

LAW OFFICE OF

JERRY J. COX, PSC

ATTORNEY AT LAW

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Mount Vernon, Kentucky 40456

Jerry J. Cox*
jcox@kih.net

February 5, 2007

Public Service Commission
P. O. Box 615
Frankfort, Kentucky 40602-0615


RECEIVED
FEB 06 2007
PUBLIC SERVICE
COMMISSION

In re: Robert D. Peters v. Western Rockcastle
County Water Association, 2006-00534

Gentlemen:

Please file the enclosed Answer of Western Rockcastle Water Association, Inc.

Respectfully,


Jerry J. Cox

JJC/smp

Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
FEB 06 2007
PUBLIC SERVICE
COMMISSION

Case No. 2006-00534

In the Matter of:

ROBERT D. PETERS

COMPLAINANT

v. ANSWER

WESTERN ROCKCASTLE COUNTY
WATER ASSOCIATION

DEFENDANT

First Defense

Legitimate complaints of Robert D. Peters have previously been fully addressed. See January 31, 2006 letter and attachment from the Public Service Commission attached as Exhibit A.

Second Defense

Defendant admits paragraphs (a) and (b), but denies paragraph (c) of the complaint.

Third Defense

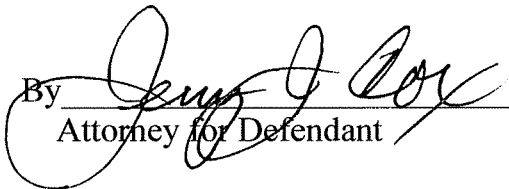
The demand for twenty (20) years of refunds is barred by the statute of limitations and is outside the jurisdiction of this commission.

Fourth Defense

The defendant continues to work toward solving the pressure problem of plaintiff.

WHEREFORE defendant demands that the complaint of Robert D. Peters be dismissed.

JERRY J. COX, PSC
Attorney at Law
P. O. Box 1350
Mount Vernon, Kentucky 40456
Telephone: (606) 256-5111

By 
Attorney for Defendant

CERTIFICATE OF SERVICE:

I certify the foregoing Answer was served by mailing a true copy to Mr. Robert D. Peters, 395 Lone Oak Road, Mt. Vernon, Kentucky 40456, this the 5th day of February, 2007.





Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

January 31, 2006

Mr. Charles W. Burton
Western Rockcastle Water Association
P.O. Box 627
Mt. Vernon, Kentucky 40456

Dear Mr. Burton:

Thank you for your response to our letter of January 3, 2006. Upon review, your responses to both DTR's are accepted. We look forward to seeing the noted improvements on our next visit. .

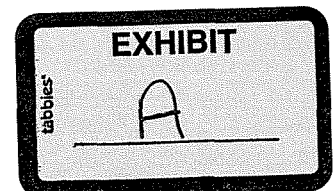
Sincerely,

A handwritten signature in black ink that reads "George W. Wakim".

George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

GWW:mae

C: Board Members, Western Rockcastle Water Association
Jim Adcock, Investigator



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection



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Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

January 3, 2006

Mr. Charles W. Burton
Western Rockcastle Water Association
P.O. Box 627
Mt. Vernon, Kentucky 40456

Dear Mr. Burton:

Thank you for your response to our inspection report of October 26, 2005. Upon review, DTR Numbers 1 and 2 are rejected, as additional information is needed.

DTR Number 1, you need to review meter records and devise a plan with a schedule that will address their readings. Submit this plan and schedule to the Public Service Commission.

DTR Number 2, please explain how the current two tanks are going to be updated to accommodate increased demand.

We expect to receive your revised responses to DTR Numbers 1 and 2 by Friday, January 13, 2006. A follow-up visit will be conducted in six months.

If you have questions regarding this correspondence, please feel free to contact Jim Adcock of my staff at (502) 564-3940, extension 415.

Sincerely,

A handwritten signature in black ink that reads "George W. Wakim".

George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

GWW:JA:mae

C: Board Members, Western Rockcastle Water Association
Jim Adcock

January 11, 2006

Mr. George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

RECEIVED

JAN 17 2006

PUBLIC SERVICE
COMMISSION

Dear Mr. Wakim:

Here are the additional responses to the inspection performed in October. You noted in your letter that DTR Number 1 and DTR Number 2 needed additional information.

DTR Number 1-Since January 1, 2006 our field workers have read over 300 meters and we have devised a plan for them to follow:

Monday: Read at least two roads in the northern end of the county while reading master meters in the area. (If time permits they may stay as long as possible to read more roads if there is no major problems causing them to come back)

Tuesday: Do all necessary paper work that morning and that afternoon read meters that are located out 461, HWY 70, HWY 150, HWY 39(This is a very BROAD area and will be very time consuming)

Wednesday: While reading master meters that morning again, pick at least two to three small roads in the northern section (a smaller section) of the county and finish any paperwork in that area before lunch. After lunch begin reading meters on HWY 25 S, and all the little roads and subdivisions in that area.

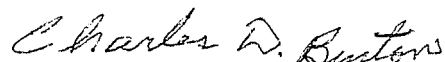
Thursday: Do all necessary paper work that morning and that afternoon read meters that are located out 461, HWY 70, HWY 150, HWY 39(This is a very BROAD area and will be very time consuming)

Friday: Read all master meters and pick out small side roads and subdivisions around the local area to read and after lunch do any necessary paperwork that needs attention before the weekend.

DTR Number 2- You will notice that I have enclosed a copy of the Preliminary Engineering report so you can see the exact cost and construction to be done.

If you need any further information please call me at 606-256-8283.

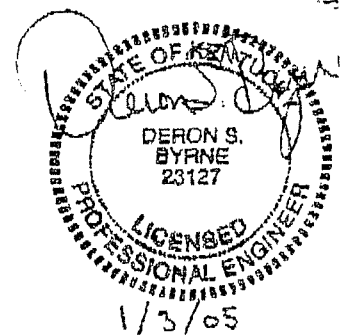
Sincerely,



Charles D. Burton, President

**PRELIMINARY ENGINEERING REPORT
FOR THE
WESTERN ROCKCASTLE WATER ASSOCIATION
WATER SYSTEM EXTENSION & IMPROVEMENTS
CONTRACT 8**

DECEMBER 2004



PRELIMINARY ENGINEERING REPORT

WATER SYSTEM EXTENSION & IMPROVEMENTS CONTRACT 8

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

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system extension and improvements that are being planned by the Western Rockcastle Water Association to serve six first time customers with potable drinking water and to upgrade or replace 28,500 LF of 6-inch, 4-inch, and 3-inch water lines throughout Rockcastle, Pulaski and Lincoln counties. The new customers to be served are all residential.

The Western Rockcastle Water Association provides potable water service to nearly 3,800 customers in Rockcastle, Pulaski and Lincoln counties. The Association purchases all water for resale from the City of Mount Vernon.

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

II. PROJECT PLANNING AREA

The area to be served with potable water for the first time is located on Stevens Road in Rockcastle County. There are two areas to be served with an upgrade to the water lines that are located on Kentucky Highway 1617 (Scaffold Cane Road) and Rainbow Subdivision in Rockcastle County. Another area to be served with a water line replacement is located on Kentucky Highway 461 in Pulaski County. In addition, two tank replacements will be constructed in the areas known as Scaffold Cane and Brindle Ridge which are both located in Rockcastle County. These areas are delineated on the attached maps. The topography in these areas consists primarily of gently rolling hills throughout the valley areas and along the numerous creeks in this area with steep ridges encountered in the Daniel Boone National Forest. The land use in the valley areas is mainly agricultural with some light timber harvesting. Within the proposed area, there are no major industrial or commercial businesses.

The residents located on the Stevens Road have never been served by a public water system and most rely on community springs, family wells, or depend on water trucks to provide them with their potable water. Most individuals pay to have their water

delivered and those who cannot afford to pay local water haulers, transport their water by means of barrels, bucket, or other containers. They often make daily trips to the nearest water source, none of which are monitored by an approved health agency. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

III. EXISTING FACILITIES

The Western Rockcastle Water Association executed a contract in 1994 with the City of Mount Vernon to purchase 10 million gallons of water per month for 45 years. The City has recently completed the constructing a new water treatment plant and the water purchase agreement has been amended to reflect a longer term and a larger allotment. The Association operates a distribution system that serves nearly 3,800 residential and nonresidential customers that reside throughout Rockcastle, Lincoln and Pulaski Counties.

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

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

IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in the communities in which it will serve, to improve service to areas that are served by undersized water lines, and to address a low water supply problem that exists in the areas of the Scaffold Cane tank and Brindle Ridge tank. The proposed service area, Stevens Road, has long been faced with inadequate and unsafe sources of water. For many years, the residents have petitioned county officials in an attempt to secure a public water system. This need has been well documented by the Cumberland Valley District Health Department. The vast majority of samples taken (95%) were contaminated with high levels of fecal coliform. The personal health and safety of the residents are threatened by the use of these contaminated supplies and the financial burden of having to haul water for personal and farming needs is substantial.

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

V. ALTERNATIVES CONSIDERED

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

VI. PROPOSED PROJECT

The project entails the construction of a 6-inch water transmission main to replace an existing 4-inch water main on Kentucky Highway 1617, also known as Scaffold Cane Road. This transmission upgrade will provide a better service to the northern area of the system and provide a water supply to a new 100,000 gallon water storage tank that will replace an existing 20,000 gallon tank at Scaffold Cane. The transmission and tank upgrade will also alleviate a water supply problem the Association has experienced recently due to continuous growth in the northern area. ✓

This project also includes a new 4-inch transmission main on Kentucky Highway 461 to replace an existing 4-inch line in the southern area of the system known as Level Green. This upgrade will eliminate a short section of deteriorating water main that has caused the Association a continuous maintenance problem over the years. A 3-inch waterline will be installed on the Rainbow Subdivision Road to replace an existing 2-inch water line, which currently serves approximately 20 customers. A new 150,000 gallon tank will be constructed to replace an existing 50,000 gallon tank that is known as Brindle Ridge Tank near Brodhead, Kentucky. The Brindle Ridge tank upgrade will improve the water supply to an area that is known as the Copper Creek area, which has experienced tremendous growth and is continuing to grow. New telemetry controls will be installed on all existing pump stations in the Western Rockcastle system. ✓

The project also proposes to construct a small water line extension of approximately 3,000 LF of 3-inch waterline that will serve six new customers in Rockcastle County. Please refer to the attached map for the location of this extension. The project will provide all necessary appurtenances and meter settings to the customer's property line.

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

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

The project cost has been estimated to be \$940,000 and it is to be financed by a \$470,000 loan from Rural Development and a \$470,000 grant from Rural Development.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in the Stevens Road area to have a potable water supply and to improve adequate water supply in areas served in communities described herein it is recommended that the Western Rockcastle Water Association pursue that financial assistance as outlined above so that this unhealthy situation can be corrected. The Western Rockcastle Water Association is the only major supplier of potable water near these areas and their system is situated such that the extension and improvements as proposed can be made without adversely affecting service to their existing customers.

APPLICATION FOR FEDERAL ASSISTANCE

Version 7/03

1. TYPE OF SUBMISSION: Application <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier
Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name: Western Rockcastle Water Association		Organizational Unit: Department:	
Organizational DUNS: 131894821		Division:	
Address: Street: P.O. Box 827 435 Highway 150 City: Mt. Vernon		Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: Mr. First Name: David	
County: Rockcastle		Middle Name M.	
State: KY Zip Code: 40456		Last Name Bowles	
Country: USA		Suffix:	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 61-0904314		Phone Number (give area code) 502-839-1310	Fax Number (give area code) 502-839-1373
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify)		7. TYPE OF APPLICANT: (See back of form for Application Types) Water Association Other (specify)	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Water & Waste Disposal Systems for Rural Communities		9. NAME OF FEDERAL AGENCY: USDA Rural Development	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): Rockcastle, Lincoln & Putland counties		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Water System Extensions & Improvements Project - Contract 8. Project entails the construction of 3,000 LF of 3" water line to serve six new customers in Rockcastle County. Project also includes 28,500 LF of 6", 4" and 3" water main to upgrade existing service as well as two water storage tank upgrades, including telemetry and controls.	
13. PROPOSED PROJECT Start Date: March 2005 Ending Date: December 2005		14. CONGRESSIONAL DISTRICTS OF: a. Applicant 5th b. Project 5th	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 940,000	a. Yes. <input checked="" type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE: October 7, 2004	
b. Applicant	\$	b. No. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
c. State	\$		
d. Local	\$		
e. Other	\$		
f. Program Income	\$		
g. TOTAL	\$ 940,000	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes if "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN ONLY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.			
a. Authorized Representative		Middle Name D.	
Prefix Mr.	First Name Charles	Suffix	
Last Name Burton		c. Telephone Number (give area code) 606-256-8283	
b. Title President		e. Date Signed 10/7/04	
d. Signature of Authorized Representative <i>Charles W. Burton</i>			

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Standard Form 424 (Rev. 9-2003)
Prescribed by OMB Circular A-102

OMB Approval No. 0348-0041

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional conditions to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns a-b)
1. Administrative and legal expenses	\$ 20,000.00	.00	\$ 20,000.00
2. Land, structures, rights-of-way, appraisals, etc.	\$.00	.00	\$.00
3. Relocation expenses and payments	\$.00	.00	\$.00
4. Architectural and engineering fees	\$ 62,000.00	.00	\$ 62,000.00
5. Other architectural and engineering fees	\$ 20,000.00	.00	\$ 20,000.00
6. Project inspection fees	\$ 38,000.00	.00	\$ 38,000.00
7. Site work	\$.00	.00	\$.00
8. Demolition and removal	\$.00	.00	\$.00
9. Construction	\$ 712,600.00	.00	\$ 712,600.00
10. Equipment	\$.00	.00	\$.00
11. Miscellaneous	\$ 15,000.00	.00	\$ 15,000.00
12. SUBTOTAL (sum of lines 1-11)	\$ 867,600.00	0.00	\$ 867,600.00
13. Contingencies	\$ 72,400.00	.00	\$ 72,400.00
14. SUBTOTAL	\$ 940,000.00	0.00	\$ 940,000.00
15. Project (program) income	\$.00	.00	\$.00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 940,000.00	.00	\$ 940,000.00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligible costs from line 16c Multiply X _____%		\$ 0.00

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including 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 the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.


PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4901 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(s) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) Institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (Identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
	President
APPLICANT ORGANIZATION	DATE SUBMITTED
Western Rockcastle Water Association	October 7, 2004

PROGRAM NARRATIVE

The Western Rockcastle Water Association is in need for improvements throughout the water system which serves the western, northern, and southern areas of Rockcastle County, eastern portions of Lincoln County, and northern portions of Pulaski County. These improvements include the construction of a 6-inch water transmission main to replace an existing 4-inch water main on Kentucky Highway 1617, also known as Scaffold Cane Road. This transmission upgrade will provide a better service to the northern area of the system and provide a water supply to a new 100,000 gallon water storage tank that will replace an existing 20,000 gallon tank at Scaffold Cane. The transmission and tank upgrade will also alleviate a water supply problem the Association has experienced recently due to continuous growth in the northern area.

This project also includes a new 4-inch transmission main on Kentucky Highway 461 to replace an existing 4-inch line in the southern area of the system known as Level Green. This upgrade will eliminate a short section of deteriorating water main that has caused the Association a continuous maintenance problem over the years. A 3-inch waterline will be installed on the Rainbow Subdivision Road to replace a 2-inch water line, which currently serves approximately 20 customers. A new 150,000 gallon tank will be constructed to replace an existing 50,000 gallon tank that is known as Brindle Ridge Tank near Brodhead, Kentucky. The Brindle Ridge tank upgrade will improve the water supply to an area that is known as the Copper Creek area, which has experienced tremendous growth and is continuing to grow. New telemetry controls will be installed on all existing pump stations in the Western Rockcastle system.

The project also proposes to construct a small water line extension of approximately 3,000 LF of 3-inch waterline that will serve 6 new customers in Rockcastle County. Please refer to the attached map for the location of this extension. The project will provide all necessary appurtenances and meter settings to the customer's property line.

The Western Rockcastle Water Association will own and operate the proposed water system extension and upgrades. The additional water will be provided by the City of Mount Vernon, which has more than adequate capacity to serve the extension and upgrades.

The Association is requesting a \$470,000 Rural Development Grant and a \$470,000 Rural Development Loan for a total project cost of \$940,000 based upon the engineer's estimate.

Solid waste in Rockcastle County is collected by private haulers and taken to E.R. Hopper & Sons landfill in Lily, Kentucky (Permit No. 063-00003).

**PRELIMINARY COST ESTIMATE
STEVENS ROAD
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	3,000 LF	\$6.00	\$18,000.00
2	3-Inch Gate Valve	2 EA	400.00	800.00
3	Connection	2 EA	1,000.00	2,000.00
4	Flush Hydrant	1 EA	1,500.00	1,500.00
5	Meter Setting	6 EA	250.00	1,500.00
6	3/4-Inch Service Tubing	300 LF	5.00	1,500.00
	SUBTOTAL			\$25,300.00
	CONTINGENCY			2,700.00
	TOTAL CONSTRUCTION			\$28,000.00
			Average Cost/Customer	\$4,666.67

PRELIMINARY COST ESTIMATE
SCAFFOLD CANE ROAD (KENTUCKY HWY 1617) TRANSMISSION MAIN
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL COST
1	6-Inch Water Line	21,500	LF	\$8.00	\$172,000.00
2	6-inch Gate Valve	6	EA	550.00	3,300.00
3	Connection	2	EA	1,000.00	2,000.00
4	Flush Hydrant	2	EA	1,500.00	3,000.00
5	Meter Reconnect	20	EA	250.00	5,000.00
6	3/4-Inch Service Tubing	1,000	LF	5.00	5,000.00
	SUBTOTAL				\$190,300.00
	CONTINGENCY				19,700.00
	TOTAL CONSTRUCTION				\$210,000.00

**PRELIMINARY COST ESTIMATE
RAINBOW SUBDIVISION ROAD
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	4,000 LF	\$6.00	\$24,000.00
2	Bore & Case for 3-Inch Water Line	30 LF	60.00	1,800.00
3	3-Inch Gate Valve	2 EA	400.00	800.00
4	Connection	1 EA	1,000.00	1,000.00
5	3-Inch Blowoff Assembly	1 EA	500.00	500.00
6	Meter Reconnect	20 EA	250.00	5,000.00
7	3/4-Inch Service Tubing	1,000 LF	5.00	5,000.00
	SUBTOTAL			\$38,100.00
	CONTINGENCY			3,900.00
	TOTAL CONSTRUCTION			\$42,000.00

**PRELIMINARY COST ESTIMATE
 KENTUCKY HWY 461 TRANSMISSION MAIN
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE, LINCOLN & PULASKI COUNTIES
 DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL COST
1	4-Inch Water Line	3,000	LF	\$6.50	\$19,500.00
2	4-Inch Gate Valve	2	EA	450.00	900.00
3	Connection	2	EA	1,000.00	2,000.00
4	Flush Hydrant	1	EA	1,500.00	1,500.00
5	Meter Reconnect	5	EA	250.00	1,250.00
6	3/4-Inch Service Tubing	250	LF	5.00	1,250.00
	SUBTOTAL				\$26,400.00
	CONTINGENCY				2,600.00
	TOTAL CONSTRUCTION				\$29,000.00

**PRELIMINARY COST ESTIMATE
WATER STORAGE TANKS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	100,000 Gallon Water Storage Tank	1 LS	\$150,000.00
1a	Existing Scaffold Cane Tank Demolition	1 LS	15,000.00
2	150,000 Gallon Water Storage Tank	1 LS	200,000.00
2a	Existing Brindle Ridge Tank Demolition	1 LS	15,000.00
	SUBTOTAL		\$380,000.00
	CONTINGENCY		38,000.00
	TOTAL CONSTRUCTION COST		\$418,000.00

**PRELIMINARY COST ESTIMATE
TELEMETRY CONTROL SYSTEM
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	Central Control Unit	1 LS	\$15,000.00
2	Hwy 461 Pump Station	1 LS	7,500.00
3	Brindle Ridge Pump Station	1 LS	7,500.00
4	Chestnut Ridge Pump Station	1 LS	7,500.00
5	Greenfish Hill Pump Station	1 LS	7,500.00
6	Scaffold Cane Pump Station	1 LS	7,500.00
	SUBTOTAL		\$52,500.00
	CONTINGENCY		5,500.00
	TOTAL CONSTRUCTION COST		\$58,000.00

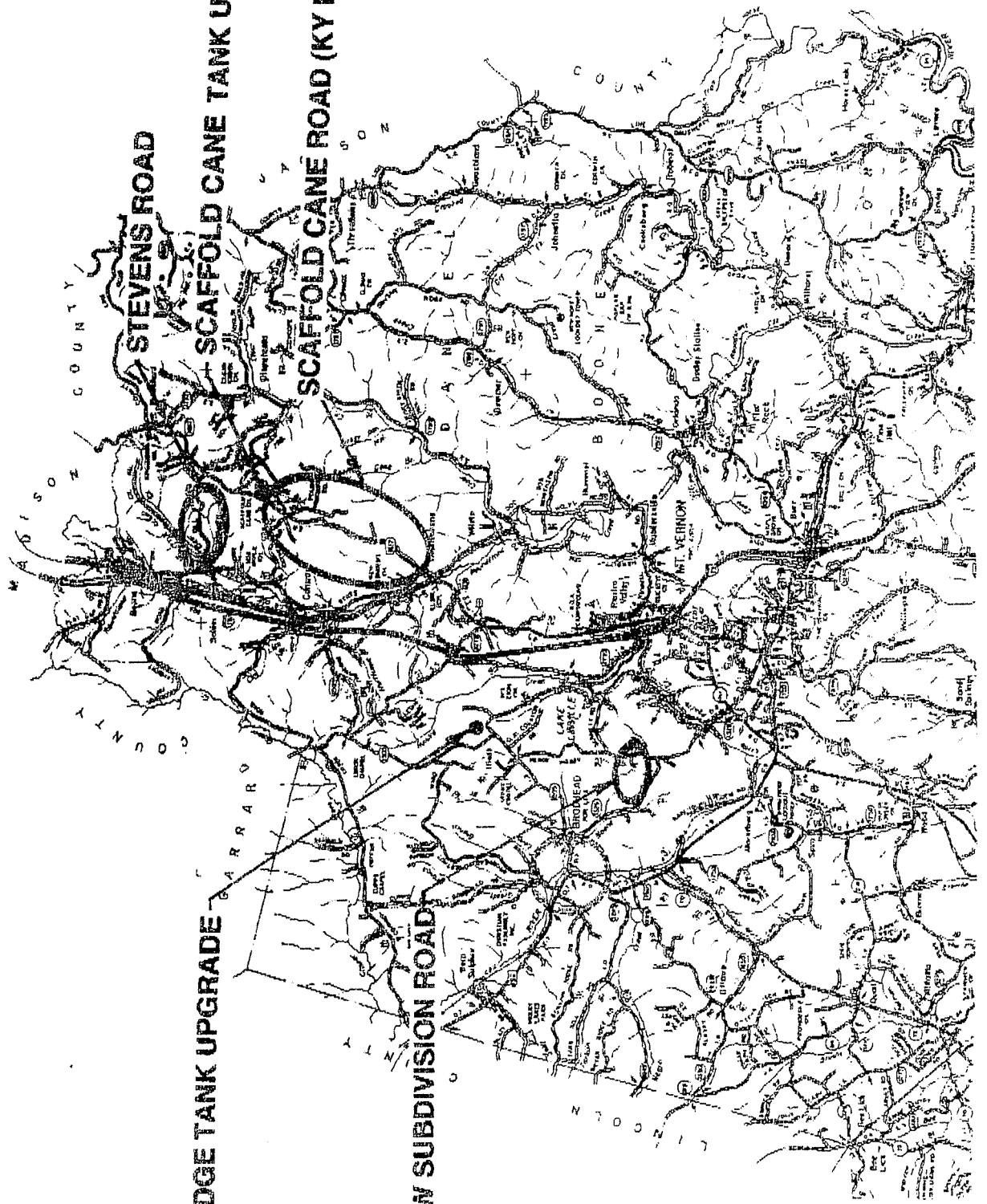
**PRELIMINARY COST ESTIMATE
CONTRACT 8 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

PROJECT COST:

PROJECT CONSTRUCTION	
WATER LINE EXTENSIONS	\$25,300
WATER TRANSMISSION MAINS	254,800
WATER STORAGE TANKS	380,000
TELEMETRY CONTROL SYSTEM	52,500
SUBTOTAL	\$712,600
CONTINGENCY	72,400
ENGINEERING DESIGN	62,000
CONSTRUCTION INSPECTION	38,000
LEGAL & ADMINISTRATION	20,000
INTEREST	15,000
ADDITIONAL ENGINEERING	20,000
TOTAL PROJECT COST:	\$940,000

PROJECT FUNDING:

U.S.D.A. RURAL DEVELOPMENT LOAN	470,000
U.S.D.A. RURAL DEVELOPMENT GRANT	470,000
TOTAL PROJECT FUNDING :	\$940,000



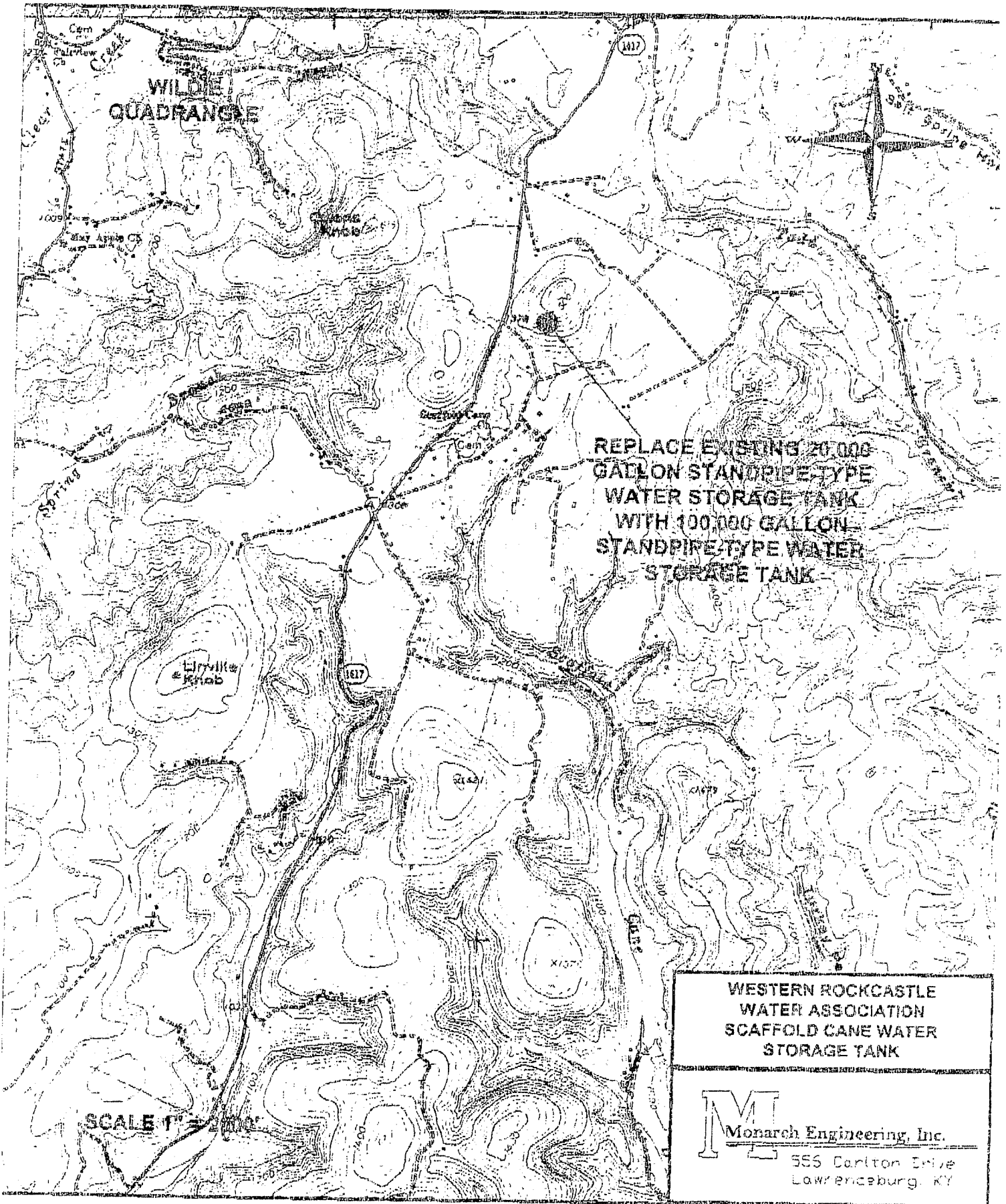
BRINDLE RIDGE TANK UPGRADE

RAINBOW SUBDIVISION ROAD

STEVENS ROAD

SCAFFOLD CANE TANK UPGRADE

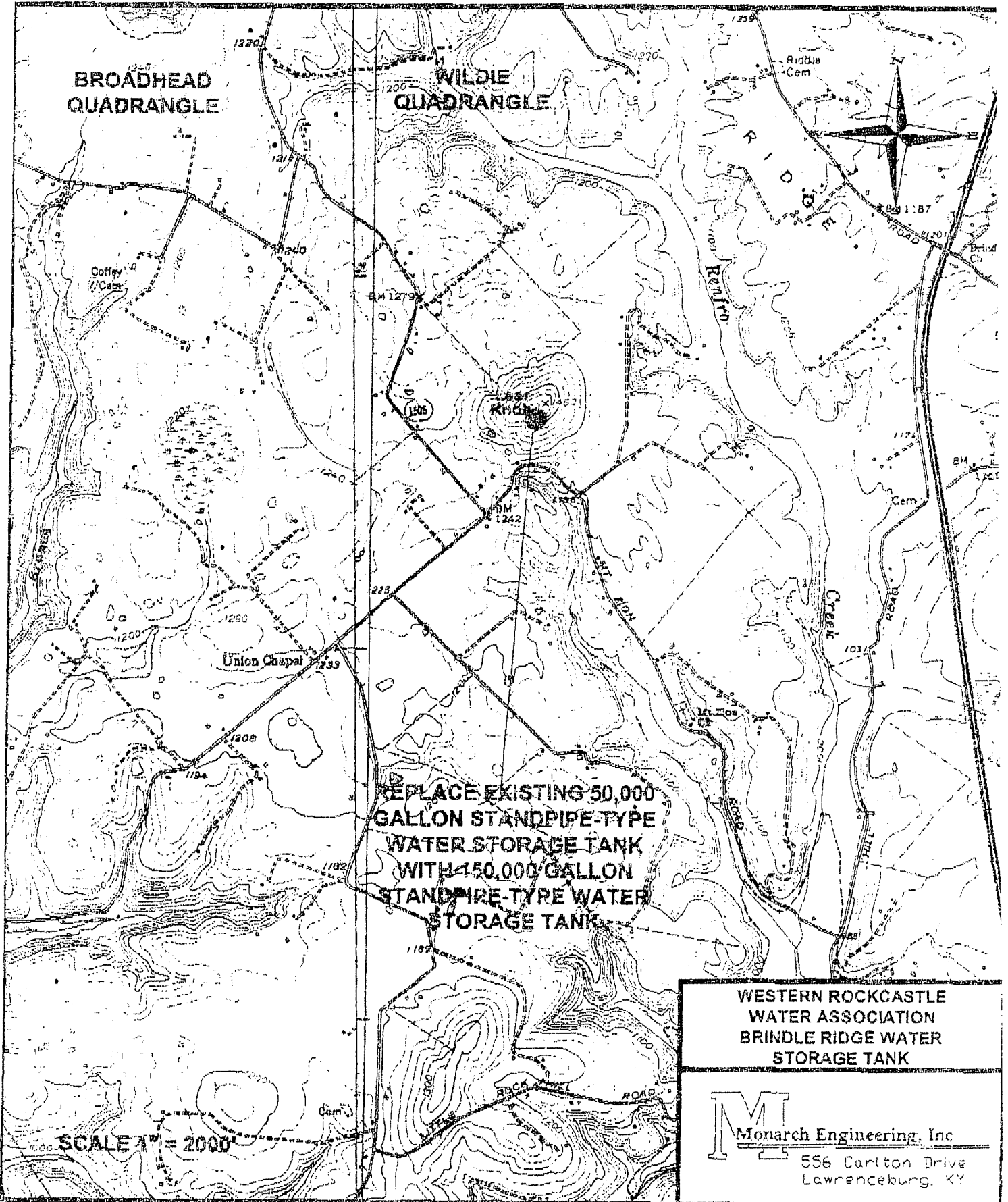
SCAFFOLD CANE ROAD (KY HWY 1617)



REPLACE EXISTING 20,000
 GALLON STANDPIPE-TYPE
 WATER STORAGE TANK
 WITH 100,000 GALLON
 STANDPIPE-TYPE WATER
 STORAGE TANK

WESTERN ROCKCASTLE
 WATER ASSOCIATION
 SCAFFOLD CANE WATER
 STORAGE TANK

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



BROADHEAD QUADRANGLE

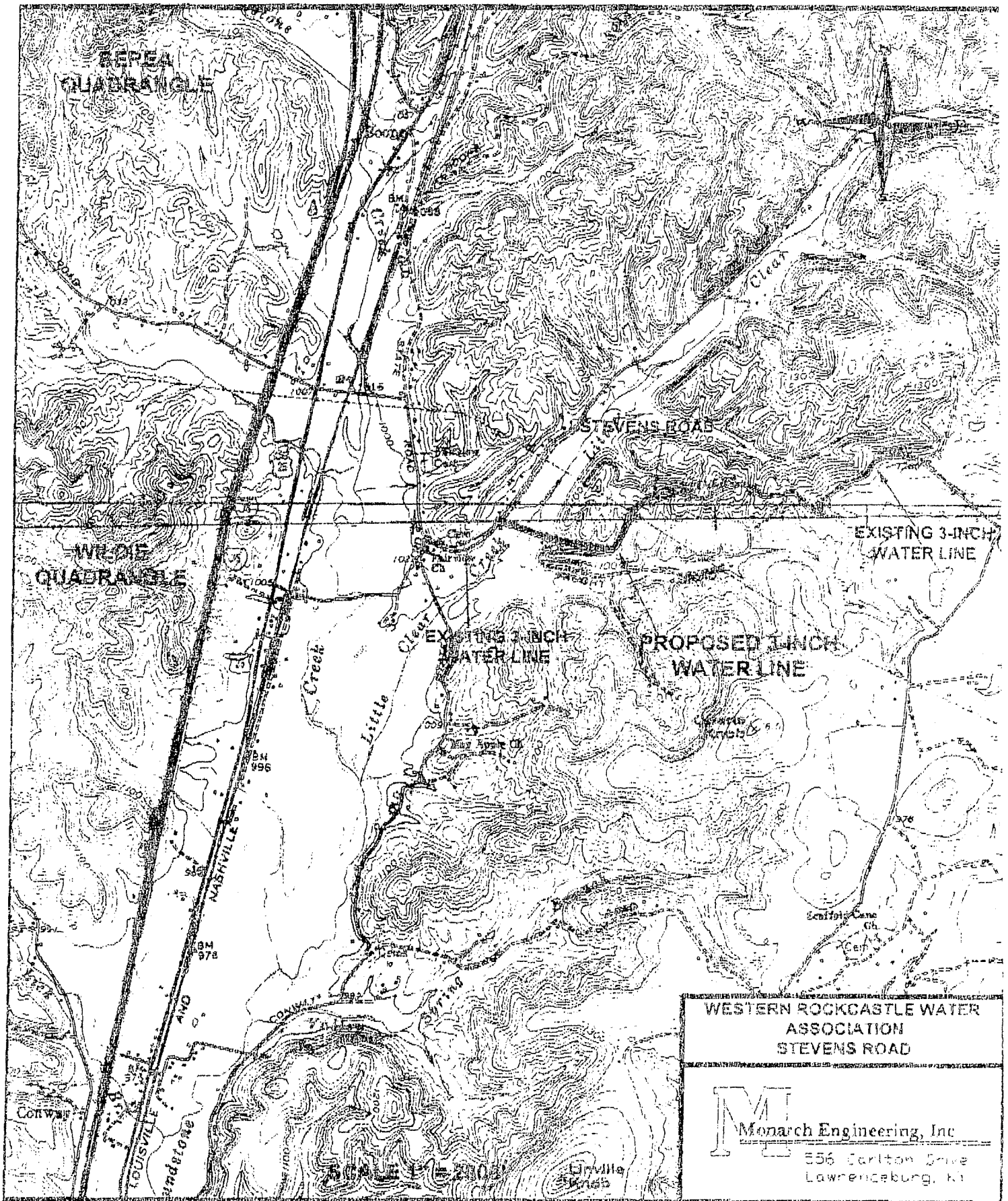
WILDIE QUADRANGLE

REPLACE EXISTING 50,000 GALLON STANDPIPE-TYPE WATER STORAGE TANK WITH 150,000 GALLON STANDPIPE-TYPE WATER STORAGE TANK

**WESTERN ROCKCASTLE WATER ASSOCIATION
BRINDLE RIDGE WATER STORAGE TANK**

SCALE 1" = 2000'

M
Monarch Engineering, Inc
 556 Carlton Drive
 Lawrenceburg, KY



WESTERN ROCKCASTLE WATER
ASSOCIATION
STEVENS ROAD

M
Monarch Engineering, Inc
556 Carlton Drive
Lawrenceburg, KY



Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

Christopher L. Lilly
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

January 31, 2006

Mr. Charles W. Burton
Western Rockcastle Water Association
P.O. Box 627
Mt. Vernon, Kentucky 40456

Dear Mr. Burton:

Thank you for your response to our letter of January 3, 2006. Upon review, your responses to both DTR's are accepted. We look forward to seeing the noted improvements on our next visit. .

Sincerely,

A handwritten signature in cursive script that reads "George W. Wakim".

George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

GWW:mae

C: Board Members, Western Rockcastle Water Association
Jim Adcock, Investigator

Ernie Fletcher
Governor

LaJuana S. Wilcher, Secretary
Environmental and Public
Protection Cabinet

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Department of Public Protection



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psc.ky.gov

Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

January 3, 2006

Mr. Charles W. Burton
Western Rockcastle Water Association
P.O. Box 627
Mt. Vernon, Kentucky 40456

Dear Mr. Burton:

Thank you for your response to our inspection report of October 26, 2005. Upon review, DTR Numbers 1 and 2 are rejected, as additional information is needed.

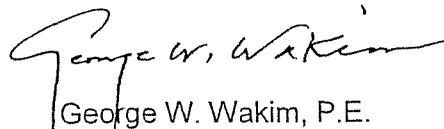
DTR Number 1, you need to review meter records and devise a plan with a schedule that will address their readings. Submit this plan and schedule to the Public Service Commission.

DTR Number 2, please explain how the current two tanks are going to be updated to accommodate increased demand.

We expect to receive your revised responses to DTR Numbers 1 and 2 by Friday, January 13, 2006. A follow-up visit will be conducted in six months.

If you have questions regarding this correspondence, please feel free to contact Jim Adcock of my staff at (502) 564-3940, extension 415.

Sincerely,


George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

GWW:JA:mae

C: Board Members, Western Rockcastle Water Association
Jim Adcock

January 11, 2006

Mr. George W. Wakim, P.E.
Manager
Water and Sewer Branch
Engineering Division

RECEIVED

JAN 17 2006

PUBLIC SERVICE
COMMISSION

Dear Mr. Wakim:

Here are the additional responses to the inspection performed in October. You noted in your letter that DTR Number 1 and DTR Number 2 needed additional information.

DTR Number 1-Since January 1, 2006 our field workers have read over 300 meters and we have devised a plan for them to follow:

Monday: Read at least two roads in the northern end of the county while reading master meters in the area. (If time permits they may stay as long as possible to read more roads if there is no major problems causing them to come back)

Tuesday: Do all necessary paper work that morning and that afternoon read meters that are located out 461, HWY 70, HWY 150, HWY 39(This is a very BROAD area and will be very time consuming)

Wednesday: While reading master meters that morning again, pick at least two to three small roads in the northern section (a smaller section) of the county and finish any paperwork in that area before lunch. After lunch begin reading meters on HWY 25 S, and all the little roads and subdivisions in that area.

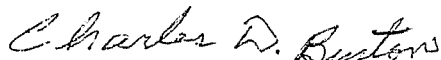
Thursday: Do all necessary paper work that morning and that afternoon read meters that are located out 461, HWY 70, HWY 150, HWY 39(This is a very BROAD area and will be very time consuming)

Friday: Read all master meters and pick out small side roads and subdivisions around the local area to read and after lunch do any necessary paperwork that needs attention before the weekend.

DTR Number 2- You will notice that I have enclosed a copy of the Preliminary Engineering report so you can see the exact cost and construction to be done.

If you need any further information please call me at 606-256-8283.

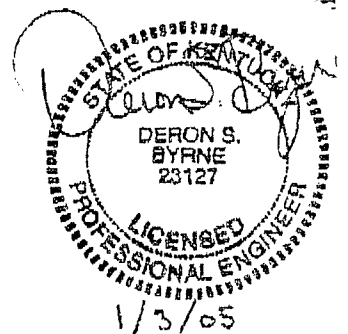
Sincerely,



Charles D. Burton, President

**PRELIMINARY ENGINEERING REPORT
FOR THE
WESTERN ROCKCASTLE WATER ASSOCIATION
WATER SYSTEM EXTENSION & IMPROVEMENTS
CONTRACT 8**

DECEMBER 2004



PRELIMINARY ENGINEERING REPORT

WATER SYSTEM EXTENSION & IMPROVEMENTS CONTRACT 8

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

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system extension and improvements that are being planned by the Western Rockcastle Water Association to serve six first time customers with potable drinking water and to upgrade or replace 28,500 LF of 6-inch, 4-inch, and 3-inch water lines throughout Rockcastle, Pulaski and Lincoln counties. The new customers to be served are all residential.

The Western Rockcastle Water Association provides potable water service to nearly 3,800 customers in Rockcastle, Pulaski and Lincoln counties. The Association purchases all water for resale from the City of Mount Vernon.

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

II. PROJECT PLANNING AREA

The area to be served with potable water for the first time is located on Stevens Road in Rockcastle County. There are two areas to be served with an upgrade to the water lines that are located on Kentucky Highway 1617 (Scaffold Cane Road) and Rainbow Subdivision in Rockcastle County. Another area to be served with a water line replacement is located on Kentucky Highway 461 in Pulaski County. In addition, two tank replacements will be constructed in the areas known as Scaffold Cane and Brindle Ridge which are both located in Rockcastle County. These areas are delineated on the attached maps. The topography in these areas consists primarily of gently rolling hills throughout the valley areas and along the numerous creeks in this area with steep ridges encountered in the Daniel Boone National Forest. The land use in the valley areas is mainly agricultural with some light timber harvesting. Within the proposed area, there are no major industrial or commercial businesses.

The residents located on the Stevens Road have never been served by a public water system and most rely on community springs, family wells, or depend on water trucks to provide them with their potable water. Most individuals pay to have their water

delivered and those who cannot afford to pay local water haulers, transport their water by means of barrels, bucket, or other containers. They often make daily trips to the nearest water source, none of which are monitored by an approved health agency. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

III. EXISTING FACILITIES

The Western Rockcastle Water Association executed a contract in 1994 with the City of Mount Vernon to purchase 10 million gallons of water per month for 45 years. The City has recently completed the constructing a new water treatment plant and the water purchase agreement has been amended to reflect a longer term and a larger allotment. The Association operates a distribution system that serves nearly 3,800 residential and nonresidential customers that reside throughout Rockcastle, Lincoln and Pulaski Counties.

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

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

IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in the communities in which it will serve, to improve service to areas that are served by undersized water lines, and to address a low water supply problem that exists in the areas of the Scaffold Cane tank and Brindle Ridge tank. The proposed service area, Stevens Road, has long been faced with inadequate and unsafe sources of water. For many years, the residents have petitioned county officials in an attempt to secure a public water system. This need has been well documented by the Cumberland Valley District Health Department. The vast majority of samples taken (95%) were contaminated with high levels of fecal coliform. The personal health and safety of the residents are threatened by the use of these contaminated supplies and the financial burden of having to haul water for personal and farming needs is substantial.

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

V. ALTERNATIVES CONSIDERED

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

VI. PROPOSED PROJECT

The project entails the construction of a 6-inch water transmission main to replace an existing 4-inch water main on Kentucky Highway 1617, also known as Scaffold Cane Road. This transmission upgrade will provide a better service to the northern area of the system and provide a water supply to a new 100,000 gallon water storage tank that will replace an existing 20,000 gallon tank at Scaffold Cane. The transmission and tank upgrade will also alleviate a water supply problem the Association has experienced recently due to continuous growth in the northern area. ✓

This project also includes a new 4-inch transmission main on Kentucky Highway 461 to replace an existing 4-inch line in the southern area of the system known as Level Green. This upgrade will eliminate a short section of deteriorating water main that has caused the Association a continuous maintenance problem over the years. A 3-inch waterline will be installed on the Rainbow Subdivision Road to replace an existing 2-inch water line, which currently serves approximately 20 customers. A new 150,000 gallon tank will be constructed to replace an existing 50,000 gallon tank that is known as Brindle Ridge Tank near Brodhead, Kentucky. The Brindle Ridge tank upgrade will improve the water supply to an area that is known as the Copper Creek area, which has experienced tremendous growth and is continuing to grow. New telemetry controls will be installed on all existing pump stations in the Western Rockcastle system. ✓

The project also proposes to construct a small water line extension of approximately 3,000 LF of 3-inch waterline that will serve six new customers in Rockcastle County. Please refer to the attached map for the location of this extension. The project will provide all necessary appurtenances and meter settings to the customer's property line.

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

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

The project cost has been estimated to be \$940,000 and it is to be financed by a \$470,000 loan from Rural Development and a \$470,000 grant from Rural Development.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in the Stevens Road area to have a potable water supply and to improve adequate water supply in areas served in communities described herein it is recommended that the Western Rockcastle Water Association pursue that financial assistance as outlined above so that this unhealthy situation can be corrected. The Western Rockcastle Water Association is the only major supplier of potable water near these areas and their system is situated such that the extension and improvements as proposed can be made without adversely affecting service to their existing customers.

APPLICATION FOR FEDERAL ASSISTANCE

Version 7/03

1. TYPE OF SUBMISSION: Application <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		2. DATE SUBMITTED	Applicant Identifier
Pre-application <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction		3. DATE RECEIVED BY STATE	State Application Identifier
		4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier
5. APPLICANT INFORMATION			
Legal Name: Weston Rockcastle Water Association		Organizational Unit: Department:	
Organizational DUNS: 131894821		Division:	
Address: Street: P.O. Box 627 436 Highway 130		Name and telephone number of person to be contacted on matters involving this application (give area code) Prefix: Mr. First Name: David	
City: Mt. Vernon		Middle Name: M.	
County: Rockcastle		Last Name: Bowles	
State: KY	Zip Code: 40458	Suffix:	
Country: USA		Email: davidbowles@adelphia.net	
6. EMPLOYER IDENTIFICATION NUMBER (EIN): 01-0904314		Phone Number (give area code) 502-839-1310	Fax Number (give area code) 502-839-1373
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es) (See back of form for description of letters.) Other (specify)		7. TYPE OF APPLICANT: (See back of form for Application Types) Water Association Other (specify)	
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: TITLE (Name of Program): Water & Waste Disposal Systems for Rural Communities		9. NAME OF FEDERAL AGENCY: USDA Rural Development	
12. AREAS AFFECTED BY PROJECT (Cities, Counties, States, etc.): Rockcastle, Lincoln & Pulaski counties		11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Water System Extensions & Improvements Project - Contract 8. Project entails the construction of 3,000 LF of 3" water line to serve six new customers in Rockcastle County. Project also includes 28,500 LF of 6", 4" and 3" water main to upgrade existing service as well as two water storage tank upgrades, including telemetry and controls.	
13. PROPOSED PROJECT Start Date: March 2005 Ending Date: December 2005		14. CONGRESSIONAL DISTRICTS OF: a. Applicant 5th b. Project 5th	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?	
a. Federal	\$ 940,000	a. Yes. <input checked="" type="checkbox"/> THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON DATE: October 7, 2004	
b. Applicant	\$	b. No. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E. O. 12372	
c. State	\$	<input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW	
d. Local	\$	17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?	
e. Other	\$	<input type="checkbox"/> Yes if "Yes" attach an explanation. <input checked="" type="checkbox"/> No	
f. Program Income	\$		
g. TOTAL	\$ 940,000		
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED.			
a. Authorized Representative			
Prefix: Mr.	First Name: Charles	Middle Name: O.	
Last Name: Burton		Suffix:	
b. Title: President		c. Telephone Number (give area code): 606-256-8283	
d. Signature of Authorized Representative: <i>Charles O. Burton</i>		e. Date Signed: 10/7/04	

OMB Approval No. 0348-0044

BUDGET INFORMATION - Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case, you will be notified.

COST CLASSIFICATION	a. Total Cost	b. Costs Not Allowable for Participation	c. Total Allowable Costs (Columns b-b)
1. Administrative and legal expenses	\$ 20,000.00	.00	\$ 20,000.00
2. Land, structures, rights-of-way, appraisals, etc.	.00	.00	.00
3. Relocation expenses and payments	.00	.00	.00
4. Architectural and engineering fees	\$ 62,000.00	.00	\$ 62,000.00
5. Other architectural and engineering fees	\$ 20,000.00	.00	\$ 20,000.00
6. Project inspection fees	\$ 38,000.00	.00	\$ 38,000.00
7. Site work	.00	.00	.00
8. Demolition and removal	.00	.00	.00
9. Construction	\$ 712,600.00	.00	\$ 712,600.00
10. Equipment	.00	.00	.00
11. Miscellaneous	\$ 15,000.00	.00	\$ 15,000.00
12. SUBTOTAL (sum of lines 1-11)	\$ 867,600.00	0.00	\$ 867,600.00
13. Contingencies	\$ 72,400.00	.00	\$ 72,100.00
14. SUBTOTAL	\$ 940,000.00	0.00	\$ 940,000.00
15. Project (program) income	.00	.00	.00
16. TOTAL PROJECT COSTS (subtract #15 from #14)	\$ 940,000.00	.00	\$ 940,000.00
FEDERAL FUNDING			
17. Federal assistance requested, calculate as follows: (Consult Federal agency for Federal percentage share.) Enter the resulting Federal share.	Enter eligibles costs from line 16c Multiply X _____%		\$ 0.00

ASSURANCES - CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including 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 the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0042), Washington, DC 20503.


PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.

NOTE: Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the Awarding Agency. Further, certain Federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure non-discrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4726-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4901 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-648) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§278a to 278a-7), the Copeland Act (40 U.S.C. §278c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333) regarding labor standards for federally-assisted construction subagreements.
14. Will comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) Institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11736; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (Identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§489a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
19. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL	TITLE
	President
APPLICANT ORGANIZATION	DATE SUBMITTED
Western Rockcastle Water Association	October 7, 2004

PROGRAM NARRATIVE

The Western Rockcastle Water Association is in need for improvements throughout the water system which serves the western, northern, and southern areas of Rockcastle County, eastern portions of Lincoln County, and northern portions of Pulaski County. These improvements include the construction of a 6-inch water transmission main to replace an existing 4-inch water main on Kentucky Highway 1617, also known as Scaffold Cane Road. This transmission upgrade will provide a better service to the northern area of the system and provide a water supply to a new 100,000 gallon water storage tank that will replace an existing 20,000 gallon tank at Scaffold Cane. The transmission and tank upgrade will also alleviate a water supply problem the Association has experienced recently due to continuous growth in the northern area.

This project also includes a new 4-inch transmission main on Kentucky Highway 461 to replace an existing 4-inch line in the southern area of the system known as Level Green. This upgrade will eliminate a short section of deteriorating water main that has caused the Association a continuous maintenance problem over the years. A 3-inch waterline will be installed on the Rainbow Subdivision Road to replace a 2-inch water line, which currently serves approximately 20 customers. A new 150,000 gallon tank will be constructed to replace an existing 50,000 gallon tank that is known as Brindle Ridge Tank near Brodhead, Kentucky. The Brindle Ridge tank upgrade will improve the water supply to an area that is known as the Copper Creek area, which has experienced tremendous growth and is continuing to grow. New telemetry controls will be installed on all existing pump stations in the Western Rockcastle system.

The project also proposes to construct a small water line extension of approximately 3,000 LF of 3-inch waterline that will serve 6 new customers in Rockcastle County. Please refer to the attached map for the location of this extension. The project will provide all necessary appurtenances and meter settings to the customer's property line.

The Western Rockcastle Water Association will own and operate the proposed water system extension and upgrades. The additional water will be provided by the City of Mount Vernon, which has more than adequate capacity to serve the extension and upgrades.

The Association is requesting a \$470,000 Rural Development Grant and a \$470,000 Rural Development Loan for a total project cost of \$940,000 based upon the engineer's estimate.

Solid waste in Rockcastle County is collected by private haulers and taken to E.R. Hopper & Sons landfill in Lily, Kentucky (Permit No. 063-00003).

**PRELIMINARY COST ESTIMATE
STEVENS ROAD
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	3,000 LF	\$6.00	\$18,000.00
2	3-Inch Gate Valve	2 EA	400.00	800.00
3	Connection	2 EA	1,000.00	2,000.00
4	Flush Hydrant	1 EA	1,500.00	1,500.00
5	Meter Setting	6 EA	250.00	1,500.00
6	3/4-Inch Service Tubing	300 LF	5.00	1,500.00
	SUBTOTAL			\$25,300.00
	CONTINGENCY			2,700.00
	TOTAL CONSTRUCTION			\$28,000.00
			Average Cost/Customer	\$4,666.67

PRELIMINARY COST ESTIMATE
SCAFFOLD CANE ROAD (KENTUCKY HWY 1617) TRANSMISSION MAIN
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL COST
1	6-Inch Water Line	21,500	LF	\$8.00	\$172,000.00
2	6-Inch Gate Valve	6	EA	550.00	3,300.00
3	Connection	2	EA	1,000.00	2,000.00
4	Flush Hydrant	2	EA	1,500.00	3,000.00
5	Meter Reconnect	20	EA	250.00	5,000.00
6	3/4-Inch Service Tubing	1,000	LF	5.00	5,000.00
	SUBTOTAL				\$190,300.00
	CONTINGENCY				19,700.00
	TOTAL CONSTRUCTION				\$210,000.00

**PRELIMINARY COST ESTIMATE
RAINBOW SUBDIVISION ROAD
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	4,000 LF	\$6.00	\$24,000.00
2	Bore & Case for 3-Inch Water Line	30 LF	60.00	1,800.00
3	3-Inch Gate Valve	2 EA	400.00	800.00
4	Connection	1 EA	1,000.00	1,000.00
5	3-Inch Blowoff Assembly	1 EA	500.00	500.00
6	Meter Reconnect	20 EA	250.00	5,000.00
7	3/4-Inch Service Tubing	1,000 LF	5.00	5,000.00
	SUBTOTAL			\$38,100.00
	CONTINGENCY			3,900.00
	TOTAL CONSTRUCTION			\$42,000.00

**PRELIMINARY COST ESTIMATE
KENTUCKY HWY 461 TRANSMISSION MAIN
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL COST
1	4-Inch Water Line	3,000	LF	\$6.50	\$19,500.00
2	4-Inch Gate Valve	2	EA	450.00	900.00
3	Connection	2	EA	1,000.00	2,000.00
4	Flush Hydrant	1	EA	1,500.00	1,500.00
5	Meter Reconnect	5	EA	250.00	1,250.00
6	3/4-Inch Service Tubing	250	LF	5.00	1,250.00
	SUBTOTAL				\$26,400.00
	CONTINGENCY				2,600.00
	TOTAL CONSTRUCTION				\$29,000.00

**PRELIMINARY COST ESTIMATE
WATER STORAGE TANKS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & FULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	100,000 Gallon Water Storage Tank	1 LS	\$150,000.00
1a	Existing Scaffold Cane Tank Demolition	1 LS	15,000.00
2	150,000 Gallon Water Storage Tank	1 LS	200,000.00
2a	Existing Brindle Ridge Tank Demolition	1 LS	15,000.00
	SUBTOTAL		\$380,000.00
	CONTINGENCY		38,000.00
	TOTAL CONSTRUCTION COST		\$418,000.00

**PRELIMINARY COST ESTIMATE
TELEMETRY CONTROL SYSTEM
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	Central Control Unit	1 LS	\$15,000.00
2	Hwy 461 Pump Station	1 LS	7,500.00
3	Brindle Ridge Pump Station	1 LS	7,500.00
4	Chestnut Ridge Pump Station	1 LS	7,500.00
5	Greenfish Hill Pump Station	1 LS	7,500.00
6	Scaffold Cane Pump Station	1 LS	7,500.00
	SUBTOTAL		\$52,500.00
	CONTINGENCY		5,500.00
	TOTAL CONSTRUCTION COST		\$58,000.00

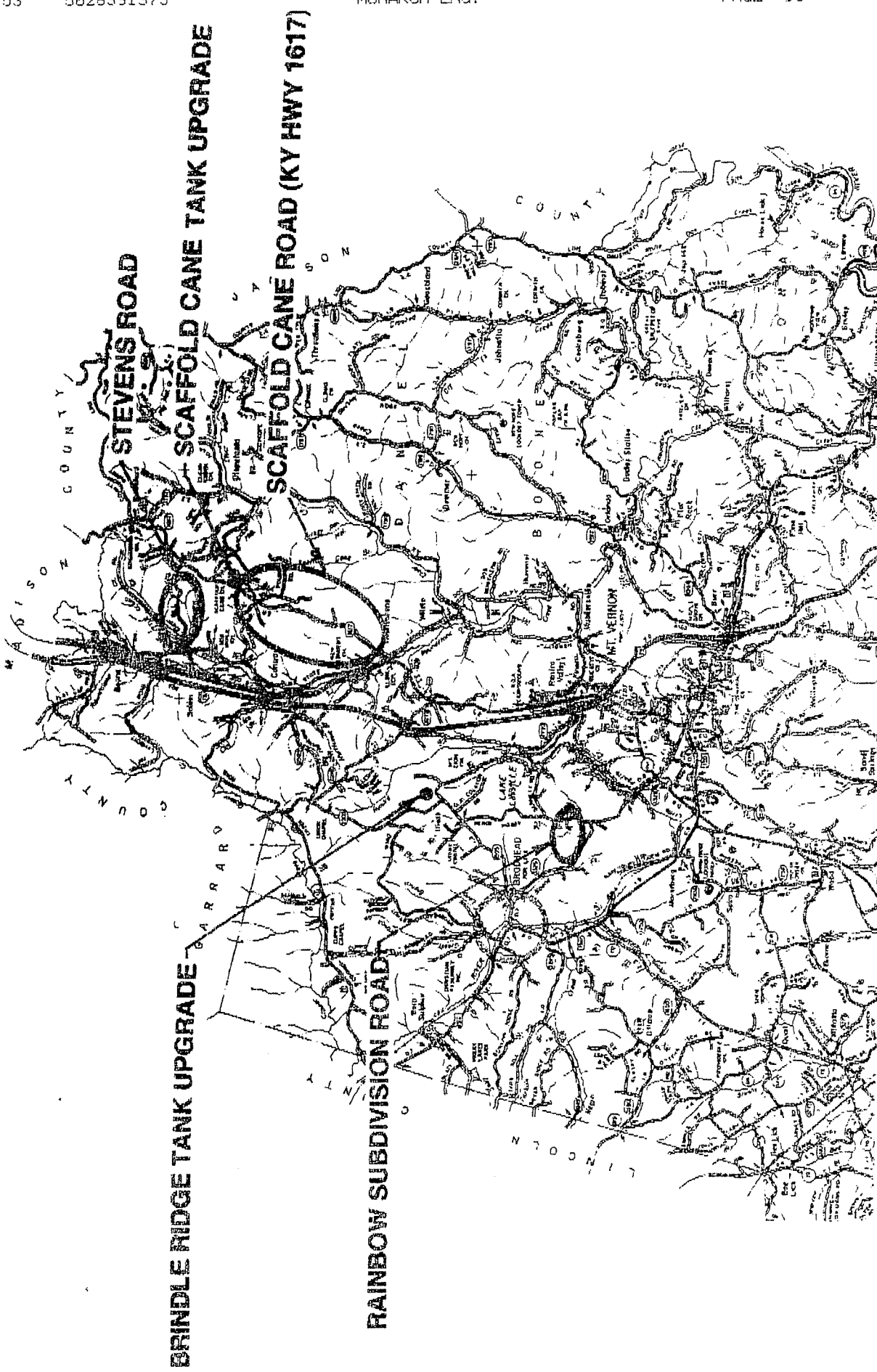
PRELIMINARY COST ESTIMATE
CONTRACT 8 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004

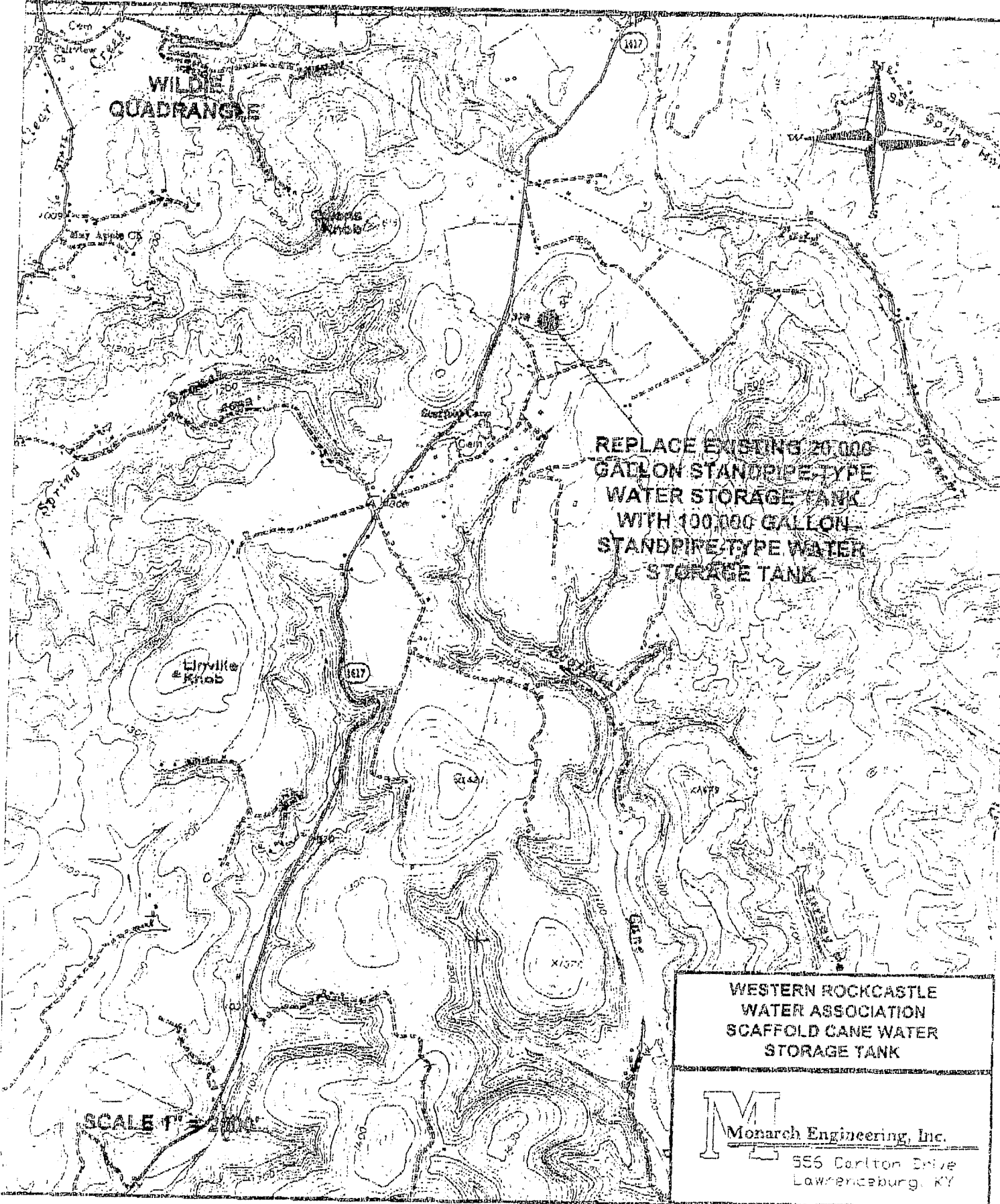
PROJECT COST:

PROJECT CONSTRUCTION	
WATER LINE EXTENSIONS	\$25,300
WATER TRANSMISSION MAINS	254,800
WATER STORAGE TANKS	380,000
TELEMETRY CONTROL SYSTEM	52,500
SUBTOTAL	\$712,600
CONTINGENCY	72,400
ENGINEERING DESIGN	62,000
CONSTRUCTION INSPECTION	38,000
LEGAL & ADMINISTRATION	20,000
INTEREST	15,000
ADDITIONAL ENGINEERING	20,000
TOTAL PROJECT COST:	\$940,000

PROJECT FUNDING:

U.S.D.A. RURAL DEVELOPMENT LOAN	470,000
U.S.D.A. RURAL DEVELOPMENT GRANT	470,000
TOTAL PROJECT FUNDING :	\$940,000



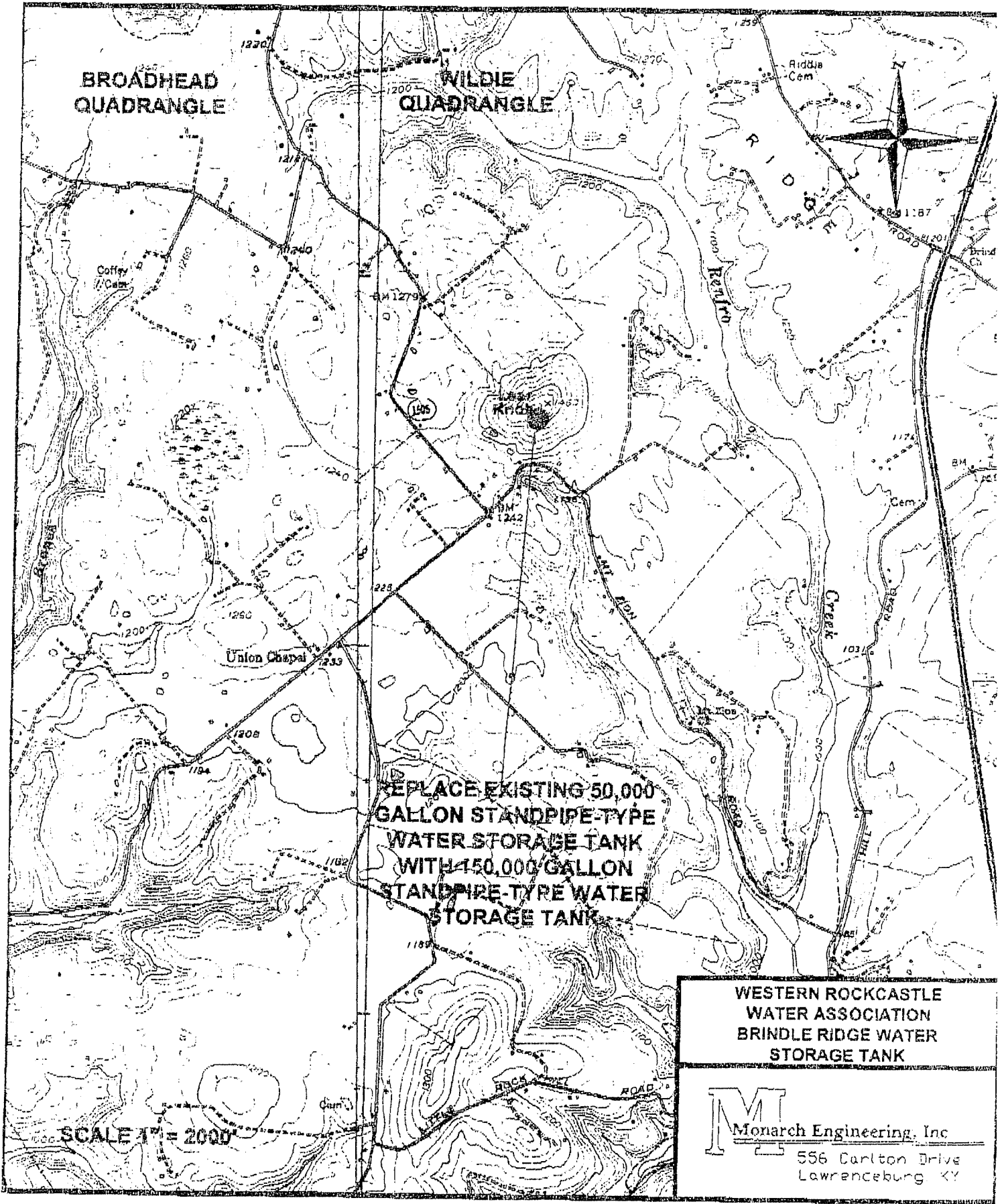


REPLACE EXISTING 20,000
 GALLON STANDPIPE-TYPE
 WATER STORAGE TANK
 WITH 100,000 GALLON
 STANDPIPE-TYPE WATER
 STORAGE TANK

SCALE 1" = 400'

WESTERN ROCKCASTLE
 WATER ASSOCIATION
 SCAFFOLD CANE WATER
 STORAGE TANK

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

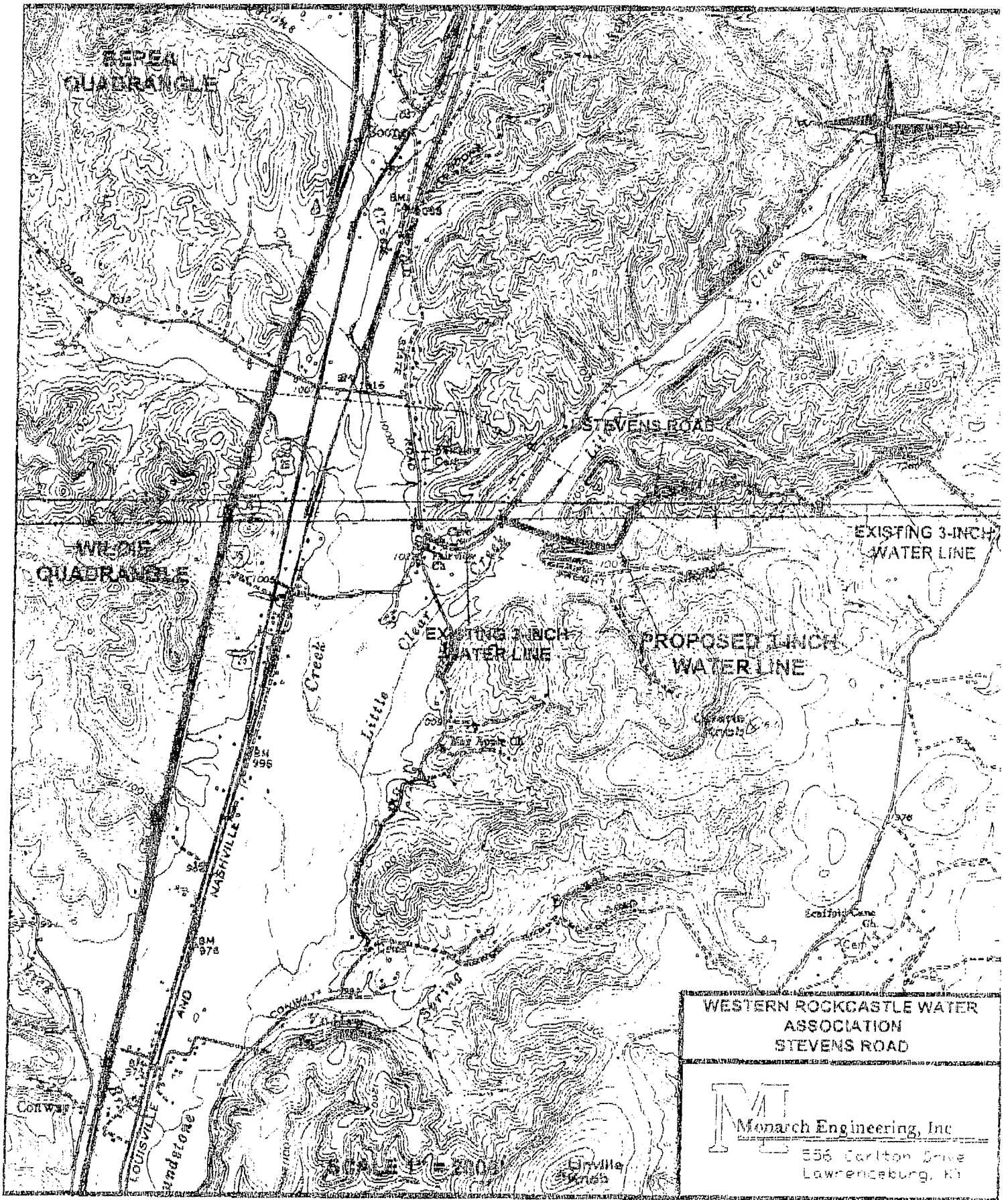


REPLACE EXISTING 50,000
 GALLON STANDPIPE-TYPE
 WATER STORAGE TANK
 WITH 150,000 GALLON
 STANDPIPE-TYPE WATER
 STORAGE TANK

WESTERN ROCKCASTLE
 WATER ASSOCIATION
 BRIDLE RIDGE WATER
 STORAGE TANK

M
 Monarch Engineering, Inc
 556 Carlton Drive
 Lawrenceburg KY

SCALE 1" = 2000'



WESTERN ROCKCASTLE WATER
ASSOCIATION
STEVENS ROAD

M
Monarch Engineering, Inc
556 Carlton Drive
Lawrenceburg, TN