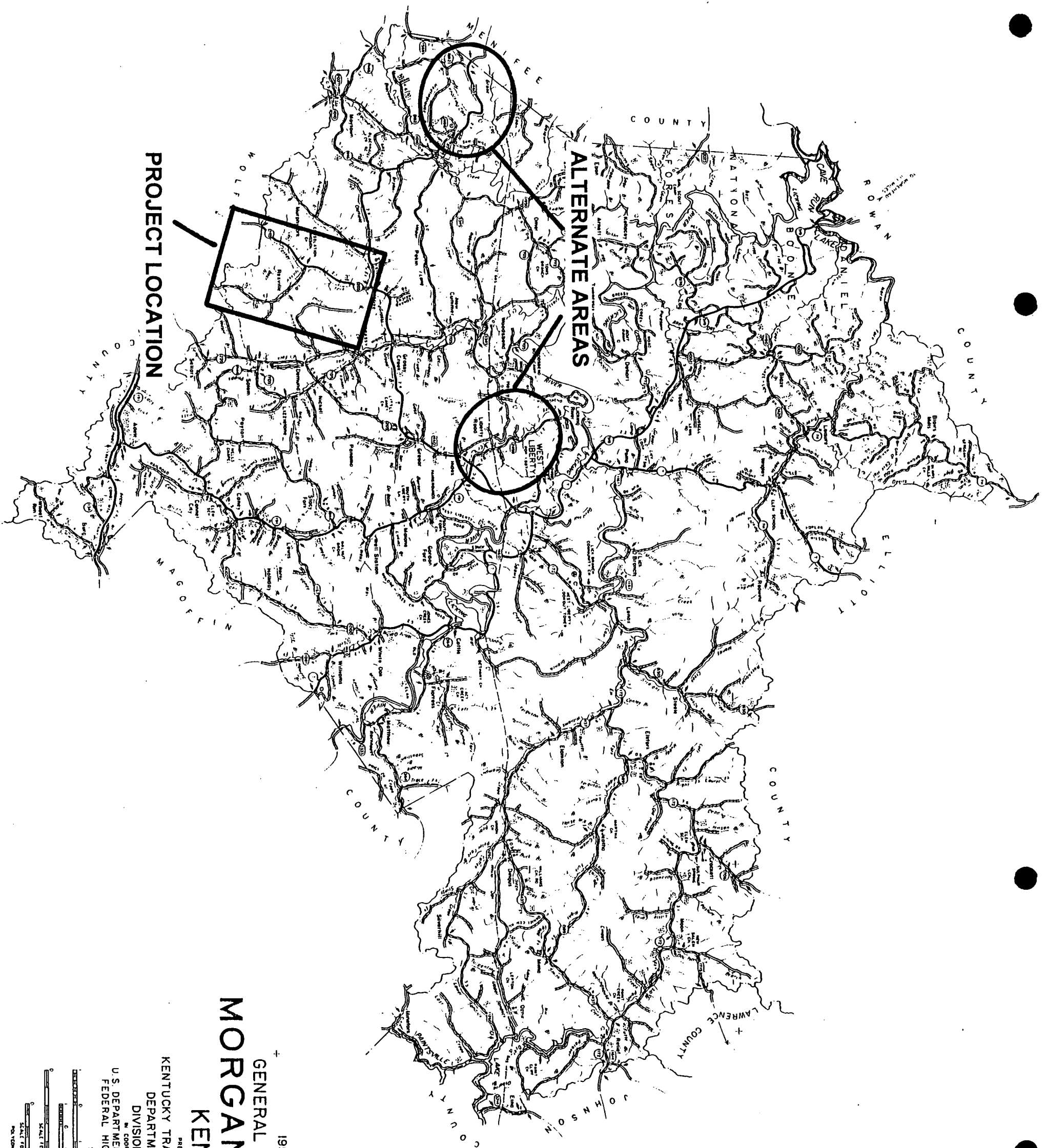


**PROPOSED ALTERNATE
6-INCH WATER LINE**

6"

KENTUCKY HWY. 460

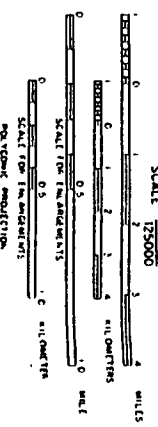
EXISTING 6-INCH WATER LINE



ALTERNATE AREAS

1994 EDITION
 GENERAL HIGHWAY MAP
 MORGAN COUNTY
 KENTUCKY

PREPARED BY THE
 KENTUCKY TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF PLANNING
 IN COOPERATION WITH THE
 U.S. DEPARTMENT OF TRANSPORTATION
 FEDERAL HIGHWAY ADMINISTRATION



HAZEL GREEN, KY.

SW/4 CANNEL CITY 15' QUADRANGLE
37083-G4-TF-024

CANNEL CITY, KY.

SE/4 CANNEL CITY 15' QUADRANGLE
37083-G3-TF-024

EXISTING 8-INCH WATER LINE

CONNECTION TO
MORGAN COUNTY
WATER DISTRICT LINE

BOOSTER PUMP STATION

KENTUCKY HWY. 203
(40)

REXVILLE ROAD
(36)

CONNECTION TO
CITY OF CAMPTON

EXISTING 6-INCH WATER LINE

