

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

OCT 23 2006

PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF THE WOOD CREEK)
WATER DISTRICT TO ISSUE SECURITIES IN)
THE APPROXIMATE PRINCIPAL AMOUNT OF)
\$2,070,000 FOR THE PURPOSE OF FINANCING)
THE ACQUISITION OF CERTAIN REAL)
PROPERTY PURSUANT TO THE PROVISIONS)
OF KRS 278.300 AND 807 KAR 5:001)

CASE NO. 2006-00453

RECEIVED

OCT 23 2006

PUBLIC SERVICE COMMISSION

** *** ***** **

APPLICATION

The Applicant, Wood Creek Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Public Service Commission of Kentucky (the "Commission") enter an Order authorizing the District to issue certain securities in the approximate principal sum \$2,070,000 (subject to adjustment of up to 10%), for the purpose of financing the acquisition of certain real property located on Wood Creek Lake. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Laurel County which was entered on April 30, 1964, which Order is on file in County Court Order Book V, Page 264 in the office of the Clerk of Laurel County, Kentucky. The District is now, and has been since

its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation by virtue of the fact that said District is a statutorily created organization.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Wood Creek Water District
c/o Mr. Donta Evans, Manager
P.O. Box 726
London, Kentucky 40741
Telephone: (606) 878-9420

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2006 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The District proposes to issue new securities, to be evidenced by a Loan Agreement and Note to the Kentucky Rural Water Finance Corporation (the "2006 Notes"), in the estimated principal amount of \$2,070,000 (subject to adjustment of up to 10%) for the purpose of financing the acquisition of certain real property located on Wood Creek Lake.

6. The estimated Debt Service Schedule for the 2006 Notes is shown in **Exhibit A**, which is attached hereto and incorporated herein by reference. **Exhibit A** also shows the anticipated coupon rate for each maturity and the anticipated average coupon rate. The Debt Service Schedule is subject to change because of market conditions. The final terms and details of the 2006 Notes may

vary from the present assumptions based upon market conditions and other business judgment factors. The 2006 Notes will be sold pursuant to public advertisement soliciting competitive bids according to Kentucky law.

7. The issuance of the 2006 Notes will provide the District with the funds necessary to (i) purchase certain real property located on Wood Creek Lake for watershed protection purposes (see **Exhibit B** attached hereto - also see the real estate appraisals filed with this Application); and (ii) pay the fees and expenses incident to the issuance of the 2006 Notes.

8. The Sources and Uses of Funds to be obtained from the issuance of the 2006 Notes are detailed as **Exhibit C**, which is attached hereto and incorporated herein by reference.

9. The District represents that the issuance of the 2006 Notes is in the public interest and is intended to accomplish the purpose of protecting the water supply of the District (see **Exhibit D** attached hereto). This is a lawful object within the corporate purposes of the District's utility operations. The issuance of the 2006 Notes is necessary, appropriate for, and consistent with the proper performance by the District of its service to the public and will not impair its ability to perform that service.

10. The District represents that it will, as soon as reasonably possible after the issuance of the 2006 Notes, file with the Commission a statement setting forth the date of issuance of the 2006 Notes, the price paid, the fees and expenses incurred in the issuance of the 2006 Notes, and the terms and interest rates of the 2006 Notes.

11. The detailed Income Statement and Balance Sheet for the period ending on September 30, 2006 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

12. The remaining financial schedules and other information necessary for the Financial Exhibit required by 807 KAR 5:001, Section 6 and Section 11 (2) (a) are contained in the 2006 Annual Report which is on file with the Commission. The Annual Report is incorporated herein by reference.

13. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 6(4) Mortgages: The District does not have any mortgages in effect as of the date hereof.
- (b) Section 6(5) Bonds: The 2006 Notes will be secured by a pledge of the revenues of the District's System.
- (c) Section 11(2)(b): The District does not have any trust deeds in effect as of the date hereof.

14. No rate adjustment will be necessary. The District has projected their income and expenses (including debt service on the 2006 Notes) for three years ending December 31, 2009 and has the financial ability to operate without any current rate increase (see **Exhibit F** attached hereto).

WHEREFORE, the District respectfully requests that the Commission take the following actions:

1. Place this Application to issue securities at the head of the docket as provided by KRS 278.300 (2);
2. Authorize the issuance of the securities requested in the Application;
3. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any inquiries or information requests by the Commission's staff.

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building,
450 South Third Street
Louisville, KY 40202
(502) 569-7525
Fax (502) 569-7555
Counsel for Wood Creek
Water District

STATE OF KENTUCKY)
) SS
COUNTY OF LAUREL)

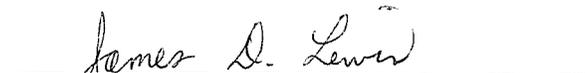
The affiant, Glenn Williams, being first duly sworn, states: that he is the Chairman of the Board of Commissioners of the Wood Creek Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 6th day of October, 2006.


Glenn Williams, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Glenn Williams, Chairman of the Board of Commissioners of the Wood Creek Water District, on this the 6th day of October, 2006.

My Commission expires: 10-20-2007.


NOTARY PUBLIC

\$2,070,000

Wood Creek Water District
Kentucky Rural Water Finance Corporation

Debt Service Schedule

					Part 1 of 2
Date	Principal	Coupon	Interest	Total P+i	Fiscal Total
10/15/2006	-	-	-	-	-
08/01/2007	65,000.00	3.950%	72,145.49	137,145.49	-
12/30/2007	-	-	-	-	137,145.49
02/01/2008	-	-	44,122.50	44,122.50	-
08/01/2008	50,000.00	3.950%	44,122.50	94,122.50	-
12/30/2008	-	-	-	-	138,245.00
02/01/2009	-	-	43,135.00	43,135.00	-
08/01/2009	50,000.00	4.000%	43,135.00	93,135.00	-
12/30/2009	-	-	-	-	136,270.00
02/01/2010	-	-	42,135.00	42,135.00	-
08/01/2010	55,000.00	4.000%	42,135.00	97,135.00	-
12/30/2010	-	-	-	-	139,270.00
02/01/2011	-	-	41,035.00	41,035.00	-
08/01/2011	55,000.00	4.000%	41,035.00	96,035.00	-
12/30/2011	-	-	-	-	137,070.00
02/01/2012	-	-	39,935.00	39,935.00	-
08/01/2012	60,000.00	4.050%	39,935.00	99,935.00	-
12/30/2012	-	-	-	-	139,870.00
02/01/2013	-	-	38,720.00	38,720.00	-
08/01/2013	60,000.00	4.100%	38,720.00	98,720.00	-
12/30/2013	-	-	-	-	137,440.00
02/01/2014	-	-	37,490.00	37,490.00	-
08/01/2014	65,000.00	4.200%	37,490.00	102,490.00	-
12/30/2014	-	-	-	-	139,980.00
02/01/2015	-	-	36,125.00	36,125.00	-
08/01/2015	65,000.00	4.250%	36,125.00	101,125.00	-
12/30/2015	-	-	-	-	137,250.00
02/01/2016	-	-	34,743.75	34,743.75	-
08/01/2016	70,000.00	4.300%	34,743.75	104,743.75	-
12/30/2016	-	-	-	-	139,487.50
02/01/2017	-	-	33,238.75	33,238.75	-
08/01/2017	70,000.00	4.300%	33,238.75	103,238.75	-
12/30/2017	-	-	-	-	136,477.50
02/01/2018	-	-	31,733.75	31,733.75	-
08/01/2018	75,000.00	4.350%	31,733.75	106,733.75	-
12/30/2018	-	-	-	-	138,467.50
02/01/2019	-	-	30,102.50	30,102.50	-
08/01/2019	80,000.00	4.350%	30,102.50	110,102.50	-
12/30/2019	-	-	-	-	140,205.00
02/01/2020	-	-	28,362.50	28,362.50	-
08/01/2020	80,000.00	4.350%	28,362.50	108,362.50	-
12/30/2020	-	-	-	-	136,725.00
02/01/2021	-	-	26,622.50	26,622.50	-
08/01/2021	85,000.00	4.400%	26,622.50	111,622.50	-
12/30/2021	-	-	-	-	138,245.00

\$2,070,000

Wood Creek Water District
Kentucky Rural Water Finance Corporation

Debt Service Schedule**Part 2 of 2**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/01/2022	-	-	24,752.50	24,752.50	-
08/01/2022	90,000.00	4.450%	24,752.50	114,752.50	-
12/30/2022	-	-	-	-	139,505.00
02/01/2023	-	-	22,750.00	22,750.00	-
08/01/2023	95,000.00	4.500%	22,750.00	117,750.00	-
12/30/2023	-	-	-	-	140,500.00
02/01/2024	-	-	20,612.50	20,612.50	-
08/01/2024	95,000.00	4.500%	20,612.50	115,612.50	-
12/30/2024	-	-	-	-	136,225.00
02/01/2025	-	-	18,475.00	18,475.00	-
08/01/2025	100,000.00	4.500%	18,475.00	118,475.00	-
12/30/2025	-	-	-	-	136,950.00
02/01/2026	-	-	16,225.00	16,225.00	-
08/01/2026	105,000.00	4.550%	16,225.00	121,225.00	-
12/30/2026	-	-	-	-	137,450.00
02/01/2027	-	-	13,836.25	13,836.25	-
08/01/2027	110,000.00	4.550%	13,836.25	123,836.25	-
12/30/2027	-	-	-	-	137,672.50
02/01/2028	-	-	11,333.75	11,333.75	-
08/01/2028	115,000.00	4.600%	11,333.75	126,333.75	-
12/30/2028	-	-	-	-	137,667.50
02/01/2029	-	-	8,688.75	8,688.75	-
08/01/2029	120,000.00	4.600%	8,688.75	128,688.75	-
12/30/2029	-	-	-	-	137,377.50
02/01/2030	-	-	5,928.75	5,928.75	-
08/01/2030	125,000.00	4.650%	5,928.75	130,928.75	-
12/30/2030	-	-	-	-	136,857.50
02/01/2031	-	-	3,022.50	3,022.50	-
08/01/2031	130,000.00	4.650%	3,022.50	133,022.50	-
12/30/2031	-	-	-	-	136,045.00
Total	\$2,070,000.00	-	\$1,378,397.99	\$3,448,397.99	-

Yield Statistics

Bond Year Dollars.....	\$30,689.50
Average Life.....	14.826 Years
Average Coupon.....	4.4914319%
Net Interest Cost (NIC).....	4.5926066%
True Interest Cost (TIC).....	4.6205854%
Bond Yield for Arbitrage Purposes.....	4.5118957%
All Inclusive Cost (AIC).....	4.8227961%

IRS Form 8038

Net Interest Cost.....	4.5451383%
Weighted Average Maturity.....	14.801 Years

**WOOD CREEK WATER DISTRICT
WATERSHED PROTECTION PROJECT
PROPOSED FUNDING**

	TOTAL COST	PROPOSED FUNDING	
		K.I.A. GRANT	KRWFC LOAN
LAKE PROPERTY:			
Baxter Blesoe property, 227.59 acres, PVA parcels 25-57,25-59,25-10	1,365,540	1,000,000	365,540
Donald & Delores Binder property, approx. 100 acres, PVA parcel 36-104	531,000		531,000
Baxter Bledsoe property, approx. 15 acres, PVA parcel 37-21	60,000		60,000
Baxter Bledsoe property, approx. 33.5 acres, PVA parcel 37-23	134,000		134,000
Baxter Bledsoe property, approx. 52 acres, PVA parcel 36-121	384,800		384,800
Ramp lots	51,000		51,000
APPRAISALS	21,000		21,000
PURCHASE WAREHOUSE ON N. HWY 25	400,000		400,000
LEGAL FEES	52,660		52,660
	<u>3,000,000</u>	<u>1,000,000</u>	<u>2,000,000</u>

Baxter Bledsoe, Jr.

*360 N. Main Street
London, Ky. 40741*

Ph: (606) 878-2660

Fax: (606) 878-6590

June 12, 2006

Mr. Donta Evans
Woods Creek Water District
1670 E. Daniel Boone Parkway
London, KY 40741

Dear Donta:

I am directing this correspondence to serve as an option agreement between myself and Woods Creek Water District. The option is one that is being given by me to the District giving the District the right to purchase a tract of land owned by me on Rocky Branch which consists of approximately 235 acres. If the option is exercised, the purchase price shall be \$6,000.00 per acre of not less than 235 acres except as provided herein. If the option is exercised, the deed from me to the District will be by Special Warranty guaranteeing title to the property during the time of my ownership.

The consideration for this option agreement is \$1.00 but I reserve the right to terminate the option should I wish to do so. If the option is exercised for this and any other property being purchased by the District, the taxes will be pro-rated and each party will bear those costs normally paid by the Buyer or Seller.

I specifically reserve the right to except out of the 235 acres a portion, thereof, with Donta and I to agree as to the portion to be excepted and not sold to the District. Donta and I will attempt to agree on the portion of property to be excepted. This option agreement is subject to this agreement.

If Woods Creek Water District should choose to sell all or any portion of the property in the next 15 years, I, or my sons, reserve the right of first refusal.

I have caused a signature space to be placed at the conclusion, hereof, for myself and a representative of Woods Creek Water District and the option will take affect upon execution.

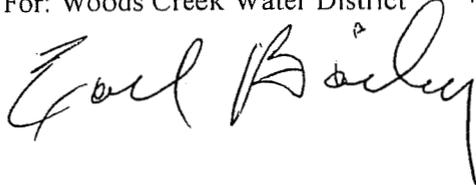
Sincerely yours,

Baxter Bledsoe, Jr.

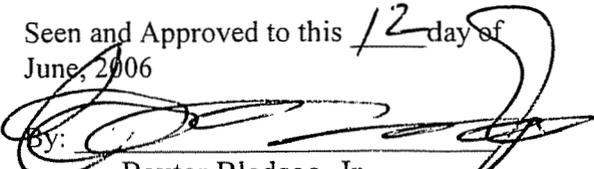
BB/sss

Seen and Approved to this 14 day of June, 2006

By: 
For: Woods Creek Water District



Seen and Approved to this 12 day of June, 2006

By: 
Baxter Bledsoe, Jr.

OPTION TO PURCHASE REAL PROPERTY

THIS OPTION TO PURCHASE REAL PROPERTY was made the _____ day of _____, 2006 between Donald Binder & Delores Binder, P.O. Box 159, London, KY 40743 (hereinafter called the Grantor) and Wood Creek Water District, P.O. Box 726, London, KY 40743-0726 (hereinafter called the Grantee).

WITNESSETH: The Grantor, who covenants to be the owner thereof, hereby offers and agrees to sell and convey unto Grantee, and hereby grants to said Grantee the option and right to purchase; under the terms hereinafter provided, the following described real property located in Laurel County, Kentucky:

See the attached 4 pages of plated property.

All being a part of that property described in Deed Book 254 at page 137, recorded in the Laurel County, Kentucky Court Clerks Office.

The total purchase price for which this option is granted is 531,000⁰⁰.
This will be in effect for six (6) months at a cost of \$1.00.

Within six (6) months following the exercise of this option the transaction shall be closed and upon closing the Grantor shall convey the property by general warranty deed conveying the Grantee a valid unencumbered fee simple title to the property. At closing the Grantee shall pay unto the Grantor the total purchase price in full. At closing the Grantee shall pay for the preparation of the deed, transfer tax expenses and all other cost of related to title clearance and closing this transaction.

IN TESTIMONEY WHEREOF, the Grantor and Grantee have executed this option on the date first above written.

Donald Binder
Grantor

Donna Wheelbar
Witness

Delores Binder
Grantor

Donna Wheeler
Witness

[Signature]
Wood Creek Water District
Chairman
Title

[Signature]
Witness

Baxter Bledsoe, Jr.

*360 N. Main Street
London, Ky. 40741*

Ph: (606) 878-2660

Fax: (606) 878-6590

June 12, 2006

Mr. Donta Evans
Woods Creek Water District
1670 E. Daniel Boone Parkway
London, KY 40741

Dear Donta:

I am directing this correspondence to serve as a letter agreement by which Woods Creek will be taking an option to purchase certain property I own on Woods Creek Lake.

The property that is the subject matter of this agreement is a tract of approximately 15 acres acquired from Mildred Jones. This piece is being offered to the District at \$4,000.00 per acre.

The second piece is a parcel which I acquired from Billy Brannon. This tract consists of approximately 33.5 acres. A parcel will need to be excepted. Donta is familiar with this. This parcel presently joins Cliff's Edge Subdivision Phase II and can be developed without further expense. You and I will be able to work out the exception of this parcel without problem. The balance of the tract is being offered to Woods Creek at a price of \$4,000.00 per acre.

The third tract is a parcel acquired from House and Phillips, but generally know as the Oliver property and consists of approximately 52 acres. Because of the lake frontage, which is approximately 1 1/4 mile, the price for this parcel is \$7,400.00 per acre.

This option shall be for a period of six months from June 1, 2006. The consideration for this option is \$1.00.

The deed from me to you will be by Special Warranty deed guaranteeing that the title to the property is clean during my time of ownership, or the time of any corporation or LLC which I may control that holds title. I am doing this because you will be obtaining a title opinion and this will give the District all the protection it will need so far as warranty of title.

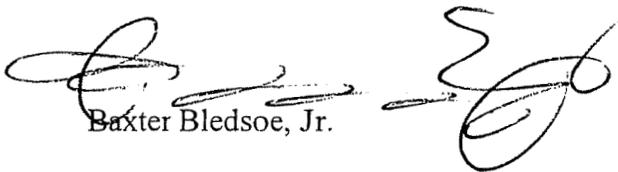
We agree that we will prorate taxes based on the date of closing.

You and I will work together to make sure that we are in substantial agreement concerning acreage, but we both acknowledge we believe the acreage figures set forth herein probably reasonably represent the true acreage.

If Woods Creek Water District should choose to sell all or any portion of the property in the next 15 years, I, or my sons, reserve the right of first refusal.

I have caused a signature space to be placed at the conclusion, hereof, for myself and a representative of Woods Creek Water District and the option will take affect upon execution.

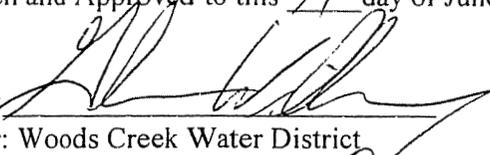
Sincerely yours,


Baxter Bledsoe, Jr.

BB/sss

Seen and Approved to this 14 day of June, 2006

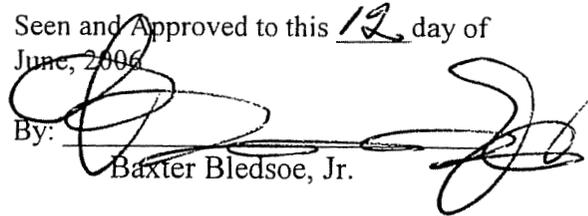
By:


For: Woods Creek Water District


Earl Bailey

Seen and Approved to this 12 day of June, 2006

By:


Baxter Bledsoe, Jr.

BID

TO Wood Creek Water District
PO Box 4726
London Ky 40743

FROM Laurel Energy Corporation
1249 South Main Street
London Ky 40741

Laurel Energy Corporation offers to lease the Building & Property formerly occupied by Phillips Diversified on North Highway US 25, East Bernstadt Ky.

The buildings & land meets all required Specs as advertised

All terms will be specified in lease
The lease amount will be \$4,000.00 per month for 5 years. at which time it can be renewed or purchased for \$400,000.00

Lessee will be permitted to use building & land the same as if they were the owners. They can make any improvements without any further notice. Lessee to pay any & all expense including, liability insurance, building loss insurance & property tax. Lessee can sub lease any and/or all of the buildings or property. The property joins & fronts US 25.

A L Robinson
Laurel Energy Corporation
1249 South ~~Main~~ Street

INVITATION FOR BIDS FOR LEASE OF WAREHOUSE BUILDING

Notice is hereby given that the Wood Creek Water District will be accepting sealed bids for the lease by Wood Creek Water District of warehouse/storage building. Bids may be place and specifications obtained at the water office, 1670 Daniel Boone Parkway, P.O. Box 726 London, Ky 40743, Monday Thru Friday from 8:00 a.m. to 4:30:p.m. until bid opening at 10:00 a.m. December 20, 2002.

The District reserves the right to waive any informalities or to reject any and all bids.

SPECIFICATIONS FOR LEASE OF WAREHOUSE BUILDING

- 1) The building shall be between 16,000 to 22,000 thousand square feet in size.
- 2) Should include at least 10 acres of property.
- 3) Be located within two (2) miles of the Wood Creek Water District Treatment plant located at 970 Filter Plant Road, East Bernstadt, Ky.
- 4) Prior to signing of the lease agreement, the lessor shall clearly mark and/or paint all property corners, clearly identifying the property boundary locations.
- 5) The terms of the lease should be for a period of five (5) years with an option to extend the lease for an additional five (5) year term and/or the option to purchase said building and property at the end of the contract period; the contract price of this building at the end of the lease term should be stated in the bid.
- 6) Building replacement insurance, property taxes, and any other cost should be included as terms of responsibility in the bid.
- 7) The lessee will have the right to make improvements to the property and/or structure.
- 8) The lease should include the right of Wood Creek Water District to sublease any or all of the property.
- 9) The lease should include unobstructed access and right of way to a county or state road or highway.

EXHIBIT



LEGAL DESCRIPTION

THE LAUREL ENERGY CORPORATION PROPERTY A PART OF DEED BOOK 489, PAGE 206

A CERTAIN TRACT OF LAND, KNOWN AS A PART OF THE PROPERTY CONVEYED TO THE LAUREL ENERGY CORPORATION, BY DEED FROM RALEIGH DAYTON RYSER II, AND PAM RYSER, HUSBAND AND WIFE, ON THE 23RD DAY OF NOVEMBER, 1998. AS RECORDED IN DEED BOOK 489, ON PAGE 206, IN THE COUNTY COURT CLERK'S OFFICE IN LONDON. AND LYING ON THE WATERS OF THE ROCKY BRANCH OF THE WOOD CREEK LAKE, IN THE JOHNSON RIDGE COMMUNITY, BEING LOCATED ON THE NORTHERLY SIDE OF KY. HWY. 25, APPROXIMATELY 1000' SOUTHEASTERLY OF IT'S JUNCTION WITH THE FILTER PLANT ROAD. BEING BOUNDED AND DESCRIBED AS FOLLOWS:

UNLESS OTHERWISE STATED, ALL MONUMENTS REFERRED TO IN THE FOLLOWING DESCRIPTION AS A ROD OR A WITNESS MONUMENT IS A 1/2" BY 10" REINFORCEMENT ROD WITH A RED PLASTIC CAP STAMPED JLF 3389, AND HAVE BEEN SET THIS SURVEY.

BEGINNING AT A ROD IN THE SOUTHERLY ACCESS CONTROL FENCE OF U S INTERSTATE 76 AT THE NORTHEASTERLY CORNER OF THE LAUREL ENERGY RESERVE PROPERTY (DEED BOOK 489, PAGE 206); THENCE LEAVING THE INTERSTATE WITH A LINE COMMON TO SAID RESERVE PROPERTY, SOUTH 54 DEGREES 56 MINUTES 19 SECONDS WEST PASSING THROUGH A POWER POLE AT 14.50' AND CONTINUING THE SAME COURSE FOR A TOTAL DISTANCE OF 117.00' TO A ROD COMMON TO THE JANICE LAWSON PROPERTY (DEED BOOK 368, PAGE 632); THENCE A LINE COMMON TO SAME, SOUTH 54 DEGREES 56 MINUTES 19 SECONDS WEST A DISTANCE OF 10.22' TO A ROD ON THE WESTERLY RIGHT OF WAY THE OLD HARE P O ROAD; THENCE CROSSING THE END OF SAME, SOUTH 19 DEGREES 35 MINUTES 43 SECONDS EAST A DISTANCE OF 41.25' TO A ROD ON THE EASTERLY RIGHT OF WAY OF SAME; THENCE RUNNING 20' EASTERLY OF AND PARALLEL TO THE APPROXIMATE CENTERLINE OF SAID ROAD, SOUTH 67 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 280.30' TO A ROD 45' NORTHERLY OF U S HWY 25; THENCE LEAVING THE OLD HARE P O ROAD AND RUNNING 45' NORTHERLY OF AND PARALLEL TO THE SAID CENTERLINE OF U S HWY 25, SOUTH 25 DEGREES 05 MINUTES 04 SECONDS EAST A DISTANCE OF 240.00' TO A ROD COMMON TO THE JOHNNY HARRIS PROPERTY (DEED BOOK 303, PAGE 151); THENCE LEAVING U S HWY 25 3 LINES COMMON TO THE HARRIS PROPERTY, NORTH 66 DEGREES 46 MINUTES 32 SECONDS EAST A DISTANCE OF 87.33' TO A 15" MAPLE EXISTING AND AGREED TO BE THE CORNER BY JOHNNY HARRIS, SAID MAPLE BEARS NORTH 66 DEGREES 46 MINUTES 32 SECONDS EAST A DISTANCE OF 2.00' FROM WITNESS MONUMENT A AND HAS BEEN MARKED THIS SURVEY WITH 3 HACKS AND ORANGE PAINT; THENCE SOUTH 45 DEGREES 38 MINUTES 11 SECONDS EAST A DISTANCE OF 326.10' TO A ROD ALSO AGREED ON AS THE CORNER BY JOHNNY HARRIS; THENCE SOUTH 16 DEGREES 54 MINUTES 17 SECONDS EAST A DISTANCE OF 310.44' TO A ROD IN THE LINE OF THE ELWOOD CLOYD PROPERTY (DEED BOOK 145, PAGE 471, AND ALSO DEED BOOK 234, PAGE 465; THENCE A LINE COMMON TO CLOYD, NORTH 75 DEGREES 11 MINUTES 44 SECONDS EAST A DISTANCE OF 260.00' TO A SET STONE FOUND WITH AN X CARVED IN SAME, SAID STONE BEARS NORTH 75 DEGREES 11 MINUTES 44 SECONDS EAST A DISTANCE OF 2.00' FROM WITNESS MONUMENT B AND IS COMMON TO THE PEGGY BROWN ESTATE (DEED BOOK 308, PAGE 211); THENCE A LINE COMMON TO SAME, NORTH 60 DEGREES 44 MINUTES 30 SECONDS EAST A DISTANCE OF 328.85' TO A PULL POST IN THE ABOVE MENTIONED SOUTHERLY ACCESS CONTROL FENCE OF U S INTERSTATE 76 WHICH BEARS NORTH 60 DEGREES 44 MINUTES 30 SECONDS EAST A DISTANCE OF 2.00' FROM WITNESS MONUMENT C; THENCE WITH THE SOUTHERLY RIGHT OF WAY OF SAID INTERSTATE AND ADJACENT TO THE ACCESS CONTROL FENCE NORTH 27 DEGREES 52 MINUTES 09 SECONDS WEST A DISTANCE OF 189.23'; THENCE NORTH 40 DEGREES 62 MINUTES 41 SECONDS WEST A DISTANCE OF 55.58' TO A ROD; THENCE NORTH 43 DEGREES 34 MINUTES 24 SECONDS WEST A DISTANCE OF 191.73'; THENCE NORTH 46 DEGREES 16 MINUTES 37 SECONDS WEST A DISTANCE OF 254.26'; THENCE NORTH 49 DEGREES 42 MINUTES 09 SECONDS WEST A DISTANCE OF 270.82'; THENCE NORTH 51 DEGREES 57 MINUTES 58 SECONDS WEST A DISTANCE OF 80.75' TO THE POINT OF BEGINNING AND CONTAINING 11.02 ACRES +/- (ELEVEN AND TWO HUNDREDTHS OF AN ACRE MORE OR LESS). ALL RIGHT OF WAYS HAVE BEEN BASED ON THE DEED. WITH ALL BEARINGS BASED ON THE AUGUST 8TH, 2000 MAGNETIC MERIDIAN AS OBSERVED VIA COMPASS READING TAKEN IN THE FIELD ON THAT DATE. AS SURVEYED BY JEFFERY L FUGATE, KENTUCKY PROFESSIONAL LAND SURVEYOR NO. 3389 ON THE 8TH DAY OF AUGUST, 2000.

Jeffery L. Fugate



12-13-09

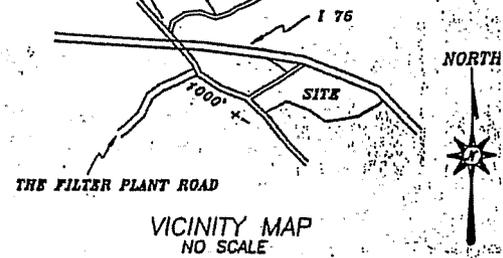
OWNER
THE LAUREL ENERGY CORPORATION PROPERTY
A PART OF DEED BOOK 489, PAGE 206
BEING THE PROPERTY AS CONVEYED TO LAUREL ENERGY CORPORATION, BY DEED FROM RALEIGH DAYTON RYSER, II, AND PAM RYSER, HUSBAND AND WIFE, ON THE 23RD DAY OF NOVEMBER, 1998, AS RECORDED IN DEED BOOK 489, ON PAGE 206, IN THE COUNTY COURT CLERK'S OFFICE IN LONDON, LAUREL COUNTY, KENTUCKY.

STREET ADDRESS
NORTH U.S. HWY 26
EAST BERNSTADT, KY 40729

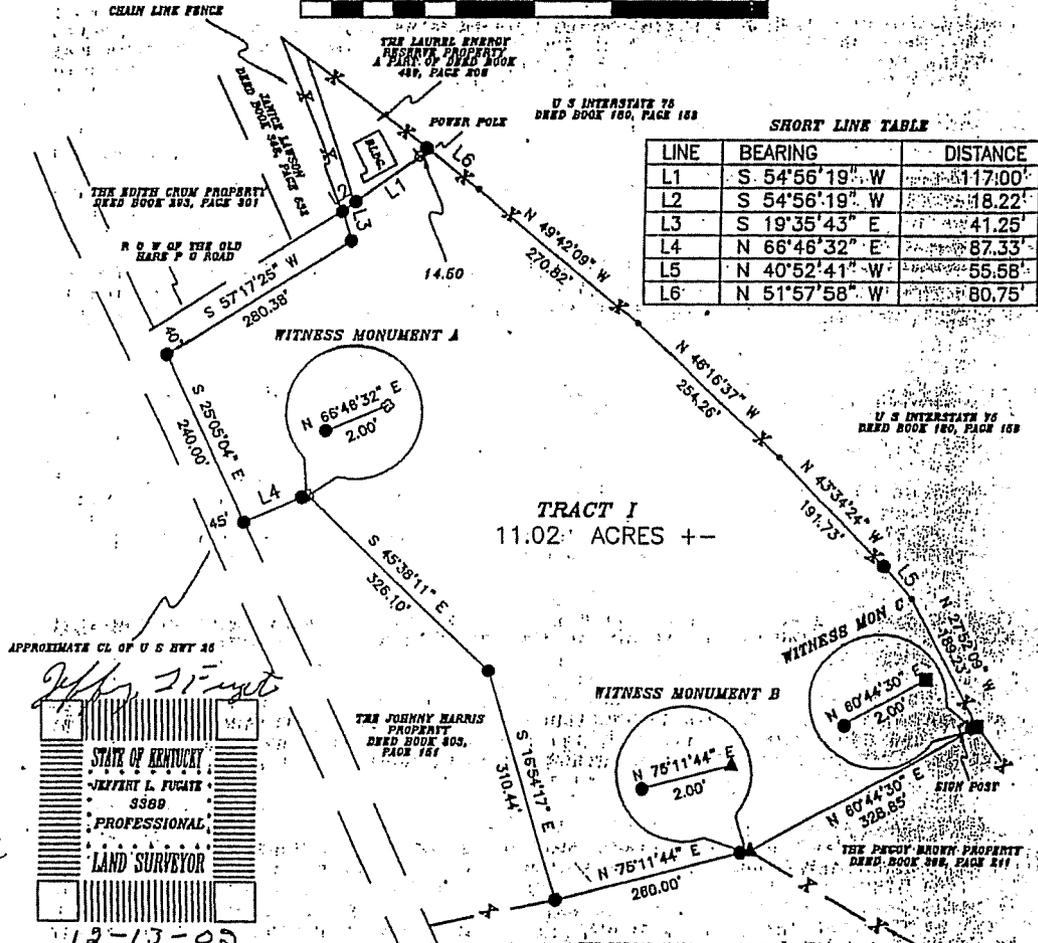
JEFFERY L FUGATE KY PLS 3389
P O BOX 2651
LONDON, KENTUCKY 40743
PHONE: 606-878-1619

THE HARK P O ROAD
 U S HWY 25

EXHIBIT B



0' 200 400 600



SHORT LINE TABLE

LINE	BEARING	DISTANCE
L1	S 54°56'19" W	117.00'
L2	S 54°56'19" W	18.22'
L3	S 19°35'43" E	41.25'
L4	N 66°46'32" E	87.33'
L5	N 40°52'41" W	55.58'
L6	N 51°57'58" W	80.75'

Jeffery L Fugate
 STATE OF KENTUCKY
 JEFFERY L FUGATE
 3389
 PROFESSIONAL
 LAND SURVEYOR
 12-13-02

NOTE: RIGHT OF WAYS SHOWN ARE BASED ON THE DEED.

AUGUST 8TH, 2000
MAGNETIC NORTH MERIDIAN
AS OBSERVED VIA COMPASS
READING TAKEN IN THE
FIELD ON THAT DATE



- THE ALWOOD CLOED PROPERTY DEED BOOK 148, PAGE 471, AND ALSO DEED BOOK 234, PAGE 408
 - OLD WIRE FENCE
 - DENOTES TREE WITH 3 HACKS AND ORANGE PAINT MARKED THIS SURVEY UNLESS OTHERWISE NOTED.
 - DENOTES STEEL PULL POST FOUND
 - ▲ DENOTES SET STONE FOUND WITH X MARK
 - DENOTES 1/2" BY 16" ROD WITH A RED PLASTIC CAP STAMPED JLF 3389, SET THIS SURVEY UNLESS OTHERWISE NOTED.
 - DENOTES POINT IN THE SOUTHERLY RIGHT OF WAY OF U.S. INTERSTATE 75.
- CLIENT**

LAUREL ENERGY CORPORATION
SUITE 3 1249 SOUTH MAIN STREET
LONDON, KY 40741

PHILLIPS DIVERSIFIED SITE

DRAWN BY: J. FUGATE	LYING ON THE WATERS OF THE ROCKY BRANCH OF THE WOOD CREEK LAKE IN THE COMMUNITY OF JOHNSON RIDGE
SURVEY TYPE:	LOCATED ON THE NORTH SIDE OF U.S. HWY 26, APPROXIMATELY 1000' SOUTHEASTERLY OF ITS JUNCTION WITH THE FILTER PLANT ROAD
RETRACE	
SCALE 1"=200'	LAUREL COUNTY, KENTUCKY

I HEREBY CERTIFY THAT THIS PLAT DEPICTS A SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION, BY THE RANDOM TRAVERSE METHOD. THE BEARINGS AND DISTANCES HAVE NOT BEEN ADJUSTED. THIS PLAT MEETS OR EXCEEDS THE MINIMUM STANDARDS OF GOVERNING AUTHORITIES FOR A CLASS A SURVEY WITH AN UNADJUSTED TRAVERSE PRECISION RATIO OF 1:11701.

Jeffery L Fugate RLS 3389
 SURVEY DATE 8-8-2000
 CERTIFICATION DATE 12-13-2005

LEASE

Effective Date: January 1, 2003

Lessor: **Laurel Energy Corporation**
1249 S. Main Street
London, KY 40741

Lessee: **Wood Creek Water District**
P.O. Box 726
London, KY 40743

Premises: **Being a warehouse/storage building located within two (2) miles of the Wood Creek Water District Treatment Plant located at 970 Filter Plant Road, East Bernstadt, Kentucky, which is the property formerly occupied by Phillips Diversified on North Highway US 25, East Bernstadt, Kentucky, and being a portion of Deed Book 489, at page 206, Laurel County Court Clerk's Office, said property being more particularly described on Exhibit A, attached hereto and made a part hereof.**

In consideration of the mutual promises in this Lease, Lessor and Lessee covenant and agree as follows:

1. **Demise and Term** - Lessor leases the premises to Lessee for a period of five (5) years beginning January 1, 2003 and ending December 31, 2007, with the option to renew for an additional five (5) year term. Upon the ending date of December 31, 2007, the Lessee has the option to extend the lease for the additional five (5) year term or to purchase the property at the purchase price of four hundred thousand dollars (\$400,000.00.). Lessee shall notify Lessee no less than ninety (90) days prior to expiration date of lease as to whether they will extend the lease or purchase said Premises.

Lessee has immediate possession of the premises as of the execution date hereof.

The parties hereto realize and agree that because the lessee is a governmental entity, the lessee cannot obligate itself beyond its fiscal year and for such reason, may cancel this lease agreement at the beginning of its fiscal. However, unless such notice of cancellation is given by the lessee at the beginning of its fiscal year, the lease shall remain in full force and effect for the term stated herein without any affirmative action by the lessee.

2. **Rent** - Lessee shall pay to Cumberland Valley National Bank & Trust Company of London, Kentucky, on behalf of the Lessor, monthly rental rate during the term of this Agreement which shall be Four Thousand Dollars and no/100 (\$4,000.00) payable each month in advance beginning with the commencement of said Agreement, being January 1, 2003.

Prior to commencement of term, Lessor agrees to furnish Lessee with an executed IRS Form W-9.

3. **Use of Premises** - Lessor represents that to the best of Lessor's knowledge and belief the use of the Premises by prior Lessees and holders have not resulted in any environmental contamination. Lessee may use the Premises as a warehouse and storage building and for other related business matters. Lessor represents and warrants to Lessee that the Premises are zoned for the usage stated herein. Lessee shall comply with all government laws, rules and regulations. However, if Lessee is restricted or prohibited by such laws, rules or regulations from using the premises as a warehouse/storage building any time during the Lease term, Lessee may terminate this Lease by notifying Lessor.

The Lessor hereby warrants to the Lessee that it will have unobstructed access and right of way to a county or state road or highway for ingress and egress to and from the Premises.

4. **Purchase of Premises** - Should the Lessee opt to purchase the Premises the Lessor will provide the Lessee a "Special Warranty" Deed for the property. The Lessor will convey the Premises free and clear of all liens and encumbrances.

5. **Improvements, Alterations, and Additions** - Lessee may make improvements to the property and/or structure on the Premises if they (a) do not impair the value of the Premises; (b) are built in a good and workmanlike manner and in compliance with all governmental regulations; and (c) are promptly paid for by Lessee. The Lessee may, without further approval or notice of the Lessor, use, maintain, fill, develop, build, remodel, fence, etc., the property and generally utilize the property as if the Lessor were the owner of said property.

Lessee shall be responsible for payment of any and all repairs and/or additions and improvements it makes to the property.

6. **Utilities and Taxes** - Lessee shall pay for all utilities it consumes on the Premises and shall pay all ad valorem taxes against the real estate, including the building now located on the Premises, and any additions. Premises.

7. **Assignments and Subletting** - Lessee may sub-lease any or all of, but not limited to, space, buildings, land, existing sign(s), lease space for signs or billboards, etc., without further notice or approval of the Lessor.

8. **Default** - If either party fails to perform its obligations under this Lease, and if the failure continues for 30 days after notice of default from the other party, the non-defaulting party may terminate this Lease in addition to exercising any other legal or equitable remedy for such default. In exercising its remedies, the Lessor may accelerate all rent due from Lessee, and may also re-enter the Premises without terminating this Lease. Any failure or neglect by either party to assert or enforce any rights or remedies under this Lease shall not affect their respective rights or remedies as to any subsequent breaches or defaults, and shall not be construed as a waiver of their rights or remedies for subsequent breaches or defaults.

9. **Notices** - All notices, consents, approvals and other communications required or permitted in this Lease must be written and delivered either by a party, or by a reputable private delivery service with provision for

acknowledgment of receipt, or by certified mail, return-receipt requested, to the address shown on page 1. Either party may change its address by notifying the other party.

10. **Condemnation** - If any of the Premises are condemned, then Lessee may terminate this Lease by notice to Lessor within 90 days after the date of condemnation. "Condemnation" means a taking by exercise of the power of eminent domain and any conveyance in lieu of such taking, whether permanent or temporary (more than 6 months), and includes any governmental action preventing or substantially restricting use of the Premises for their intended purposes. If Lessee so terminates his Lease, rent abates as of the date of termination. The "date of termination" is the date the condemning authority takes possession of the condemned area. If Lessee does not so terminate this Lease, rent adjusts to reflect the nature and extent of the condemnation of the Premises. In either case, Lessor shall refund to Lessee that part of any rent paid in advance for period after the condemnation. The condemnation award belongs to the Lessor, but Lessee may seek a separate award for its losses, if Lessee's award does not diminish Lessor's award.

11. **Title** - Lessee may peaceably enjoy the Premises free from any adverse claims so long as it does not default under this Lease. Lessor represents that it has the full right and authority to lease the Premises in accordance with this Lease and that it holds fee simple title to the Premises, subject only to title exceptions that do not adversely affect Lessee's ability to use the Premises as contemplated. Lessor shall have the holder of any lien prior to this Lease sign a non-disturbance agreement with Lessee, and Lessee shall subordinate this Lease to the lien of any subsequent lender that signs a non-disturbance agreement.

12. **Insurance and Indemnity** - Lessee shall carry adequate liability insurance during the Lease term; the Lessor shall be named as an additional insured on the policy of liability insurance. The Lessee shall also pay the premium of fire and extended coverage insurance in the minimum amount of Five Hundred thousand dollars (\$500,000.00) as replacement of the building, naming Lessee as an additional insured. Lessee shall furnish certificates of insurance to Lessor on request. Lessee can purchase the insurance with the company of its choice.

13. **Miscellaneous** -

a) **Successors and Assigns** - This Lease benefits and binds the parties' successors, legal representatives, and assigns.

b) **Number and Gender** - The masculine, feminine, or neuter gender in this Lease means the correct gender applicable, and the singular includes the plural, and conversely, as the context requires.

c) **Governing Law** - This Lease shall be construed under the laws of the state in which the Premises are located.

d) **Cost of Performance** - Except as provided otherwise in this Lease, the party obligated or permitted to perform is obligated, as between Lessor and Lessee, to pay the cost of performance.

e) **Include, Shall, May** - "Include", "includes", and "including" mean "considered as part of a larger group, and not limited to the items recited: "shall" means "is obligated to"; "may" means "is permitted to, but is not obligated to".

f) In the event that any term or provision of this Lease or the application thereof shall to any extent be deemed invalid or unenforceable by any court of competent jurisdiction, the remainder of this Lease other than that part held invalid or unenforceable shall not be affected and shall remain in full force and effect.

14. Other Conditions

a) Lessor warrants to Lessee that to Lessor's knowledge there is nothing contained in the restrictive covenants on the Premises that would adversely impact the Lessee's intended use of the Premises as stated herein.

EXECUTED as of this the 23 day of December, 2002.

Lessor:

LAUREL ENERGY CORPORATION

BY: A. L. Robinson
A. L. ROBINSON, authorized agent

Lessee:

WOOD CREEK WATER DISTRICT

BY: Glenn Williams
GLENN WILLIAMS, Chairman

ATTESTED BY:

Dorothy Gurnea
Secretary

STATE OF KENTUCKY

COUNTY OF LAUREL

Acknowledged, subscribed and sworn to before me by A. L. ROBINSON as authorized agent of and on behalf of LAUREL ENERGY CORPORATION on this the 23 day of Dec., 2002..

Sheila Fields
Notary Public

My Commission Expires: June 1, 2006

STATE OF KENTUCKY

COUNTY OF LAUREL

Acknowledged, subscribed and sworn to before me by GLENN WILLIAMS, Chairman, and attested by
Glenn Williams, Secretary for and on behalf of WOOD CREEK WATER DISTRICT, on this
the 23 day of Dec, 2002.

Sheila Fields
Notary Public

My Commission Expires: June 1, 2006

Prepared in the law offices of
LARRY G. BRYSON, PSC
318 West Dixie Street
London, Kentucky 40741.

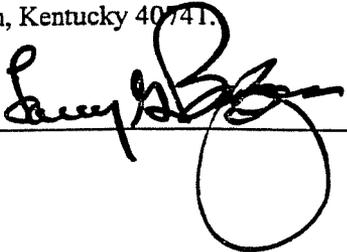
BY: 

EXHIBIT A

Being property Laurel Energy Inc., acquired from Raleigh Dayton Ryser, II, and Pam Ryser, husband and wife, by deed dated November 23, 1998, of record in Deed Book 489, at page 206, records of the Laurel County Court Clerk's Office, and being more particularly described as follows:

TRACT 1:

Begin at a point in the controlled access right of way of Highway #I-75 and on the south side of the Hare P.O. Road; thence along the Hare P.O. Road S. 56.00 W. 453 feet to a stake at the junction of Highway #25; thence S. 31.00 E. 240 feet Highway #25 to a stake corner to Harris land; thence along the line of same 76 feet to a maple; thence 313 feet to an oak; thence 330 feet to a white oak, Harris corner in Cloyd line; thence with Cloyd N. 65.00 E. 240 feet to a set stone; thence N. 60.00 E. 363 feet to a point in the controlled access right of way of Highway #I-75; thence with the meanders of Highway #I-75 to the point of beginning, containing 9.46 acres, the same to be more or less, by survey of Ace Hensley of dated May 18, 1968.

TRACT 2:

Begin at a stake set in the north right of way of Hare P.O. Road at a corner common to Paul Sizemore; thence N. 31.30 W. 200 feet to a stake in the right of way of Highway #I-75; thence with same S. 62.00 E. 230 ½ feet to a stake in North right of way of Hare P.O. Road; thence S. 58.00 W. 117 feet with same to the point of beginning, containing 3/10 acre, the same to be more or less by survey of Ace Hensley of date May 16, 1968.

THERE IS EXCEPTED AND RETAINED BY THE FIRST PARTY HEREIN THE FOLLOWING DESCRIBED PROPERTY:

BEGINNING at a rod in the southerly access control fence of US Interstate 75 at the northeasterly corner of the Laurel Energy reserve property (Deed Book 489, Page 206); thence leaving the interstate with a line common to said reserve property, South 54 degrees 56 minutes 19 seconds West passing through a power pole at 14.50' and continuing the same course for a total distance of 117.00' to a rod bearing North 54 degrees 56 minutes 19 seconds East a distance of 18.22' from a steel post in a chain link fence, said rod being common to the Janice Lawson property (Deed Book 368, Page 632); thence a line common to same in a northerly direction approximately 200' to a point in the southerly right of way of the above mentioned U.S. Interstate 75, thence with same in a southerly direction approximately 206' to the point of beginning and containing 0.24 acre, more or less.

THE ABOVE DESCRIBED PROPERTY HAS BEEN RE-SURVEYED. THE PREMISES COVERED BY THIS LEASE IS AS SHOWN BY THE LEGAL DESCRIPTION AND PLAT ATTACHED HERETO AS EXHIBIT "B", MADE A PART HEREOF.

\$2,070,000

*Wood Creek Water District
Kentucky Rural Water Finance Corporation*

Sources & Uses

Dated 10/15/2006 | Delivered 10/15/2006

Sources Of Funds

Par Amount of Bonds..... \$2,070,000.00

Total Sources..... \$2,070,000.00

Uses Of Funds

Original Issue Discount (OID)..... 8,448.75

Total Underwriter's Discount (1.092%)..... 22,601.25

Costs of Issuance..... 34,585.00

Deposit to Project Construction Fund..... 2,000,000.00

Rounding Amount..... 4,365.00

Total Uses..... \$2,070,000.00

Source Water Assessment Summary for Laurel County

WOOD CREEK WATER DISTRICT (PWSID 0630477, WW 0753)

Activities and land uses upstream of Wood Creek Water District's source of water can pose potential risks to your drinking water. Under certain circumstances contaminants could be released that would pose challenges to water treatment or even get into your drinking water. These activities, and how they are conducted, are of interest to the entire community because they potentially affect your health and the cost of treating your water. Activities immediately upstream of your water supply intake are of special concern because they provide little response time to the water system operators. An analysis of the susceptibility of the Wood Creek water supply to contamination indicates that this susceptibility is high. Recommendations from Wood Creek are: (1) The Wood Creek Water District Wastewater Division was started in 2000 to install sanitary sewer lines in the watershed to eliminate straight pipes and failing septic systems; the Division is continually working to seek funding to provide coverage to the whole watershed; (2) In 2002, we sponsored a lake cleanup day, along with the local Fiscal Court, we intend to make this an annual event; (3) We work with the local Health Department and report any known straight piping and failing septic systems to them; (4) Continue work with the County Solid Waste Coordinator in reporting dumpsites in the watershed; (5) Continue to have on payroll, a Water patrol officer, to patrol the lake and shores for any illegal activities; (6) Continued work with Congressman Rogers' Pride program; and (7) Continued work with and report any violations to all the appropriate Federal, State, and local agencies.

Below are the Management Recommendations for land and coverage: (1) Monitor to ensure compliance with Forestry Conservation Act; and (2) Require BMP (Best Management Practices) implementation per the Forest Landowners Handbook. Agriculture: (1) Monitor annually to ensure compliance with Agriculture Water Quality Act (AWQA); (2) Encourage implementation of voluntary Best Management Practices (BMPs) above the minimum required by the AWQA. BMP manuals for specific types of operations are available; (3) Monitor annually to ensure implementation of Nutrient Management Plans (NMPs); (4) Encourage development and implementation of Resource Management Systems (RMS) on agricultural operations per USDS-Natural Resource Conservation Service (NRCS) specifications; and (5) No storage or use of pesticides. Highway maintenance and runoff/Railroads: (1) Require the adoption and application of highway maintenance and runoff BMPs (Best Management Practices); (2) Limit highway construction or avoid waterways. Modify designs to limit runoff, especially drain-spouts on bridges to minimize salt de-icing runoff to waterways; and (3) Encourage posting of signs indicating presence of source water protection area on major roads. Permitted Wastewater Point Sources: (1) Eliminate permitted sewage systems (such as package treatment plants) with a history of noncompliance with permit requirements; (2) Review existing sewage systems biannually to ensure compliance with all applicable Departmental of Environmental Protection (DEP) permitting requirements; (3) Monitor systems biannually to ensure proper ongoing maintenance and operation; (4) Seek regionalization of all wastewater discharges or elimination of other discharges to eliminate point sources, to the extent possible (if they exist); and (5) Discharge or ban any new wastewater point source discharges. Onsite/Decentralized/Septic Systems, Straight Pipes: (1) Eliminate and prevent new straight pipes and failing septic systems; (2) Prepare and implement Groundwater Protection Plan; conduct monitoring activities to assess effectiveness; (3) Connect properties with failing onsite systems to sanitary sewers where feasible; (4) Ensure proper maintenance of systems; (5) Replace failing onsite systems with systems that are most appropriate/protective of the environment; (6) Reduce generation of wastewater; (7) Conduct education and training for local officials, contractors and/or the general public regarding onsite wastewater issues; and (8) Adopt region or county-wide sanitation district for planning and management wastewater. Landfills, Dumps, Landfarms: (1) No new permitted landfills or landfarms; (2) Review existing operations biannually to ensure compliance with all

applicable DEP permitting requirements (e.g., KPDES, Groundwater Protection Plans, Solid Waste Landfills, etc.); and (3) Cleanup all dumps. Waste Storage Tanks/Storage Tank Leaks Petroleum/Chemical (Above ground) (Underground): (1) Remove existing and prevent new installation of above-or underground waste storage tanks.

The Kentucky Division of Water conducts a water quality assessment of streams, rivers, reservoirs and lakes by watershed, on a rotating schedule. Water bodies are evaluated to determine their suitability for various uses including: Aquatic Life Support; Fish Consumption; Primary Contact Recreation; Secondary Contact Recreation; and Drinking Water Supply. Water bodies are then categorized as Fully Supporting, Partially Supporting or Not Supporting in the context of intended use. From a protection standpoint, the true source of impairment is what needs to be considered in determining the potential threat that these impaired water bodies present to source water. The presence of impaired water bodies within a watershed may indicate that conditions detrimental to source water quality may already exist. There are water quality impairments all around Wood Creek Water District's intake. These impairments are created by excess nutrients. Two general sources of nutrients in Wood Creek's water are derived from natural and man-made sources. Natural sources include input from atmospheric deposition and a slight amount of nutrients leached from the soils. A much larger portion of the nutrients that enter area waterways are created by human and animal sources such as commercial fertilizers, livestock manure, industrial discharges, and human sewage. Nutrients are either dumped directly into waterways or swept through the areas when rain washes over the land and creates polluted runoff.

Source Water Assessment and Protection Plan Susceptibility Analysis and Protection Recommendations for Laurel County

WOOD CREEK WATER DISTRICT (PWSID 0630477, WW 0753)

A. Source Water Protection Area

This aspect of water supply planning lays the foundation for proactive management of the source water. The two major components of Source Water Protection planning are (1) to evaluate the potential for contaminants to enter the water supply and (2) to develop recommendations for protection.

Introduction

Wood Creek Water District, one of four (4) water treatment plants serving Laurel County, sells water to West Laurel Water Association and East Laurel County Water District. The intake is assigned number WW 0753 and is located on Wood Creek Lake at mile 7.2 on Wood Creek.

Delineation

Delineation is the process of defining the area of land on which activities are likely to impact the quality of the drinking water source. Surface sources of water that are fed by large watersheds are typically divided into three zones, the largest of which may be smaller than the entire watershed upstream of the intake. Reference map number WW 0753. The intake only has one protection zone.

Maps illustrating the source water protection area of this public water system's surface water supplies are provided for the following surface water intakes: WW0753

What follow are the criteria used to define these protection zones:

- For most intakes that draw from reservoirs, the water supply protection area will include the entire watershed, segmented (as size permits) into subsections according to the following scheme.
- For intakes in extremely large reservoirs (e.g. Lake Cumberland), the water supply protection area includes three protection zones. These are intended to parallel the protection areas used in the Wellhead Protection Program. If the intake is in a river embayment or the upper reaches of the reservoir, segmentation rules for river intakes may apply.

Zone I -The **Critical Zone** begins 1/4 mile below the intake site and extends 1 mile upstream of the intake, measured in the thalweg (channel), and on the land along each side, 1/4 mile from normal pool level of the reservoir (or to the nearest watershed boundary if its within 1/4 mile), and up 3rd order streams. If this segment of the reservoir is more than 1/2 mile wide *and* the thalweg is on the intake side of the reservoir throughout this segment, the Critical Zone may include only the intake shore of the reservoir. Zone I includes the communities of Pitsburg and Bernstadt.

Susceptibility Considerations

Numerous considerations are used in determining the susceptibility of a public water supply source to potential contamination. The degree of susceptibility is related to several factors. EPA recommends site-specific factors be examined in determining susceptibility. Factors include: (1)

Contaminant source characteristics and threat to public health; (2) **Proximity** of the potential source of contamination to the intake; (3) **Likelihood of release** for the contaminant source. Each factor is given susceptibility values of 1 to 3. To calculate the final susceptibility rating for each potential contaminant source, each of the factors above has been weighted. Contaminant characteristics or hazard to human health factor is given a weight of X3, Proximity of the contaminant source to the intake factor is given a weight of X2 while likelihood of release and hydrologic sensitivity factor are given a weight of X1. A potential contaminant with a high rating has an overall ranking greater than 15. Any potential contaminant with a medium rating has an overall ranking of 10 to 14. When a potential contaminant has a low rating, its ranking is less than 10.

B. Water Supply Risks

1. Potential Contaminant Sites

Potential contaminants sites are those locations, in delineated protection areas, where human activities are taking place that are likely to create some risk of contaminants entering the source of public water supply. To identify these sites, the Water Management Planning Council members from Laurel County and Cumberland Valley ADD staff reviewed the potential contamination database supplied by the Kentucky Division of Water.

For a complete listing of all the potential contaminant sources for this public water system, see the contaminant source inventory table.

2. Soils and Geology

The geological features of Laurel County are composed of two different types of rock. One being Mississippian-age strata that is dominated by limestone, shale, and sandstones. This limestone also contains large cave systems. The second rock is Pennsylvanian Rock. Pennsylvanian rocks in Kentucky are composed mostly of interbedded shale, sandstone, conglomerates, and coals. Thin limestone beds may also occur. A Pennsylvanian stratum tends to contain large amounts of coal. The general soils around the Wood Creek Lake are: Whitley-Latham-Lily association: gently sloping to steep, moderately deep and deep soils that have loamy or clayey subsoil; on ridge tops and side slopes. Whitley soils have a high available water capacity and moderate permeability. Latham soils have moderate water capacity and slow permeability. In Lily type soils, the water capacity is moderate and permeability is moderately rapid.

3. Susceptibility Analysis

The following is a discussion of potential contaminant sources identified in Woods Creek's Source Water Protection Areas. Wood Creek Lake is discussed below:

Wood Creek Lake (WW 0753)

Non-point-source pollution, or "polluted runoff," is created when rain, snowmelt, irrigation water, and other water sources run over the land, picking up pollutions and transporting them to local water bodies.

Non-point-source pollution is also called "people pollution" because much of it is the result of activities that people do everyday. With each rainfall, pollutants are washed from surface and land areas into storm drains, ditches, sinkholes or streams that flow into our nearby waterways. Because each individual contributes to non-point-source pollution simply by performing daily activities, it is not surprising that non-point-source pollution is the biggest threat to our waterways.

Forest/Woodlands Land Cover: This type of land cover could be subject to logging which may result in soil erosion if Best Management Practices (BMPs) are not carefully applied.

Pasture and Hay Land Cover: When Best Management Practices (BMPs) are poorly applied; cattle or any other livestock grazing in these areas could result in stream bank erosion and manure runoff where livestock enter a creek.

Row Crops Land Cover: The presence of this land cover type indicates the potential for agricultural activities, which can result in soil erosion and fertilizer and pesticide runoff if Best Management Practices (BMPs) are poorly applied.

Residential Land Cover: The presence of this type of land cover may be indicative of chemical use on a wide scale from individual homes. Activities such as vehicle washing, the application of lawn chemicals and other maintenance related activities in residential areas might generate potential contaminants. Furthermore, soil erosion may occur from construction that takes place in expanding residential areas.

Roads and railroads are subject to regular traffic. Vehicle emissions along these thoroughfares contain varying amounts of toxic substances that can be carried by runoff to streams and lakes. Furthermore, accidental spills of hazardous materials from trucks and/or trains could potentially contaminate source waters.

Sewer lines that run through a protection zone are a potential contamination source because they carry pollution that could enter the water source.

Power line rights-of-way may be treated with herbicides. Surface runoff could carry these herbicides to source waters.

The Kentucky Pollution Discharge Elimination System program requires permits for the discharge of pollutants from any point source into waters of the Commonwealth of Kentucky. The following are some examples of pollutant dischargers permitted and monitored under the KPDES program: wastewater treatment facilities, certain agricultural operations, various industrial operations, certain municipal operations, certain landfarming operations and certain silvicultural operations.

Waste Generator or Transporter and Waste Treatment, Storage or Disposal in "Corrective Action"

Firms that generate and dispose of hazardous waste onsite and those that transport hazardous waste offsite fall into this category.

Tier II Hazardous Chemical Users are firms that use certain minimum quantities of chemicals classified as Tier II and must report this to their local Emergency Management Council. These firms may have certain preventive measures in place, which reduce the likelihood that hazardous chemicals will be accidentally released to the environment. Many of the firms may have only minimum protections in place. However, an accidental release of these chemicals in any of the protection zones could affect source water quality.

Bridges and culverts often appear in areas where water is likely to occur either sporadically or continuously. Vehicular traffic over these structures creates emissions, which contain varying amounts of toxic substances that can be carried to source waters. Furthermore, accidental spills of hazardous materials from trucks at bridges or culverts could be introduced directly into a tributary of or the main body of a source water supply.

Underground storage tanks are found at gas stations and other locations and have the potential for leaks and spills. Those tank owners using Best Management Practices (BMPs) are less likely to experience leaks or spills that may contaminate a water supply.

Active mining sites are also a concern. These sites have the potential for soil erosion and acid mine drainage impacts to the water supply.

Failing septic tanks and straight sewer pipes from individual homes are not shown on the map or on the SWAPP database due to uncertainty of their locations. Although there are very few homes proven to have them, several areas of suspected concentrations of straight pipes are located within Laurel County, some within the protection zone.

2. Limit highway construction or avoid waterways. Modify designs to limit runoff, especially drain-spouts on bridges to minimize salt de-icing runoff to waterways.
3. Encourage posting of signs indicating presence of source water protection area on major roads.

Permitted Wastewater Point Sources:

1. Eliminate permitted sewage systems (such as package treatment plants) with a history of noncompliance with permit requirements.
2. Review existing sewage systems biannually to ensure compliance with all applicable DEP permitting requirements
3. Monitor systems biannually to ensure proper ongoing maintenance and operation.
4. Seek regionalization of all wastewater discharges or elimination of other discharges to eliminate point sources, to the extent possible (if they exist).
5. Discharge or ban any new wastewater point source discharges.

Onsite/Decentralized/Septic Systems, Straight Pipes:

1. Eliminate and prevent new straight pipes and failing septic systems.
2. Prepare and implement Groundwater Protection Plan; conduct monitoring activities to assess effectiveness.
3. Connect properties with failing onsite systems to sanitary sewers where feasible.
4. Ensure proper maintenance of systems.
5. Replace failing onsite systems with systems that are most appropriate/protective of the environment.
6. Reduce generation of wastewater.
7. Conduct education and training for local officials, contractors and/or the general public regarding onsite wastewater issues.
8. Adopt region or county-wide sanitation district for planning and management wastewater.

Landfills, Dumps, Landfarms:

1. No new permitted landfills or landfarms.
2. Review existing operations biannually to ensure compliance with all applicable DEP permitting requirements (e.g., KPDES, Groundwater Protection Plans, Solid Waste Landfills, etc.)
3. Cleanup all dumps.

Waste Storage Tanks/Storage Tank Leaks Petroleum/Chemical (Above ground) (Underground):

1. Remove existing and prevent new installation of above-or underground waste storage tanks.

The Laurel County Fiscal Court will be provided with a copy of SWAPP Plan and the water supply protection area map, and be encouraged to include within their review criteria for new development. It would also be suggested that the fiscal court review subdivision and development standards to determine if any further features need to be incorporated into those standards that might mitigate the chances for contamination in supply protection areas.

6. Security of Access

Wood Creek Lake is an impounded lake. Security access around the plant: staffed 24 hours a day. There is a perimeter fence at the intake and the plant.

Impaired Water Bodies

The Kentucky Division of Water conducts a water quality assessment of streams, rivers, reservoirs and lakes by watershed, on a rotating schedule. Water bodies are evaluated to determine their suitability for various uses including: Aquatic Life Support; Fish Consumption; Primary Contact Recreation; Secondary Contact Recreation; and Drinking Water Supply. Water bodies are then categorized as Fully Supporting, Partially Supporting or Not Supporting in the context of intended use. From a protection standpoint, the true source of impairment is what needs to be considered in determining the potential threat that these impaired water bodies present to source water. The presence of impaired water bodies within a watershed may indicate that conditions detrimental to source water quality may already exist. There are water quality impairments all around Wood Creek Water District's intake. These impairments are created by excess nutrients. Two general sources of nutrients in Wood Creek's water are derived from natural and man-made sources. Natural sources include input from atmospheric deposition and a slight amount of nutrients leached from the soils. A much larger portion of the nutrients that enter area waterways are created by human and animal sources such as commercial fertilizers, livestock manure, industrial discharges, and human sewage. Nutrients are either dumped directly into waterways or swept through the areas when rain washes over the land and creates polluted runoff.

4. Existing Local Regulatory Protection Measures

Laurel County does have garbage collection services.

5. Protection Recommendations

Recommendations from Wood Creek: (1) The Wood Creek Water District Wastewater Division was started in 2000 to install sanitary sewer lines in the watershed to eliminate straight pipes and failing septic systems; the Division is continually working to seek funding to provide coverage to the whole watershed; (2) In 2002, we sponsored a lake cleanup day, along with the local Fiscal Court, we intend to make this an annual event; (3) We work with the local Health Department, and report any known straight piping and failing septic systems to them; (4) Continued work with the County Solid Waste Coordinator in reporting dumpsites in the watershed; (5) Continue to have on payroll, a Water patrol officer, to patrol the lake and shores for any illegal activities; (6) Continued work with Congressman Rogers' Pride program; and (7) Continued work with and report any violations to all the appropriate Federal, State, and local agencies.

The major threats to Zone I are: bridges and culverts; major roads, railroads, row crops, sewer lines, Tier II: hazardous chemical use, urban and recreational grasses, KPDES permit – municipal, industrial and oil lease, underground storage tanks, waste generator or transporter, forest/woodland cover, and mining.

Below are the Management Recommendations for land and coverage

1. Monitor to ensure compliance with Forestry Conservation Act.
2. Require BMP (Best Management Practices) implementation per the Forest Landowners Handbook.

Agriculture:

1. Monitor annually to ensure compliance with Agriculture Water Quality Act (AWQA).
2. Encourage implementation of voluntary Best Management Practices (BMPs) above the minimum required by the AWQA. BMP manuals for specific types of operations are available.
3. Monitor annually to ensure implementation of Nutrient Management Plans (NMPs).
4. Encourage development and implementation of Resource Management Systems (RMS) on agricultural operations per USDS-Natural Resource Conservation Service (NRCS) specifications.
5. No storage or use of pesticides.

Highway maintenance and runoff/Railroads:

1. Require the adoption and application of highway maintenance and runoff BMPs (Best Management Practices).

List of Contaminant Sources with Susceptibility Rating

PWS ID: 0630477 System Name: WOOD CREEK WATER DISTRICT

Withdrawal ID Type: WaterWithdrawal ID (Surface Water)

Withdrawal Source Information:

Withdrawal ID: 0753

Latitude: 37.19444

Longitude: -84.18167

Status: Active

Area Dev. District: Cumberland Valley Area Development District

Collection Method: INT
County: LAUREL

Comments: This withdrawal source is located in a small reservoir.

Contaminant Source Information:

Site ID	Type	Name	Address	Quantity	Zone	Proximity Value	Contaminant Value	Likelihood of Release Value	Hydrologic Sensitivity	Numeric Rating	Susceptibility Ranking
063_B00006	Bridges and Culverts	Bridge Number B00006 on US-25 (CORBIN-LONDON-MT VERNON RD)	County: 063 (Laurel), Location: 1.1 MI N OF N-JCT KY 80	1	1	3	3	3	3	18	High
063_B00041	Bridges and Culverts	Bridge Number B00041 on I-75 (LEXINGTON-TENNESSEE STATE LINE RD)	County: 063 (Laurel), Location: NBL 1.2MI N OF KY 80 NTRC	1	1	3	3	3	3	18	High
063_B00041	Bridges and Culverts	Bridge Number B00041P on I-75 (LEXINGTON-TENNESSEE STATE LINE RD)	County: 063 (Laurel), Location: SBL 1.2MI N OF KY 80 NTRC	1	1	3	3	3	3	18	High
063_B00075	Bridges and Culverts	Bridge Number B00075 on	County: 063 (Laurel), Location: .15 MI WEST OF I-75 I/P	1	1	3	3	3	3	18	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Junkyards (Salvage Yards) - without GPP	Commercial	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Junkyards (Salvage Yards) - without GPP	Garage	County: Laurel	1	1	3	3	3	3	18	High
1-75	Major Roads (Interstates, Parkways, State Roads, and US Highways) 2		Passing through (counties): BOONE, FAYETTE, GRANT, KENTON, LAUREL, MADISON, ROCKCASTLE, SCOTT, WHITLEY	1	1	3	3	3	3	18	High
1-75-2	Major Roads (Interstates, Parkways, State Roads, and US Highways) 2		Passing through (counties): BOONE, FAYETTE, GRANT, KENTON, LAUREL, MADISON, ROCKCASTLE, SCOTT, WHITLEY	1	1	3	3	3	3	18	High
Wood Creek	Petroleum Release Sites - Active	Gas Station	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Petroleum Release Sites - Active	Gas Station	County: Laurel	1	1	3	3	3	3	18	High

Site ID	Type	Name	Address	Quantity	Zone	Proximity Value	Contaminant Value	Likelihood of Release Value	Hydrologic Sensitivity	Numeric Rating	Susceptibility Ranking
Wood Creek	Petroleum Release Sites - Active	Gas station	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Petroleum Release Sites - Active	Gas Station	County: Laurel	1	1	3	3	3	3	18	High
Wood Creek	Petroleum Release Sites - Active	Oil Change Station	County: Laurel	1	1	3	3	3	3	18	High
Statewide	Railroads	Statewide Railroad Coverage for Kentucky	The whole Kentucky state	1	1	3	3	3	3	18	High
Statewide	Row Crops (Land Cover)	Statewide Coverage of Row Crops (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	3	3	3	18	High
Sewer System	Sewer Lines (Sewer Systems)	Owner Name: LONDON UTILITIES COMMISSION	County Name: Laurel	1	1	3	3	3	3	18	High
TIER II-222	Tier II: Hazardous Chemical Use	ACCENT MARBLE, INC.	Address: 267 HWY. 490, EAST BERNSTADT, KY 40729, County Name: LAUREL.	1	1	3	3	3	3	18	High
TIER II-5650	Tier II: Hazardous Chemical Use	ELMO GREER & SONS, INC-PITTSBURG PLANT	Address: 720 MORENTOWN ROAD EAST, LONDON, KY 40741, County Name: LAUREL	1	1	3	3	3	3	18	High
Statewide	Urban and Recreational Grasses (Land Cover)	Statewide Coverage of Urban & Recreational Grasses (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	3	3	3	18	High
KYG500088	KPDES Permit - Municipal, Industrial and Oil Lease	KTC LAUREL CO MAINT GARAGE	Mailing/Site Address: 2151 N LAUREL, LONDON, KY 40741	1	1	3	3	2	3	17	High
8166063-CR	Underground Storage Tank - with Best Management Practices	GLENVIEW MARKET	Mailing/Site Address: 2151 N LAUREL, LONDON, KY 40741	1	1	3	3	2	3	17	High
Wood Creek	KPDES Permit - Water Plant	Treatment Plant	County: Laurel	1	1	3	3	1	3	16	High
KYD981805	Waste generator or transporter - no significant violation history	ACCENT MARBLE COMPANY	Mailing/Site Address: HIGHWAY 490, EAST BERNSTADT, KY 40729, County Name: LAUREL.	1	1	3	3	1	3	16	High
KYD985112	Waste generator or transporter - no significant violation history	ASHLAND BRANDED MARKETING #031000	Mailing/Site Address: 1700 NORTH LAUREL ROAD, LONDON, KY 40741, County Name: LAUREL.	1	1	3	3	1	3	16	High
KY0000080	Waste generator or transporter - no significant violation history	HIGH SPEED OIL COMPANY	Mailing/Site Address: HIGHWAY 25 NORTH, PITTSBURG, KY 40755, County Name: LAUREL.	1	1	3	3	1	3	16	High
KYR000015	Waste generator or transporter - no significant violation history	KY DEPT OF HIGHWAYS/MAINTENANCE GARAGE	Mailing/Site Address: DIXIE STREET, LONDON, KY 40741, County Name: LAUREL.	1	1	3	3	1	3	16	High

Wednesday, July 16, 2003

Site ID	Type	Name	Address	Quantity	Zone	Proximity Value	Contaminant Value	Likelihood of Release Value	Hydrologic Sensitivity	Numeric Rating	Susceptibility Ranking
KYD985079	Waste generator or transporter - no significant violation history	MELCO GREER	Mailing/Site Address: 2001 RUSSELL DYCHE HIGHWAY, LONDON, KY 40741, County Name: LAUREL	1	1	3	3	1	3	16	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	2	3	3	15	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	2	3	3	15	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	2	3	3	15	High
Wood Creek	Cemeteries	Cemetery	County: Laurel	1	1	3	2	3	3	15	High
8638002	Mining - Active	DENHAM & LEWIS PROCESSING INC	Quad Name: BERNSTADT	1	1	3	2	3	3	15	High
KY2101032	Partially Supporting Waterbodies (305B)	Gillis Branch	County: LAUREL, Basin: Upper	1	1	3	2	3	3	15	High
Wood Creek	Agriculture - Hay Land and Pasture with BMPs	Agriculture	County: Laurel	1	1	3	2	2	3	14	Medium
Statewide	Commercial, Industrial and Transportation (Land Cover)	Statewide Coverage of Commercial, Industrial & Transportation (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Wood Creek	Construction Sites without BMPs (Default)	London Ready Mix	County: Laurel	1	1	3	2	2	3	14	Medium
Statewide	Forest/Woodlands (Land Cover)	Statewide Coverage of Deciduous Forest (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Statewide	Forest/Woodlands (Land Cover)	Statewide Coverage of Evergreen Forest (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Statewide	Forest/Woodlands (Land Cover)	Statewide Coverage of Mixed Forest (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Wood Creek	KPDES Permit - Subdivision, School, Small Sewage Plant, Permitted Waste	Package Treatment Plant	County: Laurel	1	1	3	2	2	3	14	Medium
KYG640003	KPDES Permit - Water Plant	WOOD CREEK WATER DIST		1	1	3	2	2	3	14	Medium
DB-9006	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	DB-9006	Passing through (counties): CLAY, LAUREL, LESLIE, PERRY	1	1	3	2	2	3	14	Medium
KY-1035	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-1035	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-1769	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-1769	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium

Wednesday, July 16, 2003

Site ID	Type	Name	Address	Quantity	Zone	Proximity Value	Contaminant Value	Likelihood of Release Value	Hydrologic Sensitivity	Numeric Rating	Susceptibility Ranking
KY-1956	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-1956	Passing through (counties): LAUREL, PULASKI, ROCKCASTLE	1	1	3	2	2	3	14	Medium
KY-2041	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-2041	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-30	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-30	Passing through (counties): BREATHTTT, JACKSON, LAUREL, MAGOFFIN, OWSLEY	1	1	3	2	2	3	14	Medium
KY-3009	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-3009	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-3010	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-3010	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-3434	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-3434	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-490	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-490	Passing through (counties): LAUREL, ROCKCASTLE	1	1	3	2	2	3	14	Medium
KY-6260	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-6260	Passing through (counties): LAUREL	1	1	3	2	2	3	14	Medium
KY-80	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	KY-80	Passing through (counties): ADAIR, CARLISI, E, CASEY, CLAY, FLOYD, GRAVES, HICKMAN, KNOTT, LAUREL, LESLIE, MARSHALL, METCALFIE, PERRY, PIKE, PULASKI, RUSSELL	1	1	3	2	2	3	14	Medium
US-25	Major Roads (Interstates, Parkways, State Roads, and US Highways) 1	US-25	Passing through (counties): BOONE, FAYETTE, GRANT, KENTON, LAUREL, MADISON, ROCKCASTLE, SCOTT	1	1	3	2	2	3	14	Medium
Statewide	Pasture and Hay (Land Cover)	Statewide Coverage of Pasture & Hay (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Statewide	Power Lines with potential herbicide usage	Statewide Powerline of KY	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Statewide	Residential (Land Cover)	Statewide Coverage of Low Intensity Residential (Land Cover) for Kentucky	The whole Kentucky state	1	1	3	2	2	3	14	Medium
Wood Creek	Waste generator or transporter - no significant violation history	Commercial	County: Laurel	1	1	3	2	2	3	14	Medium

Wednesday, July 16, 2003

<u>Site ID</u>	<u>Type</u>	<u>Name</u>	<u>County</u>	<u>Address</u>	<u>Quantity</u>	<u>Zone</u>	<u>Proximity Value</u>	<u>Contaminant Value</u>	<u>Likelihood of Release Value</u>	<u>Hydrologic Sensitivity</u>	<u>Numeric Rating</u>	<u>Susceptibility Ranking</u>
Wood Creek	Waste generator or transporter - no significant violation history	Commercial	County: Laurel		1	1	3	2	2	3	14	Medium
Wood Creek	Agriculture - Chemical Business	Fertilizer Plant	County: Laurel		1	1	3	2	1	3	13	Medium
					Total Count: High = 36 Medium = 27 Low =							

**2004 303(d) LIST OF WATERS
FOR KENTUCKY**

Environmental and Public Protection Cabinet

Kentucky Division of Water

September 2005

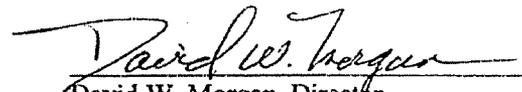


**2004 303(d) LIST OF WATERS
FOR KENTUCKY**

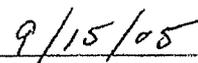
**KENTUCKY DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER**

Frankfort, Kentucky

This report has been approved for release:



David W. Morgan, Director
Division of Water



Date

SECTION 1 - NARRATIVE

Section 1.1 **PREFACE**

The Kentucky Division of Water (DOW) is required to review, modify as necessary, and submit the Clean Water Act (CWA) Section 303(d) list to the U.S. Environmental Protection Agency (USEPA) as required by 40 CFR 130.7(b)(4).

This document presents the additions, deletions, and modifications to the 2002 Kentucky 303(d) list and recommendations for Total Maximum Daily Load (TMDL) development.

Section 1.2 **BACKGROUND**

CWA Section 303(d) requires states to identify waters that do not meet applicable water quality standards after the application of technology based controls. As defined in the CWA and federal regulations, water quality standards include the designated uses of a water body, the adopted water quality criteria and an antidegradation policy. As defined in Kentucky Regulations, water quality standards are beneficial uses to be made of a waterbody and the established water quality objectives.

The section 303(d) list must include a description of the pollutants causing the violation of the water quality standards (40 CFR 130.7(b)(iii)(4) and a priority ranking of the water quality limited segments, taking into account the severity of the pollution and the uses to be made of the waters. A TMDL is the sum of the individual wasteload allocations for point sources, load allocations for nonpoint sources and natural background. Federal regulation defines a "water quality limited segment" as "any segment [of a water body] where it is known that water quality does not meet applicable water quality standards, and/or is not expected to meet applicable water quality standards, even after application of technology-based effluent limitations required by CWA section 301(b) or 306.

States are required to review the section 303(d) list in even-numbered years, make changes as necessary and submit the list to USEPA for approval.

Section 1.3 **PUBLIC REVIEW AND PARTICIPATION**

A draft copy of this report was submitted to the U.S. Environmental Protection Agency (EPA) and released for 45-day public comment on March 5, 2004. The press release indicated that the report could be viewed on the DOW web page or that a printed copy of the report could be obtained by contacting the DOW. Comments received by close of business April 19, 2004 will receive a formal response.

Section 1.4 **INTRODUCTION**

Kentucky adopted the Watershed Management Framework as a comprehensive means of monitoring to determine use support, assessments, TMDL development, and eventual remediation. The initial 5-year watershed cycle, begun in 1997, focused heavily on assessment monitoring. The objective was to increase the spatial extent of water quality assessment throughout the state. Monitoring in the watershed management units progressed as follows:

Kentucky River Unit	April 1998 to March 1999
Salt/Licking River Unit	April 1999 to March 2000
Tennessee/Mississippi/Cumberland River Unit	April 2000 to March 2001
Green/Tradewater River Unit	April 2001 to March 2002
Big and Little Sandy/Tygarts Unit	April 2002 to March 2003

Table 2-2 (con't). Alphabetical Listing of 2004 303(d)-Listed Lakes for Kentucky

<u>Lake Name</u>	<u>County</u>	<u>Status</u>	<u>Watershed Unit</u>
Lake Pewee	Hopkins	2 nd Priority	Green/Tradewater
Lake Shelby	Shelby	2 nd Priority	Salt/Licking
Lake Washburn	Ohio	Delisted	Green/Tradewater
Loch Mary Lake	Hopkins	Delisted	Green/Tradewater
Luzerne Lake	Muhlenburg	2 nd Priority	Green/Tradewater
Marion County Sportman Lake	Marion	2 nd Priority	Salt/Licking
McNeely Lake	Jefferson	2 nd Priority	Salt/Licking
Metcalfe County Lake	Metcalfe	Delisted	Green/Tradewater
Metropolis Lake	McCracken	2 nd Priority	TN/MS/Cumberland
Paintsville Reservoir	Johnson/Morgan	2 nd Priority	Big and Little Sandy/Tygart
Panowl Lake	Breathitt	1 st Priority	Kentucky
Reformatory Lake	Oldham	Delisted	Salt/Licking
Rough River Lake	Breckinridge/Grayson	2 nd Priority (1), Delisted (1)	Green/Tradewater
Salem Lake	Larue	2 nd Priority	Green/Tradewater
Sand Lick Creek Lake	Fleming	2 nd Priority	Salt/Licking
Scenic Lake	Henderson	2 nd Priority	Green/Tradewater
Spa Lake	Logan	2 nd Priority (3), Delisted (1)	Green/Tradewater
Stanford Reservoir	Lincoln	2 nd Priority	Kentucky
Swan Pond	Ballard	1 st Priority	TN/MS/Cumberland
Sympson Lake	Nelson	Delisted	Salt/Licking
Taylorsville Lake	Spencer	TMDL Approved (1)	Salt/Licking
Wilgreen Lake	Madison	2 nd Priority	Kentucky
Wood Creek Lake	Laurel	2 nd Priority	TN/MS/Cumberland

Upper Cumberland River Basin

Cranks Creek Lake

Harlan County

Acres: 219

Impaired Use(s): Swimming (Partial Support), Secondary Contact Recreation (Partial Support), Aquatic Life (Partial Support)

Pollutant(s): pH

Suspected Sources: Resource Extraction (Abandoned Mining)

The latest assessment information indicates that the pH impairment occurred only during the fall period and only in the deepest portions of the lake.

Lake Cumberland

Clinton/Pulaski/Russell/Wayne Counties

Acres: 50,250

Impaired Use(s): Fish Consumption (Partial Support)

Pollutant(s): Metals (Mercury)

Suspected Sources: Atmospheric Deposition

Wood Creek Lake

Laurel County

Acres: 672

Impaired Use(s): Drinking Water Supply (Partial Support)

Pollutant(s): Taste and Odor, Nutrients

Suspected Sources: Land Disposal (Onsite Wastewater Systems – Septic Tanks)

Green/Tradewater River Basin Unit

Green River Basin

Barren River Lake (Reservoir)

Allan/Barren Counties

Acres: 10,000

Impaired Use(s): Fish Consumption (Partial Support)

Pollutant(s): Mercury

Suspected Sources: Atmospheric Deposition

Campbellsville City Lake (Reservoir)

Taylor County

Acres: 63

Impaired Use(s): Aquatic Life (Partial Support), Secondary Contact Recreation (Partial Support)

Pollutant(s): Shallow Lake Basin

Suspected Sources: Agriculture, Natural Sources

Caneyville (City) Reservoir

Grayson County

Acres: 75

Impaired Use(s): Secondary Contact Recreation. Drinking Water Supply. (Partial Support)

Pollutant(s): Nutrients, Shallow Lake Basin

Suspected Sources: Natural Sources

This listing is from the 1998 303(d) Report. The City of Caneyville no longer uses the Caneyville Reservoir for water supply. The City purchases water from the Grayson County Water District, which has just recently completed a new facility which uses Rough River Lake as the raw water source.

**WOOD CREEK WATER DISTRICT
OPERATING STATEMENT
JANUARY 1, 2006 THROUGH SEPTEMBER 30, 2006**

UTILITY OPERATING INCOME

Operating Revenues:	
Water Sales - Residential	\$1,220,516
Water Sales - Commercial	196,603
Water Sales - Wholesale	1,480,271
Service charges	14,660
Late charges	32,023
Total operating revenues	<u>2,944,073</u>
Operating Expenses:	
Supply & Expense-operations & maint.	210,930
Water Treatment Expense - operations	542,276
Water Treatment Expense - maintenance	6,508
Transmission & Distribution Expense - operations	212,895
Transmission & Distribution Expense - maintenance	460,319
Customer Accounts Expense	143,076
Administration & General Expense	124,361
Depreciation Expense	583,000
Taxes other than income (PSC assessment)	3,821
Total operating expenses	<u>2,287,186</u>
Net Operating Income	656,887

OTHER INCOME AND DEDUCTIONS

Revenues from contract work	1,160,349
Cost & Expenses of contract work	(1,096,445)
Interest Income	144,497
Total Other Income and Deductions	<u>208,401</u>

INTEREST EXPENSE

Interest expense on debt	371,110
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NET INCOME BEFORE CONTRIBUTIONS

494,178

**WOOD CREEK WATER DISTRICT
BALANCE SHEET
SEPTEMBER 30, 2006**

ASSETS

CURRENT ASSETS

Cash:	
Operations account	\$557,593
Petty cash	350
Debt service fund	283,729
Construction accounts	3,589,682
Customer meter deposits	13,143
Certificates of Deposit & Investment Accts.	951,009
	<u>5,395,506</u>
Accounts Receivable:	
Customers	236,312
Associated Companies	306,739
	<u>543,051</u>
Materials and Supplies	532,357
Prepaid Insurance	37,116
Utility Deposit	195
	<u>6,508,225</u>

UTILITY PLANT

Land and Land Rights	656,244
Organization	21,836
Structures and Improvements	5,406,426
Collecting & Impounding Reservoirs	30,881
Supply Mains	4,484
Pumping Equipment	696,817
Water Treatment Equipment	502,474
Distribution Reservoirs & Standpipes	2,053,232
Transmission & Distribution Mains	8,839,285
Services	1,116,939
Meters and Meter Installation	825,096
Hydrants	107,615
Other Plant & Equipment	21,732
Office Furniture & Equipment	223,547
Transportation Equipment	758,244
Lab Equipment	32,246
Power Operated Equipment	519,295
Communication Equipment	80,362
Miscellaneous Equipment	123,300
Construction In Progress - Plant Expansion	2,555,143
Accumulated Depreciation	<u>(7,678,132)</u>
Net Plant & Equipment	<u>16,897,066</u>

UNAMORTIZED DEBT DISCOUNT & EXPENSE 231,538

TOTAL ASSETS 23,636,829

**WOOD CREEK WATER DISTRICT
BALANCE SHEET
SEPTEMBER 30, 2006**

LIABILITIES AND EQUITY CAPITAL

LIABILITIES AND LONG-TERM DEBT

Accounts Payable	\$158,467
Customer Deposits	9,736
Accrued Interest	157,986
Accrued Payroll Taxes & Benefits	41,913
Unamortized Premium on Debt	9,948
Capitalized Lease	8,550
	<hr/>
	386,600

Bonds and Loans Payable:	
Rural Development	1,740,700
Ky. Rural Water Finance Corp.	6,847,100
Line of Credit	125,014
Interim Financing -Plant expansion project	3,060,486
	<hr/>
	11,773,300

EQUITY CAPITAL 11,476,929

TOTAL LIABILITIES AND EQUITY CAPITAL 23,636,829

**WOOD CREEK WATER DISTRICT
PROJECTED INCOME AND EXPENSES**

	<u>Yr. End 12/31/07</u>	<u>Yr. End 12/31/08</u>	<u>Yr. End 12/31/09</u>
<u>OPERATING INCOME:</u>			
Water sales:			
Residential & Commercial	\$1,800,000	\$1,875,000	\$1,950,000
Wholesale	1,950,000	2,025,000	2,075,000
Service charges & Penalties	<u>45,000</u>	<u>47,500</u>	<u>49,500</u>
	<u>3,795,000</u>	<u>3,947,500</u>	<u>4,074,500</u>
<u>OPERATING EXPENSES:</u>			
Source of supply oper. & maint.	252,900	265,000	275,600
Water treatment exp. & maint.	635,000	700,000	728,000
Transmission & Distribution oper.	251,000	261,500	272,000
Transmission & Distribution maint.	585,000	608,500	633,000
Customer accounts expense	175,000	182,000	189,500
General & Administrative	170,000	179,000	186,500
Depreciation	<u>650,000</u>	<u>750,000</u>	<u>775,000</u>
	<u>2,718,900</u>	<u>2,946,000</u>	<u>3,059,600</u>
<u>NONOPERATING INCOME & EXPENSES:</u>			
Revenues from contract work	950,000	985,000	990,000
Interest Income	65,000	70,000	72,500
Interest Expense	(785,000)	(791,000)	(775,000)
Cost & Expense of contract work	<u>(950,000)</u>	<u>(985,000)</u>	<u>(990,000)</u>
	<u>(720,000)</u>	<u>(721,000)</u>	<u>(702,500)</u>
<u>NET INCOME</u>	<u><u>356,100</u></u>	<u><u>280,500</u></u>	<u><u>312,400</u></u>
<u>PROJECTED CASH FLOW:</u>			
Net Income	\$356,100	\$280,500	\$312,400
Items not requiring cash:			
Depreciation	650,000	750,000	775,000
Cash provided from:			
RD loans (plant expansion)	5,000,000		
Customer tap on fees	<u>43,000</u>	<u>47,300</u>	<u>43,000</u>
	<u>6,049,100</u>	<u>1,077,800</u>	<u>1,130,400</u>
Cash expended for:			
Plant expansion (RD funds)	(5,000,000)		
Taps	(43,000)	(47,300)	(43,000)
Capital Improvements & additions	<u>(500,000)</u>	<u>(450,000)</u>	<u>(500,000)</u>
	<u>(5,543,000)</u>	<u>(497,300)</u>	<u>(543,000)</u>
Principal Payments:			
Existing RD Bonds	(24,900)	(25,000)	(27,100)
Existing KRWFC loans	(243,500)	(255,100)	(263,200)
New RD loan for plant expansion		(86,000)	(89,500)
Proposed loan from KRWFC \$2m	<u>(65,000)</u>	<u>(50,000)</u>	<u>(55,000)</u>
	<u>(333,400)</u>	<u>(416,100)</u>	<u>(434,800)</u>
NET INCREASE IN CASH	<u><u>172,700</u></u>	<u><u>164,400</u></u>	<u><u>152,600</u></u>

**WOOD CREEK WATER DISTRICT
SCHEDULE DEBT PAYMENTS**

	<u>2007</u> <u>PRINC.</u>	<u>2007</u> <u>INT.</u>	<u>2008</u> <u>PRINC.</u>	<u>2008</u> <u>INT.</u>	<u>2009</u> <u>PRINC.</u>	<u>2009</u> <u>INT.</u>
KRWFC SERIES 1998	25,000.00	25,201.25	25,000.00	24,113.75	25,000.00	22,982.50
KRWFC SERIES 2003A	12,500.00	10,924.50	12,500.00	10,511.50	13,000.00	10,026.50
KRWFC SERIES 2003C	89,000.00	43,817.50	91,600.00	41,391.32	94,200.00	38,604.21
KRWFC SERIES 2004B	34,000.00	50,074.85	34,000.00	49,235.90	36,000.00	48,305.40
KRWFC SERIES 2005B	83,000.00	152,461.01	92,000.00	148,882.26	95,000.00	145,058.11
WATERSHED \$2m	65,000.00	69,658.88	50,000.00	85,212.50	55,000.00	83,312.50
RD 71-01	0.00	0.00	0.00	0.00	0.00	0.00
RD 91-04	2,000.00	1,775.00	2,000.00	1,675.00	2,000.00	1,575.00
RD 91-09	1,900.00	4,860.00	2,000.00	4,765.00	2,100.00	4,665.00
RD 91-12	21,000.00	76,380.00	21,000.00	75,382.50	23,000.00	74,385.00
RD 7,250,000	0.00	317,187.50	78,000.00	317,187.50	81,000.00	313,775.00
RD 725,000	0.00	31,718.75	8,000.00	31,718.75	8,500.00	31,368.75
	<u>333,400.00</u>	<u>784,059.24</u>	<u>416,100.00</u>	<u>790,075.98</u>	<u>434,800.00</u>	<u>774,057.97</u>