

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:

MAY 19 2008

THE APPLICATION OF FLEMING COUNTY WATER
ASSOCIATION, INC. of FLEMINGSBURG, KY. FOR
(1) A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY (2) APPROVAL OF THE PROPOSED PLAN
OF FINANCING SAID PROJECT

PUBLIC SERVICE
COMMISSION
CASE NO.
2008- 00160

APPLICATION

This Application of Fleming County Water Association, Inc. (The "Applicant") of Flemingsburg, Kentucky respectfully shows:

1. That the Applicant is a nonprofit water association in Fleming County, Kentucky, created and existing under and by virtue of Chapter 273 of the Kentucky Revised Statutes, duly incorporated, with Articles of Incorporation filed in Book 2, Page 275, in the office of the Fleming County Clerk (and copies have been filed earlier with this Commission in Case No. 5378).

2. That the Post Office address of the Applicant is:

Fleming County Water Association, Inc.
2772 Morehead Road
P.O.Box 327
Flemingsburg, Ky. 41041

3. That the Applicant, pursuant to the provision of KRS 278.020, 278.023 and 278.030, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a water storage tank project, and connections (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.

4. That the Applicant desires to construct the Project in order to enable the Applicant to adequately serve residents in Fleming, Mason and Lewis Counties. The Project consists of the construction of a water storage tank to improve water supply and water pressure in part of our system.

5. That the residences, farms, churches and businesses embraced in the service area of the Fleming County Water Association, Inc. were formerly served by private wells, cisterns and tank water, with no treatment facilities. There was no public water supply available for domestic consumption, and existing water supply services were completely inadequate to serve their needs. That the proposed new construction will therefore clearly serve the

public convenience and necessity of the citizens and residents to be served by the Applicant.

6. That the waterworks systems located nearest said area served by the Applicant are those owned by the City of Flemingsburg, Kentucky, Western-Fleming County Water District, Ewing, Fleming County, Kentucky, Vanceburg Utility System, Maysville Utilities Co. and Rowan Water, Inc., Morehead, Kentucky, and the new Greater Fleming County Regional Water Commission, Flemingsburg, Ky.

7. That the Applicant proposes to finance the construction of said project by an ARC Grant in the amount of \$175,000.00; a KIA Tobacco Grant in the amount of \$100,000.00; and a contribution of \$75,000.00 by the applicant.

8. That the Applicant has observed the appropriate legal procedure in employing Haworth, Meyer & Boleyn, Inc., Engineers, Frankfort, Kentucky, to prepare the plans and specifications as to said project, both preliminary and final, which are submitted herewith as Exhibit "2". Said plans have been approved by the appropriate agencies of the Commonwealth of Kentucky as submitted herewith as Exhibits "A" through "___". Said plans have also been approved by the Rural Economic and Community Development Services of the United States Department of Agriculture. The association has advertised for bids and received same on December 1, 2007, which are filed herewith as Exhibit "3". A copy of the RUS letter of concurrence in bid award is filed herewith as Exhibit "4".

Construction is to begin within 10_ days of the bid award and is to be completed within 90 days thereafter.

9. The Applicant obtains the majority of its water supply from the Greater Fleming County Regional Water Commission with minor amounts from the City of Flemingsburg Water System, Rowan Water, Inc., Vanceburg Utility System, Maysville Water Co. and Western-Fleming County Water District.

10. With the signing of this application, J. E. Smith, Jr., President of Fleming County Water Association, Inc. hereby certifies:

That the proposed plans and specifications for the project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4), Section 5(1), Sections 6 and 7, Section 8(1) through (3), Section 9(1) and Section 10.

11. Statements Concerning Financial Exhibit

- (1) No stock was authorized.
- (2) No stock was issued.
- (3) No preferred stock was issued.

(4) The association has executed to the Farmers Home Administration (now Rural Utilities Service) mortgages on its mains, distribution lines, meters, easements, storage tanks and tank sites on the dates and notes in the stated amounts as follows:

January 12, 1971	-	\$561,000.00
February 12, 1981	-	260,000.00
July 26, 1985	-	105,000.00
December 13, 1988	-	300,000.00
July 14, 1992	-	504,000.00
October 13, 1994	-	700,000.00
October 13, 1994	-	185,600.00
April 23, 1997	-	529,000.00
November 22, 2000	-	284,780.00
August 18, 2004	-	544,000.00

All mortgages are of record in the Fleming County Clerk's Office.

- (5) No bonds have been authorized or issued.
- (6) Notes to Farmer Home Administration (RUS):

Date of Issue	Amount	Maturity Date	Interest Rate
Aug. 18, 2004	\$544,000	Aug. 18, 2044	4 ½%
Nov. 22, 2000	\$284,780	Nov. 22, 2040	5%
April 23, 1997	\$529,000	Apr. 23, 2040	5%
Oct. 13, 1994	\$700,000	Oct. 13, 2034	4 ½%
Oct. 13, 1994	185,600	Oct. 13, 2034	4 ½%
July 14, 1992	504,000	July 14, 2032	5%
Dec. 13, 1988	300,000	Dec. 13, 2028	5.75%
July 26, 1985	105,000	July 26, 2025	5%
Feb. 12, 1981	260,000	Feb. 12, 2021	5%
Jan. 12, 1971	561,000	Jan. 12, 2011	5%

(7) The association has no additional indebtedness other than ordinary monthly expenses.

(8) The association has not paid any dividends because there is no capital stock.

WHEREFORE, Applicant, the Fleming County Water Association, Inc. prays that the Public Service Commission of Kentucky grant to the Applicant the following:

- A. A certificate of Public Convenience and Necessity permitting the Applicant to construct the necessary additional distribution system and lines needed to serve water to its association members.
- B. An Order approving the financing arrangements made by the Association, viz., by an ARC Grant in the amount of \$175,000.00; a KIA Tobacco Grant in the amount of \$100,000.00; and a contribution of \$75,000.00 by the applicant.

DATED this 12th day of May, 2008, at Flemingsburg, Kentucky.

FLEMING COUNTY WATER ASSOC., INC.

BY: J. E. Smith Jr
J. E. SMITH, JR. PRESIDENT

ATTEST:

Wayne Craft
WAYNE CRAFT, SECRETARY

Marvin W. Suit
MARVIN W. SUIT
Suit, McCartney & Price
Attorney at Law
207 Court Square
Flemingsburg, Ky. 41041



HMB Professional Engineers, Inc.

APR 01 2008

JDA
CAS
file on

United States Department of Agriculture
Rural Development
Kentucky State Office

March 25, 2008

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MAY 19 2008

PUBLIC SERVICE
COMMISSION

SUBJECT: Fleming County Water Association
Parkersburg Water Storage Tank
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the bidder determined, Kentucky Glass Lined Tanks, in the amount of \$238,491.00.

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

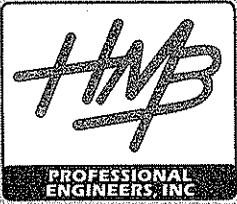

KENNETH SLONE
State Director
Rural Development

cc: ~~_____~~
HMB Engineers
Frankfort, 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>

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3 HMB Circle
 U.S. 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810
www.hmbpe.com

May 19, 2008

James Rice
 Public Service Commission
 P.O. Box 615
 Frankfort, Ky 40602

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MAY 19 2008
PUBLIC SERVICE
COMMISSION

RE: Parkersburg Water Storage Tank
 Fleming County Water Association
 HMB #4116

Dear Mr. Rice:

The anticipated start of construction for the above referenced project is June 21, 2008. With a 90 day construction period, the anticipated end of construction is September 21, 2008.

If you have any questions, please call.

Sincerely,

HMB Professional Engineers, Inc.

Jeff Reynolds, P.E.

- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Right-of-Way
- Master Planning
- Environmental Planning
- Abandoned Mine Lands
- Surveying
- Project Management
- Cost Estimation
- Stream Restoration
- Construction Inspection
- Aviation Services
- Environmental Remediation

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**PUBLIC SERVICE
COMMISSION**

**PRELIMINARY ENGINEERING REPORT
PARKERSBURG WATER STORAGE TANK
FLEMING COUNTY WATER ASSOCIATION
FLEMING COUNTY, KENTUCKY**



July 2006

Prepared By:
HMB Professional Engineers, Inc.
3 HMB Circle
Frankfort, Kentucky 40601
(502) 695-9800
(502) 695-9810 Fax

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INTRODUCTION

The Fleming County Water Association is currently pursuing funding to replace the existing Parkersburg Water Storage Tank with a 257,000 gallon water storage tank. It is estimated that the proposed project will have a construction cost of \$246,000 and a project cost of \$350,000. Proposed financing for the proposed project shall be in the form of an ARC Grant of \$175,000, State KIA Grant of \$100,000 and \$75,000 in local funding.

NEED FOR PROJECT

The Fleming County Water Association is unable to fully utilize the existing Parkersburg Water Storage Tank. The overflow on the existing tank is approximately 30 feet lower than the other storage tanks in the area. Therefore, the Parkersburg Tank remains full and does not adequately turn over. Without adequate turn over, the water will become stagnant and loose its chlorine residual thereby, producing health concerns.

ALTERNATIVE ANALYSIS

Two alternatives were considered as part of this project. With the exception of the Do Nothing alternate, the other alternate would provide safe potable water to residents in the proposed project area.

- A. Construct a new 257,000 gallon water storage tank next to the existing Parkersburg Tank with an overflow of 1090' to match the other tanks in the area.

This is the alternative is considered the best and would insure adequate water turn over and additional storage.

- B. Do nothing.

This alternative would result in water in the existing tank becoming stagnant and losing its chlorine residual. This could become an unhealthy situation.

- C. Take Existing Tank Out of Service.

This alternative would put FCWA in violation of Division of Water's 24 hour storage capacity.

PROPOSED PROJECT

The Fleming County Water Association proposes to construct a 257,000 gallon water storage tank next to the existing Parkersburg Tank. The proposed tank will have an overflow of 1090' to match

the overflow of other tanks in the area. This insure adequate water turn over in the tank.

COST SUMMARY

The following Table summarizes the proposed project cost.

PARKERSBURG WATER STORAGE TANK
FLEMING COUNTY WATER ASSOCIATION
PROJECT COST SUMMARY
JULY 2006

1. PUBLIC FACILITIES

a.	Estimated Construction Cost	\$246,000
b.	Engineering	
	1. Preliminary Engineering	\$5,000
	2. Engineering Design	\$29,000
	3. Construction Inspection	<u>\$24,000</u>
		\$63,000
c.	Other Public Facilities	
	1. Legal	\$5,000
	2. Geotechnical Investigation	\$10,000
	3. Misc.	\$5,000
	TOTAL PUBLIC FACILITIES	\$324,000
2.	CONTINGENCIES	\$26,000
3.	TOTAL PROJECT COST	\$350,000

PROJECT FUNDING

The proposed funding for this project is shown in the following table.

Proposed Project Funding

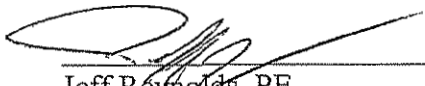
ARC	\$ 175,000
State KIA	\$ 100,000
Local Funding	\$ 75,000
Total	\$ 350,000

RECOMMENDATION

It is recommended that the proposed project be funded as soon as possible and allow design to begin immediately.

Prepared By:

HMB PROFESSIONAL ENGINEERS, INC



Jeff Reynolds, PE
Project Manager



3 HMB Circle
 U.S. 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810
 www.hmbpe.com

February 1, 2008

Elwood Howe
 Rural Development
 220 West First Street
 Morehead, Ky 40351

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**PUBLIC SERVICE
 COMMISSION**

Re: Final Engineering Report
 Parkersburg Water Storage Tank
 Fleming County Water Association
 HMB #4116

Dear Mr. Howe:

As you are aware, the above referenced project was bid December 13, 2007. The Fleming County Water Association (FCWA) proposed to award this project to Kentucky Glass Lined Tanks from Lexington, Kentucky with a bid of \$238,491.

Following is a summary of the financing and budget for this project:

<u>Project Budget</u>	<u>Letter of Conditions</u>	<u>As Bid</u>
Development	\$246,000	\$238,491
Legal & Administration	\$5,000	\$10,000
Engineering	\$68,000	\$66,500
<u>Contingencies</u>	<u>\$31,000</u>	<u>\$35,009</u>
Total Project Cost	\$350,000	\$350,000

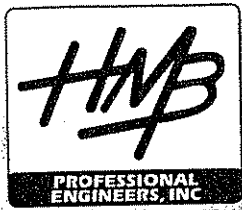
Financing:

<u>Funding Source</u>	<u>Letter of Conditions</u>
ARC Grant	\$175,000
KIA Tobacco Grant	\$100,000
<u>Applicant Contribution</u>	<u>\$75,000</u>
Total Project Cost	\$350,000

It appears the project can be completed within the available funding; therefore, we recommend this contract be approved and allowed to go forward. Please contact us if there are any questions.

Attached please find a copy of the Bid Tabulation for the project.

- Highway Engineering
- Structural Engineering
- Water & Wastewater
- Right-of-Way
- Master Planning
- Environmental Planning
- Abandoned Mine Lands
- Surveying
- Project Management
- Cost Estimation
- Stream Restoration
- Construction Inspection
- Aviation Services
- Environmental Remediation



If you have any questions or need additional information, please call.

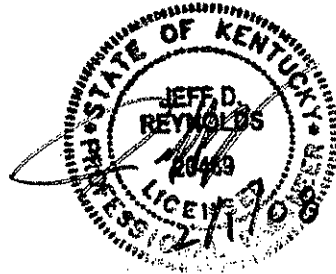
Sincerely,

HMB Professional Engineers, Inc.

A handwritten signature in black ink, appearing to read 'Jeff Reynolds', is written over the typed name.

Jeff Reynolds, P.E.

cc: Gene Jett, FCWA
Marvin Suit, Attorney





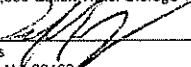
Fleming County Water Association
 Contract I - Parkersburg Water Storage Tank
 Bid Date: December 13, 2007 AT 10:00 AM local time

Water/Wastewater
 Transportation
 Engineers
 Environmental Planners

Project: 4116.00
 Date: 12/13/2007
 Engineer: JDR
 Page: 1 of 1

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Weiding, Inc.		Laurel Construction Co., Inc.		Kentucky Glass Lines Tank Systems, Inc.					
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL				
1	178,000 gallon nominal standpipe water storage tank, including tank, tank foundation, valve vault, pipe, site preparation, excavation, access road, fencing and all appurtenances as shown on the Plans and Specifications, Complet in Place.	1	LS	\$210,000.00	\$210,000.00	\$225,000.00	\$225,000.00	\$233,491.00	\$233,491.00				
2	Demolition of existing glass lines water storage tank, including complete disassembly of tank and all tank appurtenances.	1	LS	\$8,000.00	\$8,000.00	\$2,000.00	\$2,000.00	\$5,000.00	\$5,000.00				
BID TOTALS:					\$218,000.00		\$227,000.00		\$238,491.00	\$0.00	\$0.00	\$0.00	\$0.00

This is to state that the above is an accurate tabulation of bids received on December 13, 2007 by Fleming County Water Association for the Parkersburg 178,000 Gallon Water Storage Tank.

Signed: 
 Jeff Reynolds
 Kentucky PE No. 20469



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Ernie Fletcher
Governor

Division of Water
14 Reilly Road
Frankfort, Kentucky 40601-1190
www.kentucky.gov

Teresa J. Hill
Secretary

July 23, 2007

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MAY 19 2008

**PUBLIC SERVICE
COMMISSION**

Gene Jett, Manager
Fleming County Water Association
P.O. Box 327
Flemingsburg, Kentucky 41041

RE: Fleming County Water Association
AI: 33873
DW No. 0350133-07-001
Parkersburg Water Storage Tank
Activity ID: APE20070001
Fleming County

Dear Mr. Jett:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of a 178,000 gallon water storage tank. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the enclosed construction permit.

If you have any questions regarding this decision, please contact George Partridge, at (502) 564-3410, extension 545.

Sincerely,

Donna S. Marlin
Donna S. Marlin, Manager
Drinking Water Branch
Division of Water

DSM/MR/GPP
Enclosure

CC: Jeff Reynolds – HMB Professional Engineers, Inc.
Fleming County Health Department
Public Service Commission

Distribution-Major Construction

Fleming Co Water Association

Subject Item Inventory

Activity ID No.: APE20070001

Subject Item Inventory:

ID	Designation	Description
AIOO33873		
STOR2	Ground Tank	178,000 gallon glass coated steel tank

Subject Item Groups:

ID	Description	Components
GACT4	178,000 gallon glass coated steel tank	STOR2 178,000 gallon glass coated steel tank

KEY

ACTV = Activity

AREA = Area

EQPT = Equipment

PERS = Personnel

STOR = Storage

TRMT = Treatment

AIOO = Agency Interest

COMB = Combustion

MNPT = Monitoring Point

PORT = Transport

STRC = Structure

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

Page 1 of 14

GACT4 (Parkersburg Storage Tank) 178,000 gallon glass coated steel tank:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	High and low level Depth ≥ 30 ft apart should not be allowed in storage structures providing pressure to a distribution system. [Recommended Standards for Water Works 7.3.2] This requirement is applicable during the following months: All Year. Statistical basis: Maximum.
L-2	Depth	Water Depth ≥ 50 percent of the total water depth should be above grade. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-3	Distance	Sewers, drains, standing water and similar sources of possible contamination shall be a Distance ≥ 50 ft from ground-level storage structures. The only exception allowed is for gravity sewers. Gravity sewers are allowed within 50 ft of ground-level storage structures only if they are a) greater than 20 ft from all ground-level storage structures and b) constructed of water main pipe pressure tested in place to 50 psi without leakage. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Distance	To prevent excessive erosion of storage structure foundations, the overflow and main drain shall either a) discharge to concrete or other stable surfaces (splash pads) which extend a Distance ≥ 10 ft away from the base of the storage structure or b) discharge directly into a crushed stone pit that is at least 2' x 2' x 2' which is a Distance ≥ 10 ft away from the base of the storage structure. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Height	Tanks shall have an overflow which is a) brought down to a Height ≥ 12 and ≤ 24 in above the ground surface, b) of sufficient diameter to permit waste of water in excess of the filling rate, c) open downward, d) screened with twenty-four mesh noncorrodible screen installed within the pipe at a location least susceptible to damage by vandalism, and e) located on the outside of the tank so that any discharge is visible. [Recommended Standards for Water Works 7.0.7] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

Page 2 of 14

GACT4 (continued):

Limitation Requirements:

Condition No.	Parameter	Condition
L-6	Height	Tanks shall have manholes that are a) framed a Height \geq 4 in above the surface of the roof at the opening and b) fitted with a solid watertight cover which overlaps the framed opening and extends down around the frame at least 2 inches. Manholes should be hinged at one side and shall have a locking device. [Recommended Standards for Water Works 7.0.8] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: The materials and designs used for storage structures shall provide stability and durability as well as protection for the quality of the stored water. Steel structures shall follow the AWWA standards wherever they are applicable. Other materials of construction are acceptable when properly designed to meet the requirements in this permit. [Recommended Standards for Water Works 7.0]</p>
T-2	<p>Additional Limitations: The safety of employees must be considered in the design of any storage structure. The design of storage structures shall</p> <ol style="list-style-type: none">meet or exceed the minimum requirements of pertinent safety laws and regulations in the areas where the structures are constructed,include ladders, ladder guards and balcony railings (where applicable),locate entrance hatches in safe places, andconsider confined space entry requirements. [Recommended Standards for Water Works 7.0.12]
T-3	<p>Additional Limitations: Storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. Where space permits, at least 2 manholes shall be provided above the waterline at each water compartment. [Recommended Standards for Water Works 7.0.8]</p>
T-4	<p>Additional Limitations: Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

Page 3 of 14

GACT4 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-5	<p>Additional Limitations: All storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. [Recommended Standards for Water Works 7.0.13]</p>
T-6	<p>Additional Limitations: Tanks shall be constructed with no openings except properly constructed vents, manholes, overflows, risers, drains, pump mountings, control ports, and piping for inflow and outflow. For steel tanks, any pipes running through the roof or sidewall must be welded or properly gasketed. For concrete tanks, any pipes running through the roof or sidewall shall be connected to standard wall castings which were poured in place during the forming of the concrete and which should have seepage rings imbedded in the concrete. [Recommended Standards for Water Works 7.0.10]</p>
T-7	<p>Additional Limitations: All finished water storage structures shall have suitable watertight roofs and sidewalls which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3, Recommended Standards for Water Works 7.0.10]</p>
T-8	<p>Additional Limitations: The roof of each storage structure shall be well drained. Downspout pipes shall not enter or pass through storage structures. Parapets or similar structures which would tend to hold water and snow on a storage structure roof shall not be approved unless adequate waterproofing and drainage are provided. [Recommended Standards for Water Works 7.0.11]</p>
T-9	<p>Additional Limitations: Storage structures shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without necessitating loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.5]</p>
T-10	<p>Additional Limitations: Storage structure drains shall discharge to the ground surface at a drainage structure inlet or splash plate. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.7]</p>
T-11	<p>Additional Limitations: No drain on a storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5, Recommended Standards for Water Works 7.0.7, Recommended Standards for Water Works 7.3.2]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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GACT4 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-12	<p>Additional Limitations: Main drains from storage structures shall have a twenty-four mesh noncorrodible screen installed within the drain pipe at a location least susceptible to damage by vandalism. [401 KAR 8:100 Section 1(7)]</p>
T-13	<p>Additional Limitations: Storage structures shall be designed to facilitate turn over of water. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.6]</p>
T-14	<p>Additional Limitations: Ground level storage tanks and standpipes shall be equipped with separate inlet/outlet pipes installed on opposite sides of the tank. A check valve shall be installed in the outlet pipe to insure turnover of the water. The inlet pipe</p> <ol style="list-style-type: none">shall be installed near the overflow elevation andshall not interfere with the overflow discharge. [401 KAR 8:100 Section 1(7)]
T-15	<p>Additional Limitations: Storage structures shall have sufficient capacity, as determined from engineering studies, to meet domestic demands. Additionally, if fire protection is provided, capacity shall also be sufficient to meet fire flow demands. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.1]</p>
T-16	<p>Additional Limitations: The bottom of the structure shall be above</p> <ol style="list-style-type: none">the maximum flood level andthe groundwater level. [Recommended Standards for Water Works 7.0.2]
T-17	<p>Additional Limitations: Storage structure discharge pipes shall be located in a manner that will prevent the flow of sediment into the distribution system. Additionally, removable silt stops should be provided. [Recommended Standards for Water Works 7.0.15]</p>
T-18	<p>Additional Limitations: Appropriate sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriologic and chemical analyses. [Recommended Standards for Water Works 7.0.19]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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GACT4 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-19	<p>Additional Limitations: Storage structures shall be vented. Overflows shall not be considered as vents. Open construction between the sidewall and roof is not permitted. Vents shall</p> <ul style="list-style-type: none">a) prevent the entrance of rainwater,b) exclude birds and animals, andc) exclude insects and dust (as much as compatible with effective venting). <p>Vents may use four-mesh noncorrodible screen. [Recommended Standards for Water Works 7.0.9]</p>
T-20	<p>Additional Limitations: Adequate controls shall be provided to maintain levels in storage structures. The level controls shall be acceptable to the Division of Water. Level indicating devices should be provided at a central location. Overflow and low-level warnings or alarms should be located at places in the community where they will be under responsible surveillance 24 hrs a day. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.3.3]</p>
T-21	<p>Additional Limitations: If storage structures have a catwalk over the water, the catwalk floor shall be solid with raised edges so that shoe scrapings and dirt will not fall into the water. [Recommended Standards for Water Works 7.0.14]</p>
T-22	<p>Additional Limitations: The area around the storage structure shall be graded in a manner that will prevent surface water from standing within 50 ft of the storage structure. [Recommended Standards for Water Works 7.0.16]</p>
T-23	<p>Additional Limitations: Proper protection shall be given to metal surfaces by</p> <ul style="list-style-type: none">a) paints or other protective coatings and/orb) cathodic protective devices. [Recommended Standards for Water Works 7.0.17]
T-24	<p>Additional Limitations: If cathodic protection is utilized,</p> <ul style="list-style-type: none">a) competent technical personnel should design and install the protection andb) a maintenance contract should be provided. [Recommended Standards for Water Works 7.0.17]

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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GACT4 (continued):

Narrative Requirements:

Additional Limitations:

Condition
No.

Condition

- T-25 Additional Limitations:
If the interior of the storage structure is coated or lined, the coating or lining shall be of a type approved by the Division of Water for use in contact with potable water. [401 KAR 8:020 Section 2(19)]
- T-26 Additional Limitations:
Paints and coatings
a) shall meet NSF standard 61,
b) shall be acceptable to the Division of Water,
c) shall be properly applied and cured, and
d) shall not transfer any substance to the water which will be toxic or cause tastes or odors (following curing).
Wax coatings shall not be used in any storage structure and must be completely removed before using other paints or coatings in an existing storage structure. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.17]
- T-27 Additional Limitations:
New water storage structures shall be thoroughly disinfected (in accordance with AWWA Standard C652) upon completion of construction and before being placed into service. To disinfect new storage structures
1) remove all scaffolding, planks, tools, rags, and other items that are not part of the structural or operational facilities of the storage structure,
2) clean thoroughly by sweeping, scrubbing, using high-pressure water jets, or some equivalently effective means, and
3) use chlorine or chlorine compounds as subsequently described.
Finalize disinfection by
a) chlorination method 1, described in detail at AWWA Standard C652 Section 4.3.1,
b) chlorination method 2, described in detail at AWWA Standard C652 Section 4.3.2, or
c) chlorination method 3, described in detail at AWWA Standard C652 Section 4.3.3.
See the following conditions for abbreviated descriptions of the methods.
Following the finalization of disinfection, place storage structures into service if, and only if, Coliform monitoring applicable to the storage structure does not show the presence of Coliform.
If Coliform is detected, flush the tank and repeat Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the tank has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [Recommended Standards for Water Works 7.0.18]

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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GACT4 (continued):

Narrative Requirements:

Condition No.	Condition
T-28	<p>If applicable, chlorination method 1 generally requires</p> <ul style="list-style-type: none">a) filling a storage structure to the overflow level with water providing a free chlorine Residual Disinfection ≥ 10 ppm andb) i) completely draining the storage facility and refilling orb) ii) otherwise reducing (in accordance with method 1) the free chlorine residual to a level appropriate for distribution. [Recommended Standards for Water Works 7.0.18]
T-29	<p>If applicable, chlorination method 2 generally requires</p> <ul style="list-style-type: none">a) scrubbing or spraying the water-contact surfaces of a storage structure with a water solution having an available chlorine concentration = 200 ppm andb) purging of the strong chlorine solution and filling to the overflow level. [Recommended Standards for Water Works 7.0.18]
T-30	<p>If applicable, chlorination method 3 generally requires</p> <ul style="list-style-type: none">a) filling a storage structure to approximately 5% of the total storage volume with water having an available chlorine concentration of 50 ppm,b) continued filling of the storage structure to the overflow level with normal potable water, andc) purging the storage structure so that various disinfection by-products do not reach water consumers. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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STOR2 (Ground Tank) 178,000 gallon glass coated steel tank:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	High and low level Depth ≥ 30 ft apart should not be allowed in storage structures providing pressure to a distribution system. [Recommended Standards for Water Works 7.3.2] This requirement is applicable during the following months: All Year. Statistical basis: Maximum.
L-2	Depth	Water Depth ≥ 50 percent of the total water depth should be above grade. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-3	Distance	Sewers, drains, standing water and similar sources of possible contamination shall be a Distance ≥ 50 ft from ground-level storage structures. The only exception allowed is for gravity sewers. Gravity sewers are allowed within 50 ft of ground-level storage structures only if they are a) greater than 20 ft from all ground-level storage structures and b) constructed of water main pipe pressure tested in place to 50 psi without leakage. [Recommended Standards for Water Works 7.0.2.b] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Distance	To prevent excessive erosion of storage structure foundations, the overflow and main drain shall either a) discharge to concrete or other stable surfaces (splash pads) which extend a Distance ≥ 10 ft away from the base of the storage structure or b) discharge directly into a crushed stone pit that is at least 2' x 2' x 2' which is a Distance ≥ 10 ft away from the base of the storage structure. [401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Height	Tanks shall have an overflow which is a) brought down to a Height ≥ 12 and ≤ 24 in above the ground surface, b) of sufficient diameter to permit waste of water in excess of the filling rate, c) open downward, d) screened with twenty-four mesh noncorrodible screen installed within the pipe at a location least susceptible to damage by vandalism, and e) located on the outside of the tank so that any discharge is visible. [Recommended Standards for Water Works 7.0.7] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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STOR2 (continued):

Limitation Requirements:

Condition No.	Parameter	Condition
L-6	Height	Tanks shall have manholes that are a) framed a Height ≥ 4 in above the surface of the roof at the opening and b) fitted with a solid watertight cover which overlaps the framed opening and extends down around the frame at least 2 inches. Manholes should be hinged at one side and shall have a locking device. [Recommended Standards for Water Works 7.0.8] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	<p>Additional Limitations: The materials and designs used for storage structures shall provide stability and durability as well as protection for the quality of the stored water. Steel structures shall follow the AWWA standards wherever they are applicable. Other materials of construction are acceptable when properly designed to meet the requirements in this permit. [Recommended Standards for Water Works 7.0]</p>
T-2	<p>Additional Limitations: The safety of employees must be considered in the design of any storage structure. The design of storage structures shall</p> <ol style="list-style-type: none">meet or exceed the minimum requirements of pertinent safety laws and regulations in the areas where the structures are constructed,include ladders, ladder guards and balcony railings (where applicable),locate entrance hatches in safe places, andconsider confined space entry requirements. [Recommended Standards for Water Works 7.0.12]
T-3	<p>Additional Limitations: Storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. Where space permits, at least 2 manholes shall be provided above the waterline at each water compartment. [Recommended Standards for Water Works 7.0.8]</p>
T-4	<p>Additional Limitations: Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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STOR2 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-5	<p>Additional Limitations: All storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. [Recommended Standards for Water Works 7.0.13]</p>
T-6	<p>Additional Limitations: Tanks shall be constructed with no openings except properly constructed vents, manholes, overflows, risers, drains, pump mountings, control ports, and piping for inflow and outflow. For steel tanks, any pipes running through the roof or sidewall must be welded or properly gasketed. For concrete tanks, any pipes running through the roof or sidewall shall be connected to standard wall castings which were poured in place during the forming of the concrete and which should have seepage rings imbedded in the concrete. [Recommended Standards for Water Works 7.0.10]</p>
T-7	<p>Additional Limitations: All finished water storage structures shall have suitable watertight roofs and sidewalls which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3, Recommended Standards for Water Works 7.0.10]</p>
T-8	<p>Additional Limitations: The roof of each storage structure shall be well drained. Downspout pipes shall not enter or pass through storage structures. Parapets or similar structures which would tend to hold water and snow on a storage structure roof shall not be approved unless adequate waterproofing and drainage are provided. [Recommended Standards for Water Works 7.0.11]</p>
T-9	<p>Additional Limitations: Storage structures shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without necessitating loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.5]</p>
T-10	<p>Additional Limitations: Storage structure drains shall discharge to the ground surface at a drainage structure inlet or splash plate. [Recommended Standards for Water Works 7.3.2, Recommended Standards for Water Works 7.0.7]</p>
T-11	<p>Additional Limitations: No drain on a storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5, Recommended Standards for Water Works 7.0.7, Recommended Standards for Water Works 7.3.2]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

STOR2 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-12	<p>Additional Limitations: Main drains from storage structures shall have a twenty-four mesh noncorrodible screen installed within the drain pipe at a location least susceptible to damage by vandalism. [401 KAR 8:100 Section 1(7)]</p>
T-13	<p>Additional Limitations: Storage structures shall be designed to facilitate turn over of water. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.6]</p>
T-14	<p>Additional Limitations: Ground level storage tanks and standpipes shall be equipped with separate inlet/outlet pipes installed on opposite sides of the tank. A check valve shall be installed in the outlet pipe to insure turnover of the water. The inlet pipe . . . a) shall be installed near the overflow elevation and b) shall not interfere with the overflow discharge. [401 KAR 8:100 Section 1(7)]</p>
T-15	<p>Additional Limitations: Storage structures shall have sufficient capacity, as determined from engineering studies, to meet domestic demands. Additionally, if fire protection is provided, capacity shall also be sufficient to meet fire flow demands. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.1]</p>
T-16	<p>Additional Limitations: The bottom of the structure shall be above a) the maximum flood level and b) the groundwater level. [Recommended Standards for Water Works 7.0.2]</p>
T-17	<p>Additional Limitations: Storage structure discharge pipes shall be located in a manner that will prevent the flow of sediment into the distribution system. Additionally, removable silt stops should be provided. [Recommended Standards for Water Works 7.0.15]</p>
T-18	<p>Additional Limitations: Appropriate sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriologic and chemical analyses. [Recommended Standards for Water Works 7.0.19]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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STOR2 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-19	<p>Additional Limitations: Storage structures shall be vented. Overflows shall not be considered as vents. Open construction between the sidewall and roof is not permitted. Vents shall</p> <ul style="list-style-type: none">a) prevent the entrance of rainwater,b) exclude birds and animals, andc) exclude insects and dust (as much as compatible with effective venting). <p>Vents may use four-mesh noncorrodible screen. [Recommended Standards for Water Works 7.0.9]</p>
T-20	<p>Additional Limitations: Adequate controls shall be provided to maintain levels in storage structures. The level controls shall be acceptable to the Division of Water. Level indicating devices should be provided at a central location. Overflow and low-level warnings or alarms should be located at places in the community where they will be under responsible surveillance 24 hrs a day. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.3.3]</p>
T-21	<p>Additional Limitations: If storage structures have a catwalk over the water, the catwalk floor shall be solid with raised edges so that shoe scrapings and dirt will not fall into the water. [Recommended Standards for Water Works 7.0.14]</p>
T-22	<p>Additional Limitations: The area around the storage structure shall be graded in a manner that will prevent surface water from standing within 50 ft of the storage structure. [Recommended Standards for Water Works 7.0.16]</p>
T-23	<p>Additional Limitations: Proper protection shall be given to metal surfaces by</p> <ul style="list-style-type: none">a) paints or other protective coatings and/orb) cathodic protective devices. [Recommended Standards for Water Works 7.0.17]
T-24	<p>Additional Limitations: If cathodic protection is utilized,</p> <ul style="list-style-type: none">a) competent technical personnel should design and install the protection andb) a maintenance contract should be provided. [Recommended Standards for Water Works 7.0.17]

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

Page 13 of 14

STOR2 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-25	<p>Additional Limitations: If the interior of the storage structure is coated or lined, the coating or lining shall be of a type approved by the Division of Water for use in contact with potable water. [401 KAR 8:020 Section 2(19)]</p>
T-26	<p>Additional Limitations: Paints and coatings</p> <ol style="list-style-type: none">shall meet NSF standard 61,shall be acceptable to the Division of Water,shall be properly applied and cured, andshall not transfer any substance to the water which will be toxic or cause tastes or odors (following curing). <p>Wax coatings shall not be used in any storage structure and must be completely removed before using other paints or coatings in an existing storage structure. [401 KAR 8:100 Section 1(7), Recommended Standards for Water Works 7.0.17]</p>
T-27	<p>Additional Limitations: New water storage structures shall be thoroughly disinfected (in accordance with AWWA Standard C652) upon completion of construction and before being placed into service. To disinfect new storage structures</p> <ol style="list-style-type: none">remove all scaffolding, planks, tools, rags, and other items that are not part of the structural or operational facilities of the storage structure,clean thoroughly by sweeping, scrubbing, using high-pressure water jets, or some equivalently effective means, anduse chlorine or chlorine compounds as subsequently described. <p>Finalize disinfection by</p> <ol style="list-style-type: none">chlorination method 1, described in detail at AWWA Standard C652 Section 4.3.1,chlorination method 2, described in detail at AWWA Standard C652 Section 4.3.2, orchlorination method 3, described in detail at AWWA Standard C652 Section 4.3.3. <p>See the following conditions for abbreviated descriptions of the methods. Following the finalization of disinfection, place storage structures into service if, and only if, Coliform monitoring applicable to the storage structure does not show the presence of Coliform. If Coliform is detected, flush the tank and repeat Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the tank has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [Recommended Standards for Water Works 7.0.18]</p>

Distribution-Major Construction

Fleming Co Water Association
Facility Requirements

Activity ID No.: APE20070001

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STOR2 (continued):

Narrative Requirements:

Condition No.	Condition
T-28	<p>If applicable, chlorination method 1 generally requires</p> <ul style="list-style-type: none">a) filling a storage structure to the overflow level with water providing a free chlorine Residual Disinfection ≥ 10 ppm andb) <ul style="list-style-type: none">i) completely draining the storage facility and refilling orii) otherwise reducing (in accordance with method 1) the free chlorine residual to a level appropriate for distribution. [Recommended Standards for Water Works 7.0.18]
T-29	<p>If applicable, chlorination method 2 generally requires</p> <ul style="list-style-type: none">a) scrubbing or spraying the water-contact surfaces of a storage structure with a water solution having an available chlorine concentration = 200 ppm andb) purging of the strong chlorine solution and filling to the overflow level. [Recommended Standards for Water Works 7.0.18]
T-30	<p>If applicable, chlorination method 3 generally requires</p> <ul style="list-style-type: none">a) filling a storage structure to approximately 5% of the total storage volume with water having an available chlorine concentration of 50 ppm,b) continued filling of the storage structure to the overflow level with normal potable water, andc) purging the storage structure so that various disinfection by-products do not reach water consumers. [Recommended Standards for Water Works 7.0.18, 401 KAR 8:100 Section 1(7)]



United States Department of Agriculture
Rural Development
Kentucky State Office

September 22, 2006

RECEIVED

MAY 19 2008

PUBLIC SERVICE
COMMISSION

Mr. J. E. Smith, President
Fleming County Water Association, Inc.
P. O. Box 327
Flemingsburg, Kentucky 41041

Dear Mr. Smith:

This letter establishes conditions which must be understood and agreed to by you before further processing of your Appalachian Regional Commission (ARC) grant application and which must be met before the grant can be closed.

The Federal Co-Chairman of ARC has entered into an agreement with the Administrator of the Rural Utilities Service (RUS) whereby the RUS will be responsible for awarding and administering the ARC grant offer for the proposed project in an amount not to exceed \$175,000. The grant offer is composed of an ARC Section 214 Grant in the amount of \$175,000.

Please complete Form RD 1942-46, "Letter of Intent to Meet Conditions," if you agree with the conditions stated herein and desire to continue with the ARC grant.

1. Grant Administration:

The RUS is responsible for administering the ARC grant. This will include responsibility of making the decisions and determinations involving project costs, availability of funds, contract documents, specifications, plans, change orders, inspections during construction, final inspections, financial management of the project, and other areas affecting the awarding and administering of the ARC grant.

2. Grant Resolution:

The Water Association will be required to pass and adopt a resolution accepting the grant offer of \$175,000 from the Appalachian Regional Commission.

3. Grant Agreement:

The Water Association will be required to execute RUS Bulletin 1780-12, "Water or Waste System Grant Agreement," prior to closing the grant.

4. Drug-Free Work Place:

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

5. Organization:

The Water Association will be legally organized under applicable KRS, which will permit them to perform this service and to carry out the purpose of the proposed grant.

6. Office of General Counsel:

The Water Association will be required to submit sufficient evidence for the Office of General Counsel to determine that it is an eligible entity, and able to carryout the purposes of the proposed grant.

7. Fund Release:

The Water Association will be required to provide paid receipts or accounts payable invoices for release of funds.

8. Davis-Bacon Act:

The construction contracts for project work in all applicable cases will contain binding provisions for paying the prevailing wages as determined by the Secretary of Labor in accordance with Davis-Bacon Act.

9. 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 grantees 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.

10. Compliance with Special Laws and Regulations:

The Water Association will be required to conform with any and all state and local laws and regulations affecting this type project. This will include compliance certification from the United States Department of Labor, if applicable.

11. Advertising for Bids:

The Water Association will be required to comply with State and Federal laws on procurement.

12. Prior to Closing the Grant, the Water Association Will Be Required to Adopt:

- A. Form RD 400-1, "Equal Opportunity Agreement."
- B. Form RD 400-4, "Assurance Agreement."
- C. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction," to certify that your organization is not debarred or suspended from Government assistance. You must obtain a certification on Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transaction," from any person or entity you do business with as a result of this Government assistance that they are not debarred or suspended from Government assistance.
- D. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans," which requires disclosure of lobbying activities, if any.

13. 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 Association. The Water Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Water Association will carry worker's compensation insurance for employees in accordance state laws, if applicable.
- C. Real Property Insurance - The Water Association 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 Association 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.
- D. Flood Insurance - The Water Association will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

14. Audit/Closeout Report:

The Water Association will be required to furnish an audit report, or other approved report, on the final cost of the project, at its own expense.

The proportionate share of any ARC grant funds actually advanced and not needed for any approved purposes shall be returned immediately to the ARC as provided for in the grant agreement.

15. Remaining Project Funds:

If the actual eligible costs are less than the estimated costs on which the Commission based its approval of a supplemental or special basic grant (or if the non-214 basic federal grant(s) or the non-federal funds are increased for a project without any change in eligible project costs), the amount of Section 214 funds available for the project shall be reduced to the difference between the actual eligible costs and the sum of (i) the non-214 basic grant(s) and (ii) the non-federal funds shown in the approved Section 214 application unless, because of changed circumstances, the Commission directs otherwise.

16. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds will be established by the Water Association. Prior to disbursement of funds by the Water Association, the Board of Directors shall review and approve each invoice. All invoices and vouchers must be approved by RUS prior to payment by the Water Association.

Positions of officials entrusted with the receipt and disbursement of the construction account will be covered by a fidelity bond with USDA as Co-obligee. The amount of coverage will be at least equal to the amount of funds on hand in the construction fund as any one time.

17. Rates and Charges:

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

18. Cost of Facility:

Breakdown of Costs:

Development	\$ 246,000
Legal and Administrative	5,000
Engineering	73,000
Contingencies	<u>26,000</u>
TOTAL	\$ 350,000

Financing:

ARC Grant	\$ 175,000
Local Contribution	75,000
KIA Tobacco Grant	<u>100,000</u>
TOTAL	\$ 350,000

19. Commitment of Other 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 grant in the amount of \$100,000.

20. Compliance with the Bioterrorism Act:

Prior to closing the grant, the Water Association 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).

21. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated August 14, 2006, from Lee Nalley, Manager.
- 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 August 23, 2006, 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 effect 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.

22. Final Approval Conditions:

Final approval of this grant 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 processing your grant offer.

Sincerely,


KENNETH SLONE
State Director

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Flemingsburg, Kentucky
Buffalo Trace ADD - Maysville, Kentucky
HMB Engineers - Frankfort, Kentucky



HMB Professional Engineers, Inc.
 3 HMB Circle, US 460
 Frankfort, KY 40601
 Phone: 502/695-9800
 Fax: 502/695-9810

LETTER OF TRANSMITTAL

DATE	5/19/2008	JOB NO.	4116
ATTENTION	James Rice		
RE:	Parkersburg Water Storage Tank		
	Fleming County Water Association		

TO Public Service Commission

- WE ARE SENDING YOU Attached Under Separate Cover Via: _____ the following items:
- Shop Drawings Prints Plans Samples Specifications
- Copy of Letter Change Order _____

COPIES	DATE	NO.	DESCRIPTION
10			PSC Application
10			Prelim. & Final Engineering Report
10			RD Letter of Conditions
10			DOW Approval Letter
10			RD Letter of Concurrence
10			Anticipated Start and Ending Dates
2			Plans & Specs

THESE ARE TRANSMITTED as checked below:

- For Approval Approved as Submitted Approved as Submitted
- For Your Use Approved as Noted Approved as Noted
- As Requested Returned for Corrections Returned for Corrections
- For Review and Comment _____
- FOR BIDS DUE _____ PRINTS RETURNED AFTER LOAN TO US

REMARKS

On behalf of the Fleming County Water Association, we are requesting PSC Certificate of Convenience and Necessity.

If you have any questions, please call.

COPY TO _____

SIGNED: Jeff Reynolds, P.E.

If enclosures are not as noted, kindly notify us at once

CASE NO:2008-00180

**CONTAINS
LARGE OR OVERSIZED
MAP(S)**

RECEIVED ON: 05/19/08