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BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

OCT 14 2010

In the Matter of

PUBLIC SERVICE
COMMISSION

THE APPLICATION OF EDMONSON COUNTY WATER)
DISTRICT, EDMONSON, WARREN, GRAYSON AND)
HART COUNTIES, KENTUCKY, (1) FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND NECESSITY) CASE
AUTHORIZING CONSTRUCTION OF MAJOR ADDITIONS) NO.
AND IMPROVEMENTS TO ITS WATER SYSTEM AND (2)) _____
SEEKING APPROVAL OF THE ISSUANCE OF)
CERTAIN SECURITIES.)

The Applicant, Edmonson County Water District, Edmonson, Warren, Grayson and Hart Counties, Kentucky (the "District"), acting by and through its Commission, respectfully tenders this Application and requests that the Public Service Commission of Kentucky enter its Order pursuant to KRS 278.023 and 807 KAR 5:069 issuing a Certificate of Public Convenience and Necessity authorizing the District to construct major additions and improvements to its water system (the "System") for the purpose of furnishing an adequate supply of pure and potable water for domestic, agricultural and commercial use in the District and approving the issuance of certain securities by the District. In support of this Application and in conformity with the rules of the Public Service Commission, the District states as follows:

1. The District was created by an Order entered by the County Court of Edmonson County, Kentucky, on March 20, 1967, as a consolidation and merger of the North Edmonson County Water District and South Edmonson County Water District. In addition to the District's service area in Edmonson County, areas of Hart, Warren and Grayson Counties have been annexed to the District. The District is now, and has been since its creation, regulated by the Public Service Commission of Kentucky, and all records and proceedings of the Public Service Commission with reference to the District are incorporated in this Application by reference.

2. The governing body of the District is its Commission, which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purposes as provided in KRS 74.070. In conformity with KRS 74.020(1)(a) the County Judge/Executive of Edmonson County, Kentucky, with the approval of the Fiscal Court, has entered appropriate orders from time to time appointing and reappointing Commissioners who were and are residents of the District. The present District Commissioners and officers are Jimmy Mills, Chairman, Barry Rich, Secretary-Treasurer and Roy McDougal. The mailing address of the District is 1128 Highway 259 North, P. O. Box 208, Brownsville, Kentucky 42210, Attention: Nelson Sanders, Manager.

3. In order to finance water service facilities and improvements, the District has previously issued, and there are presently outstanding, the following revenue bonds and obligations payable from the revenues of the System:

- (a) Water System Revenue Bonds, 1994 Series A and B;
- (b) Water System Revenue Bonds, 1994 Series C;
- (c) Water System Revenue Bonds, Series 1997;
- (d) Water System Revenue Bonds, 2001 Series A and B;
- (e) Water System Revenue Bonds, Series 2003;
- (f) Assistance Agreement with the Kentucky Infrastructure Authority dated July 29, 2004;
- (g) Assistance Agreement with the Kentucky Rural Water Finance Corporation dated May 29, 2008;
- (h) Water System Revenue Bonds, Series 2007A and 2007B;
- (i) Water System Revenue Bonds, Series 2009; and
- (j) Water System Revenue Bonds, Taxable Series 2010A (Build America Bonds – Direct Payment to Issuer).

There are also outstanding certain subordinate obligations of the District (Kentucky Infrastructure Authority loans) which are payable from and secured by a pledge of the revenues of the System subject to the priorities of the bonds described above.

4. The District's consulting engineers, GRW Engineers, Inc., Nashville, Tennessee (the "Engineers"), have prepared a Preliminary Engineering Report and a Final Engineering Report as well as detailed plans and specifications for the construction and installation of proposed major additional water facilities and improvements (the "Project") to serve the District. The Preliminary Engineering Report dated June 2009, and the Final Engineering Report dated September 2010, are appended hereto as Exhibit A and Exhibit B, respectively. These Exhibits contain, among other things, descriptions of the Project, cost figures and other pertinent data.

It is the opinion of the Commissioners of the District that the public health, safety and general welfare of the citizens and inhabitants of the District will be promoted and served by the construction of the Project and the financing thereof as herein described.

5. The District has caused public advertising to be made according to law soliciting competitive bids for the construction and installation of the Project; has received, opened and considered the construction bids; and has filed with the United States Department of Agriculture, Rural Development ("USDA"), the data prepared by the Engineers showing the bids received and the recommendations of the Engineers with respect thereto. USDA has approved the District's proposed award of the best bids as evidenced by the USDA letter of concurrence in the bid awards appended hereto as Exhibit C.

The District hereby states, through its undersigned Chairman, 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; that all other state approvals or permits for the Project have been obtained; that the existing water rates of the District will

produce total revenue requirements as set out in Exhibit A; and that construction of the Project is expected to begin on or about November 1, 2010, and to end on or about March 31, 2011.

6. The estimated costs of and sources of funds for the Project are set out in Exhibit B and in Exhibit D identified below.

7. As shown in Exhibit B and in Exhibit D identified below, the District proposes to finance, in part, the construction and installation of the Project by the issuance of its bonds, to be styled "Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment to Issuer)" (the "Bonds"), in the total principal amount of \$700,000. The Bonds will be issued on a parity with the outstanding water system revenue bonds described in Section 3 of this Application.

The District has entered into a loan agreement with USDA pursuant to which USDA will make a loan to the District in the amount of \$700,000 to be represented by the Bonds. The Bonds, in the principal amount of \$700,000, are expected to bear interest at the single rate of 2.625% per annum. Appended hereto as Exhibit D are copies of letters from USDA to the District setting forth terms, conditions and understandings relating to the loan, together with related USDA correspondence regarding the principal maturities of and interest rates on the respective series of Bonds.

With reference to the proposed issuance of the Bonds to USDA, the proceedings relating thereto will provide for the public advertisement of competitive bids for the Bonds according to Kentucky law; and in the event a bid or bids are received for the Bonds at an interest cost basis to the District more advantageous to the District than the loan commitment of USDA, the Bonds will be sold to such other bidder; however, it is not expected any more favorable bids will be

received in view of the interest rate to be stipulated by USDA. The Bonds will not be delivered to USDA until such time as approximately 80% of the amount of the Bonds has been spent on the Project. This procedure is in accord with USDA rules requiring interim financing of USDA projects to the amount of the USDA loan. Accordingly, construction of the Project will be instituted and funded initially from the proceeds of an interim financing loan to be obtained from the Kentucky Rural Water Finance Corporation (“KRWFC”) at a rate not expected to exceed 4.50% per annum. The interim loan will be secured by (i) the undisbursed proceeds of the interim financing loan and (ii) the proceeds of the Bonds when delivered to USDA according to USDA practices and procedures.

Interim financing is also available to the District from USDA in the event other interim financing sources are not available or are unreasonable.

8. The Commission of the District respectfully represents to the Public Service Commission that there is a genuine need and demand for the Project and that the Commission should enter herein its Order, in compliance with KRS 278.023 and KAR 5:069, (a) issuing its Certificate of Public Convenience and Necessity pursuant to KRS 278.020 authorizing construction and installation of the Project and (b) authorizing pursuant to KRS 278.300 the issuance of \$700,000 principal amount of Water System Revenue Bonds, Taxable Series 2010B (Build America Bonds – Direct Payment to Issuer), by the District as described herein.

WHEREFORE, the Applicant, Edmonson County Water District, respectfully requests that such Order be issued.

TAB A

PRELIMINARY ENGINEERING REPORT

FOR

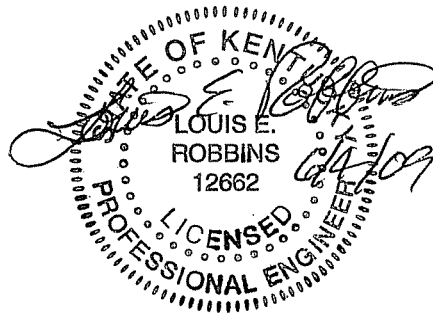
EDMONSON COUNTY WATER DISTRICT

EDMONSON COUNTY, KENTUCKY

EDMONSON COUNTY
WATER SYSTEM IMPROVEMENTS
AND
WATER LINE EXTENSIONS

PROJECT NO. 3621-03

June 2009



GRW ENGINEERS, INC.
404 BNA DRIVE, SUITE 201
NASHVILLE, TN 37217
(615) 366-1600
FAX (615) 366-0406

OFFICIALS

FOR THE

EDMONSON COUNTY WATER DISTRICT

COMMISSIONERS

Jimmy Mills, Chairman

Barry Rich, Secretary/Treasurer

Roy McDougal

MANAGER

Nelson Sanders

TABLE OF CONTENTS

<u>Subject</u>	<u>Page No.</u>
I. Introduction	1
II. Existing Facilities	13
III. Proposed Facilities	14
IV. Construction and Project Costs	16
V. Financing	18
VI. Conclusions and Recommendations	18

TABLES

1. Distribution System	14
2. Proposed Water Lines and List of Roads	15
3. Opinion of Probable Construction Costs	16
4. Opinion of Probable Project Costs	17

EXHIBITS

1-11. Proposed Water Lines and Improvements	2-12
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APPENDICES

A. RD Summary Addendum

I. INTRODUCTION

A. Purpose

The purpose of this Preliminary Engineering Report is to investigate and present the feasibility of extending water lines of the Edmonson County Water District into previously unserved areas and to evaluate the ability of the existing facilities to continue meeting the needs of the system's customers. Since its formation in 1966, the District has experienced steady growth and has seen increased requests for water service extensions from area residents due to the unreliable and often contaminated private well systems required without a public water system. Because of the continued growth and aging of the system, additional in-system flow metering and leak detection meters are being recommended for installation.

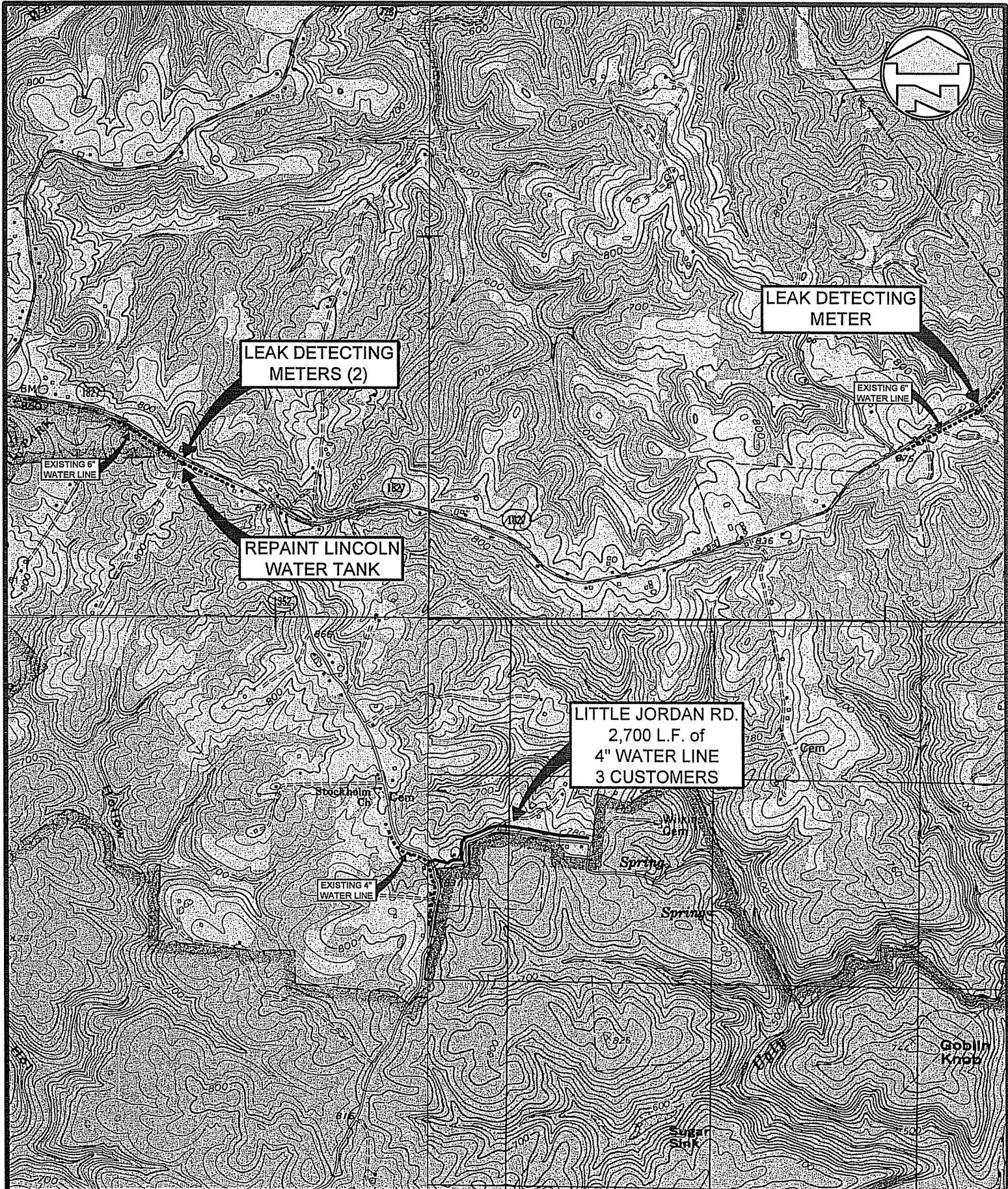
B. Project Area

The Edmonson County Water District was formed to serve all areas in Edmonson County, except areas inside the Mammoth Cave National Park, and also to serve parts of Warren, Grayson and Hart Counties.

The attached maps (11 sheets) show portions of the existing water system and the proposed water line extensions and improvements in Edmonson County as follows:

1. Little Jordan Road, Lincoln tank repaint and leak detecting meters (Fig. 1)
2. Leak detecting meters (Fig. 2)
3. Leak detecting meters (Fig. 3)
4. G. Hayes Road and leak detecting meter (Fig. 4)
5. Leak detecting meters and Lindseyville tank removal (Fig. 5)
6. Flow meter, Windyville and Riverhill tank repaints (Fig. 6)
7. Seabolt Road and leak detecting meter (Fig. 7)
8. R. Kelly Road, H. Meredith Road and leak detecting meters (Fig. 8)
9. Flow meter and leak detecting meters (Fig. 9)
10. Highway 422, flow meter and leak detecting meters (Fig. 10)
11. E. Sanders Road (Fig. 11)

The need for a safe and reliable water supply is commonly recognized as being highly desirable in almost any area. The extension of water lines into these areas is recommended as being beneficial for the residents by removing a potential health hazard which is either known to exist or can become a problem at any time.



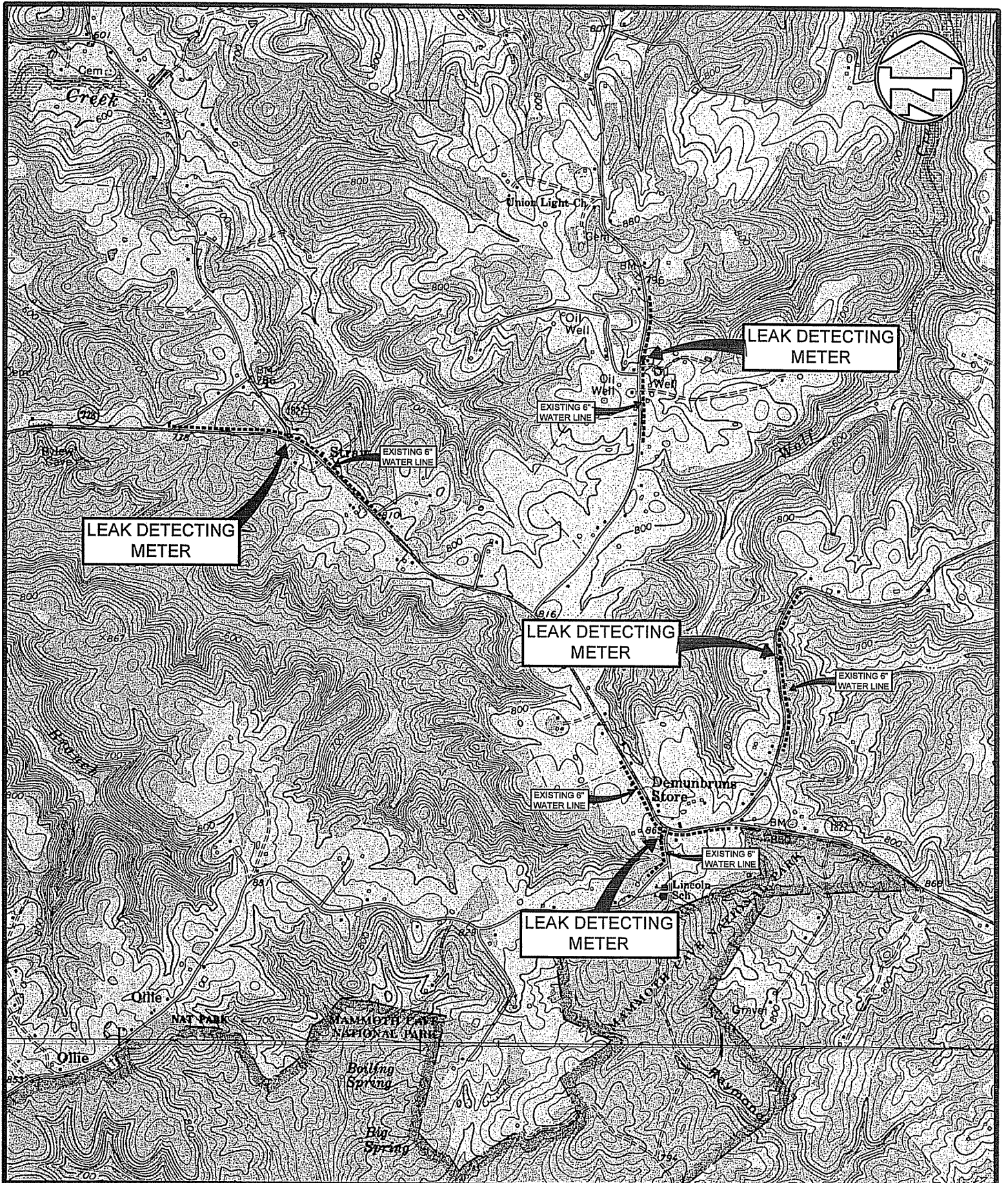
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NOLIN LAKE	REVIEWED: LER
CUB RUN	APPROVED: LER
RHODA	
MAMMOTH CAVE	
SCALE CHECK:	

**WATER LINE AND
METER LOCATIONS**
 EDMONSON CO. WATER LINES
 EDMONSON CO. WATER DISTRICT


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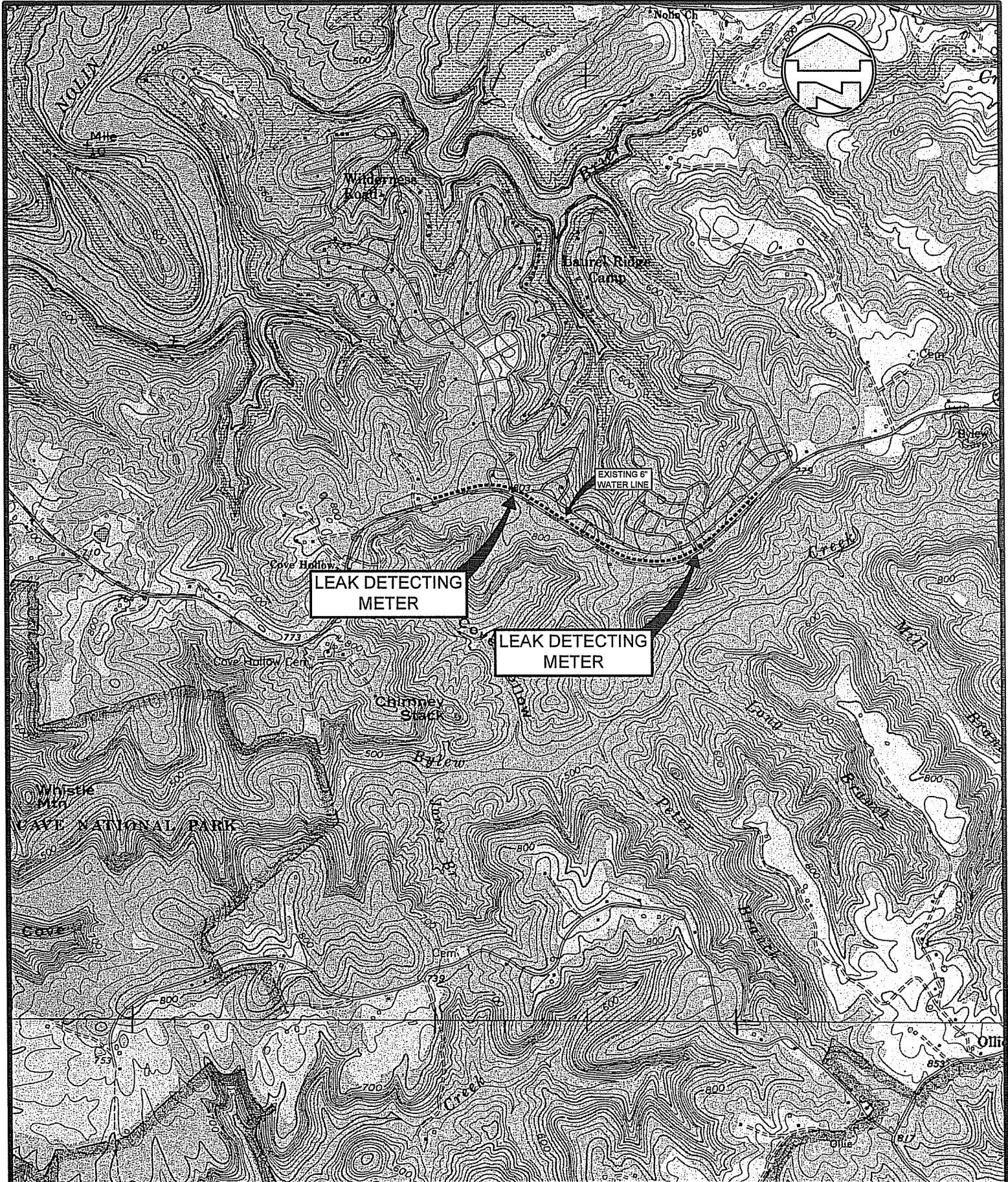
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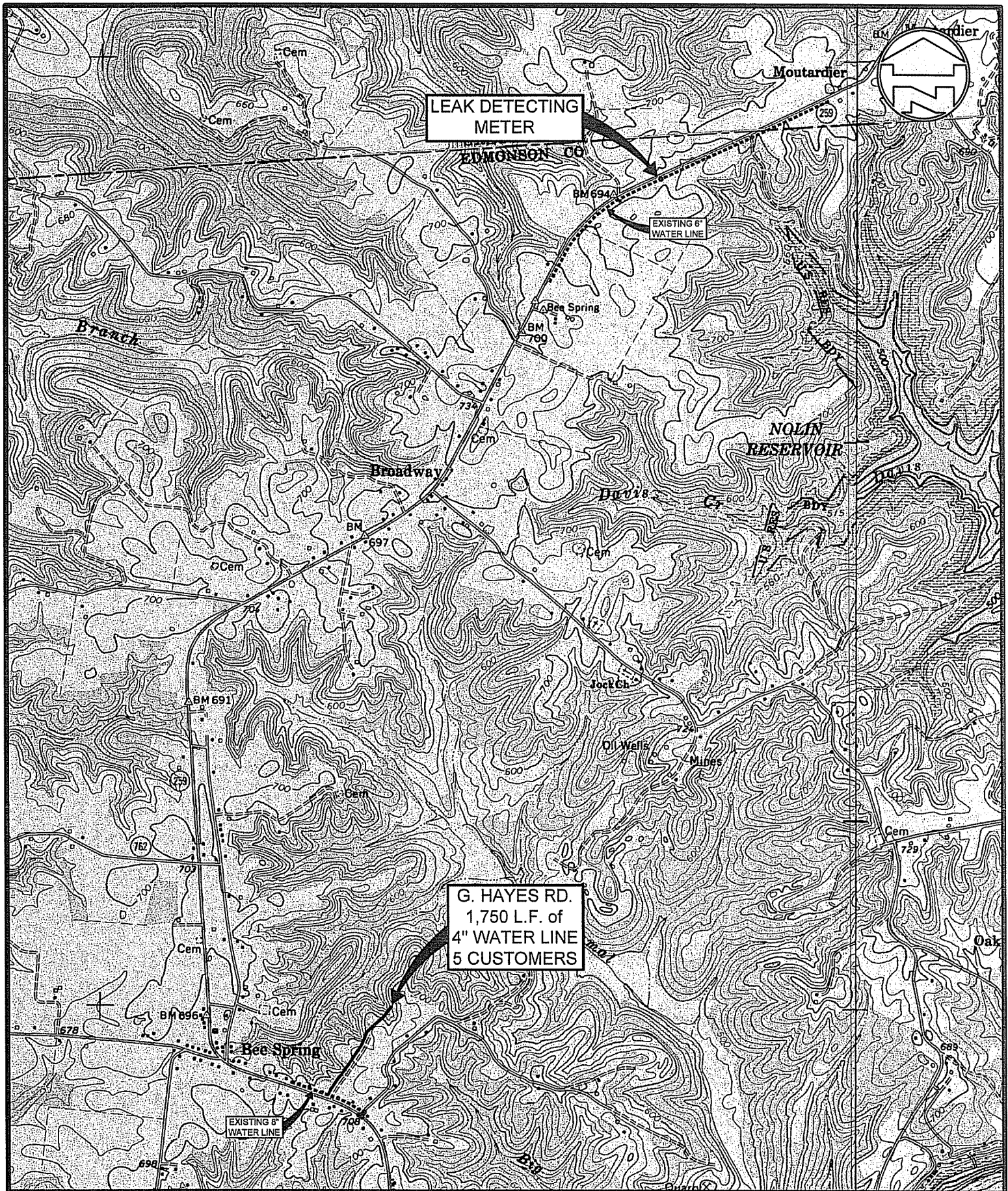
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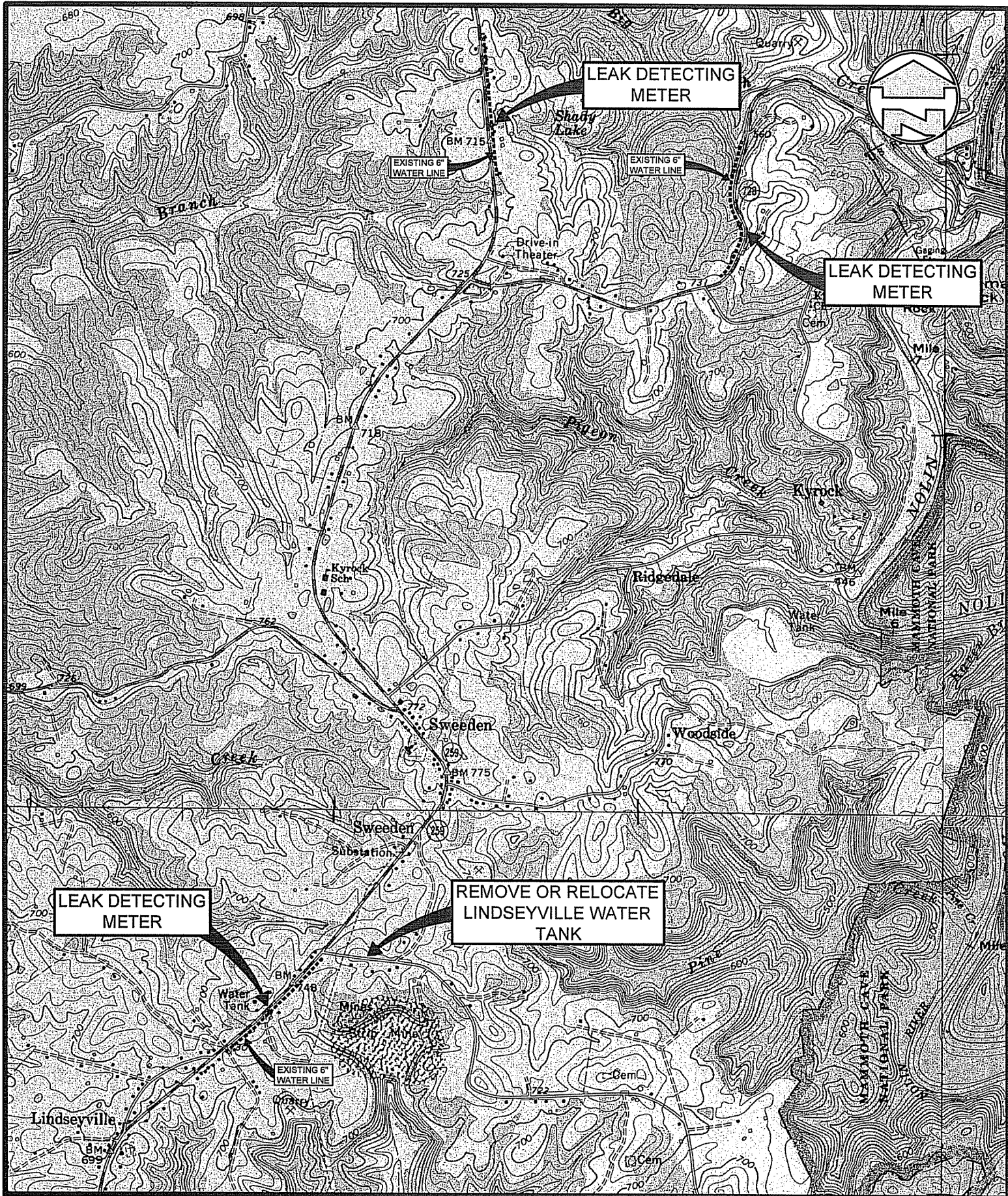
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WATER LINE AND METER LOCATIONS

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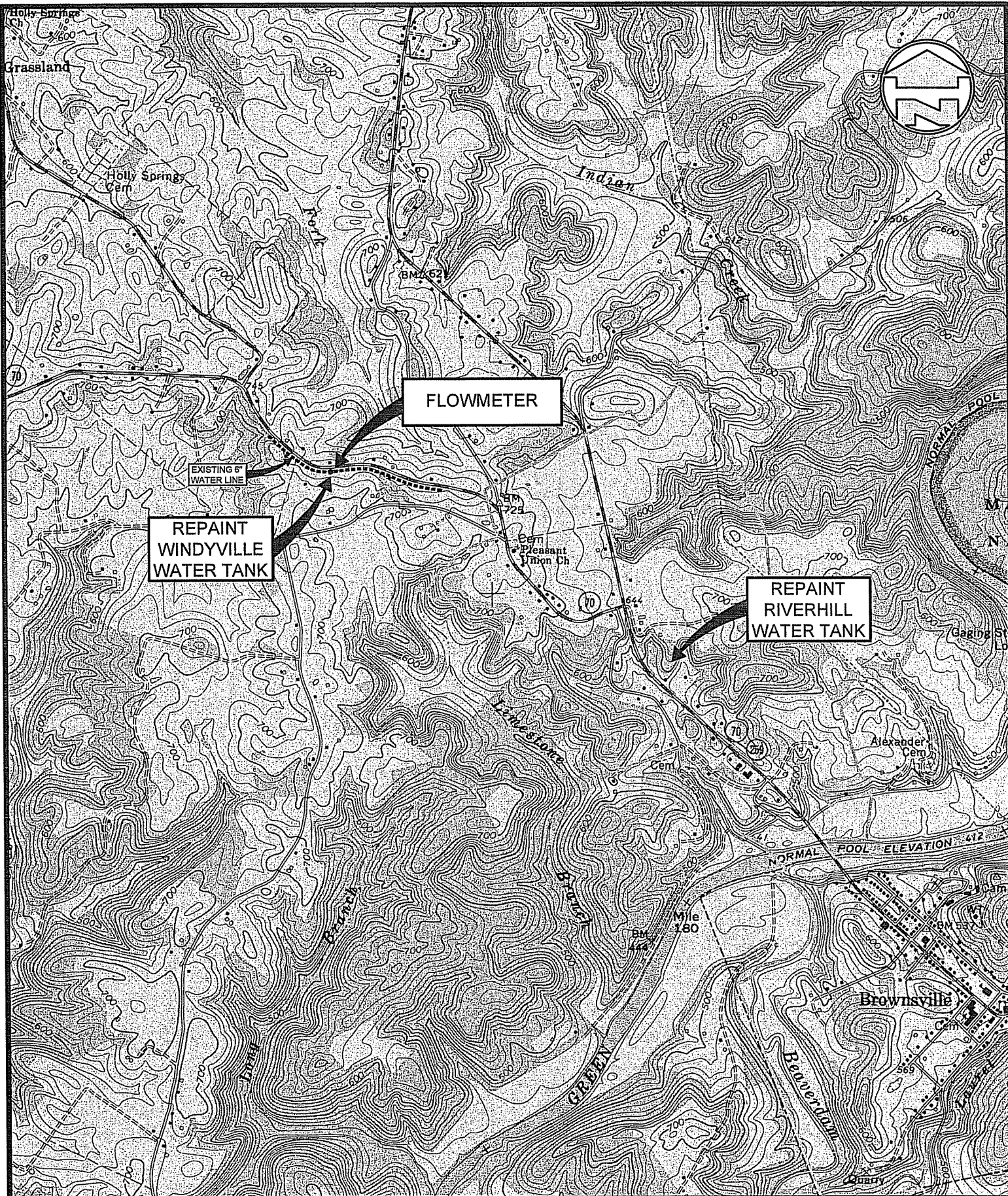
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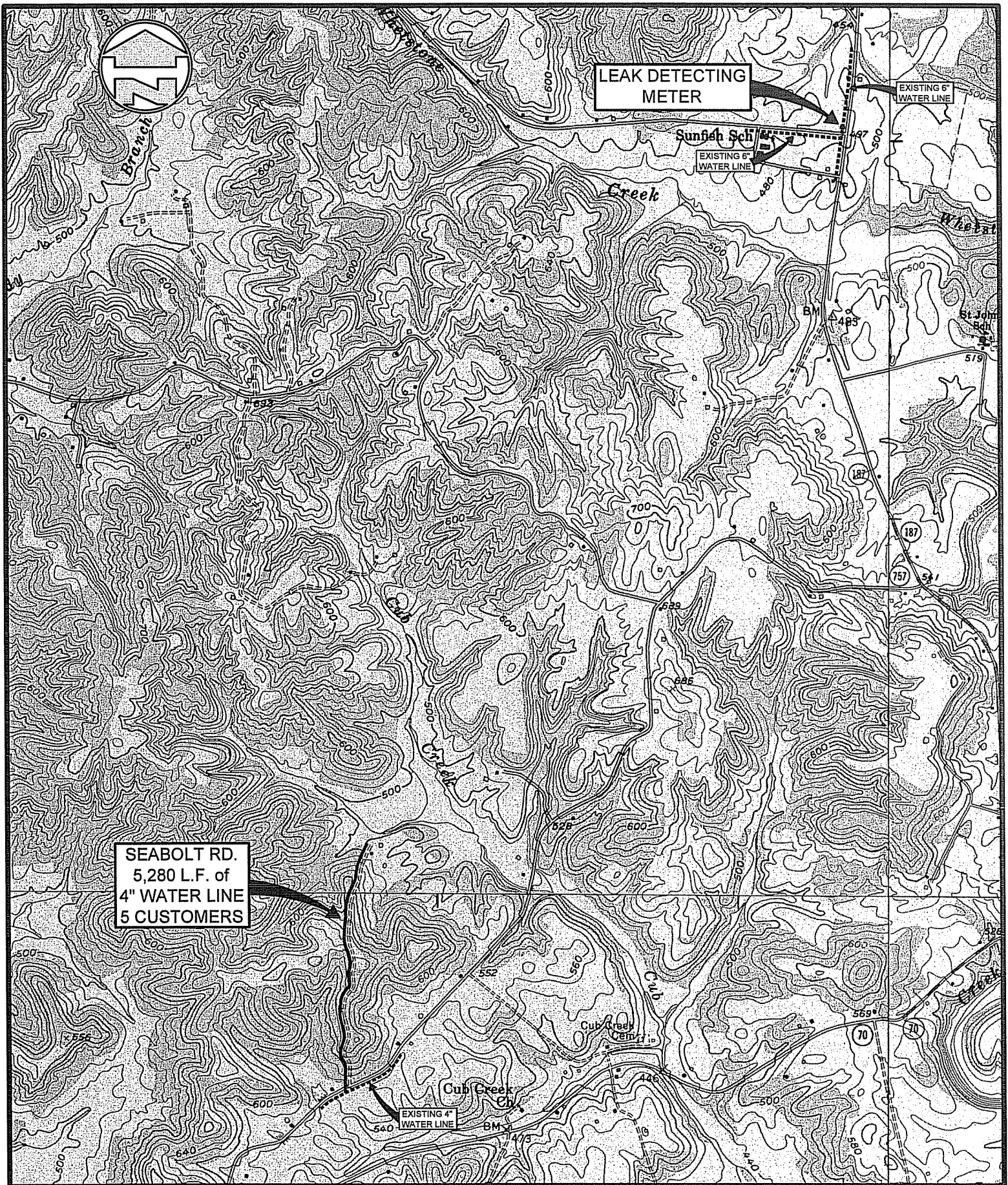
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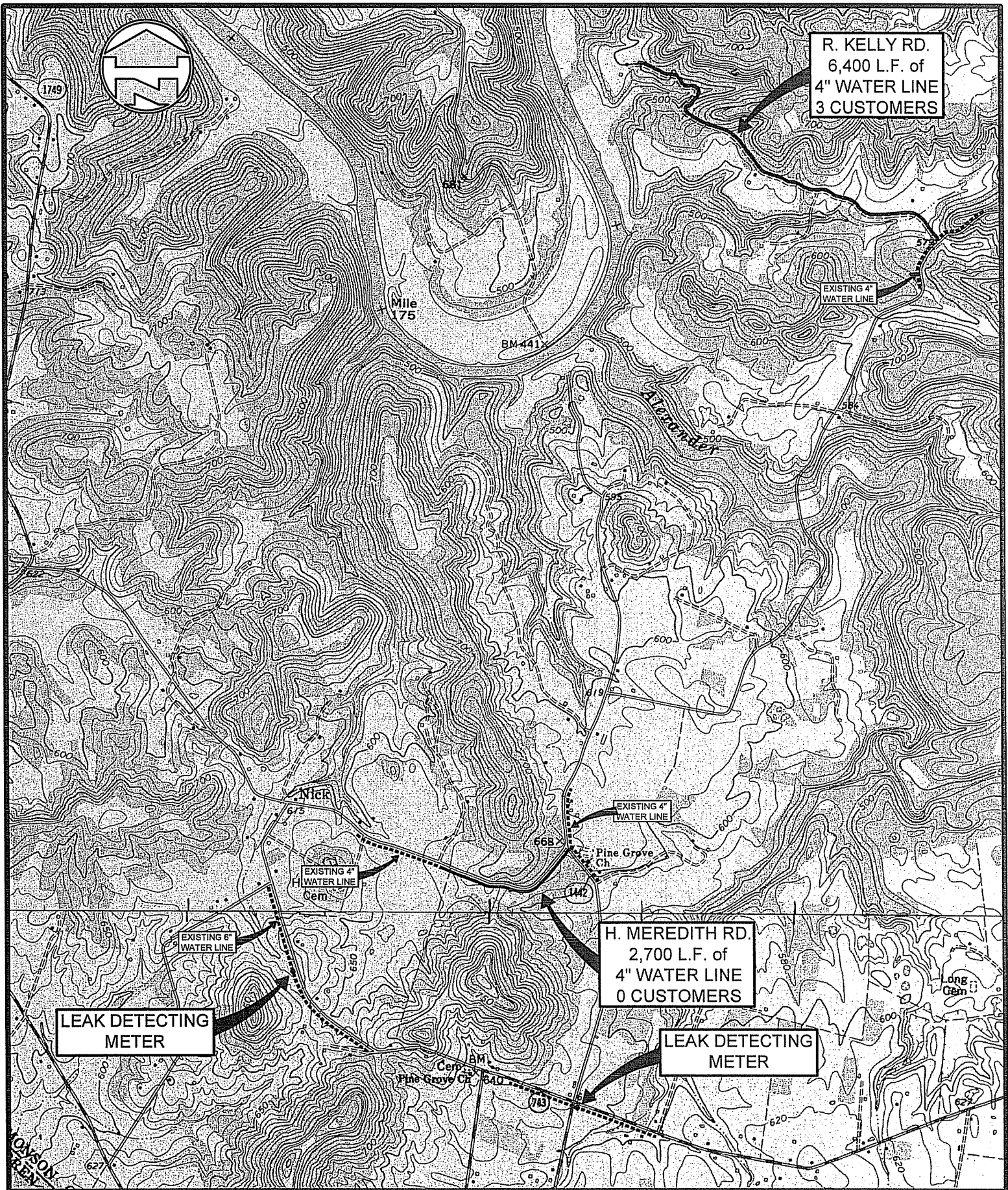
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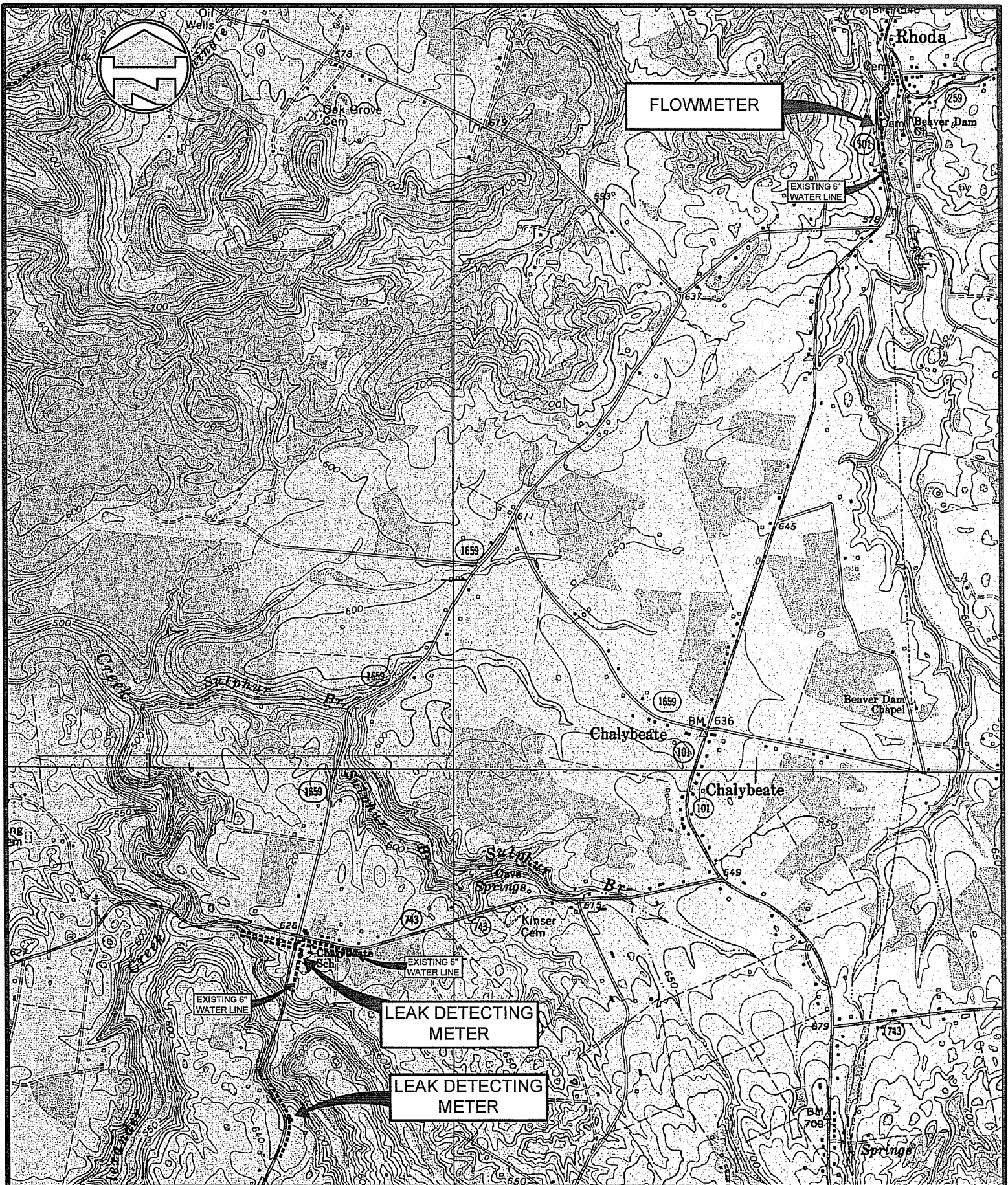
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RHODA

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EDMONSON CO. WATER LINES
EDMONSON CO. WATER DISTRICT

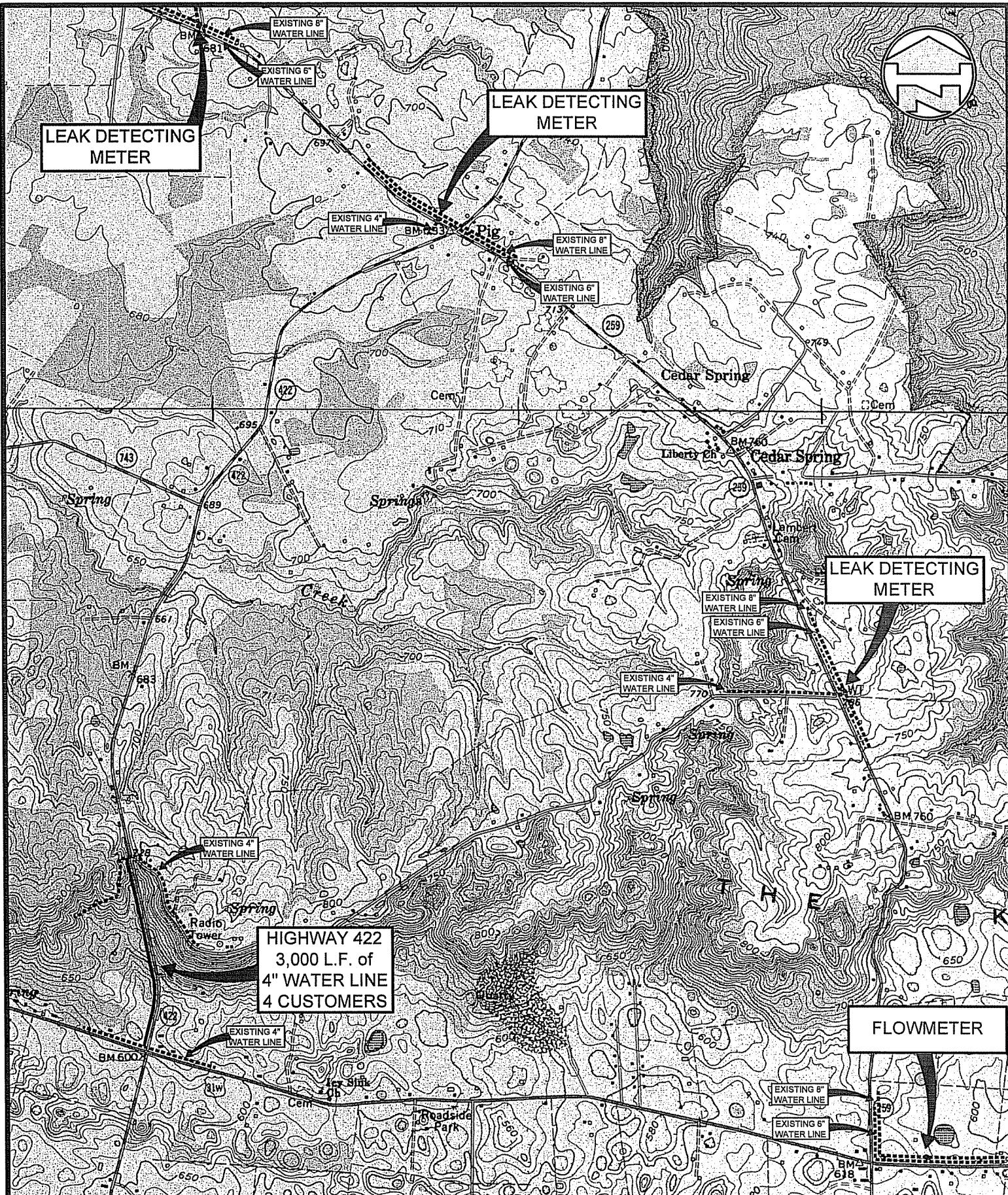


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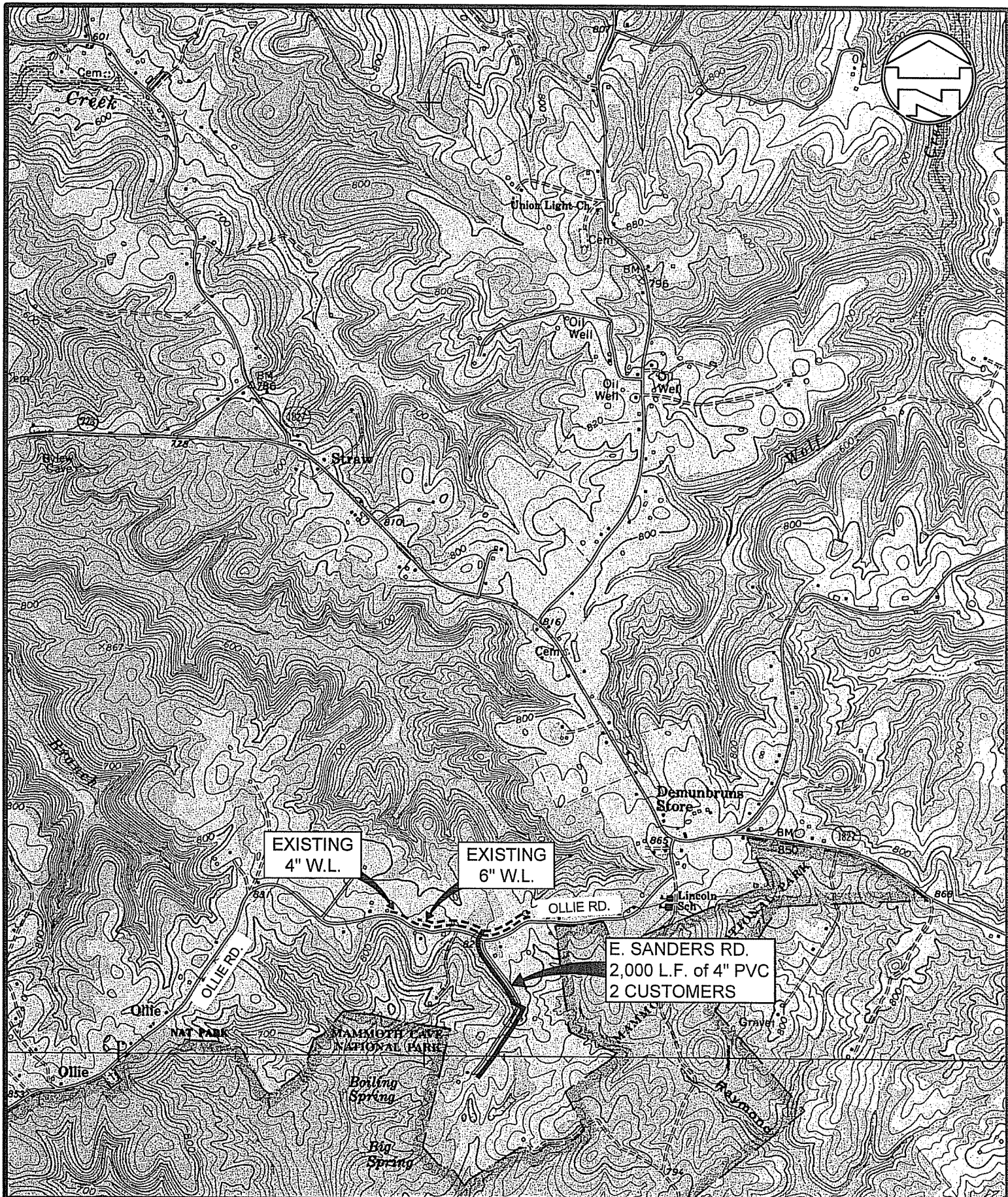
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**PROPOSED WATER LINE
AT E. SANDERS RD.**

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EXHIBIT NO. 11

II. EXISTING FACILITIES

A. General

The Edmonson County Water District began operation of its initial facilities in 1970 and has been constantly expanding since that time. Most of the existing facilities are in relatively good condition and are suitable for continued use. The District has seen constant growth of its customer base and has been managed in a well organized and financially sound manner. Because of this continued growth, the existing facilities should be monitored to determine the need for upgrading, increased capacity and improvements in operational efficiency.

B. Water Supply and Treatment

The Edmonson County Water District has two separate water treatment facilities. The Brownsville Water Treatment Plant (WTP) was constructed as a 0.5 MGD conventional treatment facility and placed into operation in 1970. This plant was expanded to approximately 1.3 MGD in 1980 and expanded to 2.92 MGD in 2002. The water supply is from the Green River which is adequate for the existing and projected demand.

The Wax WTP was constructed and placed into operation in 1990 as a 0.5 MGD facility. The plant was originally sized and designed as a 1 MGD facility, but was downsized due to budget limitations; the Wax plant was expanded to 1.0 MGD in 1994/1995. As peak summer demands continue to increase in this service area, the capacity of the Wax WTP is becoming marginal. The flexibility of the system operations to allow supplementing of the water supply to the Wax area from the Brownsville facility has prevented this from becoming an immediate problem.

The source of supply for the Wax facility is Nolin Lake which at winter pool El.490 has 63,840 acre-feet of storage and at summer pool El.515 has 170,160 acre-feet of storage. The sustained low flow (7Q10) is 40 cfs (or 26 MGD). According to U.S. Corps of Engineers personnel, the withdrawal for this water supply is negligible in comparison to the total available storage.

C. Distribution System

The existing distribution system (including project which started construction in March 2009 and the Hart County project currently in final stages of design) consists of approximately 622 miles of water main ranging in size from 3" to 16". Table 1 shows the approximate mileage of pipe according to size. The system has been placed into operation beginning in 1970 and consists entirely of A.C. and P.V.C. pipe materials. According to system personnel, the original A.C. pipe installed in 1970 appears to be in good condition.

TABLE 1
DISTRIBUTION SYSTEM

<u>Pipe Size</u>	<u>Installed Quantity</u>
16"	2.3 miles
12"	8.3 miles
10"	1.4 miles
8"	30 miles
6"	181 miles
4"	333 miles
3"and smaller	66 miles

D. Storage Facilities

Existing water storage facilities consist of nineteen storage tanks (includes 2 tanks under construction in 2009) with a total capacity of approximately 4,020,000 gallons. Although total storage volume would appear to be adequate at this time, the distribution of the storage is limited in some areas. The District will need to continue monitoring tank volume especially as relates to the most efficient operation of existing treatment and pumping facilities and for demands in specific localized areas.

E. Customers

Edmonson County Water District began operation in 1970 with an initial customer base of approximately 450. Since that time, the District has experienced rapid growth with a customer base of approximately 9800 in 2008. The City of Brownsville is the only wholesale purchaser of water and accounts for about 8% of the total water sold by the District.

A breakdown of user categories, annual operating costs and income, and rate schedule is included in Appendix A – RD Summary Addendum.

III. PROPOSED FACILITIES

A. General

A constant demand exists for extension of water lines into areas previously unserved. Because of the continued growth and aging of the system, additional in-system flow metering and leak detection meters are being recommended for installation along with repainting of several tanks.

B. Water Supply and Treatment

The water supply and treatment capabilities of the existing facilities are adequate at this time but should be closely monitored for the capability of meeting the demands within specific areas of the system.

C. Distribution System

The Edmonson County Water District proposes to extend approximately 5.3 miles of water lines to serve 22 new customers in the Edmonson County portion of the District service area. Table 2 shows a breakdown of the line extensions with the number of customers, size and length of line indicated. The line locations have been previously shown in Figures 1, 4, 7, 8, 10 and 11.

The proposed flow meters as indicated in Figures 6, 9 and 10 will allow the District to closely monitor the volume of water flowing through these portions of the system. The proposed leak detection meters as indicated in Figures 1, 2, 3, 4, 5, 7, 8, 9 and 10 will assist the District in monitoring and locating areas with excessive leakage in the lines.

The breakdown of construction and project costs are presented later in this report.

TABLE 2
PROPOSED WATER LINES
LIST OF ROADS
EDMONSON COUNTY WATER DISTRICT
JUNE 2009

<u>Road</u>	<u>Approximate Length & Size</u>	<u>No. Customers</u>
1. Little Jordan Rd. (Fig. 1)	2,700 LF 4"	3
2. G. Hayes Rd. (Fig. 4)	5,750 LF 4"	5
3. Seabolt Rd. (Fig. 7)	5,280 LF 4"	5
4. R. Kelly Rd. (Fig. 8)	6,400 LF 4"	3
5. H. Meredith Rd. (Fig. 8)	2,700 LF 4"	loop
6. Hwy. 422 (Fig. 10)	3,000 LF 4"	4
7. E. Sanders Rd. (Fig. 11)	2,000 LF 4"	2
8. Tank Repaints at 3 Locations		
9. Tank Decommissioning at 1 Location		
10. Flow Meters at 3 Locations		
11. Leak Detection Meters at 20 Locations		
Totals:	27,830 LF	22

D. Storage Facilities

No additional storage is proposed as part of this project.

IV. CONSTRUCTION AND PROJECT COSTS

Itemized estimates of construction and project costs are presented in Tables 3 and 4 as follows:

TABLE 3
OPINION OF PROBABLE CONSTRUCTION COSTS
EDMONSON COUNTY WATER DISTRICT
EDMONSON COUNTY WATER SYSTEM IMPROVEMENTS
AND WATER LINE EXTENSIONS
JUNE 2009

27,830 L.F. 4" Water Lines @ \$10.00/L.F.:	\$ 278,300
5 – 4" Gate Valves @ \$800 Each:	\$ 4,000
9 Connections to Existing Lines @ \$1,600 Each:	\$ 14,400
22 Service Connections @\$800 Each:	\$ 17,600
200 L.F. Bore & Jack under paved road @ \$150/L.F.:	\$ 30,000
3 Flow Meters on existing lines@ \$15,000 Each:	\$ 45,000
20 Leak Detection Meters @ \$1,500 Each:	\$ 30,000
Lincoln Tank Exterior Repaint:	\$ 70,000
Windyville Tank Exterior Repaint:	\$ 80,000
Riverhill Tank Exterior Repaint:	\$ 90,000
Lindseyville Tank Decommissioning:	\$ 30,000
Telemetry System Upgrade at Various Locations:	<u>\$ 80,000</u>
TOTAL CONSTRUCTION COSTS:	\$ 769,300

TABLE 4
OPINION OF PROBABLE PROJECT COSTS
EDMONSON COUNTY WATER DISTRICT
EDMONSON COUNTY WATER SYSTEM IMPROVEMENTS
AND WATER LINE EXTENSIONS
JUNE 2009

Total Construction:		\$ 769,300
Land and Rights:		\$ 1,500
Legal and Administrative:		\$ 17,500
Advertising, etc.:	\$ 2,500	
Bond Counsel:	\$10,000	
Local Counsel:	\$ 5,000	
Engineering:		\$ 133,500
Preliminary:	\$ 4,000	
Easement /Property Owners Identification:	\$ 4,000	
PSC Related:	\$ 4,000	
Hydraulic Analysis Update:	\$ 3,000	
Design:	\$71,400	
Inspection:	\$47,100	
Interest During Construction:		\$ 9,000
Contingencies:		<u>\$ 68,200</u>
TOTAL PROJECT COSTS:		\$ 999,000
Financing:		
RUS Loan & Grant:	\$ 994,000	
Applicant Contribution:	<u>\$ 5,000</u>	
	\$ 999,000	

V. FINANCING

Edmonson County Water District will file application with Rural Development (RD) for financing assistance. Requests are already in place for any available KIA grant funding. The total funding required is \$999,000 of which \$994,000 is requested as Federal assistance, and \$5,000 will be the local contribution from tap fees. If other State grant funding becomes available, the Federal assistance request will be modified.

The currently approved water rates were approved by RD in their Letter of Conditions dated March 13, 2008, and approved by the PSC in February 2009. These rates have recently been placed into effect and appear to be adequate to operate and maintain the system, retire the debt service and fund the required special accounts for the existing system and proposed project with the anticipated level of grant participation by the funding agencies. The water rates, the existing and proposed operating budgets are shown in RD Summary Addendum attached as Appendix A. The 2009 rate increase represents an approximately 5.6 % average increase to the customers. The previous 2007 water rate increase (put into effect on July 17, 2007) represented an approximately 12% average increase to the customers. Revenue for a full year from the 2009 increase will not be reflected in any of the currently available audit reports. The 2008 audit report does reflect the revenues from the 2007 rate increase.

VI. CONCLUSIONS AND RECOMMENDATIONS

The Edmonson County Water District was formed to serve the residents of several rural counties and to work towards furnishing a safe and reliable water supply to those individuals living within the District boundaries. In order to accomplish this, the District must continually be looking for ways to expand the system while still maintaining a safe, reliable and cost-effective supply of treated water.

The proposed water line extensions, water meters and leak detection meters described in this report for the Edmonson County area of the District are feasible and are recommended for construction. The District should proceed to secure funds from RD, or any other available grant source, and move toward construction.

APPENDIX A

RD Summary Addendum

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED June 2009

FOR

Edmonson County Water District
(Name of Project)

APPLICANT CONTACT PERSON Nelson Sanders

APPLICANT PHONE NUMBER 502-597-2165

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-0712517

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

- A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

The proposed project consists of improvements to the distribution system and water line extensions to serve approximately 22 new customers and improve service to other existing customers in the Edmonson County portion of the District. Flow meters and leak detection meters are being proposed to allow for better monitoring of the system's demands and flow characteristics in localized areas.

Maps showing the proposed lines and improvements are included in the PER.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM N/A

A. *Sewage Treatment:*

1. *Type* _____

2. *Method of Sludge Disposal* _____

3. *Cost per 1,000 gallons if sewage treatment is contracted:*
\$ _____

4. *Date Constructed* _____

B. *Treatment Capacity of Sewage Treatment Plant* _____

C. *Type of Sewage Collector System (Describe)* _____

D. *Number and Capacity of Sewage Lift Stations* _____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ 8" _____
10" _____ 12" _____, Larger _____
Date(s) Constructed _____

F. Conditions of Existing System: Briefly describe the conditions and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

ECWD has 2 WTP's – 2.92 MGD Brownsville WTP which operate 8-16 hrs/day to meet peak demands and the 1 MGD Wax WTP which currently operates 12-23 hrs/day depending on seasonal demands. The sources for both plants (Green River and Nolin Lake) are more than adequate.

If the applicant purchases water:

Seller(s):

1. N/A
2. _____
3. _____

Price/1,000 gallons:

1. _____
2. _____
3. _____

Present Estimated Market Value of Existing System: \$ 27,000,000

B. Water Storage:

Type: Ground Storage Tank 7 Elevated Tank 10
Standpipe 2 Other _____
Number of Storage Structures 19
Total Storage Volume Capacity 4,020,000
Date Storage Tank(s) Constructed 1970-2009

C. Water Distribution System:

Pipe Material AC, PVC (App. 622 mi. total)(incl. projects starting constr. in 2009)
Lineal Feet of Pipe: 3" Diameter 66 mi. 4" 333 mi.
6" 181 mi. 8" 30 mi.
10" 1.4 mi. 12" 8.3 mi. 16" 2.3 mi.
Date(s) Water Lines Constructed 1968 to 2009
Number and Capacity of Pump Station(s) 12 stations with capacities from 100 gpm to 1150 gpm

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

The existing facilities, with proper maintenance, appear to be in good condition and suitable for continued use; the Wax WTP will need to be expanded within five to ten years.

E. Percentage of Water Loss Existing System Approx. 14%

IV. EXISTING LONG - TERM INDEBTEDNESS

Date of Issue	2009 Principal Balance	Payment Date	Bond/Note Holder	Interest Rate	2010 Principal Payment	2010 Interest Payment	2010 Total Payment	2011 Principal Payment	2011 Interest Payment	2011 Total Payment
1994 (A)	\$1,521,000	January	RD	4.50%	\$35,000	\$70,000	\$105,000	\$37,000	\$67,000	\$104,000
1994 (B)	\$238,500	January	RD	4.50%	\$5,500	\$11,600	\$17,100	\$6,000	\$9,300	\$15,300
1994 (C)	\$705,000	January	RD	4.50%	\$15,000	\$32,400	\$47,400	\$16,000	\$31,400	\$47,400
1997	\$504,000	January	RD	4.50%	\$10,000	\$23,200	\$33,200	\$10,500	\$22,700	\$33,200
2001 (A)	\$3,432,500	January	RD	3.25%	\$63,500	\$113,600	\$177,100	\$66,000	\$111,100	\$177,100
2001 (B)	\$253,100	January	RD	4.50%	\$5,500	\$11,000	\$16,500	\$3,900	\$12,600	\$16,500
2003	\$411,000	January	RD	4.38%	\$5,500	\$18,300	\$23,800	\$6,000	\$17,800	\$23,800
Mar-04	\$2,270,500	January	KRWFC	4.00%	\$86,000	\$91,000	\$177,000	\$88,000	\$87,400	\$175,400
Jul-04	\$1,002,500	January	KIA C89-19	3.00%	\$126,000	\$40,700	\$166,700	\$130,000	\$36,800	\$166,800
2007 A	\$1,200,000	July	RD	4.38%	\$13,000	\$52,600	\$65,600	\$13,000	\$52,500	\$65,500
2007 B	\$520,000	July	RD	4.13%	\$6,000	\$21,500	\$27,500	\$6,000	\$21,500	\$27,500
2008 Ref.	\$785,000	December	KRWFC	3.55%	\$52,000	\$28,000	\$80,000	\$55,000	\$26,000	\$81,000
2009	\$1,511,000	January	RD	3.63%	\$0	\$55,000	\$55,000	\$27,100	\$55,000	\$82,100
2009 Hart Co.	\$491,700	January	RD	3.63%	\$0	\$0	\$0	\$6,210	\$18,000	\$24,210
							\$0			\$0
	\$14,845,800				\$423,000	\$568,900	\$991,900	\$470,710	\$569,100	\$1,039,810
Prop. EC Proj.	\$547,000	January	RD	3.63%	\$0	\$0	\$0	\$6,900	\$19,800	\$26,700

(5)

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV Above)

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P&I)</u>	<u>Date to Be Paid In Full</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water	<u>2</u>	<i>Sewer</i>	
Number of Storage Tank Sites	Water	<u>19</u>	<i>Sewer</i>	
Number of Pump Stations:	Water	<u>12</u>	<i>Sewer</i>	
Total Acreage:	Water	<u> </u> Acres	<i>Sewer</i>	<u> </u> Acres
Purchase Price:	Water	<u>\$ 220,000</u>	<i>Sewer</i>	<u>\$</u>

VII. NUMBER OF EXISTING USERS (incl. customers from 2009 and Hart Co. projects)

	Water	<i>Sewer</i>
Residential (In Town) *	_____	_____
Residential (Out of Town) *	<u>9894</u>	_____
Non-Residential (In Town)	<u>1</u>	_____
Non-Residential (Out of Town)	<u>55</u>	_____
Total	<u>9950</u>	_____
Number to Total Potential Users Living in the Service Area	_____	_____

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
<u>5/8" x 3/4"</u>	\$ <u>475</u>	\$
<u>1 - Inch</u>	\$ <u>500</u>	\$

IX. SEWER RATES - EXISTING SYSTEM N/A

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Date This Rate Went Into Effect _____

X. WATER RATES - EXISTING SYSTEM

Existing Rate Schedule:

First	<u>1,500</u>	Gallons @ \$	<u>12.00</u>	Minimum.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
All Over	<u>1,500</u>	Gallons @ \$	<u>4.50</u>	per 1,000 Gallons.
<u>Wholesale to City of Brownsville:</u>			<u>\$2.70</u>	per 1000 gallons.

Date This Rate Went Into Effect April 2009

If More Than One Rate Schedule, Please Include All Schedules.

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD

N/A

For Period _____ to _____.

All Meter

<u>Sizes</u>	<u>Monthly Sewer Usage</u>	<u>Average</u>	<u>Residential</u>		<u>Non-Residential</u>	
			<u>No. of Users</u>	<u>Usage (1000)</u>	<u>No. of Users</u>	<u>Usage (1000)</u>
0 - 2,000	Gallons	1,000	_____	_____	_____	_____
2,000 - 3,000	Gallons	2,500	_____	_____	_____	_____
3,000 - 4,000	Gallons	3,500	_____	_____	_____	_____
4,000 - 5,000	Gallons	4,500	_____	_____	_____	_____
5,000 - 6,000	Gallons	5,500	_____	_____	_____	_____
6,000 - 7,000	Gallons	6,500	_____	_____	_____	_____
7,000 - 8,000	Gallons	7,500	_____	_____	_____	_____
8,000 - 9,000	Gallons	8,500	_____	_____	_____	_____
9,000 - 10,000	Gallons	9,500	_____	_____	_____	_____
10,000 - 11,000	Gallons	10,500	_____	_____	_____	_____
11,000 - 12,000	Gallons	11,500	_____	_____	_____	_____
12,000 - 13,000	Gallons	12,500	_____	_____	_____	_____
13,000 - 14,000	Gallons	13,500	_____	_____	_____	_____
14,000 - 15,000	Gallons	14,500	_____	_____	_____	_____
15,000 - 16,000	Gallons	15,500	_____	_____	_____	_____
16,000 - 17,000	Gallons	16,500	_____	_____	_____	_____
17,000 - 18,000	Gallons	17,500	_____	_____	_____	_____
18,000 - 19,000	Gallons	18,500	_____	_____	_____	_____
19,000 - 20,000	Gallons	19,500	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
_____ - _____	Gallons	_____	_____	_____	_____	_____
		Total	()	()	()	()
		Average Usage		()		()

		Existing Rate Schedule	
Water Rate	Min. (1500 gal.)@	\$11.50	
	Next 6500 gals.@	\$4.35	per 1000
	Next 12000 gals.@	\$4.35	per 1000
	Next 5,000 gals.@	\$4.35	per 1000
	All Over 25,000 gals.@	\$3.45	per 1000
	Wholesale to Brownsville@	\$2.70	per 1000

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - EXISTING USERS - 12 MONTH PERIOD

For Period Jan. 2008 to Dec. 2008

Meter Size	Monthly Water Usage	Average	Average Rate	Residential			Non-Residential			
				No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income	
	0 -	1,500 Gallons	750	\$11.50	3560	2670	\$40,940.00	0	0	\$0.00
	1,500 -	2,000 Gallons	1,750	\$12.59	600	1050	\$7,552.50	0	0	\$0.00
	2,000 -	3,000 Gallons	2,500	\$15.85	1281	3202.5	\$20,303.85	0	0	\$0.00
	3,000 -	4,000 Gallons	3,500	\$20.20	1550	5425	\$31,310.00	1	3.5	\$20.20
	4,000 -	5,000 Gallons	4,500	\$24.55	850	3825	\$20,867.50	15	67.5	\$368.25
	5,000 -	6,000 Gallons	5,500	\$28.90	600	3300	\$17,340.00	1	5.5	\$28.90
	6,000 -	7,000 Gallons	6,500	\$33.25	390	2535	\$12,967.50	0	0	\$0.00
	7,000 -	8,000 Gallons	7,500	\$37.60	245	1837.5	\$9,212.00	0	0	\$0.00
	8,000 -	9,000 Gallons	8,500	\$41.95	162	1377	\$6,795.90	0	0	\$0.00
	9,000 -	10,000 Gallons	9,500	\$46.30	114	1083	\$5,278.20	0	0	\$0.00
5/8	10,000 -	11,000 Gallons	10,500	\$50.65	76	798	\$3,849.40	0	0	\$0.00
x	11,000 -	12,000 Gallons	11,500	\$55.00	50	575	\$2,750.00	4	46	\$220.00
3/4	12,000 -	13,000 Gallons	12,500	\$59.35	39	487.5	\$2,314.65	1	12.5	\$59.35
Inch	13,000 -	14,000 Gallons	13,500	\$63.70	30	405	\$1,911.00	1	13.5	\$63.70
	14,000 -	15,000 Gallons	14,500	\$68.05	18	261	\$1,224.90	5	72.5	\$340.25
	15,000 -	16,000 Gallons	15,500	\$72.40	17	263.5	\$1,230.80	1	15.5	\$72.40
	16,000 -	17,000 Gallons	16,500	\$76.75	15	247.5	\$1,151.25	0	0	\$0.00
	17,000 -	18,000 Gallons	17,500	\$81.10	16	280	\$1,297.60	0	0	\$0.00
	18,000 -	19,000 Gallons	18,500	\$85.45	10	185	\$854.50	0	0	\$0.00
	19,000 -	20,000 Gallons	19,500	\$89.80	18	351	\$1,616.40	0	0	\$0.00
	20,000 -	25,000 Gallons	22,500	\$102.85	15	337.5	\$1,542.75	0	0	\$0.00
	25,000 -	30,000 Gallons	27,500	\$122.35	12	330	\$1,468.20	3	82.5	\$367.05
	30,000 -	40,000 Gallons	35,000	\$148.23	12	420	\$1,778.70	3	105	\$444.68
	40,000 -	50,000 Gallons	44,000	\$179.28	9	396	\$1,613.48	0	0	\$0.00
	50,000 -	75,000 Gallons	60,000	\$234.48	7	420	\$1,641.33	5	300	\$1,172.38
	75,000 -	1,000,000 Gallons	275,000	\$976.23	0	0	\$0.00	14	3850	\$13,667.15
		Sub-Total			9696	32,062	\$198,812.40	54	4574	\$16,824.30
		Average Monthly Rate		\$22.12						
		Average Monthly Usage				3.31			84.70	
4-inch	City of Brownsville	Gallons	3,000,000	\$8,100.00				1	3000	\$8,100.00
		Sub-Total			9696	32,062	\$198,812.40	55	7574	\$24,924.30
		Total monthly Income					\$223,736.70			
		Total yearly Income					\$2,684,840.40			
		Total customers			9751					

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM N/A

A. Sewage Treatment:

1. Type _____

2. Method of Sludge Disposal _____

3. Cost per 1,000 gallons if sewage treatment is contracted:
\$ _____

B. Treatment Capacity of Sewage Treatment Plant _____

C. Type of Sewage Collector System (Describe) _____

D. Number and Capacity of Sewage Lift Stations _____

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size 6" _____ 8" _____
10" _____ 12" _____, Larger _____

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM N/A

Number of Treatment Plant Sites _____

Number of Pump Sites _____

Number of Other Sites _____

Total Acreage _____ *Acres*

Purchase Price \$ _____

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

The water sources will remain the same; the Brownsville WTP has a capacity of 2.92 MGD; the Wax WTP has a capacity of 1.0 MGD. Capacity is adequate to meet seasonal demands.

B. Water Storage:

Type: Ground Storage Tank _____ Elevated Tank _____
Standpipe _____ Other _____

Number of Storage Structures _____

Total Storage Volume Capacity _____

C. Water Distribution System:

Pipe Material PVC _____

Lineal Feet of Pipe: 3" Diameter _____ 4" 27,830 _____

6" _____ 8" _____

10" _____ 12" _____

Number and Capacity of Pump Station(s) _____

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites _____

Number of Pump Sites _____

Number of Other Sites _____

Total Acreage N/A _____ Acres

Purchase Price \$ N/A _____

XVII. NUMBER OF NEW SEWER USERS N/A

<i>Residential (In Town) *</i>	_____
<i>Residential (Out of Town) *</i>	_____
<i>Non-Residential (In Town)</i>	_____
<i>Non-Residential (Out of Town)</i>	_____
<i>Total</i>	_____
<i>Number to Total Potential Users Living in the Service Area</i>	_____

***Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.**

XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	<u>\$</u>
<u>1 - Inch</u>	<u>\$</u>
<u>1-1/2 Inch</u>	<u>\$</u>
<u>2 - Inch</u>	<u>\$</u>
<u>3 - Inch</u>	<u>\$</u>
<u>4 - Inch</u>	<u>\$</u>
<u>5 - Inch</u>	<u>\$</u>
<u>6 - Inch</u>	<u>\$</u>

XIX. NUMBER OF NEW WATER USERS

Residential (In Town) *	_____
Residential (Out of Town) *	<u>22</u>
Non-Residential (In Town)	_____
Non-Residential (Out of Town)	_____
Total	<u>22</u>
Number to Total Potential Users Living in the Service Area	_____

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION:

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	<u>\$ 237.50*</u>
<u>1 - Inch</u>	<u>\$</u>
<u>1-1/2 Inch</u>	<u>\$</u>
<u>2 - Inch</u>	<u>\$</u>
<u>3 - Inch</u>	<u>\$</u>
<u>4 - Inch</u>	<u>\$</u>
<u>5 - Inch</u>	<u>\$</u>
<u>6 - Inch</u>	<u>\$</u>

* regular connection fee is 475.00; fee is reduced to \$237.50 if commitment is made prior to project construction.

XXI. SEWER RATES – PROPOSED N/A

A. Proposed Rate Schedule without RUS Grant:

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Proposed Rate Schedule: (Without RUS Grant)

First	_____	Gallons @ \$	_____	Minimum.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
All Over	_____	Gallons @ \$	_____	per 1,000 Gallons.

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

Percentage of Water Bill _____ % Minimum Charge \$ _____

Other: (If Charge Not Based on Water Bill) _____

Recommended Rate Schedule: (With RUS Grant)

First	_____	Gallons @ \$	_____	Minimum.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
Next	_____	Gallons @ \$	_____	per 1,000 Gallons.
All Over	_____	Gallons @ \$	_____	per 1,000 Gallons.

If more than one rate, use additional sheets.

XXII. WATER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

First	<u>1,500</u>	Gallons @ \$	<u>12.30</u>	Minimum.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
All Over	<u>1,500</u>	Gallons @ \$	<u>4.50</u>	per 1,000 Gallons.
Wholesale to City of Brownsville: @ \$ <u>2.70</u> per 1,000 Gallons.				

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant: w/ 45 % grant of \$450,000

based on total requested RUS funding (% of total project funding)

First	<u>1,500</u>	Gallons @ \$	<u>12.00</u>	Minimum.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
Next	<u> </u>	Gallons @ \$	<u> </u>	per 1,000 Gallons.
All Over	<u>1,500</u>	Gallons @ \$	<u>4.50</u>	per 1,000 Gallons.
Wholesale to City of Brownsville: @ \$ <u>2.70</u> per 1,000 Gallons.				

If more than one rate, use additional sheets.

XXIII. FORECAST OF SEWER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

N/A

<u>Meter Size*</u>	<u>Monthly Sewer Usage</u>	<u>Average Rate</u>	<u>Residential</u>			<u>Non-Residential</u>		
			<u>No. of Users**</u>	<u>Usage (1000)</u>	<u>Income</u>	<u>No. of Users</u>	<u>Usage (1000)</u>	<u>Income</u>
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	- Gallons							
	- Gallons							
	- Gallons							
	Sub-Total		()	()	()	()	()	()
	Average Monthly Rate ()							
	Average Monthly Usage		()			()		

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons						
	-	Gallons						
1-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
1-1/2	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
2-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
3-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
4-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Sub-Total		()	()	()	()	()

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons						
	-	Gallons						
5-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
	-	Gallons						
	-	Gallons						
6-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
		TOTALS		()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXIV. FORECAST OF SEWER USAGE - INCOME - NEW USERS - EXTENSION ONLY

N/A

<i>Meter Size*</i>	<i>Monthly Sewer Usage</i>	<i>Average Rate</i>	<i>Residential</i>			<i>Non-Residential</i>		
			<i>No. of Users**</i>	<i>Usage (1000)</i>	<i>Income</i>	<i>No. of Users</i>	<i>Usage (1000)</i>	<i>Income</i>
	0 - 2,000 Gallons	1,000						
	2,000 - 3,000 Gallons	2,500						
	3,000 - 4,000 Gallons	3,500						
	4,000 - 5,000 Gallons	4,500						
	5,000 - 6,000 Gallons	5,500						
	6,000 - 7,000 Gallons	6,500						
	7,000 - 8,000 Gallons	7,500						
	8,000 - 9,000 Gallons	8,500						
	9,000 - 10,000 Gallons	9,500						
5/8	10,000 - 11,000 Gallons	10,500						
x	11,000 - 12,000 Gallons	11,500						
3/4	12,000 - 13,000 Gallons	12,500						
Inch	13,000 - 14,000 Gallons	13,500						
	14,000 - 15,000 Gallons	14,500						
	15,000 - 16,000 Gallons	15,500						
	16,000 - 17,000 Gallons	16,500						
	17,000 - 18,000 Gallons	17,500						
	18,000 - 19,000 Gallons	18,500						
	19,000 - 20,000 Gallons	19,500						
	- Gallons							
	- Gallons							
	- Gallons							
	Sub-Total		()	()	()	()	()	()
	Average Monthly Rate ()							
	Average Monthly Usage			()			()	

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons						
	-	Gallons						
5-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
	-	Gallons						
	-	Gallons						
6-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()
		TOTALS		()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

Existing Rate Schedule	
Water Rate	Min. (1500 gal.)@ \$11.50
	Next 6500 gals.@ \$4.35 per 1000
	Next 12000 gals.@ \$4.35 per 1000
	Next 5,000 gals.@ \$4.35 per 1000
	All Over 25,000 gals.@ \$3.45 per 1000
	Wholesale to Brownsville@ \$2.70 per 1000

XXV. FORECAST OF WATER USAGE - INCOME - EXISTING USERS(w/2008 USERS & RATES)

Meter Size	Monthly Water Usage	Average	Average Rate	Residential			Non-Residential		
				No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 1,500 Gallons	750	\$11.50	3560	2670	\$40,940.00	0	0	\$0.00
	1,500 - 2,000 Gallons	1,750	\$12.59	600	1050	\$7,552.50	0	0	\$0.00
	2,000 - 3,000 Gallons	2,500	\$15.85	1281	3202.5	\$20,303.85	0	0	\$0.00
	3,000 - 4,000 Gallons	3,500	\$20.20	1550	5425	\$31,310.00	1	3.5	\$20.20
	4,000 - 5,000 Gallons	4,500	\$24.55	850	3825	\$20,867.50	15	67.5	\$368.25
	5,000 - 6,000 Gallons	5,500	\$28.90	600	3300	\$17,340.00	1	5.5	\$28.90
	6,000 - 7,000 Gallons	6,500	\$33.25	390	2535	\$12,967.50	0	0	\$0.00
	7,000 - 8,000 Gallons	7,500	\$37.60	245	1837.5	\$9,212.00	0	0	\$0.00
	8,000 - 9,000 Gallons	8,500	\$41.95	162	1377	\$6,795.90	0	0	\$0.00
	9,000 - 10,000 Gallons	9,500	\$46.30	114	1083	\$5,278.20	0	0	\$0.00
5/8	10,000 - 11,000 Gallons	10,500	\$50.65	76	798	\$3,849.40	0	0	\$0.00
x	11,000 - 12,000 Gallons	11,500	\$55.00	50	575	\$2,750.00	4	46	\$220.00
3/4	12,000 - 13,000 Gallons	12,500	\$59.35	39	487.5	\$2,314.65	1	12.5	\$59.35
Inch	13,000 - 14,000 Gallons	13,500	\$63.70	30	405	\$1,911.00	1	13.5	\$63.70
	14,000 - 15,000 Gallons	14,500	\$68.05	18	261	\$1,224.90	5	72.5	\$340.25
	15,000 - 16,000 Gallons	15,500	\$72.40	17	263.5	\$1,230.80	1	15.5	\$72.40
	16,000 - 17,000 Gallons	16,500	\$76.75	15	247.5	\$1,151.25	0	0	\$0.00
	17,000 - 18,000 Gallons	17,500	\$81.10	16	280	\$1,297.60	0	0	\$0.00
	18,000 - 19,000 Gallons	18,500	\$85.45	10	185	\$854.50	0	0	\$0.00
	19,000 - 20,000 Gallons	19,500	\$89.80	18	351	\$1,616.40	0	0	\$0.00
	20,000 - 25,000 Gallons	22,500	\$102.85	15	337.5	\$1,542.75	0	0	\$0.00
	25,000 - 30,000 Gallons	27,500	\$122.35	12	330	\$1,468.20	3	82.5	\$367.05
	30,000 - 40,000 Gallons	35,000	\$148.23	12	420	\$1,778.70	3	105	\$444.68
	40,000 - 50,000 Gallons	44,000	\$179.28	9	396	\$1,613.48	0	0	\$0.00
	50,000 - 75,000 Gallons	60,000	\$234.48	7	420	\$1,641.33	5	300	\$1,172.38
	75,000 - 1,000,000 Gallons	275,000	\$976.23	0	0	\$0.00	14	3850	\$13,667.15
	Sub-Total			9696	32,062	\$198,812.40	54	4574	\$16,824.30
	Average Monthly Rate		\$22.12						
	Average Monthly Usage				3.31			84.70	
4-inch	City of Brownsville	Gallons	3,000,000	\$8,100.00			1	3000	\$8,100.00
	Sub-Total			9696	32,062	\$198,812.40	55	7574	\$24,924.30
	Total monthly Income					\$223,736.70			
	Total yearly Income					\$2,684,840.40			
	Total customers			9751					

	Existing Approved Rate Schedule(went into effect in April 2009)		
Water Rate	Min. (1500 gal.)@	\$12.00	
	Next 6500 gals.@	\$4.50	per 1000
	Next 12000 gals.@	\$4.50	per 1000
	Next 5,000 gals.@	\$4.50	per 1000
	All Over 25,000 gals.@	\$4.50	per 1000
	Wholesale to Brownsville@	\$2.70	per 1000

**XXV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS
(2008 USERS PLUS PROJECTS UNDER CONSTR. & PROPOSED HART CO. PROJECT)**

Meter Size	Monthly Water Usage	Average	Average Rate	No. of Users	Residential		Non-Residential		
					Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0 - 1,500 Gallons	750	\$12.00	3560	2670	\$42,720.00	0	0	\$0.00
	1,500 - 2,000 Gallons	1,750	\$13.13	600	1050	\$7,875.00	0	0	\$0.00
	2,000 - 3,000 Gallons	2,500	\$16.50	1330	3325	\$21,945.00	0	0	\$0.00
	3,000 - 4,000 Gallons	3,500	\$21.00	1693	5925.5	\$35,553.00	1	3.5	\$21.00
	4,000 - 5,000 Gallons	4,500	\$25.50	855	3847.5	\$21,802.50	15	67.5	\$382.50
	5,000 - 6,000 Gallons	5,500	\$30.00	602	3311	\$18,060.00	1	5.5	\$30.00
	6,000 - 7,000 Gallons	6,500	\$34.50	390	2535	\$13,455.00	0	0	\$0.00
	7,000 - 8,000 Gallons	7,500	\$39.00	245	1837.5	\$9,555.00	0	0	\$0.00
	8,000 - 9,000 Gallons	8,500	\$43.50	162	1377	\$7,047.00	0	0	\$0.00
	9,000 - 10,000 Gallons	9,500	\$48.00	114	1083	\$5,472.00	0	0	\$0.00
5/8	10,000 - 11,000 Gallons	10,500	\$52.50	76	798	\$3,990.00	0	0	\$0.00
x	11,000 - 12,000 Gallons	11,500	\$57.00	50	575	\$2,850.00	4	46	\$228.00
3/4	12,000 - 13,000 Gallons	12,500	\$61.50	39	487.5	\$2,398.50	1	12.5	\$61.50
Inch	13,000 - 14,000 Gallons	13,500	\$66.00	30	405	\$1,980.00	1	13.5	\$66.00
	14,000 - 15,000 Gallons	14,500	\$70.50	18	261	\$1,269.00	5	72.5	\$352.50
	15,000 - 16,000 Gallons	15,500	\$75.00	17	263.5	\$1,275.00	1	15.5	\$75.00
	16,000 - 17,000 Gallons	16,500	\$79.50	15	247.5	\$1,192.50	0	0	\$0.00
	17,000 - 18,000 Gallons	17,500	\$84.00	16	280	\$1,344.00	0	0	\$0.00
	18,000 - 19,000 Gallons	18,500	\$88.50	10	185	\$885.00	0	0	\$0.00
	19,000 - 20,000 Gallons	19,500	\$93.00	18	351	\$1,674.00	0	0	\$0.00
	20,000 - 25,000 Gallons	22,500	\$106.50	15	337.5	\$1,597.50	0	0	\$0.00
	25,000 - 30,000 Gallons	27,500	\$129.00	12	330	\$1,548.00	3	82.5	\$387.00
	30,000 - 40,000 Gallons	35,000	\$162.75	12	420	\$1,953.00	3	105	\$488.25
	40,000 - 50,000 Gallons	44,000	\$203.25	9	396	\$1,829.25	0	0	\$0.00
	50,000 - 75,000 Gallons	60,000	\$275.25	7	420	\$1,926.75	5	300	\$1,376.25
	75,000 - 1,000,000 Gallons	275,000	\$1,242.75	0	0	\$0.00	14	3850	\$17,398.50
	Sub-Total			9895	32,719	\$211,197.00	54	4574	\$20,866.50
	Average Monthly Rate		\$23.33						
	Average Monthly Usage				3.31			84.70	
4-inch	City of Brownsville	Gallons	3,000,000	\$8,100.00			1	3000	\$8,100.00
	Sub-Total			9895	32,719	\$211,197.00	55	7574	\$28,966.50
	Total monthly Income					\$240,163.50			
	Total yearly Income					\$2,881,962.00			
	Total customers			9950					

Existing Approved Rate Schedule(went into effect in April 2009)	
Water Rate	Min. (1500 gal.)@ \$12.00
	Next 6500 gals.@ \$4.50 per 1000
	Next 12000 gals.@ \$4.50 per 1000
	Next 5,000 gals.@ \$4.50 per 1000
	All Over 25,000 gals.@ \$4.50 per 1000
	Wholesale to Brownsville@ \$2.70 per 1000

**XXV. FORECAST OF WATER USAGE - INCOME - EXISTING & NEW SYSTEM - EXISTING & NEW USERS
(2008 USERS PLUS ALL PROJECTS UNDER CONSTR. & PROPOSED PROJECTS)**

Meter Size	Monthly Water Usage	Average	Average Rate	No. of Users	Residential		Non-Residential			
					Usage (1000)	Income	No. of Users	Usage (1000)	Income	
	0 -	1,500 Gallons	750	\$12.00	3560	2670	\$42,720.00	0	0	\$0.00
	1,500 -	2,000 Gallons	1,750	\$13.13	600	1050	\$7,875.00	0	0	\$0.00
	2,000 -	3,000 Gallons	2,500	\$16.50	1330	3325	\$21,945.00	0	0	\$0.00
	3,000 -	4,000 Gallons	3,500	\$21.00	1715	6002.5	\$36,015.00	1	3.5	\$21.00
	4,000 -	5,000 Gallons	4,500	\$25.50	855	3847.5	\$21,802.50	15	67.5	\$382.50
	5,000 -	6,000 Gallons	5,500	\$30.00	602	3311	\$18,060.00	1	5.5	\$30.00
	6,000 -	7,000 Gallons	6,500	\$34.50	390	2535	\$13,455.00	0	0	\$0.00
	7,000 -	8,000 Gallons	7,500	\$39.00	245	1837.5	\$9,555.00	0	0	\$0.00
	8,000 -	9,000 Gallons	8,500	\$43.50	162	1377	\$7,047.00	0	0	\$0.00
	9,000 -	10,000 Gallons	9,500	\$48.00	114	1083	\$5,472.00	0	0	\$0.00
5/8	10,000 -	11,000 Gallons	10,500	\$52.50	76	798	\$3,990.00	0	0	\$0.00
x	11,000 -	12,000 Gallons	11,500	\$57.00	50	575	\$2,850.00	4	46	\$228.00
3/4	12,000 -	13,000 Gallons	12,500	\$61.50	39	487.5	\$2,398.50	1	12.5	\$61.50
Inch	13,000 -	14,000 Gallons	13,500	\$66.00	30	405	\$1,980.00	1	13.5	\$66.00
	14,000 -	15,000 Gallons	14,500	\$70.50	18	261	\$1,269.00	5	72.5	\$352.50
	15,000 -	16,000 Gallons	15,500	\$75.00	17	263.5	\$1,275.00	1	15.5	\$75.00
	16,000 -	17,000 Gallons	16,500	\$79.50	15	247.5	\$1,192.50	0	0	\$0.00
	17,000 -	18,000 Gallons	17,500	\$84.00	16	280	\$1,344.00	0	0	\$0.00
	18,000 -	19,000 Gallons	18,500	\$88.50	10	185	\$885.00	0	0	\$0.00
	19,000 -	20,000 Gallons	19,500	\$93.00	18	351	\$1,674.00	0	0	\$0.00
	20,000 -	25,000 Gallons	22,500	\$106.50	15	337.5	\$1,597.50	0	0	\$0.00
	25,000 -	30,000 Gallons	27,500	\$129.00	12	330	\$1,548.00	3	82.5	\$387.00
	30,000 -	40,000 Gallons	35,000	\$162.75	12	420	\$1,953.00	3	105	\$488.25
	40,000 -	50,000 Gallons	44,000	\$203.25	9	396	\$1,829.25	0	0	\$0.00
	50,000 -	75,000 Gallons	60,000	\$275.25	7	420	\$1,926.75	5	300	\$1,376.25
	75,000 -	1,000,000 Gallons	275,000	\$1,242.75	0	0	\$0.00	14	3850	\$17,398.50
		Sub-Total			9917	32,796	\$211,659.00	54	4574	\$20,866.50
		Average Monthly Rate		\$23.32						
		Average Monthly Usage				3.31			84.70	
4-inch	City of Brownsville	Gallons	3,000,000	\$8,100.00				1	3000	\$8,100.00
		Sub-Total			9917	32,796	\$211,659.00	55	7574	\$28,966.50
		Total monthly Income					\$240,625.50			
		Total yearly Income					\$2,887,506.00			
		Total customers			9972					

	-	Gallons						
	-	Gallons						
1-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
1-1/2	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
2-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
3-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
4-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
5-	-	Gallons	_____	_____	_____	_____	_____	_____
Inch	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
		Sub-Total		() () ()	() () ()	() () ()	() () ()	() () ()
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
6-	-	Gallons	_____	_____	_____	_____	_____	_____
Inch	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
		Sub-Total		() () ()	() () ()	() () ()	() () ()	() () ()
		TOTALS		() () ()	() () ()	() () ()	() () ()	() () ()

MULTI-FAMILY AND APARTMENT USER ANALYSIS N/A

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different water rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

		Existing Rate Schedule	
Water Rate	Min. (1500 gal.)@	\$12.00	
	Next 6500 gals.@	\$4.50	per 1000
	Next 12000 gals.@	\$4.50	per 1000
	Next 5,000 gals.@	\$4.50	per 1000
	All Over 25,000 gals.@	\$4.50	per 1000
	Wholesale to Brownsville@	\$2.70	per 1000

XXV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS(2008)

Meter Size	Monthly Water Usage	Average	Average Rate	Residential			Non-Residential			
				No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income	
	0 -	1,500 Gallons	750	\$12.00	0	0	\$0.00	0	0	\$0.00
	1,500 -	2,000 Gallons	1,750	\$13.13	0	0	\$0.00	0	0	\$0.00
	2,000 -	3,000 Gallons	2,500	\$16.50	0	0	\$0.00	0	0	\$0.00
	3,000 -	4,000 Gallons	3,500	\$21.00	22	77	\$462.00	0	0	\$0.00
	4,000 -	5,000 Gallons	4,500	\$25.50	0	0	\$0.00	0	0	\$0.00
	5,000 -	6,000 Gallons	5,500	\$30.00	0	0	\$0.00	0	0	\$0.00
	6,000 -	7,000 Gallons	6,500	\$34.50	0	0	\$0.00	0	0	\$0.00
	7,000 -	8,000 Gallons	7,500	\$39.00	0	0	\$0.00	0	0	\$0.00
	8,000 -	9,000 Gallons	8,500	\$43.50	0	0	\$0.00	0	0	\$0.00
	9,000 -	10,000 Gallons	9,500	\$48.00	0	0	\$0.00	0	0	\$0.00
5/8	10,000 -	11,000 Gallons	10,500	\$52.50	0	0	\$0.00	0	0	\$0.00
x	11,000 -	12,000 Gallons	11,500	\$57.00	0	0	\$0.00	0	0	\$0.00
3/4	12,000 -	13,000 Gallons	12,500	\$61.50	0	0	\$0.00	0	0	\$0.00
Inch	13,000 -	14,000 Gallons	13,500	\$66.00	0	0	\$0.00	0	0	\$0.00
	14,000 -	15,000 Gallons	14,500	\$70.50	0	0	\$0.00	0	0	\$0.00
	15,000 -	16,000 Gallons	15,500	\$75.00	0	0	\$0.00	0	0	\$0.00
	16,000 -	17,000 Gallons	16,500	\$79.50	0	0	\$0.00	0	0	\$0.00
	17,000 -	18,000 Gallons	17,500	\$84.00	0	0	\$0.00	0	0	\$0.00
	18,000 -	19,000 Gallons	18,500	\$88.50	0	0	\$0.00	0	0	\$0.00
	19,000 -	20,000 Gallons	19,500	\$93.00	0	0	\$0.00	0	0	\$0.00
	20,000 -	25,000 Gallons	22,500	\$106.50	0	0	\$0.00	0	0	\$0.00
	25,000 -	30,000 Gallons	27,500	\$129.00	0	0	\$0.00	0	0	\$0.00
	30,000 -	40,000 Gallons	35,000	\$162.75	0	0	\$0.00	0	0	\$0.00
	40,000 -	50,000 Gallons	44,000	\$203.25	0	0	\$0.00	0	0	\$0.00
	50,000 -	75,000 Gallons	60,000	\$275.25	0	0	\$0.00	0	0	\$0.00
	75,000 -	1,000,000 Gallons	275,000	\$1,242.75	0	0	\$0.00	0	0	\$0.00
		Sub-Total			22	77	\$462.00	0	0	\$0.00
		Average Monthly Rate		\$21.00						
		Average Monthly Usage				3.50			#DIV/0!	
4-inch	City of Brownsville	Gallons	3,000,000	\$8,100.00				0	0	\$0.00
		Sub-Total			22	77	\$462.00	0	0	\$0.00
		Total monthly income					\$462.00			
		Total yearly income					\$5,544.00			
		Total customers			22					

	-	Gallons						
	-	Gallons						
1-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
1-1/2	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
2-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
3-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

	-	Gallons						
	-	Gallons						
4-	-	Gallons						
Inch	-	Gallons						
	-	Gallons						
	-	Gallons						
	-	Gallons						
		Sub-Total		()	()	()	()	()

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
5-	-	Gallons	_____	_____	_____	_____	_____	_____
Inch	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
		Sub-Total		()	()	()	()	()
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
6-	-	Gallons	_____	_____	_____	_____	_____	_____
Inch	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
	-	Gallons	_____	_____	_____	_____	_____	_____
		Sub-Total		()	()	()	()	()
		TOTALS		()	()	()	()	()

MULTI-FAMILY AND APARTMENT USER ANALYSIS

If billed as a typical user, the information should be included in the residential information above. If not billed as a typical residential user, please explain below.

<u>Name of Unit</u>	<u>Number of Units</u>	<u>Number of Meters</u>	<u>Revenue Calculations</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* Breakdown of meter size usage is not required unless different sewer rates are charged based on size of water meter.

** Number of users should reflect the actual number of "meter settings".

XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM) N/A
(As of the last full operating year.)

A. Operating Income:

<i>Sewer Revenue</i>	\$ _____
<i>Late Charge Fees</i>	_____
<i>Other (Describe)</i>	_____
<i>Less Allowances and Deductions</i>	(_____)
<i>Total Operating Income</i>	\$ _____

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

<i>Operation Expense</i>	\$ _____
<i>Maintenance Expense</i>	_____
<i>Customer Accounts Expense</i>	_____
<i>Administrative and General Expense</i>	_____
<i>Total Operating and Maintenance Expenses</i>	\$ _____
<i>Net Operating Income</i>	\$ _____

C. Non-Operating Income:

<i>Interest on Deposits</i>	\$ _____
<i>Other (Identify)</i>	_____
<i>Total Non-Operating Income</i>	\$ _____

D. Net Income \$ _____

E. Debt Repayment:

<i>RUS Interest</i>	\$ _____
<i>RUS Principal</i>	_____
<i>Non-RUS Interest</i>	_____
<i>Non-RUS Principal</i>	_____
<i>Total Debt Repayment</i>	\$ _____

F. Balance Available for Coverage \$ _____

XXVIII. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - EXISTING SYSTEM
AND NEW USERS (1st Full Year of Operation) Year Ending _____

N/A

A. Operating Income:

Sewer Revenue \$ _____
Late Charge Fees _____
Other (Describe) _____
Less Allowances and Deductions (_____)
Total Operating Income \$ _____

B. Operation and Maintenance Expenses:

*(Based on Uniform System of Accounts prescribed by National Association of
Regulatory Utility Commissioners)*

Operation Expense \$ _____
Maintenance Expense _____
Customer Accounts Expense _____
Administrative and General Expense _____
Total Operating and Maintenance Expenses \$ _____
Net Operating Income \$ _____

C. Non-Operating Income:

Interest on Deposits \$ _____
Other (Identify) _____
Total Non-Operating Income \$ _____

D. Net Income \$ _____

E. Debt Repayment:

RUS Interest \$ _____
RUS Principal _____
Non-RUS Interest _____
Non-RUS Principal _____
Total Debt Repayment \$ _____

F. Balance Available for Coverage \$ _____

XXIX. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - NEW USERS - N/A
EXTENSION ONLY (1st Full Year of Operation) Year Ending _____

A. Operating Income:

Sewer Revenue \$ _____
Late Charge Fees _____
Other (Describe) _____
Less Allowances and Deductions (_____)
Total Operating Income \$ _____

B. Operation and Maintenance Expenses:

*(Based on Uniform System of Accounts prescribed by National Association of
Regulatory Utility Commissioners)*

Operation Expense \$ _____
Maintenance Expense _____
Customer Accounts Expense _____
Administrative and General Expense _____
Total Operating and Maintenance Expenses \$ _____
Net Operating Income \$ _____

C. Non-Operating Income:

Interest on Deposits \$ _____
Other (Identify) _____
Total Non-Operating Income \$ _____

D. Net Income \$ _____

E. Debt Repayment:

RUS Interest \$ _____
RUS Principal _____
Non-RUS Interest _____
Non-RUS Principal _____
Total Debt Repayment \$ _____

F. Balance Available for Coverage \$ _____

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)
 (As of the last full operating year.) Based on 2008 Audit Report

A. Operating Income:

Water Sales	\$ <u>2,693,000</u>
Disconnect/Reconnect/Late Charge Fees	<u>60,000</u>
Other (Describe)-Service Fees	<u>33,000</u>
Less Allowances and Deductions - Taxes	(<u>61,000</u>)
Total Operating Income	\$ <u>2,725,000</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$ <u>2,000</u>
Pumping Expense	<u> </u>
Water Treatment Expense	<u>490,000</u>
Transmission and Distribution Expense	<u>445,000</u>
Customer Accounts Expense	<u>304,000</u>
Administrative and General Expense	<u>305,000</u>
Total Operating Expenses	\$ <u>1,546,000</u>
Net Operating Income	\$ <u>1,179,000</u>

C. Non-Operating Income:

Interest on Deposits	\$ <u>150,000</u>
Other (Identify)	<u> </u>
Total Non-Operating Income	\$ <u>150,000</u>

D. Net Income \$ 1,329,000

E. Debt Repayment:

RUS Interest	\$ <u>362,610</u>
RUS Principal	<u>128,400</u>
Non-RUS Interest	<u>188,800</u>
Non-RUS Principal	<u>242,000</u>
Total Debt Repayment	\$ <u>921,810</u>

F. Balance Available for Coverage \$ 407,190

XXXI. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - EXISTING SYSTEM AND NEW USERS (1st Full Year of Operation) Year Ending 2011

A. Operating Income: *(2009 rates with ex., current and proposed project customers)*

Water Sales	\$	<u>2,887,000</u>
Disconnect/Reconnect/Late Charge Fees		<u>60,000</u>
Other (Describe) – Installation Fees		<u>33,000</u>
Less Allowances and Deductions - Taxes	(<u>70,000</u>)
Total Operating Income	\$	<u>2,910,000</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$	<u>2,000</u>
Pumping Expense		<u> </u>
Water Treatment Expense		<u>550,000</u>
Transmission and Distribution Expense		<u>501,000</u>
Customer Accounts Expense		<u>342,000</u>
Administrative and General Expense		<u>343,000</u>
Total Operating Expenses	\$	<u>1,738,000</u>
Net Operating Income	\$	<u>1,172,000</u>

C. Non-Operating Income:

Interest on Deposits	\$	<u>100,000</u>
Other (Identify)		<u> </u>
Total Non-Operating Income	\$	<u>100,000</u>

D. Net Income \$ 1,272,000

E. Debt Repayment: *(Note: includes RUS payment on assumed loan for proposed*

<i>project)</i>	<u>No RUS Grant</u>	<u>W/RUS Grant</u>
RUS Interest	\$ <u>454,900</u>	\$ <u>438,700</u>
RUS Principal	\$ <u>197,700</u>	\$ <u>197,700</u>
Non-RUS Interest	\$ <u>150,200</u>	\$ <u>150,200</u>
Non-RUS Principal	\$ <u>273,000</u>	\$ <u>273,000</u>
Total Debt Repayment	\$ <u>1,075,800</u>	\$ <u>1,059,600</u>

F. Balance Available for Coverage \$ 196,200 \$ 212,400

XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS -
EXTENSION ONLY (1st Full Year of Operation) Year Ending 2011

A. Operating Income:

Water Sales	\$	<u>5,544</u>
Disconnect/Reconnect/Late Charge Fees		<u> </u>
Other (Describe)		<u> </u>
Less Allowances and Deductions	(<u> </u>)
Total Operating Income	\$	<u>5,544</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	\$	<u> </u>
Pumping Expense		<u> </u>
Water Treatment Expense		<u>1,200</u>
Transmission and Distribution Expense		<u>350</u>
Customer Accounts Expense		<u>200</u>
Administrative and General Expense		<u>200</u>
Total Operating Expenses	\$	<u>1,950</u>
Net Operating Income	\$	<u>3,594</u>

C. Non-Operating Income:

Interest on Deposits	\$	<u> </u>
Other (Identify)		<u> </u>
Total Non-Operating Income	\$	<u> </u>

D. Net Income

\$ 3,594

E. Debt Repayment:

	<u>No RUS Grant</u>	<u>W/RUS Grant</u>
RUS Interest	\$ <u>36,033</u>	\$ <u>19,830</u>
RUS Principal	\$ <u>12,554</u>	\$ <u>6,907</u>
Non-RUS Interest		<u> </u>
Non-RUS Principal		<u> </u>
Total Debt Repayment	\$ <u>48,587</u>	\$ <u>26,737</u>

F. Balance Available for Coverage

\$ (-44,993) \$ (-23,143)

XXXIII. ESTIMATED PROJECT COST – SEWER N/A
(Round to nearest \$100)

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	_____	_____	_____
<i>Land and Rights</i>	_____	_____	_____
<i>Legal</i>	_____	_____	_____
<i>Engineering</i>	_____	_____	_____
<i>Interest</i>	_____	_____	_____
<i>Contingencies</i>	_____	_____	_____
<i>Initial Operating and Maintenance</i>	_____	_____	_____
<i>Other</i>	_____	_____	_____
TOTAL	_____	_____	_____

XXXIV. PROPOSED PROJECT FUNDING – SEWER N/A

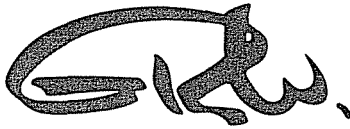
	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>	_____	_____	_____
<i>Other - Applicant Contribution</i>	_____	_____	_____
<i>RUS Loan</i>	_____	_____	_____
<i>RUS Grant</i>	_____	_____	_____
<i>ARC Grant (If applicable)</i>	_____	_____	_____
<i>CDBG (If applicable)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____
<i>Other (Specify)</i>	_____	_____	_____

XXXV. ESTIMATED PROJECT COST - WATER

Development	\$ <u>769,300</u>
Land and Rights	<u>1,500</u>
Legal and Administrative	<u>17,500</u>
Engineering	<u>133,500</u>
Interest	<u>9,000</u>
Contingencies	<u>68,200</u>
Initial Operating and Maintenance	<u> </u>
Other – Geotechnical & Environmental Surveys (if required)	<u> </u>
TOTAL	\$ <u>999,000</u>

XXXVI. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	\$ <u>5,000</u>
Other Applicant Contribution	<u> </u>
RUS Loan	<u>547,000</u>
RUS Grant	<u>447,000</u>
ARC Grant (If applicable)	<u> </u>
CDBG (If applicable)	<u> </u>
Other (Specify) KIA (KY State Legislature)	<u> </u>
Other (Specify)	<u> </u>
TOTAL	\$ <u>999,000</u>



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 Nashville, TN 37217
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 Fax 615 / 366-0406

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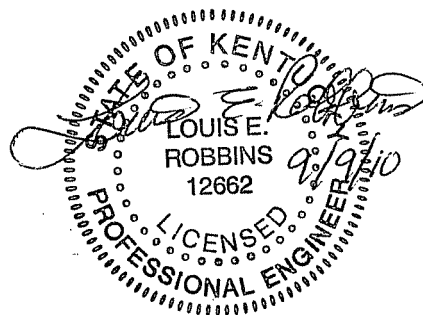
Arlington, TX
 Chattanooga, TN
 Cincinnati, OH
 Columbus, OH
 Indianapolis, IN
 Knoxville, TN
 Lexington, KY
 Louisville, KY

GRW Engineers, Inc.

FINAL ENGINEERING REPORT
EDMONSON COUNTY WATER DISTRICT
EDMONSON COUNTY PROJECT
SEPTEMBER 2010

Total Construction - Bids Received 8/31/10:	\$483,614
Water Lines: \$269,214.10	
Tank Repainting: \$214,400.00	
Equipment Purchases:	\$190,000
Interior Tank Painting Contingencies:	\$126,710
Land & Rights:	\$500
Legal & Administrative:	\$22,000
Advertising, etc.: \$1,500	
Bond Counsel: \$15,000	
Local Counsel: \$5,500	
Engineering:	\$112,218
Preliminary Engineering: \$4,000	
Easement/Property Owners Identification: \$4,000	
PSC Related: \$4,000	
Hydraulic Analysis Update: \$3,000	
Design: \$50,151	
Inspection: \$36,271	
ARRA Requirements @ 1%: \$4,836	
Abandoned Design (R. Kelly Road): \$5,960	
Interest During Construction:	\$15,000
Contingencies:	<u>\$49,958</u>
TOTAL PROJECT COSTS:	\$1,000,000

Financing:	
RUS Loan:	\$700,000
RUS Grant:	\$295,000
Applicant Contribution:	<u>\$5,000</u>
TOTAL:	\$1,000,000





United States Department of Agriculture
Rural Development
Kentucky State Office

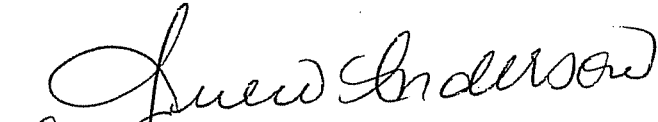
September 20, 2010

SUBJECT: Edmonson County Water District
ARRA- Edmonson County Water Lines
Contract Award Concurrence

TO: Area Office
Bowling Green, 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 1, Salmon Construction, Inc., in the amount of \$269,214.10, and the low bidder on Contract 2, Preferred Sandblasting and Painting, LLC, in the amount of \$214,400.00.

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


THOMAS G. FERN
State Director
Rural Development

cc: GRW
Nashville, Tennessee

~~Ogden, Newell and Welch~~
Louisville, Kentucky

771 Corporate Drive • Suite 200 • Lexington, KY 40503
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(Ed Co Project)

United States Department of Agriculture
Rural Development
Kentucky State Office

September 18, 2009

Mr. Jimmy Mills, Chairman
Edmonson County Water District
PO Box 208
Brownsville, Kentucky 42210

Dear Mr. Mills:

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 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 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 \$700,000; a RUS grant not to exceed \$295,000; and an applicant cash contribution in the amount of \$5,000 from connection fees.

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 210 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:

1. Number of Users and Their Contribution:

There shall be 58 sewer users and 9,917 water users, of which 9,895 are existing users and 22 are new users contributing \$5,000 in connection fees toward the cost of the project. The connection

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1400 Independence Avenue, SW, Washington, DC 20250-9
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids.

2. 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.

3. Drug-Free Work Place:

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

4. 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 a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

5. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

6. Reserve Accounts:

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

The District will be required to deposit \$245 per month into a "Funded Debt Reserve Account" until the account reaches \$29,400. The deposits are to be resumed any time the account falls below the \$29,400.

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 resolutions.

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 \$1,000 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 water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan. ✓

7. Security Requirements:

A combined pledge of gross water and sewer revenues will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

8. Land Rights and Real Property:

The 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.

9. Organization:

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

10. Business Operations:

The 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 District after review by Rural Development. At no later than loan pre-closing, the 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, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

The District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) /statistical and financial reports, in accordance with subsection 1780.47 of RUS Instruction 1780.

The enclosed audit booklet will be used as a guide for preparation of audits. The 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.

The District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts.

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

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

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 District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The 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 \$655,000.
- D. Real Property Insurance - The 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 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 District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. 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 "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 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 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.

15. 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.

16. 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 District.

17. Compliance with Special Laws and Regulations:

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

18. Treatment Plant and System Operator:

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

19. Prior to Pre-Closing the Loan, the 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."

20. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the 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 District will apply for and accept such loan in sufficient amount to repay the Government.

21. Commercial Interim Financing:

The 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 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.

22. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the 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.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the 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 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 District.

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

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

23. 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 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.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 769,300
Land and Rights	1,500
Legal and Administrative	17,500
Engineering	133,500
Interest	9,000
Contingencies	<u>69,200</u>
TOTAL	\$ 1,000,000

Financing:

RUS Loan	\$ 700,000
RUS Grant	295,000
Connection Fees	<u>5,000</u>
TOTAL	\$ 1,000,000

25. Use of Remaining Project Funds:

The connection fees shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

26. 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.

27. Rates and Charges:

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

Water rates will be at least:

First	1,500 gallons @ \$	12.00. - Minimum Bill.
All Over	1,500 gallons @ \$	4.50. - per 1,000 gallons.

Wholesale rates shall be in accordance with existing contracts and agreements.

Sewer rates will be at least:

First	1,500	gallons @ \$	9.85. - Minimum Bill.
Next	6,500	gallons @ \$	4.25. - per 1,000 gallons.
Next	12,000	gallons @ \$	3.90. - per 1,000 gallons.
All Over	20,000	gallons @ \$	2.90. - per 1,000 gallons.

(existing rates as approved by PSC)

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 District will be required to pass and adopt a Resolution or amend its By-Laws whereby the District will deny any water or sewer 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 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. Water Withdrawal Permit:

The District will be required to obtain satisfactory evidence that a revised water withdrawal permit has been secured from the Division of Water. The permit must be obtained prior to the commencement of construction on the water project.

31. Division of Water (DOW) Health & Sanitary Certification:

The Median Household Income (MHI) for the District's service area qualifies this project for the poverty interest rate. A certification from the Division of Water stating this project will remove a health or sanitary problem will be required. This certification must be obtained prior to loan pre-closing.

32. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated May 13, 2009, from Ms. Lee Nalley.
- 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 25, 2009, 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 effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility

line construction.

- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

33. **American Recovery and Reinvestment Act of 2009 ("Recovery Act").**

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:

- A. **Certifications.** With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- B. **Reports on Use of Funds.** Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.
- C. **Buy American.** Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.
- D. **Wage Rate Requirements.** Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

Compliance with the conditions in this section is required for financing under the Recovery Act. However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

34. 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,



VERNON C. BROWN
Acting State Director

Enclosures

cc: Area Director - Columbia, Kentucky
Barren River ADD - Bowling Green, Kentucky
Robert Meredith - Leitchfield, Kentucky
William Davis - Louisville, Kentucky
GRW Engineers - Nashville, Tennessee
Area Manager - Bowling Green, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

May 26, 2010

Stoll Keenon Ogden PLLC
Attn: William W. Davis
1700 PNC Plaza
500 West Jefferson Street
Louisville, Kentucky 40202-2874

Re: Edmonson County Water District
\$700,000 Bond Issue

Dear Mr. Davis:

We are enclosing the Maturity Schedule for the referenced Bond Issue. The required deposits to the Funded Depreciation Reserve Account are \$245 per month with a required level of \$29,400. The Rural Development loan of \$700,000 was approved at an interest rate of 2.625%.

We are attempting to obtain the Regional Attorney's Closing Instructions at an earlier date in an effort to avoid delays in scheduling bond sales and pre-closing. Hopefully, you will be able to draft the bond authorizing documents at such a time to coincide with the Advertisement for Construction Bids. We plan to request Closing Instructions at the same time we authorize the District to advertise for construction bids.

Please provide this office with one copy of the proposed documents and forward one copy to the Rural Development Area Office.

Please let us know if you have any questions.

Sincerely,


THOMAS G. FERN
State Director

Enclosure

cc: Area Director - Columbia, Kentucky
Area Manager - Bowling Green, Kentucky
GRW Engineers - Nashville, Tennessee

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7344 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

REPORT

BOND SCHEDULE, 5/26/2010

Name of Borrower: Edmonson Co. Water District			
Amount of Loan	700000	Annual Interest Rate	0.02625
Number of Initial Interest Only Payments	2	Number of principal and/or Interest Payments	40
Payment Frequency	Annual	This is a split payment bond.	false
Principal Payment Units	500	Interest Payment Units	1

YEAR	PERIOD	NUMBER	PAYMENT	INTEREST	PRINCIPAL	BALANCE
2011	1	1	18375	18375	0	700000
2012	1	2	18375	18375	0	700000
2013	1	3	29375	18375	11000	689000
2014	1	4	29087	18087	11000	678000
2015	1	5	29298	17798	11500	666500
2016	1	6	29496	17496	12000	654500
2017	1	7	29181	17181	12000	642500
2018	1	8	29366	16866	12500	630000
2019	1	9	29538	16538	13000	617000
2020	1	10	29197	16197	13000	604000
2021	1	11	29355	15855	13500	590500
2022	1	12	29501	15501	14000	576500
2023	1	13	29134	15134	14000	562500
2024	1	14	29266	14766	14500	548000
2025	1	15	29385	14385	15000	533000
2026	1	16	29492	13992	15500	517500
2027	1	17	29585	13585	16000	501500
2028	1	18	29165	13165	16000	485500
2029	1	19	29245	12745	16500	469000
2030	1	20	29312	12312	17000	452000
2031	1	21	29365	11865	17500	434500
2032	1	22	29406	11406	18000	416500
2033	1	23	29434	10934	18500	398000
2034	1	24	29448	10448	19000	379000
2035	1	25	29449	9949	19500	359500
2036	1	26	29437	9437	20000	339500
2037	1	27	29412	8912	20500	319000
2038	1	28	29374	8374	21000	298000
2039	1	29	29323	7823	21500	276500
2040	1	30	29259	7259	22000	254500
2041	1	31	29181	6681	22500	232000
2042	1	32	29090	6090	23000	209000
2043	1	33	29487	5487	24000	185000
2044	1	34	29357	4857	24500	160500
2045	1	35	29214	4214	25000	135500
2046	1	36	29557	3557	26000	109500
2047	1	37	29375	2875	26500	83000
2048	1	38	29179	2179	27000	56000
2049	1	39	29470	1470	28000	28000
2050	1	40	28735	735	28000	0
TOTALS			1151280	451280	700000	

Warning: This schedule is an estimate of payments. Rural Development calculates interest amounts and principle reduction as of the date the payment is processed. Because over the life of the loan payments will be processed on dates other than the due date, the actual interest amounts and principle reduction will not match the schedule provided here.