

APPLICATION FOR RATE ADJUSTMENT  
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

REC'D  
JAN 05 2004

For Small Utilities  
Pursuant to 807 KAR 5:076  
(Alternative Rate Filing)

PUBLIC SERVICE  
COMMISSION

2004-00002

Eastern Rockcastle Water Association, Inc.  
Name of Utility

P.O. Box 540  
Mt. Vernon, Kentucky 40456  
Business Mailing Address

Telephone Number: (606) 256-5480

I. Basic Information

NAME, TITLE, ADDRESS and telephone number of the person to whom correspondence or communication concerning this application should be directed:

Name: Joe Cook  
Address: Same as above.

Telephone Number: Same as above.

- |    |                                                                                                           |                                     |                          |    |                                     |
|----|-----------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|----|-------------------------------------|
| 1) | Do you have 500 customers or fewer?                                                                       | Yes                                 | <input type="checkbox"/> | No | <input checked="" type="checkbox"/> |
| 2) | Do you have \$300,000 in Gross Annual Revenue or less?                                                    | <input checked="" type="checkbox"/> | Yes                      | No | <input type="checkbox"/>            |
| 3) | Has the utility filed an annual report with this Commission for the past year and the two previous years? | <input checked="" type="checkbox"/> | Yes                      | No | <input type="checkbox"/>            |
| 4) | Are the utility's records kept separate from any other commonly-owned enterprise?                         | <input checked="" type="checkbox"/> | Yes                      | No | <input type="checkbox"/>            |

NOTICE: To be eligible for consideration of the rate adjustment under this regulation, you must have answered yes to either question 1 or 2 and yes to both questions 3 and 4 above. If you answered no to questions 3 or 4, you must obtain written approval from the Commission prior to filing this Application. If these requirements are not met, you must file under the Commission's procedural rules, 807 KAR 5:001.

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 2002.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per Annual Report</u>	<u>Amount Per Annual Report</u>	<u>Increase/ (Decrease)</u>	<u>Adjusted Amount</u>
<u>Revenue</u>	\$ _____	\$ _____	\$ _____
Total Revenue	\$ _____	\$ _____	\$ _____

Expense

See Attachment A.

Total Expense	\$ _____	\$ _____	\$ _____
Revenue Less Expense	\$ =====	\$ =====	\$ =====

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

See Attachment A.

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>% Increase</u>
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See Attachment B, Page 8.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 2002 and the amount shown on this schedule.

See Attachment D.

- 6) If utility is a sewer utility: District's sewer division is not a part of this application.

The Association does not operate sewer facilities.

- a) Attach a copy of the latest State and Federal Income Tax Returns.
- b) How much of the utility plant was recovered through the sale of lots or other contributions? If unknown, state the reason.

b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

#### IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing.

The billing analysis is a part of the cost of service study.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding. See Attachment E.

b. An original and 10 copies of the completed application should be sent to:

Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40601  
Telephone: (502) 564-3940

c. One copy of the completed application should also be sent at the same time to:

Office of the Attorney General  
Office of Rate Intervention  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601-8204  
Telephone: (502) 696-5457

2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.

3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling (502) 564-3940.

4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed Deff F. Fowler  
Officer of the Company

Title President

Date 12/31/03

Eastern Rockcastle Water Association, Inc.  
Calculation of Revenue Requirement Test Year Ending December 31, 2002.

Pro forma Operating Expenses	\$ 198,913
Plus: Debt Principal and Interest Payments	53,117
Debt Coverage, 20 percent of Principal and Interest Payments	<u>10,623</u>
Total Revenue Requirement	262,654
Less: Other Operating Income	(12,500)
Interest Income	<u>(1,650)</u>
Revenue Required from Rates to meet Optimum Revenue Level	<u>\$ 248,504</u>
Normalized Operating Revenue	\$ 170,007
Plus: Additional Revenue Requested	<u>51,002</u>
Revenue Requested from Rates	221,009
Less: Revenue Required from Rates to meet Optimum Revenue Level	<u>(248,504)</u>
Revenue Deficiency	<u>\$ (27,495)</u>

Eastern Rockcastle Water Association, Inc.  
Adjusted Operating Statement, Test Year Ended December 31, 2002.

	Test Year	Adjustments	Ref.	Pro forma
<b>Operating Revenue</b>				
Sales of Water	\$ 184,784	\$ (12,500)	A	
		(2,277)	B	\$ 170,007
Other Operating Revenue		12,500	A	12,500
<b>Total Operating Revenue</b>	<b>184,784</b>	<b>(2,277)</b>		<b>182,507</b>
<b>Operating Expenses</b>				
<b>Operation and Maintenance</b>				
Salaries and Wages - Employees	45,272	3,116	C	48,388
Employee Pensions and Benefits		5,212	D	5,212
Purchased Water	38,401	4,120	E	42,521
Purchased Power	3,543			3,543
Chemicals/Testing	1,238			1,238
Rents	2,400			2,400
Transportation Expenses	2,101			2,101
Insurance	5,296			5,296
Regulatory Commission Expense	335			335
Miscellaneous:				-
Repairs and Maintenance	9,489			9,489
Office Expense	4,025			4,025
Advertising	390			390
Returned Checks	682			682
Dues	225			225
Professional Fees	1,475			1,475
Miscellaneous	4,722			4,722
Postage	150			150
General	1,069			1,069
<b>Total Operation and Maintenance</b>	<b>120,813</b>	<b>12,448</b>		<b>133,261</b>
Depreciation Expense	61,951			61,951
Taxes Other Than Income	4,676	(974)	C	3,702
<b>Total Operating Expenses</b>	<b>187,440</b>	<b>11,473</b>		<b>198,913</b>
<b>Net Operating Income</b>	<b>(2,656)</b>	<b>(13,750)</b>		<b>(16,406)</b>
Plus: Interest Income	1,650			1,650
<b>Income Available to Service Debt</b>	<b>\$ (1,006)</b>	<b>\$ (13,750)</b>		<b>\$ (14,756)</b>

A

To reclassify other operating revenue of \$12,500 that was improperly reported in water sales revenue.

B

To adjust reported test year sales to reflect the billing analysis performed to evaluate test year gallons sold.

C

To adjust test year salaries and taxes to reflect current pay rates of the Association's employees.

Office Manager	\$ 21,064
Field Manager	<u>27,324</u>
Pro forma	48,388
Less: Test year	<u>(45,272)</u>
Adjustment	<u>\$ 3,116</u>
Pro forma Salary	\$ 48,388
Times: FICA rate	<u>7.65%</u>
Pro forma	3,702
Less: Test year	<u>(4,676)</u>
Adjustment	<u>\$ (974)</u>

D

During the test year the Association did not provide insurance benefits to either employee. At the Board meeting of September, 2003 the Association voted to provide health coverage to both employees at a total monthly cost of \$434.30 for two single health insurance coverages. Test year expenses have been adjusted to reflect this expense.

Total monthly premium paid by the Association	\$ 434
Annualize	<u>12</u>
Pro forma	<u>\$ 5,212</u>

E

During the test year the Association purchased 19,636,800 gallons of water from three different suppliers. 11,134,000 gallons were provided by Jackson County Water Association who increased their rate from \$1.81 per thousand gallons to \$2.18 subsequent to the test year. The following adjustment is necessary to reflect this increase in purchased water costs.

1,000 gallons purchased from Jackson during the test year	\$ 11,134
Change in rate	<u>0.37</u>
Adjustment	<u>\$ 4,120</u>



FOR \_\_\_\_\_  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

2<sup>nd</sup> Revised SHEET NO. 1

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

1<sup>st</sup> Revised SHEET NO. 1

Rockcastle Water Association, Inc.  
(Name of Utility)

RATES AND CHARGES

**Monthly Water Rates**

The rates and charges for water service to members are hereby fixed and established on a monthly basis as follows:

A. Minimum Monthly Water Bill

The minimum monthly bill for water service to member entitles each customer to 2,000 gallons (or less) of water in each month.

B. Monthly Water Rates

For the first 2,000 gallons or less	<del>\$16.93</del> 21.40 Minimum Bill
For each additional 1,000 gallons	<del>6.19</del> 8.50 per 1,000 gallons

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DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

FOR \_\_\_\_\_  
Community, Town or City

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B. Monthly Water Rates

For the first 2,000 gallons or less  
For each additional 1,000 gallons

\$21.40 Minimum Bill  
8.50 per 1,000 gallons

DATE OF ISSUE \_\_\_\_\_  
Month / Date / Year

DATE EFFECTIVE \_\_\_\_\_  
Month / Date / Year

ISSUED BY \_\_\_\_\_  
(Signature of Officer)

TITLE \_\_\_\_\_

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

ALLOCATION OF PLANT VALUE				
	Total	Commodity	Demand	Customer
Land and Land Rights	1,900		1,900	
Pumping equipment	1,498		1,498	
Transmission and Distribution Mains	2,750,275		2,750,275	
Services	31,245			31,245
<b>Subtotal</b>	<b>2,784,918</b>	<b>0</b>	<b>2,753,673</b>	<b>31,245</b>
Percentage of subtotal	100.0%	0.0%	98.9%	1.1%
Office Furniture & Equipment	9,265		9,161	104
Transportatin Equipment	16,495		16,310	185
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>25,471</b>	<b>289</b>
<b>Total</b>	<b>2,784,918</b>	<b>0</b>	<b>2,779,144</b>	<b>31,534</b>
(1) General Plant allocated based on overall weighted allocation of all other plant.				
Source 2002 Revised Annual Report at 12.				

ALLOCATION OF DEPRECIATION EXPENSE				
	Total	Commodity	Demand	Customer
Structures and Improvements	0		0	
Supply and Mains	0		0	
Distribution Reservoirs & Standpipes	0		0	
Transmission & Distribution Mains	217,214		217,214	
Meters	1,459			1,459
Subtotal	218,673	0	217,214	1,459
Allocation Percentages (1)			99.3%	0.7%
Office Furniture & Equipment	2,316		2,301	15
Transportation Equipment	4,124		4,096	28
Other Plant & Misc. Equip.	581		577	4
Total	225,694	0	224,188	1,506
Percent	100%	0.0%	99.3%	0.7%
(1) Percentages used to allocate items that cannot be directly allocated to demand or customer.				
Source 2002 Revised Annual Report at 13				

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Water Purchased	\$42,521	\$42,521		
Purchased Power	3,543	3,543		
Chemicals/Testing	1,238	1,238		
Salaries - Office Manager (50%)	10,532			\$10,532
Health Insurance - Office Mngr. (50%)	1,303			1,303
Salaries- Field Manager	27,324		\$27,324	
Payroll taxes - Field & Office Mngr.	2,896		2,090	806
Health Insurance - Office Mngr.	2,606		2,606	
Repairs and Main.	9,489		9,489	
Returned Checks	682			682
Subtotal	102,134	47,302	41,509	13,323
Subtotal less Commodity	54,832			
Allocation Percentage			75.70%	24.30%
Professional Fees - Accounting	1,475		1,117	358
Insurance	5,296		4,009	1,287
Rents	2,400		1,817	583
Misc. Office Expense	4,025		3,047	978
Advertising	390		295	95
Postage	150		114	36
General	1,069		809	260
Miscellaneous	4,722		3,575	1,147
Dues	225		170	55
Office Salaries(50%)	10,532		7,973	2,559
Payroll taxes - Office Mngr.	806		610	196
Health Insurance - Office Mngr. (50%)	1,303		986	317
Transportation	2,101		1,591	510
Regulatory Commission Expense	335		254	81
TOTAL O & M	\$136,963	\$47,302	\$67,875	\$21,786

ALLOCATION OF COST OF SERVICE				
	Total	Commodity	Demand	Customer
Operation and Maintenance	\$136,963	\$47,302	\$67,875	\$21,786
Debt Service(1)	63,740		63,025	715
Depreciation (2)	34,456		34,226	230
General Water Service	\$235,159	\$47,302	\$165,126	\$22,731
Less: Other Revenue	12,500			12,500
Interest Income	1,650			1,650
Rev. Required from Rates	\$221,009	\$47,302	\$165,126	\$8,581
(1)Debt Service allocated based on percentages of allocation of plant value				
(2)Depreciation allocated based on percentages of allocation of Depreciation Expense				

ALLOCATION OF COSTS OF SERVICE TO RATE BLOCKS AND CALCULATION OF WATER RATES				
	Total	First 2,000 Gallons	Over 2,000 Gallons	
<b>Actual Water Sales</b>				
Thousand Gallons	18,469,200	9,356,700	9,112,500	
Percent	100%	50.66%	49.34%	
<b>Weighted Sales for Demand:</b>				
Thousand Gallons	27,825,900	18,713,400	9,112,500	
Percent	100%	67.25%	32.75%	
<b>Allocation for Volumetric Costs:</b>				
Commodity	\$47,302	\$23,964	\$23,338	
Demand	165,126	111,050	54,076	
Total	\$212,428	\$135,014	\$77,414	
Customer Cost		8,581		
	Total	\$143,594		
	divide by 6710 bills	\$21.40		
Rate per 1,000 gallons			\$8.50	

CURRENT RATES				PROPOSED RATES			
FIRST	2,000	\$16.93	Minimum Bill	FIRST	2,000	\$21.40	Minimum Bill
OVER	2,000	6.19	per 1,000 gallons	OVER	2,000	8.50	per 1,000 gallons

COMPARISON OF RATES AT  
DIFFERENT USAGE LEVELS

MONTHLY USAGE	MONTHLY BILL AT CURRENT RATE			MONTHLY BILL AT PROPOSED RATE	PERCENT INCREASE OVER CURRENT
	2,000			\$16.93	\$21.40
<b>5,000</b>	<b>35.50</b>	<b>46.89</b>	<b>32.1%</b>		
10,000	66.45	89.36	34.5%		
20,000	128.35	174.32	35.8%		
30,000	190.25	259.27	36.3%		
50,000	314.05	429.18	36.7%		
75,000	468.80	641.56	36.9%		
100,000	623.55	853.95	36.9%		
150,000	933.05	1278.72	37.0%		

Note: Average customer (5,000 gallons) bill will increase from \$35.50 to \$46.89 (32.1%)



Rockcastle Water Association				
	Bills	Gallons	Rate	Revenue
First 2,000 gallons	3,331	9,356,700	\$21.40	\$143,594.00
Over 2,000 gallons	3,379	9,112,500	8.50	77,456.25
Total Revenue from Rates				221,050.25
Other Income:				1,650.00
Other Operating Income				12,500.00
Total Operating Revenue	6,710	18,469,200		\$235,200.25

Loan payments of Eastern Rockcastle County Water Association, per Doug Moore of RD. Phone conversation of 8/15/03.

	Principal	Term	Interest	Annual Payment
Feb-94	254,600.00	40	0.045	14,108.00
Feb-99	500,000.00	40	0.045	27,705.00
Feb-99	204,000.00	40	0.045	11,304.00
Total	958,600.00			53,117.00

USDA FmHA  
Farm FmHA 194-1-7  
(Rev. 6-89)

RURAL

LOAN RESOLUTION SECURITY AGREEMENT

Page 2  
FORM 194-1-7 (Rev. 6-89)

A RESOLUTION OF THE Members  
OF THE Rockcastle County Water Association, Inc.  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE  
PRINCIPAL AMOUNT OF \$254,600.00 FOR THE PURPOSE  
OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A

Water Distribution System, PROVIDING FOR THE COLLECTION, HANDLING, AND  
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY  
NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND  
SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Rockcastle County Water Association, Inc. (hereinafter  
referred to as the "Organization"), was organized under \_\_\_\_\_  
\_\_\_\_\_ for the purpose of providing a  
Water Distribution System  
\_\_\_\_\_  
\_\_\_\_\_ (hereinafter referred to as the  
"Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the 12th day of May, 1994  
pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility;  
and, as shown by the minutes of said meeting, of the 112 members of record of the organization there were  
present and voting 34, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipment in accordance with plans, and specifications  
prepared by Crawford & Crawford & Stewart Engineers, Inc.

and in order to finance the Facility, the Rockcastle County Water Association, Inc.  
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the  
organization, to make application to the United States of America, acting through the Farmers Home Administration, United  
States Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to cause the  
execution and delivery of a promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"),  
and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any  
requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or  
enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate  
to finance, acquire, construct, complete, and/or equip the Facility for and on behalf of the Organization.  
NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by  
obtaining a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and  
Rural Development Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance  
the Facility, taking into consideration prevailing private and cooperative rates and terms currently available;

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, D.C. 20503.

Section 2. (Terms of Loan). That the Organization borrow \$ 254,600.00 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and have the corporate seal of the Organization affixed

thereto, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 5% percent per annum;

the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the promissory note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not

sooner paid, shall be due and payable 40 years from the date of the note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The association treasurer of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The treasurer is hereby directed to establish the following accounts into which the current funds of the Organization, note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility

costs, and at least the amount of \$ 35,400.00 to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the

either 2 of the president, vice-president, or treasurer of the Organization as authorized by the Board from time to time, and with prior concurrence of FmHA. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account

either 2 of the president, vice- shall be made only on checks signed by the president or treasurer of the Organization and countersigned by an authorized official of the Farmers Home Administration. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly FmHA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly FmHA Debt Service Payments shall use the General Account to pay first operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

## (c) Debt Service Account

For borrowings on other than monthly debt service payments, disbursements, in proportion to income availability, shall be made from the General Account and as additional security, monies from the Debt Service Account in sufficient amount which will accumulate for the next installment on the note.

## (d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into an account designated as the Reserve Account the sum of \$ 130.00 each

month until there is accumulated in that account the sum of \$ 15,600.00 after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

- (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe.
- (2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again

accumulated the amount \$ 15,600.00 at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the organization to make prepayments on the loan or retained in the general account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

- (a) It will indemnify the Government for any payments made or losses suffered by the Government.
- (b) It will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.
- (c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the note and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.
- (d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note which the same become due if, for any reason, gross revenues are insufficient.
- (e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs and will provide for the annual audit thereof in such manner as may be required by the Government, will provide the Government without its request a copy of each such audit, and will make and forward to the Government such additional information and reports as it may from time to time require.
- (f) It will provide the Government at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.
- (g) It will maintain at least such insurance and Fidelity bond coverage as may be required by the Government.
- (h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.
- (i) It will not cause or permit any voluntary dissolution of its organization, merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.
- (j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government.
- (k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain FmHA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.
- (l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.
- (m) It will comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.

Section 6. (Security Instruments) In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be hereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form FmHA 400-1, "Equal Opportunity Agreement", and Form FmHA 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed \$ N/A, the Organization hereby accepts the grant under the terms as offered by the Government and that the \_\_\_\_\_ and \_\_\_\_\_ of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force from and after the 12th day of May, 1994, being the date of its enactment.

The vote was:                          Year 34                          Nays 0                          Absent 78

Rockcastle County Water Association, Inc.

By Harold Bollinger  
Title President

(SEAL) (if applicable)

Attest: [Signature]

Title J. C. Crawford, Jr., Notary Public  
My Commission Expires 7/9/96

CERTIFICATION

I, the undersigned, as secretary of the Rockcastle County Water Association, Inc. hereby certify that the members of such Organization or Corporation is composed of 112 members of whom 34, constituting a quorum, were present at a meeting thereof duly called and held on the 12th day of May, 1994; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 14th day of July, 1994

JMW

Jude M. Whittler

Secretary of Rockcastle County Water Association, Inc.

Position 5

Form FmHA 1942-9  
(Rev. 10-96)

FORM APPROVED  
OMB No. 5782-0015

LOAN RESOLUTION SECURITY AGREEMENT

A RESOLUTION OF THE Board of Directors  
OF THE Rockcastle County Water Association, Inc.  
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE  
PRINCIPAL AMOUNT OF 704,000 FOR THE PURPOSE  
PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A  
Water Distribution System, PROVIDING FOR THE COLLECTION, HANDLING, AND  
DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTES,  
SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT  
OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Rockcastle County Water Association, Inc., (hereinafter  
referred to as the "Organization"), was organized under KRS 273.3671  
\_\_\_\_\_ for the purpose of providing a  
Water Distribution System

\_\_\_\_\_ (hereinafter referred to as the  
"Facility") to serve the members of the said Organization; and

WHEREAS, a meeting of the members of the said Organization was held on the 10th day of December, 1998  
pursuant to proper notice thereof to consider plans for the acquisition, construction, and methods of financing the Facility;  
and, as shown by the minutes of said meeting, of the 11 members of record of the Organization there were present and voting  
8, and by a recorded vote, the Facility and its financing were authorized; and,

WHEREAS, the proposed Facility is to be constructed and in accordance with plans and specifications  
prepared by Crawford & Crawford & Stewart Engineers, Inc.

and in order to finance the Facility, the Rockcastle County Water Association, Inc.  
(hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the Organization, to make application  
to the United States of America, through the United States Department of Agriculture, (hereinafter referred to as the "Government"), for financial  
assistance; to cause the execution and delivery of an installment promissory note or notes or other evidence of indebtedness (hereinafter referred to  
as the "Note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any requirements,  
terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or enter into agreements and, without  
limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, or equip the  
Facility for and on behalf of the Organization.

NOW THEREFORE, it is hereby resolved by the Board as follows:

Section I. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan made  
or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being determined  
that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing private and cooperative  
rates and terms currently available;

Public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and  
maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information,  
including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, STOP 7630, Washington, D.C. 20250. Please DO NOT RETURN this form to this  
address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Section 2. (Terms of Loan). The Organization borrow \$ 704,000 and issue as evidence thereof Note in the form prescribed by the Government for the full principal amount of the loan. The Note shall be signed by the President, attested by the Secretary and if necessary, have the corporate seal of the Organization affixed thereto, and shall bear interest from its date, which shall be the

rate of 4.5% per annum

the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the Note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable 40 years from the date of the Note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall become due, is hereby assigned, and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The President, Vice President, and Treasurer of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Association Treasurer is hereby directed to establish the following accounts into which the current funds of the Organization, Note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account

The proceeds of the Note, hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of \$ 98,000 to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in an account designated as the Construction Account which shall be established as required by the Government. Withdrawals from the

either 2 of the president,

construction account shall be made only on checks signed by the vice pres. or treas. of the Organization as authorized by the Board from time to time, and with prior concurrence of the Government. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding \$100,000 shall be secured by the depository bank in advance in accordance with 31 C.F.R. part 22. Withdrawals from a supervised bank account shall be made only on checks signed by the

N/A of the Organization and countersigned by an authorized official of the Government. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Construction Account shall be closed.

(b) General Account

As soon as the Facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account. Disbursements and transfers from this account shall be for: debt service, operations and maintenance, and transfers to an account designated as the Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Organizations making monthly Government debt service payments shall use the General Account for making such payments plus operating and maintenance expenses. Any remaining funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly Government debt service payments shall first use the General Account to pay operating and maintenance expenses. Then other transfers from this account will be made in the following order: (i) To an account designated as the Debt Service Account will be made in accordance with (c) below, (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

Organizations making other than monthly debt service payments, shall transfer subject to income availability from the General Account to the Debt Service Account, a sum not to increase the next installment on the note.



## (d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into

the Reserve Account the sum of \$ 330.00 each month until there is accumulated in that account the sum of \$ 39,600 after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the Note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

- (1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe, or
- (2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again

accumulated the amount \$ 39,600, at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b)(1) and (2), (c), and (d), such excess will be used by the Organization to make prepayments on the loan or retained in the General Account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the Organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

- (a) It will indemnify the Government for any payments made or losses suffered by the Government.
- (b) It will comply with applicable state laws and regulations and continually operate and maintain the Facility in good condition.
- (c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the Note and the maintenance of the various accounts herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization.
- (d) If, for any reason, gross revenues are insufficient, it will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the Note as the same become due.
- (e) It will (i) establish and maintain such books and records relating to the operation of the Facility and its financial affairs, (ii) will provide for the annual audit thereof in such manner as may be required by the Government, (iii) will provide the Government without its request a copy of each such audit, and (iv) will make and forward to the Government such additional information and reports as it may from time to time require.
- (f) It will provide the Government, at all reasonable times, access to the Facility and all its books and records so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.
- (g) It will maintain at least such insurance and fidelity bond or employee dishonesty coverage as may be required by the Government.
- (h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.
- (i) It will not cause or permit any voluntary dissolution of the Organization or merge or consolidate with another organization, without obtaining the prior written consent of the Government. It will not dispose of, or transfer title to the Facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.
- (j) It will not modify or amend its organizational documents, including any articles of incorporation or bylaws without the written consent of the Government.
- (k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain Government's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Organization or public body.
- (l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the Facility are pledged as security for the loan.

(m) It will comply with t measures identified in the Government's environmental impact analysis for this Facility for the purpose of avoiding or reducing the adverse environmental impacts of the Facility's construction or operation

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the Note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets, both real and personal, constituting said Facility, as completed, or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time the Organization will, upon request of the Government, apply for, and accept, such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form FmHA 400-1, "Equal Opportunity Agreement", and Form FmHA 400-4, "Assurance Agreement".

Section 9. (Authorization of Officials). In the case of a grant in the sum not to exceed \$ 786,000, the Organization hereby accepts the grant under the terms as offered by the Government and that the President and Secretary of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the Facility under the terms as offered in said grant agreements.

Section 10. (Cross Default). Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution of Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government or assignee so long as the note hereby authorized remains unpaid.

Section 12. (Effective Date). This resolution shall take effect and be in force from and after the 10th day of December, 19 98, being the date of its enactment.

The vote was: Yes 9 Nays 0 Absent 3

(SEAL) (if applicable)

Attest [Signature]  
Jo Cook  
Title Secretary

Rockcastle County Water Association, Inc.  
By [Signature]  
Title President

CERTIFICATION

I, the undersigned, as secretary of the Rockcastle County Water Association, Inc. hereby certify that the Board of Directors of such Organization or Corporation is composed of 11 members of whom 8, constituting a quorum, were present at a meeting thereof duly called and held on the 10th day of December, 19 98; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 10th day of December, 19 98  
11th Feb 99  
[Signature]

[Signature]  
Jo Cook  
Secretary of Rockcastle Co. Water Association, Inc.

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CHARGES DURING THE YEAR			BALANCE END OF YEAR (h)
			CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	PLANT RETIREMENTS (f)	
301	Organization.....	\$	\$	\$	\$	\$
302	Franchises.....	\$	\$	\$	\$	\$
304	Structures & Improvements...	\$	\$	\$	\$	\$
305	Collecting & Impounding Reservoirs.....	\$	\$	\$	\$	\$
306	Lake, River & Other Intakes.	\$	\$	\$	\$	\$
307	Wells and Springs.....	\$	\$	\$	\$	\$
309	Supply Mains.....	\$	\$	\$	\$	\$
310	Power Generation Equipment..	\$	\$	\$	\$	\$
311	Pumping Equipment.....	\$	\$	\$	\$	\$
320	Water Treatment Equipment...	\$	\$	\$	\$	\$
330	Distribution Reservoirs and Standpipes.....	\$	\$	\$	\$	\$
331	Transmission & Distribution Mains.....	\$ 158995	\$ 58219	\$	\$	\$ 217214
333	Services.....	\$ 670	\$ 789	\$	\$	\$ 1459
334	Meters and Meter Installations.....	\$	\$	\$	\$	\$
335	Hydrants.....	\$	\$	\$	\$	\$
336	Backflow Prevention Devices.	\$	\$	\$	\$	\$
339	Other Plant & Miscellaneous Equipment.....	\$ 214	\$ 367	\$	\$	\$ 581
340	Office Furniture & Equip....	\$ 1390	\$ 926	\$	\$	\$ 2316
341	Transportation Equipment....	\$ 2474	\$ 1650	\$	\$	\$ 4124
343	Tools, Shop & Garage Equip..	\$	\$	\$	\$	\$
345	Power Operated Equipment....	\$	\$	\$	\$	\$
348	Other Tangible Plant.....	\$	\$	\$	\$	\$
	TOTALS	\$ 163743	\$ 61951	\$	\$	\$ 225694

DATE \_\_\_\_\_  
TIME \_\_\_\_\_ 10:05 Am  
AMOUNT \$ 8.00

10-19-72  
New Request

BREMER EARLER  
SECRETARY OF STATE  
COMMONWEALTH OF KENTUCKY  
TSB

ARTICLES OF INCORPORATION

OF  
ROCKCASTLE WATER ASSOCIATION, INC.

The undersigned hereby forms a corporation under the laws of the Commonwealth of Kentucky, and under the following Articles of Incorporation.

Honey  
Joe  
Leslie  
Barbara

ARTICLE I.

Eastern  
V

The name of this corporation shall be Rockcastle Water Association, Inc.

William  
Gloria  
Edgar  
Roy

ARTICLE II.

The purpose of this corporation shall be to establish, operate and maintain a water distribution system and to do all things necessary and incidental thereto.

ARTICLE III.

The corporation's initial registered office shall be the Courthouse, Main Street, Mt. Vernon, Kentucky 40456 and the name of its initial registered agent at that is Carl R. Clontz.

AB  
10156

ARTICLE IV.

The mailing address of the corporation's principal office is Route 1, Box 230, Mt. Vernon, Kentucky 40456.

P.O. Box 540

ARTICLE V.

The number of directors constituting the initial board of directors shall be seventeen and the names and mailing addresses of the persons who are to serve as the initial directors are as follows:

1990 Board

Name	ADDRESS
Ruth Bullock	Rt. 1, Mt. Vernon, KY 40456
Hilda Hampton	Rt. 1, Brodhead, KY 40409
Walter Baldwin	Rt. 3, Crab Orchard, KY 40419
Money Ed Cummins	Rt. 1, Brodhead, KY 40409
Joe Martin	Rt. 4, Mt. Vernon, KY 40456
Louie Northern	Rt. 2, Mt. Vernon, KY 40456
Narold Ballinger	507 Three Links Road, McKee, KY 40447
Joe Clark	Rt. 2, Livingston, KY 40445
Henry Lee Abney	Rt. 2, Livingston, KY 40445
Murphy Martin, Jr.	Rt. 2, Box 309, Livingston, KY 40445
Willard Whitaker	Rt. 5, Livingston, KY 40445
Gilbert Shepherd	Rt. 2, Livingston, KY 40445
Edgar Morris	Rt. 2, Livingston, KY 40445
Ray Kirby	Rt. 5, Box 406, Livingston, KY 40445
Olen McGuire	Orlando, KY 40460
John F. Harding	Rt. 3, Mt. Vernon, KY 40456
Geraldine Mize	Rt. 1, Box 362, Mt. Vernon, KY 40456

ARTICLE VI.

This corporation is organized as a nonprofit corporation under the provisions of KRS Chapter 273.

ARTICLE VII.

The name and mailing address of the incorporator is ~~Roland Mullins, Route 1, Box 230, Mt. Vernon, Kentucky 40456.~~

IN WITNESS WHEREOF, I have hereunto subscribed my  
name, this 29th day of March, 1990.

*[Handwritten Signature]*

STATE OF KENTUCKY  
COUNTY OF ROCKCASTLE

Personally appeared before me, a Notary Public in  
and for the aforesaid County and State, Roland Mullins, who  
signed and acknowledged the foregoing Articles of  
Incorporation to be his own free act and deed.

Witness my hand and seal of office, this the 29th  
day of March, 1990.

*[Handwritten Signature]*  
Notary Public, State of Ky. at Large  
My commission expires 12-5-90

This instrument prepared by:

CLONTZ & COX  
Attorneys at Law  
P. O. Box 1350  
Mt. Vernon, Kentucky 40456

*[Handwritten Signature]*



**ROCKCASTLE WATER ASSOCIATION**  
P.O. Box 540  
Mt. Vernon, Ky. 40456  
(606) 256-5480

**0271023.09**

Ghance  
NAOA

John Y. Brown III  
Secretary of State  
Received and Filed  
02/19/2003 11:56 AM  
Fee Receipt: \$8.00

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Articles of Amendment  
Of  
Rockcastle Water Association, Inc.

The above corporation existing pursuant to the Kentucky Corporation Laws, desiring to give notice to corporate action effectuating amendment of certain provisions of its Article of Incorporation, sets forth the following amendments:

The name of the corporation is Rockcastle Water Association, Inc.  
The exact text of Article 1 of the Articles of Incorporation is amended to read as follows:  
Eastern Rockcastle Water Association, Inc.  
The amendment was adopted on February 14, 2003, with the Board of Directors casting  
A vote of unanimous.

*Dell F. Ponder*

---

Dell F. Ponder  
President  
Rockcastle Water Association

**EASTERN ROCKCASTLE WATER ASSOCIATION  
P. O. BOX 540  
MT. VERNON, KY 40456  
Phone 256-5480**

**SUBJECT: RATE INCREASE**

**Dear Customer**

**The rates contained in this notice are the rates proposed by Eastern Rockcastle Water Association. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.**

**Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel lane, p. o. box 615, Frankfort, Ky. 40602, and shall set forth the grounds for the motion, including the status and interest of the movant.**

**Copies of the application may be obtained at no charge from Eastern Rockcastle Water Association at the office in Climax, Ky at the Intersection of 1787 & 1912.**

**Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.**

**Eastern Rockcastle Water Association**

**Please find attached a copy CURRENT RATES, PROPOSED RATES  
AND COMPARISON OF RATES AT DIFFERENT USAGE LEVELS**