

**REED & JOHNSON**

ATTORNEYS AT LAW  
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E-MAIL: [hankreed@bellsouth.net](mailto:hankreed@bellsouth.net)

May 15, 2007

**HENRY M. REED III**  
**LOUISVILLE, KENTUCKY**

**GILLARD B. JOHNSON III**  
**LEXINGTON, KENTUCKY**

**RECEIVED**

**MAY 16 2007**

**PUBLIC SERVICE  
COMMISSION**

Ms. Beth A. O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P.O. Box 615  
Frankfort, Kentucky 40602-0615

**In re: Application of Adair County Water District**

Ms. O'Donnell:

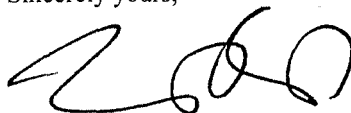
*Case No. 2007-00195*

Enclosed herewith please find ten (10) copies of the Petition of the Adair County Water District seeking a Certificate of Public Convenience and necessity with appropriate exhibits.

Monarch Engineering, Inc., Lawrenceburg, Kentucky are the Consulting Engineers employed by the District for these Projects. You are respectfully requested to direct any requests of the Commission for additional engineering information directly to Monarch Engineering, Inc.

If this office can supply any additional information please don't hesitate to advise me.

Sincerely yours,



HENRY M. REED III

cc: Mr. David M. Bowles, P.E.  
Monarch Engineering, Inc.  
556 Carlton Dr.  
Lawrenceburg, Kentucky 40342

Mr. Lennon Stone  
Superintendent  
Adair County Water District  
P.O. Box 567  
Columbia, Kentucky 42728

Mr. Kevin Antle  
District Loan Manager  
US Department of Agriculture,  
Rural Development  
957 Campbellsville Road  
Columbia, Kentucky 42728

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MAY 16 2007

PUBLIC SERVICE  
COMMISSION

IN THE MATTER OF THE APPLICATION )  
 OF THE ADAIR COUNTY WATER DISTRICT, A )  
 WATER DISTRICT ORGANIZED PURSUANT TO )  
 CHAPTER 74 OF THE KENTUCKY REVISED )  
 STATUTES, IN ADAIR COUNTY, KENTUCKY, )  
 FOR (1) A CERTIFICATE OF PUBLIC CONVENIENCE )  
 AND NECESSITY, AUTHORIZING AND )  
 PERMITTING SAID ADAIR WATER DISTRICT )  
 TO CONSTRUCT WATER DISTRIBUTION )  
 SYSTEM IMPROVEMENTS, CONSISTING OF )  
 THE CONSTRUCTION OF EXTENSIONS, )  
 ADDITIONS AND IMPROVEMENTS TO THE )  
 DISTRICT'S WATER SYSTEM AND (2) THE )  
 APPROVAL OF THE PROPOSED PLAN OF )  
 FINANCING SAID IMPROVEMENTS. )

CASE NO. 2007-00195

**COMMONWEALTH OF KENTUCKY**

**Before the Public Service Commission  
 In the Matter of  
 the Application of Adair County Water District**

**Index to Application**

1. Petition of Adair County Water District ("District") for Certificate of Public Convenience and Necessity.
2. Affidavit of Publication - The Adair Progress - Legal Notice Regarding the District's Intention to File with the Public Service Commission.
3. Letter of Conditions to District from United States of America, acting through the U.S. Department of Agriculture, Rural Development ("USDARD") dated December 16, 2005.
4. Amending Water Rate Ordinance.
5. Certificate of Chairman of District regarding compliance with Public Service Commission requirements.
6. Concurrence of USDARD in Award of Construction Contracts.
7. Preliminary and Final Engineering Reports and all Engineering Data to be Submitted with Petition by Monarch Engineers, Inc., Lawrenceburg, Kentucky.



RECEIVED

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

MAY 16 2007

PUBLIC SERVICE COMMISSION

IN THE MATTER OF THE APPLICATION )
OF THE ADAIR COUNTY WATER DISTRICT, A )
WATER DISTRICT ORGANIZED PURSUANT TO )
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DISTRICT'S WATER SYSTEM AND (2) THE )
APPROVAL OF THE PROPOSED PLAN OF )
FINANCING SAID IMPROVEMENTS. )

CASE NO. 2007-00195

PETITION

Pursuant to KRS 278.023, this Petition of the Adair County Water District ("District" or "Petitioner"), respectfully states:

- 1. That Petitioner is a Water District in Adair County, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes, pursuant to an Order of the County Court of said County, following the requisite procedure prescribed in said Chapter 74.
2. That the Post Office address of said District is "Adair County Water District, Larry F. Legg, Chairman, P.O. Box 567, Columbia, Kentucky 42728".
3. That the formation of the District, its present tariff of rates, and the issuance of its outstanding long term indebtedness have been previously approved by Orders of the Public Service Commission of Kentucky ("PSC").
4. That the District seeks a Certificate of Public Convenience and Necessity approving the construction of extensions, additions and improvements to the District's Water System, consisting of (a) 39,800 linear feet of 12-inch water line and (b) a 500,000 gallon elevated water storage tank (the "Project") .
5. That subject to the approval of the Commission, the District proposes to finance the construction of the improvements identified above pursuant to the terms of a certain Letter of Conditions dated December 16, 2005, from the United States Department of Agriculture, Rural Development ("USDARD") to the District, whereunder USDARD proposes to lend to the District through the issuance of the District's Water Revenue Bonds, Series of 2007, the sum of approximately \$752,000 supplemented by a USDARD Grant in the amount of approximately \$550,000, and a Kentucky Infrastructure Authority ("KIA") Tobacco Settlement Grant in the amount of approximately \$1,000,000.
6. That the District is required by USDARD to increase its schedule of rates and charges for water service in accordance with the District's Amended Water Rate Ordinance as shown on the Exhibit Addendum attached to this Petition.

7. That the District has observed the appropriate legal procedure in employing Monarch Engineering, Inc., Lawrenceburg, Kentucky to prepare the plans and specifications for the construction of the proposed Project. The plans and specifications as to said Project have been approved by the appropriate governmental agencies.

8. That the approval of the Public Service Commission is urgently required in order to enable the District to proceed to accept construction bids for the Project and proceed with the construction in order to provide for the needs of the District.

9. That there are attached to this Petition those Exhibits indicated in the Exhibit Addendum to this Petition which the Petitioner believes the Commission will find necessary in ruling on the requests set forth in this Petition pursuant to KRS 278.023 (including Preliminary and Final Engineering Reports).

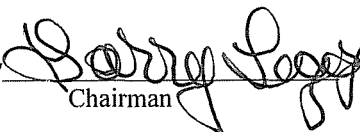
WHEREFORE, Petitioner prays that the Public Service Commission of Kentucky grant to the Petitioner the following:

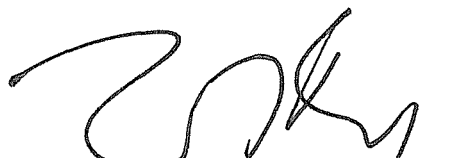
A. A Certificate of Public Convenience and Necessity, permitting the Petitioner District to construct the Project as described in the Engineers' Reports filed herewith as Exhibits in order to provide required water service to said District.

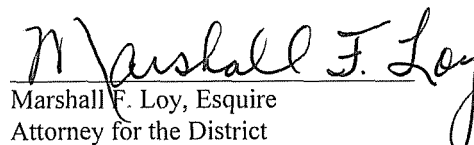
B. An Order approving the financing arrangements made by the District in the issuance of \$752,000 of its Water Revenue Bonds, at an interest rate not exceeding 4 ¼% per annum, to be supplemented by a USDARD Grant in the amount of \$550,000, and a Kentucky Infrastructure Authority Grant of \$1,000,000.

Dated at Columbia, Kentucky as of this 10<sup>th</sup> day of May, 2007.

ADAIR COUNTY WATER DISTRICT

By   
Chairman

  
REED & JOHNSON  
Henry M. Reed III, Bond Counsel  
2218 Frankfort Avenue  
Louisville, Kentucky 40206

  
Marshall F. Loy, Esquire  
Attorney for the District  
116 Public Square  
Columbia, Kentucky 42728

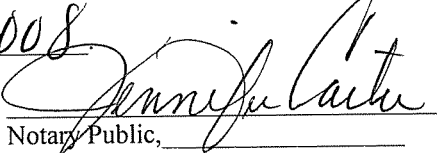
STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF ADAIR            )

The undersigned, Larry F. Legg, being first duly sworn, deposes and states: That he is the Chairman of Adair County Water District of Adair County, Kentucky, Petitioner in the above Petition; that he has read the foregoing Petition and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and that as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 10<sup>th</sup> day of May, 2007.

  
Larry Legg

Acknowledged before me by Larry Legg, Chairman of the Adair County Water District, on this 10<sup>th</sup> day of May, 2007.

My Commission expires 2-28-2008  
  
Notary Public,  
Kentucky

(Seal of Notary)



**LEGAL NOTICE REGARDING  
THE ADAIR COUNTY WATER DISTRICT**

On or about May 17, 2007, the Adair County Water District ("District") will file a Petition with the Public Service Commission ("Commission") of Kentucky seeking approval of the following action:

1. The issuance of a Certificate of Public Convenience and Necessity for the construction by the District of improvements to the District's water distribution system (the "Projects"); consisting of (a) 39,800 linear feet of 12-inch water line and (b) a 500,000 gallon elevated water storage tank to serve the Shepherd area.

2. Subject to the approval of the Commission, the District proposes to finance the construction of the improvements identified above pursuant to the terms of a certain Letter of Conditions dated December 16, 2005, from the United States Department of Agriculture, Rural Development ("USDARD") to the District, whereunder USDARD proposes to lend to the District through the issuance of the District's Water Revenue Bonds, Series of 2007, the sum of approximately \$752,000 and supplemented by (a) a USDARD Grant in the amount of approximately \$550,000 and (b) a Kentucky Infrastructure Authority ("KIA") Tobacco Settlement Program Grant in the amount of approximately \$1,000,000.

3. In accordance with the Letter of Conditions, the District will be required to amend its existing water rates and charges for the use and services of the distribution system for the District customers currently in effect, as follows:

<u>Gallage Block</u>	<u>Existing Rate per Gallon</u>	<u>New Rates per Gallon</u>
<u>5/8" x 3/4" Meter Size:</u>		
First 2,000 gallons	\$13.85 Minimum Bill	\$14.85 Minimum Bill
Next 3,000 gallons	5.60 per 1,000 gallons	5.70 per 1,000 gallons
Next 5,000 gallons	4.85 per 1,000 gallons	4.95 per 1,000 gallons
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons
<u>1" Meter Size (Residential &amp; Non-Residential Out-of-Town):</u>		
First 5,000 gallons	\$30.65 Minimum Bill	\$31.65 Minimum Bill
Next 5,000 gallons	4.85 per 1,000 gallons	4.95 per 1,000 gallons
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons
<u>1 1/2" Meter Size (Non-Residential Out-of-Town):</u>		
First 10,000 gallons	\$54.90 Minimum Bill	\$55.90 Minimum Bill
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons
<u>2" Meter Size (Non-Residential Out-of-Town):</u>		
First 16,000 gallons	\$77.40 Minimum Bill	\$78.40 Minimum Bill
Next 9,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons

4. The Petition will be filed pursuant to the provisions of KRS 278.023 and it is anticipated that an Order will be entered by the Public Service Commission approximately 30 days after the actual filing of the Petition.

ADAIR COUNTY WATER DISTRICT  
s/ Larry Legg, Chairman



AHN: Judy

AFFIDAVIT OF PUBLICATION

I hereby certify that I am the Betsy Woodruff of

THE ADAIR PROGRESS

the newspaper published in the County of Adair, Kentucky (hereinafter referred to as the "publication area") which has the largest bona fide circulation in said publication area of any newspaper published therein.

I further certify that there is attached hereto a true copy of A legal notice regarding the Adair Co water Dist.

which was published in said newspaper in its regular issue for the The Adair Progress on May 10, 2007

I further certify that said newspaper maintains its principal office in the publication area for the purpose of gathering news and soliciting advertisements and other general business of newspaper publication and has a second-class mailing permit issued for that office. I further certify that said newspaper is published regularly as frequently as once a week for at least fifty weeks during the calendar year, as prescribed by its mailing permit; and it has been so published in the publication area for the immediately preceding two-year period prior to the date of publication hereinbefore referred to.

I further certify that said newspaper is circulated generally in the publication area, maintains a definite price or consideration not less than fifty per cent of its publication price and is paid for by not less than fifty per cent of those to whom distribution is made. I further certify that said newspaper bears a title or name, consists of not less than four pages without a cover, is of a type to which the general public resorts for passing events of a political, religious, commercial and social nature for current happenings, announcements, miscellaneous reading matter, advertisements and other notices and that the news content of said newspaper is at least twenty-five percent of the total column space in more than one-half of the issues during any 12-month period.

I further certify that all of the foregoing facts were true on the date of the publication hereinbefore referred to.

Dated this 15<sup>th</sup> day of May, 2007

Whitney Keith

Acknowledged before me this 15<sup>th</sup> day of May, 2007

My commission expires 06/10

William O'Leary  
Notary Public, Adair Co, Kentucky

(Seal of Notary)





**United States Department of Agriculture  
Rural Development  
Kentucky State Office**

December 16, 2005

Mr. Larry Legg, Chairman  
Adair County Water District  
P.O. Box 567  
Columbia, Kentucky 42728

Dear Mr. Legg:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$752,000, a RUS grant not to exceed \$550,000, and a Kentucky Infrastructure Authority (KIA) Tobacco Settlement grant in the amount of \$1,000,000.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

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

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

1. Number of Users and Their Contribution:

There shall be 5,010 water users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for more than 10 years from the date of the bond. Payment of principal will be due on or before the first of each month. The Water District to adopt a supplemental payment schedule for principal and interest so long as the schedule will be approximate amortized installments.

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3. Recommended Repayment Method:

Payments on this loan can be made by automatic deduction method. This procedure eliminates the need for cash payments of RD loan payments. To initiate Payment Authorization Agreement for Preauthorized Payment, the Water District will require electronic withdrawal of funds from the account on the installment payment due date. The Area Director will provide further guidance on the PAD procedure.

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4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance and repairs and assist with debt service should the need arise.

The District will be required to deposit \$336.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$40,240. The deposits are to be resumed any time the account falls below the \$40,240.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,887 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's utility system.

5. Security Requirements:

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

6. Land Rights and Real Property:

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

7. Organization:

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

8. Business Operations:

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

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

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

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$342,780.
- D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

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

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

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

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

13. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United States shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 *et seq.*) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

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

16. Treatment Plant/System Operator:

The Water District is reminded that the treatment plant and/or system operator must have an Operator's Certificate issued by the State.

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

- A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."
- B. Form RD 400-1, "Equal Opportunity Agreement."
- C. Form RD 400-4, "Assurance Agreement."
- D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- G. RUS Bulletin 1780-22, "Eligibility Certification."



18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

20. Disbursement of Project Funds:

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

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

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

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

## Breakdown of Costs:

Development	\$ 1,846,500
Land and Rights	10,000
Legal and Administrative	15,000
Engineering	218,000
Interest	16,000
Contingencies	<u>196,500</u>
TOTAL	\$ 2,302,000

## Financing:

RUS Loan	\$ 752,000
RUS Grant	550,000
KIA Tobacco Settlement Grant	<u>1,000,000</u>
TOTAL	\$ 2,302,000

23. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the KIA Tobacco Settlement grant in the amount of \$1,000,000.

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/KIA Tobacco Settlement grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, that part would be RUS loan funds.

25. Proposed Operating Budget:

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

26. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the utility system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	14.85 - Minimum Bill.
Next	3,000	gallons @ \$	5.70 - per 1,000 gallons.
Next	5,000	gallons @ \$	4.95 - per 1,000 gallons.
Next	15,000	gallons @ \$	3.85 - per 1,000 gallons.
All Over	25,000	gallons @ \$	3.10 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	31.65 - Minimum Bill.
Next	5,000	gallons @ \$	4.95 - per 1,000 gallons.
Next	15,000	gallons @ \$	3.85 - per 1,000 gallons.
All Over	25,000	gallons @ \$	3.10 - per 1,000 gallons.

1 1/2" Meter:

First	10,000	gallons @ \$	55.90 - Minimum Bill.
Next	15,000	gallons @ \$	3.85 - per 1,000 gallons.
All Over	25,000	gallons @ \$	3.10 - per 1,000 gallons.

2" Meter:

First	16,000	gallons @ \$	78.40 - Minimum Bill.
Next	9,000	gallons @ \$	3.85 - per 1,000 gallons.
All Over	25,000	gallons @ \$	3.10 - per 1,000 gallons.

27. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

28. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

29. Floodplain Construction:

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

30. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated September 23, 2004, from Mr. Ronald W. Cook, Manager, Kentucky State Clearinghouse.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated July 12, 2004, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

31. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,

  
KENNETH SLONE  
State Director

Enclosures

cc: Area Director - Columbia, Kentucky  
Rural Development Manager - Columbia, Kentucky  
Lake Cumberland ADD - Russell Springs, Kentucky  
Marshall F. Loy - Columbia, Kentucky  
Henry M. Reed, III - Louisville, Kentucky ✓  
Monarch Engineering - Lawrenceburg, Kentucky  
PSC - ATTN: Bob Amato - Frankfort, Kentucky



**AMENDED WATER RATE ORDINANCE**

**AN ORDINANCE OF THE BOARD OF COMMISSIONERS OF ADAIR COUNTY WATER DISTRICT AMENDING RATES AND CHARGES FOR WATER SERVICE PROVIDED BY THE DISTRICT.**

WHEREAS, Adair County Water District (the "District") is required to apply to the Kentucky Public Service Commission ("PSC") for a Certificate of Public Convenience and Necessity authorizing and permitting said District to construct water distribution system improvements consisting of (a) 39,800 linear feet of 12-inch water line, and (b) a 500,000 gallon elevated water storage tank (the "Projects"), and,

WHEREAS, the District proposes to finance said Projects through the issuance of \$752,000 of the District's "Water Revenue Bonds, Series of 2007," (the "Bonds") by the issuance thereof to the United States Department of Agriculture, Rural Development ("USDARD") supplemented by a USDARD Grant in the amount of \$550,000 and a Kentucky Infrastructure Authority ("KIA") Tobacco Settlement Grant in the amount of \$1,000,000, and,

WHEREAS, the District will apply to the Kentucky Public Service Commission for a Certificate of Public Convenience and Necessity and approval of a Schedule of Rates and Charges for water service in accordance with a certain USDARD Letter of Conditions dated December 16, 2005 setting forth the conditions for the USDARD Loan:

NOW, THEREFORE, BE IT AND IT IS HEREBY ORDAINED BY THE BOARD OF COMMISSIONERS OF THE ADAIR COUNTY WATER DISTRICT AS FOLLOWS:

1. That subject to PSC approval commencing with the billing period corresponding to the month of July, 2007, the District's rates and charges for water service shall be as follows:

<u>Gallonge Block</u>	<u>Existing Rate per Gallon</u>	<u>New Rates per Gallon</u>
5/8" x 3/4" Meter Size:		
First 2,000 gallons	\$13.85 Minimum Bill	\$14.85 Minimum Bill
Next 3,000 gallons	5.60 per 1,000 gallons	5.70 per 1,000 gallons
Next 5,000 gallons	4.85 per 1,000 gallons	4.95 per 1,000 gallons
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons
1" Meter Size (Residential & Non-Residential Out-of-Town):		
First 5,000 gallons	\$30.65 Minimum Bill	\$31.65 Minimum Bill
Next 5,000 gallons	4.85 per 1,000 gallons	4.95 per 1,000 gallons
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons
1 1/2" Meter Size (Non-Residential Out-of-Town):		
First 10,000 gallons	\$54.90 Minimum Bill	\$55.90 Minimum Bill
Next 15,000 gallons	3.75 per 1,000 gallons	3.85 per 1,000 gallons
All Over 25,000 gallons	3.00 per 1,000 gallons	3.10 per 1,000 gallons

2" Meter Size (Non-Residential Out-of-Town):

First 16,000 gallons	\$77.40	Minimum Bill	\$78.40	Minimum Bill
Next 9,000 gallons	3.75	per 1,000 gallons	3.85	per 1,000 gallons
All Over 25,000 gallons	3.00	per 1,000 gallons	3.10	per 1,000 gallons

2. That all other rates and charges not specifically mentioned herein shall remain as presently effective.

3. That all ordinances or parts thereof and resolutions of the District in conflict with the provisions of this Ordinance are hereby repealed to the extent of such conflict.


4. That this Ordinance shall become effective upon its adoption and the District's receipt of approval of the Public Service Commission.

Passed and adopted this 10<sup>th</sup> day of May, 2007.

**ADAIR COUNTY WATER DISTRICT**

  
Chairman

Attest:

  
Secretary/Treasurer

**CERTIFICATE**

I, the undersigned, duly authorized and acting Secretary/Treasurer of the Adair County Water District hereby certify that the foregoing is a true and correct copy of an Amended Water Rate Ordinance passed and adopted by the Board of Commissioners of the District by 5 voting for and 0 voting against said adoption, at a regular meeting held on the 10<sup>th</sup> day of May, 2007 at which a quorum was present and voting throughout said meeting.

Dated this 10<sup>th</sup> day of May, 2007.

**ADAIR COUNTY WATER DISTRICT**

  
Secretary/Treasurer





**CERTIFICATION OF DISTRICT CHAIRMAN REGARDING COMPLIANCE  
WITH PUBLIC SERVICE COMMISSION REQUIREMENTS**

---

The undersigned certifies that he is the duly authorized and acting Chairman of the Adair County Water District (the "District") which intends to file with the Public Service Commission of Kentucky ("PSC") a Petition seeking a Certificate of Public Convenience and Necessity in connection with the construction of additions, extensions, and improvements to the District's water distribution system, consisting of (a) 39,800 linear feet of 12-inch water line and (b) a 500,000 gallon elevated water storage tank (the "Project").

The undersigned has executed this Certificate in reliance upon information and advice of Monarch Engineering, Inc., Lawrenceburg, Kentucky (the "Engineers") which firm has been retained by the District to provide engineering services in connection with the Project.

The undersigned states that the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements established in 807 KAR 5:066, Section 4(3) and (4), Section 5(1), Sections 6 and 7, Section 8(1) through (3), Section 9(1) and Section 10.

The undersigned states that all other State approvals or permits have been obtained.

The undersigned further certifies that the Project is to be financed through the issuance of the District's Water Revenue Bonds, Series of 2007, in the principal amount of approximately \$752,000 (the "Bonds") which are to be sold to the United States of America, acting through the U.S. Department of Agriculture, Rural Development ("USDARD"), a Grant from USDARD in the amount of \$550,000, and a Kentucky Infrastructure Authority ("KIA") Tobacco Settlement Grant in the amount of \$1,000,000.

Based upon the information supplied by the Engineers, it is estimated that construction of the Project will commence July 1, 2007 and be completed April 1, 2008.

Based upon the advice of the Engineers and USDARD, the undersigned has been advised that an increase in water rates will be required by the District, as existing rates are estimated to be insufficient to meet the expenses incident to the operation and maintenance of the District's water distribution system and pay and retire all of the District's outstanding Water Revenue Bonds.

Dated this 10<sup>th</sup> day of May, 2007.

**ADAIR COUNTY WATER DISTRICT**

  
\_\_\_\_\_  
Larry Legg,  
Chairman





United States Department of Agriculture  
Rural Development  
Kentucky State Office

May 14, 2007

RECEIVED

MAY 16 2007


PUBLIC SERVICE  
COMMISSION

SUBJECT: Adair County Water District  
Shepherd Water System Improvements  
Contract Award Concurrence

TO: Area Director  
Columbia, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 18, Stotts Construction Co., Inc., in the amount of \$1,236,920.00, and the low bidder on Contract 19, Caldwell Tanks, Inc., in the amount of \$739,100.00.

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

  
KENNETH SLONE  
State Director  
Rural Development

cc: Monarch Engineering, Inc  
Lawrenceburg, Kentucky

Reed Law Office  
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503  
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

"USDA is an equal opportunity provider, employer and lender."  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).



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MAY 16 2007

PUBLIC SERVICE  
COMMISSION

PRELIMINARY ENGINEERING REPORT  
SHEPHERD WATER SYSTEM IMPROVEMENTS  
TRANSMISSION MAINS & STORAGE TANK  
ADAIR COUNTY WATER DISTRICT  
ADAIR COUNTY, KENTUCKY

NOVEMBER 2004



**M**  
Monarch Engineering, Inc.

**PRELIMINARY ENGINEERING REPORT  
SHEPHERD AREA WATER SYSTEM IMPROVEMENTS  
TRANSMISSION MAINS AND STORAGE TANK  
ADAIR COUNTY WATER DISTRICT  
ADAIR COUNTY, KENTUCKY**

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system improvements that are being planned by the Adair County Water District which will improve water system pressure in the northeast portion of the service area and increase the volume of water storage. A new transmission water main is proposed to be constructed beginning at the Columbia / Adair County Industrial Park and extend to the Shepherd community along with a new 500,000 gallon elevated water storage tank that will replace the existing 100,000 gallon standpipe. In addition, the source of water supply that serves this area will be changed from the Lake Cumberland Reservoir to the Green River Reservoir.

II. PROJECT PLANNING AREA

The area to be affected by the construction will lie adjacent to present transportation routes and the new water storage tank will be constructed adjacent to the existing structure. These areas are delineated on the attached maps. The topography of these areas is relatively flat and varies to gently rolling hills. The land use in this area is mainly agricultural with some light timber harvesting. Within the proposed service area there are no major commercial or industrial businesses expected.

The construction of the project will have a major impact upon the northeast portion of the District's service area improving water pressures and volumes throughout the region. This area has experienced growth over the past twenty years since the first water lines were installed and the supply system is quickly approaching its capacity to provide an ample amount of water. The construction will also have a minor impact upon the entire water system operated by the District by relieving other portions of the water system from having to provide storage and supply to serve this area.

The communities that will be benefited will be the Shepherd area which will be the site of the new water storage tank and also the communities of Absher, Vester, Purdy, Ella, Craycraft, Gentry's Mill and Sano, and all of the surrounding areas. In addition, the Knifley service area will also be benefited with the increased supply of water volume and pressure which will allow the booster pump station that serves that region to operate at its design capacity.

### III. EXISTING FACILITIES

The Adair County Water District owns and operates the water distribution system that serves nearly the entire rural portion of Adair County. The District purchases all water for resale from four suppliers which are the City of Columbia, City of Russell Springs, City of Jamestown, and the City of Campbellsville. Water Purchase contracts with each supplier have recently been updated and at present the Water District does not exceed the contracted amount. Over 95 percent of the rural portion of Adair County is served with potable water through the Water District's network of water distribution and transmission lines.

The Adair County Water District operates the water system through a Board of Commissioners, Manager, office personnel and field personnel. The Commissioners serve a four year term and they are appointed by the Adair County Fiscal Court.

### IV. NEED FOR THE PROJECT

This project is intended to eliminate a potentially serious health hazard in the communities in which it will serve. The consumption of potable water at low pressures is unsafe and the potential for contaminated water to be used for drinking and other vital human needs is prevalent. It is well known and confirmed by the local health agency that ground water, springs, and surface water from creeks and streams is unfit for human consumption. It is anticipated that over 500 homes will be immediately affected by the project in addition to the entire water system of which the day to day operation will be enhanced.

The Adair County Water District is proposing to construct a 12-inch transmission main that would link the Shepherd service area of the District's water system to the District's primary supply and service system and also a new 500,000 gallon elevated water storage tank to replace the existing 100,000 gallon standpipe which lies overlooking the Shepherd Elementary School. The Shepherd system lies in the northwest portion of Adair County and it served with potable water that is treated at the City of Jamestown's treatment facility and transported through the City of Russell Spring's system before it enters the Shepherd system. The elevation of the Shepherd system lies higher than the existing system of the Water District thus prohibiting service by the District resulting in the District having to rely on a wholesale purchase from the City of Russell Springs. Due to rising demands on the systems served by the treatment plant at Jamestown, the Kentucky Division of Water has mandated through an Agreed Order that any user that depends upon the Jamestown supply must find alternate sources of supply until the Jamestown facility is expanded. This action has prompted the Water District to seek a final solution for obtaining an adequate supply for the Shepherd system and that plan consists of eventually obtaining water from a new water treatment plant that is to be built by the Columbia / Adair County Water Commission adjacent to the Green River Reservoir. The new plant is scheduled to go on line within the next two years and in the meantime work

is underway to obtain water from the City of Campbellsville during the interim period. Due to growth in the Shepherd system, the District maintains a level of service that barely meets the minimum requirements regarding water system pressures, and the water storage tank will be constructed with a larger volume and a higher elevation than the existing tank which will result in increased system pressures.

## V. ALTERNATIVES CONSIDERED

Based on the need for the continuation of the supply of potable water to the residents and small businesses in Adair County, the Adair County Water District is the only logical entity that can provide water service to the new service areas. The Kentucky Division of Water and the Kentucky Public Service Commission regulate the District and also mandate that the operation of the system be in compliance with the applicable rules and regulations. The Water District is the only utility that has jurisdiction to provide the water service to the new users. Increasing the storage capacity and also the capability of the Water District to adequately transport water to its customers is a necessity and enforced by the regulatory agencies that regulate the operation of the Water District.

Alternatives considered for the 12-inch transmission main consisted of making additional connections to the Cities of Jamestown and Russell Springs in order to increase the volume of water that could be delivered to the District's service area. As a result of discussions with both of these suppliers, they indicated that they were operating at or near capacity and were not in position to provide more water. Additional discussions with the City of Columbia regarding the development of new infrastructure to treat and transport a larger volume of water resulted in a willingness on the part of the City of Columbia but due to the time required to complete that task it was decided by the Water District that in order to maintain a level of service that is anticipated to be required in the upcoming period, the current use of the connection to the City of Campbellsville would allow the District to continue to provide water to its growing service area without jeopardizing its level of service.

Other routes were considered for the location of the transmission main but due to the availability of water supply from the City of Campbellsville and also the planned development of the new water treatment plant that is to be owned and operated by the Columbia / Adair County Water Commission, the proposed route was chosen.

## VI. PROPOSED PROJECT

The proposed project consists of the installation of approximately 26,000 linear feet of 12-inch transmission water main and appurtenances and also the erection of a 500,000 gallon elevated water storage tank which will enhance the District's operation particularly in the northeast portion of the service area. The water line will be constructed of ductile iron material and it will extend from the Columbia / Adair County Industrial Park following Kentucky Highways 551 and 1323 to the Vester Road, thence along Vester



Road to Kentucky Highway 206 ultimately ending at the Shepherd School at the site of the existing water tank.

An itemized cost estimate is included in this report and outlines all of the individual construction items along with their associated estimated unit costs. A summary cost estimate recaps all of the project costs and outlines the funding scheme for the project, which is also included in this report. The total cost of the expansion and improvements is estimated to be \$2,302,000 with funding being provided by a grant in the amount of \$651,000 and a loan in the amount of \$651,000 from the USDA Rural Development Agency, and a grant in the amount of \$1,000,000 from the State of Kentucky that was committed as a part of the 2020 program and is under the state identification system as number WX21001008 as listed in the Fund B allotment.

## VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the need for the Water District to maintain the required level of service in providing a potable water supply combined with the responsibility to transport water throughout the Adair County Water System, it is recommended that the Adair County Water District pursue the financial assistance as outlined above in order that these extensions and improvements can be implemented. The Water District is the only major supplier of potable water within the rural areas of Adair County and their system is situated such that these extensions could be made without adversely affecting service to their other customers.

**PRELIMINARY COST ESTIMATE  
WATER SYSTEM IMPROVEMENTS  
SHEPHERD WATER TRANSMISSION MAIN & STORAGE TANK  
ADAIR COUNTY WATER DISTRICT  
APRIL 2004**

**PROJECT COSTS**

DEVELOPMENT	\$1,846,500
CONTINGENCY	184,500
ENGINEERING DESIGN	145,000
CONSTRUCTION INSPECTION	73,000
LAND & EASEMENT ACQUISITION	10,000
INTEREST	16,000
ENVIRONMENTAL ASSESSMENT	12,000
LEGAL	<u>15,000</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$2,302,000</b>

**PROJECT FINANCING**

KIA TOBACCO SETTLEMENT GRANT	1,000,000
RURAL DEVELOPMENT GRANT	651,000
RURAL DEVELOPMENT LOAN	<u>651,000</u>
<b>TOTAL PROJECT FINANCING</b>	<b>\$2,302,000</b>

**PRELIMINARY COST ESTIMATE  
 WATER SYSTEM IMPROVEMENTS  
 SHEPHERD WATER TRANSMISSION MAIN  
 ADAIR COUNTY WATER DISTRICT  
 APRIL 2004**

ITEM	DESCRIPTION	QUANTITY		UNIT PRICE	TOTAL COST
1	12-Inch DI CL 350 WL	26,000	LF	\$32.00	\$832,000.00
2	Bore & Case for 12-Inch Water Line	1,500	LF	100.00	150,000.00
3	Creek Crossing for 12-Inch Water Line	300	LF	80.00	24,000.00
4	12-Inch Gate Valve	5	LF	3,000.00	15,000.00
5	3-Way Flush Hydrant	7	LF	2,500.00	17,500.00
6	Air Release Valve	4	LF	2,500.00	10,000.00
7	Connection	4	LF	5,000.00	20,000.00
8	Master Meter	1	LF	10,000.00	10,000.00
9	Booster Pump Station	1	EA	150,000.00	150,000.00
10	Meter Reconnection	80	EA	400.00	32,000.00
11	3/4-Inch Service Tubing	4,000	LF	3.00	12,000.00
	SUBTOTAL				\$1,272,500.00
	CONTINGENCY				127,500.00
	TOTAL CONSTRUCTION COST				\$1,400,000.00

**PRELIMINARY COST ESTIMATE  
 WATER SYSTEM IMPROVEMENTS  
 SHEPHERD WATER STORAGE TANK  
 ADAIR COUNTY WATER DISTRICT  
 APRIL 2004**

**500,000 GALLON TANK**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	Site Work	1 LS	\$10,000.00
2	Foundation	1 LS	88,000.00
3	Concrete Riser Tower	1 LS	250,000.00
4	Steel Bowl Reservoir	1 LS	110,000.00
5	Painting/Sterilization	1 LS	42,000.00
6	Piping	1 LS	15,000.00
7	Valve Vault	1 LS	18,000.00
8	Fencing	1 LS	8,000.00
9	Dismantle Existing Tank	1 LS	15,000.00
10	Telemetry Control	1 LS	18,000.00
	SUBTOTAL		\$574,000.00
	CONTINGENCY		57,000.00
	TOTAL CONSTRUCTION COST		\$631,000.00

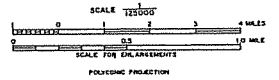


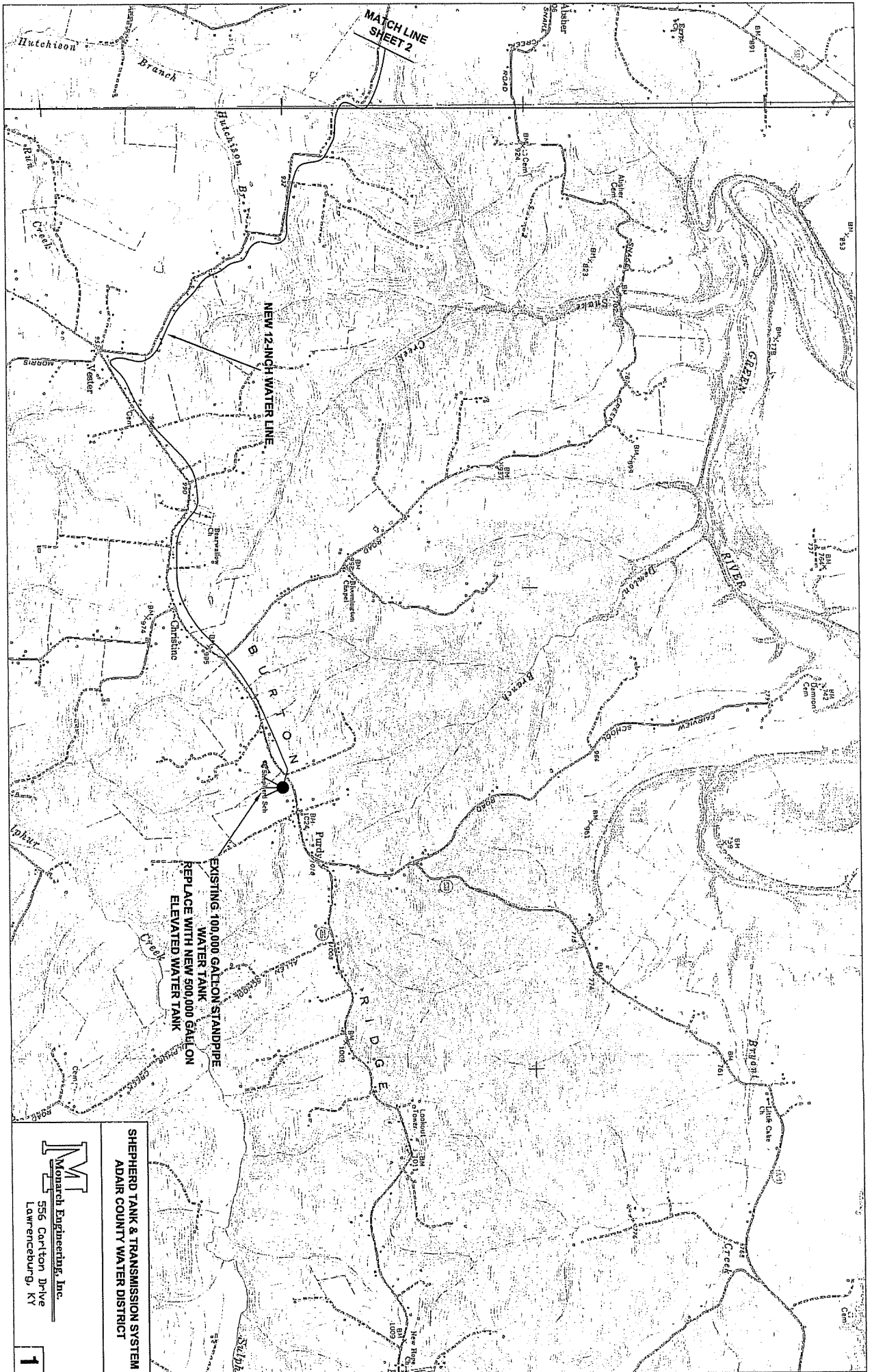
<p><b>ADAIR COUNTY WATER DISTRICT</b></p> <p><b>SHEPHERD TANK &amp; TRANSMISSION SYSTEM</b></p> <p>MONARCH ENGINEERING, INC. LAWRENCEBURG, KY</p>
---

1992 EDITION

GENERAL HIGHWAY MAP  
**ADAIR COUNTY**  
 KENTUCKY

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





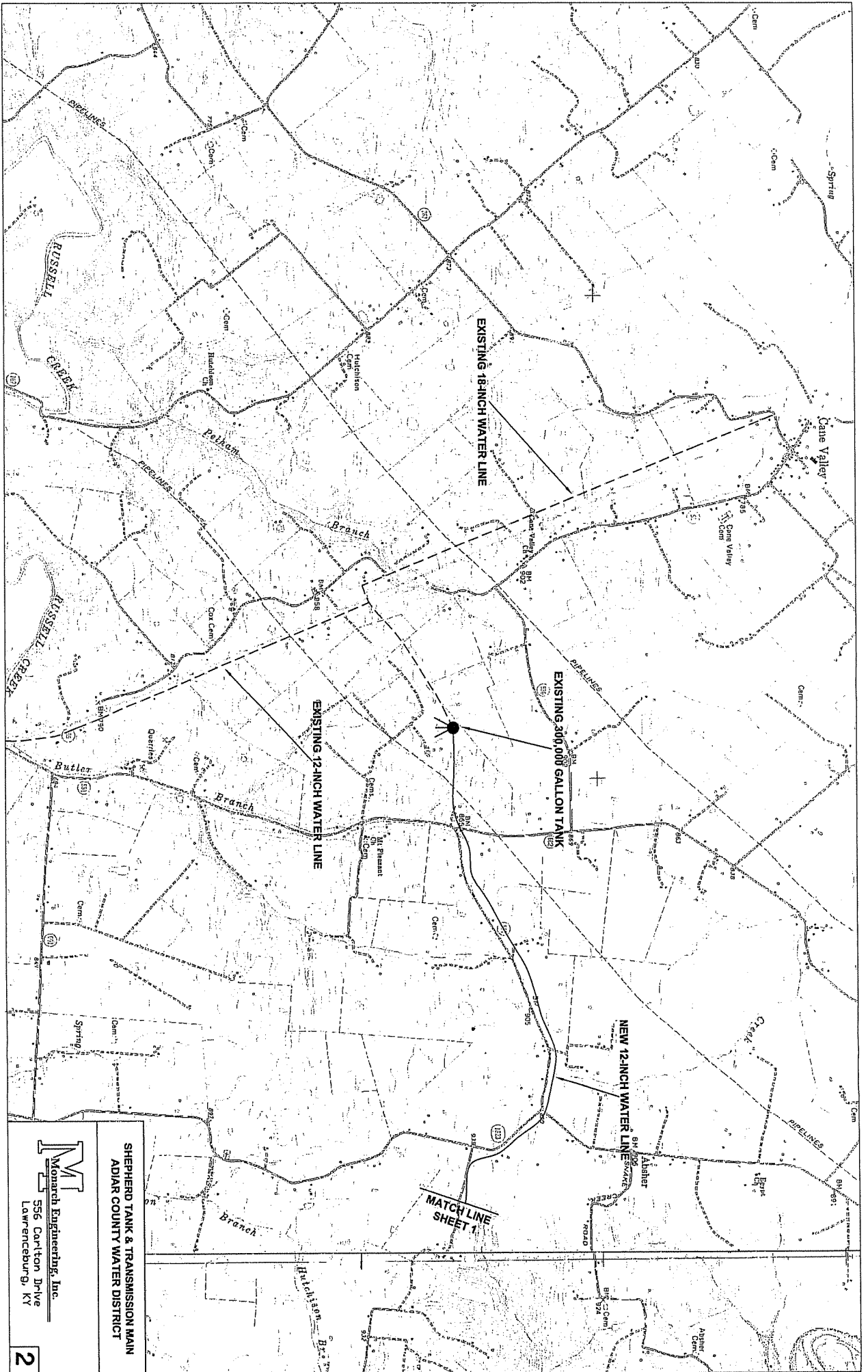
NEW 12-INCH WATER LINE


EXISTING 100,000 GALLON STANDPIPE WATER TANK  
 REPLACE WITH NEW 500,000 GALLON ELEVATED WATER TANK

**SHEPHERD TANK & TRANSMISSION SYSTEM**  
**ADAIR COUNTY WATER DISTRICT**

**M** Monarch Engineering, Inc.  
 556 Carlton Drive  
 Lawrenceburg, KY

**1**



  
 Monarch Engineering, Inc.  
 556 Carlton Drive  
 Lawrenceburg, KY

**SHEPHERD TANK & TRANSMISSION MAIN**  
**ADIAR COUNTY WATER DISTRICT**

**2**

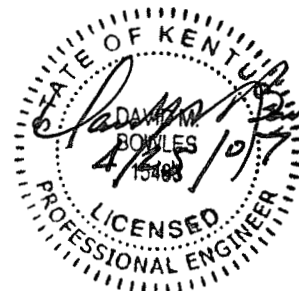
# FINAL ENGINEERING REPORT

SHEPHERD WATER SYSTEM IMPROVEMENTS

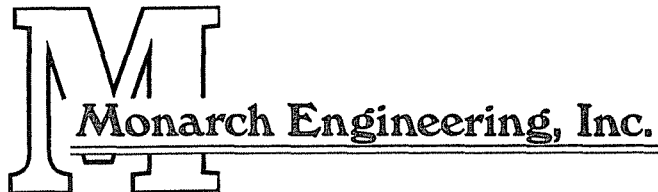
CONTRACT 18 - 12-INCH TRANSMISSION MAIN  
CONTRACT 19 - 500,000 GALLON WATER  
STORAGE TANK

ADAIR COUNTY WATER DISTRICT  
ADAIR COUNTY, KENTUCKY

APRIL 2007







April 25, 2007

Mr. Larry Legg  
Adair County Water District  
P.O. Box 567  
Columbia, KY 42728

Re: Shepherd Water System Improvements  
Contracts 18 & 19

Dear Mr. Legg:

On April 20, 2007, bids were received by the Adair County Water District for the construction of the Shepherd Water System Improvements – Contracts 18 & 19. Six bids were received for Contract 18 – Water Transmission Main, and the lowest bid submitted was by Stotts Construction Co., Inc, located in Columbia, KY, in the amount of \$1,236,920.00. Two bids were received for Contract 19 – 500,000 Gallon Water Storage Tank, and the lowest bid submitted was by Caldwell Tanks, Inc, in the amount of \$739,100.00. The total of both bids is \$1,976,020. A summarized bid tabulation of all bids received is attached.

Based on the bids submitted, there are sufficient funds available to construct this project as shown on the attached Final Budget. Based on this information, we recommend that the Water District consider awarding a contract to Stotts Construction Co., Inc, in the amount of \$1,236,920.00 for the transmission main portion, and also to Caldwell Tanks, Inc, in the amount of \$739,000.00 for the water storage portion. This recommendation is contingent upon approval from the Rural Development Agency and the Kentucky Public Service Commission.

Should you need additional information, please advise.

Sincerely,

  
David M. Bowles, P.E.

/dmb

**FINAL COST ESTIMATE  
SHEPHERD WATER SYSTEM IMPROVEMENTS  
CONTRACTS 18 & 19  
ADAIR COUNTY WATER DISTRICT  
APRIL 2007**

**PROJECT COSTS**

DEVELOPMENT

TRANSMISSION MAIN	\$1,236,920.00
WATER STORAGE TANK	739,100.00
CONTINGENCY	100,929.54
ENGINEERING DESIGN	151,758.34
CONSTRUCTION INSPECTION	91,292.12
LEGAL	20,000.00
INTEREST	10,000.00
ADMINISTRATION	<u>5,000.00</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$2,355,000.00</b>

**FINAL COST ESTIMATE  
SHEPHERD WATER SYSTEM IMPROVEMENTS  
CONTRACTS 18 & 19  
ADAIR COUNTY WATER DISTRICT  
APRIL 2007**

**PROJECT FINANCING**

RURAL DEVELOPMENT GRANT	\$550,000.00
RURAL DEVELOPMENT LOAN	752,000.00
2006 KENTUCKY GENERAL ASSEMBLY GRANT	1,000,000.00
ADAIR COUNTY WATER DISTRICT	<u>53,000.00</u>
<b>TOTAL PROJECT FINANCING</b>	<b>\$2,355,000.00</b>

MONARCH ENGINEERING, INC.  
 556 Carleton Drive  
 Lawrenceburg, KY 40342  
 Phone (502) 839-1310  
 Fax (502) 839-1373

**BID TABULATIONS**  
**ADAIR COUNTY WATER DISTRICT**  
**CONTRACT 19**

**SHEPHERD 500,000 GALLON ELEVATED STORAGE TANK**  
**ADAIR COUNTY, KENTUCKY**

**BID DATE: APRIL 20, 2007 @ 11:00A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
<b>BASE BID CONTRACT</b>						
1	Site Work	1 LS	\$5,000.00	\$5,000.00	\$9,000.00	\$9,000.00
2	Tank Foundation	1 LS	90,000.00	90,000.00	69,000.00	69,000.00
3	Tank Fabrication	1 LS	354,300.00	354,300.00	345,604.00	345,604.00
4	Tank Erection	1 LS	164,300.00	164,300.00	230,402.00	230,402.00
5	Tank Coatings	1 LS	91,000.00	91,000.00	87,000.00	87,000.00
6	Yard Piping	1 LS	25,000.00	25,000.00	46,000.00	46,000.00
7	Demolition of Existing Tank	1 LS	9,500.00	9,500.00	7,400.00	7,400.00
<b>TOTAL BASE BID</b>				<b>\$739,100.00</b>		<b>\$794,406.00</b>

Caldwell Tanks, Inc.  
 P.O. Box 35770  
 Louisville, KY 40232-5770

Phoenix Fabricators  
 P.O. Box 34410  
 Indianapolis, IN 46234

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, APRIL 20, 2007 AT THE ADAIR COUNTY WATER DISTRICT.

BY:   
 David M. Bowles

4/25/07  
 DATE

MONARCH ENGINEERING, INC.  
 556 Carlton Drive  
 Lawrenceburg, KY 40342  
 Phone (502) 839-1310  
 Fax (502) 839-1373

**BID TABULATIONS**  
**ADAIR COUNTY WATER DISTRICT**  
**CONTRACT 18**  
**SHEPHERD TRANSMISSION MAIN**  
**ADAIR COUNTY, KENTUCKY**

**BID DATE: APRIL 20, 2007 @ 11:00 A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	Stotts Construction Co., Inc. 3615 Burkesville Rd. Columbia, KY 42728	W.H.F., Inc. 860 Salem School Rd. Rineyville, KY 40162	Cleary Construction, Inc. 1860 Edmonton Rd. Tompkinsville, KY 42167
<b>BASE BID CONTRACT</b>							
1	12-Inch DI CL350 Water Line	39,800 LF	\$24.90	\$991,020.00		\$25.00	\$995,000.00
2	Bore & Case for 12-Inch WL	400 LF	95.00	38,000.00		125.00	50,000.00
3	Free Bore for 12-Inch WL	260 LF	50.00	13,000.00		65.00	16,900.00
4	12-Inch Gate Valve	8 EA	1650.00	13,200.00		1400.00	11,200.00
5	3-Way Flush Hydrant	8 EA	2700.00	21,600.00		2400.00	19,200.00
6	Air Release Valve	9 EA	850.00	7,650.00		700.00	6,300.00
7	Connection No. 1	1 EA	600.00	600.00		2000.00	2,000.00
8	Connection No. 2	1 EA	1200.00	1,200.00		2000.00	2,000.00
9	Meter Reconnect	13 EA	450.00	5,850.00		250.00	3,250.00
10	Tandem Meter Setting	2 EA	750.00	1,500.00		600.00	1,200.00
11	3/4-Inch Service Tubing	750 LF	4.00	3,000.00		5.00	3,750.00
12	Booster Pump Station	1 EA	140000.00	140,000.00		140000.00	140,000.00
13	3-Inch Water Line Disconnect	1 EA	300.00	300.00		500.00	500.00
<b>TOTAL BASE BID CONTRACT</b>				<b>\$1,236,920.00</b>		<b>\$1,251,300.00</b>	<b>\$1,343,190.00</b>

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BY:   
 David M. Bowles  
 DATE: 4/25/07

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**BID TABULATIONS**  
**ADAIR COUNTY WATER DISTRICT**  
**CONTRACT 18**

**SHEPHERD TRANSMISSION MAIN**  
**ADAIR COUNTY, KENTUCKY**

**BID DATE: APRIL 20, 2007 @ 11:00 A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	Garrison Construction Co., Inc.		Weddle Enterprises, Inc.		Kenney, Inc.	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	<b>BASE BID CONTRACT</b>							
1	12-Inch DI CL350 Water Line	39,800 LF	\$28.00	\$1,114,400.00	\$29.00	\$1,154,200.00	\$28.65	\$1,140,270.00
2	Bore & Case for 12-Inch WL	400 LF	175.00	70,000.00	127.00	50,800.00	152.00	60,800.00
3	Free Bore for 12-Inch WL	260 LF	90.00	23,400.00	94.00	24,440.00	57.00	14,820.00
4	12-Inch Gate Valve	8 EA	1900.00	15,200.00	1479.00	11,832.00	2000.00	16,000.00
5	3-Way Flush Hydrant	8 EA	3020.00	24,160.00	2800.00	22,400.00	3110.00	24,880.00
6	Air Release Valve	9 EA	2500.00	22,500.00	3440.00	30,960.00	2193.00	19,737.00
7	Connection No. 1	1 EA	2175.00	2,175.00	8000.00	8,000.00	2222.00	2,222.00
8	Connection No. 2	1 EA	2500.00	2,500.00	6200.00	6,200.00	3333.00	3,333.00
9	Meter Reconnect	13 EA	780.00	10,140.00	250.00	3,250.00	402.00	5,226.00
10	Tandem Meter Setting	2 EA	1265.00	2,530.00	671.00	1,342.00	1090.00	2,180.00
11	3/4-Inch Service Tubing	750 LF	4.90	3,675.00	6.00	4,500.00	6.10	4,575.00
12	Booster Pump Station	1 EA	149850.00	149,850.00	150000.00	150,000.00	178050.00	178,050.00
13	3-Inch Water Line Disconnect	1 EA	1000.00	1,000.00	1366.00	1,366.00	1667.00	1,667.00
	<b>TOTAL BASE BID CONTRACT</b>			<b>\$1,441,530.00</b>		<b>\$1,469,290.00</b>		<b>\$1,473,760.00</b>

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**ADAIR COUNTY, KENTUCKY**

**BID DATE: APRIL 20, 2007 @ 11:00 A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	Schroeder Construction, Inc. 616 Pear Orchard Rd. NW Elizabethtown, KY 42701	Laurel Construction Co., Inc. 5209 Somerset Rd. London, KY 40741	Clay Pipeline, Inc. 70 Fox Hollow Rd. Manchester, KY 40962		
					UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	
	<b>BASE BID CONTRACT</b>								
1	12-Inch DI CL350 Water Line	39,800 LF	\$30.50	\$1,213,900.00		\$34.50	\$1,373,100.00	\$40.00	\$1,592,000.00
2	Bore & Case for 12-Inch WL	400 LF	185.00	74,000.00		150.00	60,000.00	150.00	60,000.00
3	Free Bore for 12-Inch WL	260 LF	165.00	42,900.00		110.00	28,600.00	90.00	23,400.00
4	12-Inch Gate Valve	8 EA	1650.00	13,200.00		1600.00	12,800.00	2300.00	18,400.00
5	3-Way Flush Hydrant	8 EA	3000.00	24,000.00		1600.00	12,800.00	4700.00	37,600.00
6	Air Release Valve	9 EA	2200.00	19,800.00		500.00	4,500.00	1450.00	13,050.00
7	Connection No. 1	1 EA	2500.00	2,500.00		3000.00	3,000.00	2100.00	2,100.00
8	Connection No. 2	1 EA	2500.00	2,500.00		2000.00	2,000.00	4500.00	4,500.00
9	Meter Reconnect	13 EA	500.00	6,500.00		400.00	5,200.00	600.00	7,800.00
10	Tandem Meter Setting	2 EA	900.00	1,800.00		500.00	1,000.00	600.00	1,200.00
11	3/4-Inch Service Tubing	750 LF	10.00	7,500.00		4.00	3,000.00	5.00	3,750.00
12	Booster Pump Station	1 EA	165000.00	165,000.00		150000.00	150,000.00	135000.00	135,000.00
13	3-Inch Water Line Disconnect	1 EA	1500.00	1,500.00		1000.00	1,000.00	2100.00	2,100.00
	<b>TOTAL BASE BID CONTRACT</b>			<b>\$1,575,100.00</b>			<b>\$1,657,000.00</b>		<b>\$1,900,900.00</b>