

BERRY, FLOYD & BAXTER, P.S.C.

ATTORNEYS AND COUNSELORS AT LAW

117 WEST MAIN STREET
LAGRANGE, KENTUCKY 40031

(502) 225-0050

FACSIMILE: (502) 225-0550

E-MAIL: baxterlaw@me.com

SEP 03 2013

D. Berry Baxter

John M. Berry (1900-1991)
Of Counsel: John M. Berry

August 29, 2013

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Re: Henry County Water District No. 2
Application for Certificate of Public Convenience and Necessity
Morton Ridge Main Upgrade Project

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Henry County Water District No. 2 to construct a project pursuant to KRS Chapter 278.

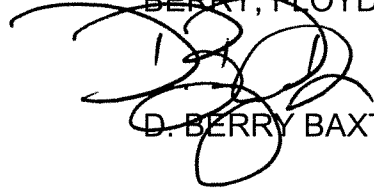
Also enclosed are eleven (11) copies of the exhibits required, and two sets of Plans and Specifications, as approved by the Division of Water.

We request that the review of this application be done in as short a time frame as is reasonably possible because of the ongoing expense of break repairs and outages along the water main being replaced by the Morton Ridge Main Upgrade Project, and because the construction season ahead is nearing the winter months.

Please let us know if additional information or documentation is required, and we will respond promptly.

Very truly yours,

BERRY, FLOYD & BAXTER, PSC



D. BERRY BAXTER

Encs.

cc: Mr. Dale Jennings, Chairman HCWD2
Mr. Herb Lemaster, P.E.

E:\MISC.DOC\HCWD\Cover letter for submittal.wpd

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF THE HENRY COUNTY WATER
DISTRICT NO. 2 FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO CONSTRUCT
A WATER IMPROVEMENT PROJECT PURSUANT TO
KRS 278.020 AND 807 KAR 5.001

Case No. 2013-_____

APPLICATION

Henry County Water District No. 2 (the "District"), by counsel, pursuant to KRS 278.020 and 807 KAR 5.001, petitions the Commission for a certificate of public convenience and necessity ("CPCN") to construct a water improvement project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is P.O. Box 219, Campbellsburg, Kentucky 40011. Its electronic mail address is jsimpson@hcwd2.com. Its principal officers are listed in its 2012 Annual Report, which is on file with the Commission;
2. The District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws;
3. A description of the District's water system and its property stated at original cost by accounts is contained in its Annual Report, which is incorporated by reference pursuant to 807 KAR 5:001. All required normal financial schedules and other data are in the Annual Report;

4. The water project (the "Project") which is the subject matter of this Application consists of the replacing of a defective water main with the installation of approximately 22,000' of 20" ductile iron water main. (see **Exhibit "A"** attached hereto);

5. The Project is in the public interest and will improve the District's system and provide reliability in the critical transmission link between the treatment plant and distribution system;

6. The total project cost is estimated at approximately \$3,340,000, as set forth in the KIA Fund F Executive Summary attached hereto as **Exhibit "B"**;

7. Easements are necessary for the Project and have been acquired along the entire route except for a few locations where highway right-of-way permits have been issued;

8. This service will not compete with any other utility in the area;

9. Based on these facts (see Exhibit "A" attached hereto), the District believes that it is in the public interest that this certificate be granted and that the plan of financing be authorized;

10. Copies of the certified bid tabulation are attached hereto as **Exhibit "C"**;

11. The following information is provided in response to 807 KAR 5:001 Section (14)(2);

a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74;

12. The following information is supplied to 807 KAR 5:001 Section (15)(2);

a. Facts relied upon to show that the Project is in the public interest: The Project replaces a highly unreliable transmission main which has been the source of ongoing breaks, leaks, and outages (see Exhibit "A" attached hereto);

b. No new franchises are required. Copies of permits are attached hereto as **Exhibit "D"**;

c. The route of the new construction of the Project begins at the District's Water Treatment Plant and runs parallel with Morton Ridge Road (KY 2868) generally eastward approximately three miles to US 42, then continues generally southward approximately one mile with US 42 to the District's elevated tank.

d. Maps of suitable scale are included as **Exhibit "E"**, and two sets of DOW-approved Plans and Specifications are enclosed with this application;

e. The construction costs will be funded from the proceeds of a loan in the approximate amount of \$2,855,000 from the Kentucky Infrastructure Authority Fund "F" Loan (see Exhibit "B");

f. The cost of operation of the system after Project completion will not increase;

13. The following information is provided as required by 807 KAR 5:001 Section (17)(1);

a. A general description of the property is contained in the 2012 Annual Report;

b. Financial information relating to the KIA Fund F Loan is contained in the Summary referred to in paragraph 6 above;

c. All funds are to be used in accordance with the KIA Executive Summary, (see Exhibit "B");

d. No real property is being acquired in connection with this Project;

e. No proceeds of the KIA Loan will be used to refund outstanding obligations.

f. The KIA Loan will be secured by and paid out of the revenues of the District's system.

14. The following information is provided pursuant to 807 KAR 5:001 section (17)(2);

a. The District hereby requests and moves for a deviation from the requirements of 807 KAR 5:001, Section 17(2)(a), which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application, The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2012. The financial data filed herewith as **Exhibit "F"** is for the twelve (12) month period ending December 31, 2012;

b. There are no trust deeds or mortgages applicable;

c. On July 29, 2013 the Kentucky Division of Water approved the District's submittal of plans, specifications, and SRF checklist items for the Morton Ridge Main Upgrade project. A copy of this DOW approval letter (Exhibit "D"), and two sets of approved plans and specifications are enclosed with this application. Certified bid tabulations (Exhibit "C") are also attached hereto.

WHEREFORE, the Applicant, Henry County Water District No. 2 requests that the Public Service Commission of Kentucky grant to the Applicant the following:

A. A certificate of public convenience and necessity permitting the Applicant to acquire and install a water system improvement project;

B. An order approving the issuance of securities in the form of a loan from the Kentucky Infrastructure Authority Fund F in the approximate amount of \$2,855,000;

C. Applicant's motion for a deviation from the 90 day requirement for financial information as required by 807 KAR 5:001 Section (17).

Henry County Water District No. 2

By *Dale Jennings*
Chairman

Berry, Floyd, & Baxter, P.S.C

[Signature]
By
D. Berry Baxter, Esq.
Berry, Floyd, & Baxter, P.S.C.
117 West Main St
La Grange, KY 40031

COMMONWEALTH OF KENTUCKY

COUNTY OF HENRY

The undersigned, Dale Jennings, being duly sworn, deposes and states that he is the Chairman of the Henry County Water District No. 2, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

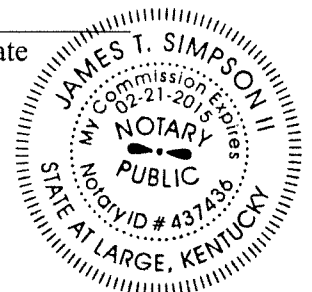
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 29 day of AUGUST 2013.

Dale Jennings
Dale Jennings, Chairman
Henry County Water District No. 2

Subscribed and sworn to before me by Dale Jennings, Chairman of the Henry County Water District No. 2, on this 29 day of AUGUST 2013.

My Commission expires 2-21-15

[Signature]
Notary Public in and for said County and State



APPENDIX A

Morton Ridge Main Upgrade Project
Henry County Water District No. 2

The Henry District is served by a treatment plant in the far northwestern corner of its service area. Treated water must travel four miles from the plant to the distribution system's first elevated storage tank on US 42. The existing transmission mains along this route are a pair of 12-inch pipes: one is asbestos cement, forty-five years old; the other is a twenty-five year old PVC line which was poorly installed with inadequate bedding material along rock trenches. This PVC line has been a serious and ongoing problem for many years due to numerous breaks, leaks, and resulting outages. Since 2004, over 35 breaks have been repaired on the three miles of line along Morton Ridge Road, and additional breaks have occurred in this same 12-inch PVC line along US 42.

Line breaks along this transmission main are more detrimental than breaks occurring elsewhere in the system because Morton Ridge provides the critical link between the treatment plant and the entire distribution network.

The proposed 20-inch Main Upgrade will replace the unreliable 12-inch PVC line, providing much greater dependability. The forty-five year old 12-inch AC line can remain in service simply to provide redundancy, but the new 20-inch ductile line is sized to provide adequate capacity when functioning alone.

Lower friction losses in the 20-inch line will permit the existing pumps to operate at higher flowrates, refilling the US 42 tank more efficiently. The project will reduce the District's maintenance workload by eliminating ongoing repairs to the defective 12-inch PVC line.

APPENDIX B

EXECUTIVE SUMMARY		Reviewer	John LeFevre	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	March 7, 2013	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number	F13-039	
REVOLVING LOAN FUND		WRIS Number	WX21103039	
BORROWER		HENRY COUNTY WATER DISTRICT #2 HENRY COUNTY		
BRIEF DESCRIPTION				
This project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$2,855,000	Administrative Expenses	RD Fee %	Actual %
Local Funds	485,000	Legal Expenses		
		Land, Easements		
		Eng - Design	7.3%	1.0%
		Eng - Constr / Insp	4.1%	4.7%
		Construction		
		Contingency		
TOTAL	\$3,340,000	TOTAL		\$3,340,000
REPAYMENT	Rate	1.75%	Est. Annual Payment	\$176,940
	Term	20 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Tetra Tech, Inc.		
	Bond Counsel	Peck, Shaffer, & Williams		
PROJECT SCHEDULE	Bid Opening	Jun-13		
	Construction Start	Aug-13		
	Construction Stop	Aug-14		
DEBT PER CUSTOMER	Existing	\$1,270		
	Proposed	\$1,525		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	6,315	\$35.61	(for 4,000 gallons)
	Additional	0	\$35.61	(for 4,000 gallons)
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2009	987,089	884,383	102,706	1.1
Audited 2010	1,181,226	806,253	374,973	1.5
Audited 2011	1,283,423	737,357	546,066	1.7
Projected 2012	1,228,369	734,128	494,241	1.7
Projected 2013	1,185,183	738,476	446,707	1.6
Projected 2014	1,141,134	733,096	408,038	1.6
Projected 2015	1,099,104	911,264	187,840	1.2
Projected 2016	1,053,475	912,840	140,635	1.2
Projected 2017	1,006,934	908,940	97,994	1.1

Reviewer: John LeFevre
Date: March 7, 2013
Loan Number: F13-039

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY
PROJECT REVIEW
WX21103039**

I. PROJECT DESCRIPTION

The Henry County Water District #2 ("District") is requesting a Drinking Water SRF loan in the amount of \$2,855,000 for the Morton Ridge Main Upgrade project. The project involves the installation of approximately 24,000 linear feet of twenty inch ductile iron water main from the treatment plant to the District's first storage tank. It will replace twelve inch line that is a source of continuous breaks and leaks. The project will also provide the capacity to supply water to a neighboring district. The District is in the process of installing new variable frequency drives (VFD's) on the three pumps that send water from the treatment plant into the distribution system. Completion of the two projects will reduce pump run times and thus energy usage.

The District is a rural water company serving approximately 6,300 customers in Henry, Trimble, Carroll, Oldham and Shelby counties and is regulated by the Public Service Commission. Wholesale service is provided to the West Carroll Water District and both Eminence and New Castle Water Works. Approximately 20% of water sold is to wholesale customers.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 10,000
Legal Expenses	50,000
Land, Easements	50,000
Engineering Fees - Design	30,000
Engineering Fees - Const / Inspection	145,000
Construction	2,855,000
Contingency	200,000
Total	\$ 3,340,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 2,855,000	85%
Local Funds	485,000	15%
Total	\$ 3,340,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 2,855,000
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 169,803
Administrative Fee (0.25%)	7,138
Total Estimated Annual Debt Service	\$ 176,940

V. PROJECT SCHEDULE

Bid Opening	June 2013
Construction Start	August 2013
Construction Stop	August 2014

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

<u>Customers</u>	<u>Current</u>
Residential	6,156
Commercial	156
Industrial	3
Total	6,315

B) Rates

	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	08/12/10	
Minimum (1,500 gallons)	\$18.76	\$16.00
Next 3,500 Gallons	6.74	5.75
Next 5,000 Gallons	6.15	5.25
Next 10,000 Gallons	4.98	4.25
Next 30,000 Gallons	3.81	3.25
Over 50,000 Gallons	2.58	2.20
Cost for 4,000 gallons	\$35.61	\$30.38
Increase %	17.2%	
Affordability Index (Rate/MHI)	1.0%	0.9%
Wholesale Rate Per 1,000 Gallons	\$2.58	\$2.20

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2006-2010, the County's population was 15,474 with a Median Household Income (MHI) of \$43,612. The median household income for the Commonwealth is \$41,576. The project will qualify for a 1.75% interest rate because it is a regional provider.

VIII. 2012 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The 2012 Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 21, 2009 through 2011. Amounts for 2012 are estimated.

HISTORY

Revenues increased 17% from \$2,880,225 in 2009 to \$3,375,145 in 2012. The entire amount of the increase was due to the 17% rate increase in August 2010 as customer count has been flat. Expenses increased 10% from \$1,957,765 to \$2,159,276 during the same period. Maintenance and employee benefit costs were the primary contributors to the increase. The debt coverage ratio improved from 1.1 in 2009 to 1.7 in 2011 and 2012.

The balance sheet reflects a current ratio of 7.3 and a debt to equity ratio of 0.9. Months of operating expenses in unrestricted cash is 2.6. The District maintains various restricted accounts as required by its bond covenants including a bond sinking fund and a depreciation account, both of which are fully funded. The depreciation account had a balance of approximately \$600,000, or 2% of gross fixed assets, at the end of 2012. Capital spending from 2009 through 2012 was about \$2 million.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for growth.
- 2) Expenses will increase 2% for inflation while purchased power cost will decrease \$10,000 (2.5%) in 2015 after installation of the VFD's.
- 3) Debt service on the proposed loan is estimated at \$176,940 annually
- 4) Debt service coverage is 1.2 in 2015 when principal and interest repayments begin.

REPLACEMENT RESERVE

The annual replacement cost is \$7,100. This amount should be added to the replacement account each December 1 until the balance reaches \$71,000 and maintained for the life of the loan.

Based on the proforma assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2001D Bonds	\$ 433,000	Jan-18
Series 2003 Bonds	2,409,000	Jan-33
Series 2010B	5,235,000	Jan-28
Total	\$ 8,077,000	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding</u>		<u>Type</u>
	<u>Source</u>	<u>Amount</u>	
KY 389 Extension	HB608	25,000	Grant
Pennywinkle Road Extension	HB608	55,000	Grant
Systemwide Betterment Project	HB608	300,000	Grant
Systemwide Betterment Project	HB608	50,000	Grant

XII. CONTACTS

Legal Applicant, Project Administrator

Name	Henry County Water District #2
Address	8955 Main Street, P.O. Box 219 Campbellsburg, KY 40011
County	Henry
Authorized Official	James T. Simpson (Chief Operating Officer)
Phone	502-532-6279 or 502-724-3387
Email	jsimpson@hcwd2.com

Consulting Engineer

Name	Herbert Ray Lemaster
Firm	Tetra Tech, Inc.
Address	800 Corporate Drive, Suite 100 Lexington, KY 40503
Phone	(859) 223-8000
Email	herb.lemaster@tetrattech.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**HENRY COUNTY WATER DISTRICT #2
BALANCE SHEETS (DECEMBER YEAR END)**

ASSETS	Audited 2009	Audited 2010	Audited 2011	Projected 2012	Upon Completion 2014
Current Assets					
Cash	299,115	403,702	362,479	461,279	632,179
Accounts Receivable	396,161	538,549	469,827	469,800	469,800
Other Receivables	27,575	1,403	1,747	1,500	1,500
Inventory	134,624	138,939	140,989	140,000	140,000
Prepaid Expenses	39,833	15,435	29,896	30,000	30,000
Total Current Assets	897,308	1,098,028	1,004,938	1,102,579	1,273,479
Restricted Assets					
Bond Interest and Sinking Fund	1,248,983	569,038	591,716	600,000	600,000
Depreciation Reserve	428,246	605,588	606,230	600,000	600,000
Shelby RECC Note Payable	200,000	200,000	0	0	0
Customer Deposits and Impact Escrow Charge	259,522	252,311	178,696	180,000	180,000
Construction Account	437,079	166,362	382,052	250,000	250,000
Accrued Interest	11,649	5,670	4,855	5,000	5,000
Construction Grants Receivable	130,000	75,000	0	0	0
Total Restricted Assets	2,715,479	1,873,969	1,763,549	1,635,000	1,635,000
Utility Plant					
Land, System, Building and Equipment	26,592,851	26,973,045	27,578,257	28,073,219	31,913,219
Construction in Process	0	15,125	194,962	0	0
Total	26,592,851	26,988,170	27,773,219	28,073,219	31,913,219
Less Accumulated Depreciation ()	(12,087,265)	(12,916,678)	(13,752,164)	(14,587,164)	(16,257,164)
Net Fixed Assets	14,505,586	14,071,492	14,021,055	13,486,055	15,656,055
Other Assets					
Unamortized Bond Costs and Discount, Net	0	104,028	98,041	92,054	80,080
Total Other Assets	0	104,028	98,041	92,054	80,080
Total Assets	18,118,373	17,147,517	16,887,583	16,315,688	18,644,614
LIABILITIES					
Current Liabilities					
Accounts Payable	98,596	63,199	60,220	62,500	62,500
Accrued Expenses	70,945	80,916	76,790	80,000	80,000
Taxes	6,766	7,925	7,714	8,000	8,000
Total Current Liabilities	176,307	152,040	144,724	150,500	150,500
Liabilities Payable - Restricted Assets					
Construction Accounts Payable	0	0	2,000	0	0
Accrued Interest Payable	1,262	1,602	796	1,000	1,000
Revenue Bonds Payable	363,000	388,000	399,000	418,000	445,000
Note Payable	33,684	0	0	0	0
Customer Deposits	83,743	85,400	66,040	67,500	67,500
Funds Held for Future Construction	4,600	0	29,200	0	0
Deferred Loss on Early Debt Retirement	0	(215,370)	(202,975)	(190,580)	(165,790)
Total Liabilities Payable - Restricted Assets	486,289	259,632	294,061	295,920	347,710
Long Term Liabilities					
Revenue Bonds	8,612,198	8,015,448	7,619,097	7,201,097	6,328,097
Notes Payable	97,484	0	0	0	0
Proposed KIA Loan	0	0	0	0	2,855,000
Total Long Term Liabilities	8,709,682	8,015,448	7,619,097	7,201,097	9,183,097
Total Liabilities	9,372,278	8,427,120	8,057,882	7,647,517	9,681,307
Retained Earnings:					
Invested in Capital Assets Net of Related Debt	5,164,418	5,925,890	6,301,974	5,866,958	6,027,958
Restricted - Capital Projects	567,079	241,362	382,052	250,000	250,000
Restricted - Debt Service	1,888,878	1,380,296	1,202,801	1,385,000	1,385,000
Unrestricted	1,125,720	1,172,849	942,874	1,166,213	1,300,349
Total Retained Earnings	8,746,095	8,720,397	8,829,701	8,668,171	8,963,307
Total Liabilities and Equities	18,118,373	17,147,517	16,887,583	16,315,688	18,644,614
Balance Sheet Analysis					
Current Ratio	5.1	7.2	6.9	7.3	8.5
Debt to Equity	1.1	1.0	0.9	0.9	1.1
Days Sales in Accounts Receivable	50.2	60.9	50.8	50.8	50.8

**EXHIBIT 1
HENRY COUNTY WATER DISTRICT #2
CASH FLOW ANALYSIS (DECEMBER YEAR END)**

	Audited 2009	% Change	Audited 2010	% Change	Audited 2011	% Change	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
Operating Revenues												
Charges for Services	2,761,053	12%	3,095,797	4%	3,222,809	0%	3,222,809	3,222,809	3,222,809	3,222,809	3,222,809	3,222,809
Other	119,172	12%	133,216	14%	152,336	0%	152,336	152,336	152,336	152,336	152,336	152,336
Total Revenues	2,880,225	12%	3,229,013	5%	3,375,145	0%	3,375,145	3,375,145	3,375,145	3,375,145	3,375,145	3,375,145
Operating Expenses												
Operating Expenses	1,957,765	7%	2,088,443	1%	2,116,937	2%	2,159,276	2,202,462	2,246,511	2,281,441	2,327,070	2,373,611
Depreciation	817,693	2%	833,845	0%	835,486	0%	835,000	835,000	835,000	872,000	946,000	983,000
Replacement Reserve	0		0		0		0	0	0	7,100	7,100	7,100
Total Expenses	2,775,458	5%	2,922,288	1%	2,952,423	1%	2,994,276	3,037,462	3,081,511	3,160,541	3,280,170	3,363,711
Net Operating Income	104,767	193%	306,725	38%	422,722	-10%	380,869	337,683	293,634	214,604	94,975	11,434
Non-Operating Income and Expenses												
Interest Income	64,629	-37%	40,656	-38%	25,215	-50%	12,500	12,500	12,500	12,500	12,500	12,500
Total Non-Operating Income & Expenses	64,629	-37%	40,656	-38%	25,215	-50%	12,500	12,500	12,500	12,500	12,500	12,500
Add Non-Cash Expenses												
Depreciation	817,693	2%	833,845	0%	835,486	0%	835,000	835,000	835,000	872,000	946,000	983,000
Cash Available for Debt Service	987,089	20%	1,181,226	9%	1,283,423	-4%	1,228,369	1,185,183	1,141,134	1,099,104	1,053,475	1,006,934
Debt Service (enter as positive #'s)												
Existing Principal	432,640		396,684		388,000		399,000	418,000	428,000	445,000	463,000	475,000
Existing Interest	451,743		409,569		349,357		335,128	320,476	305,096	289,324	272,900	257,000
Proposed KIA Loan	0		0		0		0	0	0	176,940	176,940	176,940
Total Debt Service	884,383		806,253		737,357		734,128	738,476	733,096	911,264	912,840	908,940
Income After Debt Service	102,706		374,973		546,066		494,241	446,707	408,038	187,840	140,635	97,994
Debt Coverage Ratio	1.1		1.5		1.7		1.7	1.6	1.6	1.2	1.2	1.1

APPENDIX C

BID TABULATION
MORTON RIDGE MAIN UPGRADE
HENRY COUNTY WATER DISTRICT No. 2
Bids Received August 30, 2013



No.	Item	Unit	Approx. Quantity	Cleary Construction, Inc.		Hubert Excavating and Contracting, LLC		MAC Construcion and Excavating, Inc.		Garney Companies, Inc.		G & W Construction Co., Inc.	
				Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost
1	Mobilization (max. 2% of Total Bid)	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 37,564.17	\$ 37,564.17	\$ 43,000.00	\$ 43,000.00	\$ 44,000.00	\$ 44,000.00	\$ 43,330.95	\$ 43,330.95
2	General Conditions (max. 2% of Total Bid)	LS	1	\$ 20,000.00	\$ 20,000.00	\$ 38,000.00	\$ 38,000.00	\$ 43,000.00	\$ 43,000.00	\$ 44,000.00	\$ 44,000.00	\$ 43,330.95	\$ 43,330.95
3	Demobilization (min. 1% of Total Bid)	LS	1	\$ 10,000.00	\$ 10,000.00	\$ 19,000.00	\$ 19,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00	\$ 21,665.48	\$ 21,665.48
4	20" DI Water Line (CI 250)	LF	21,980	\$ 85.00	\$ 1,868,300.00	\$ 70.58	\$ 1,551,348.40	\$ 73.15	\$ 1,607,837.00	\$ 77.00	\$ 1,692,460.00	\$ 73.52	\$ 1,615,969.60
5	DI Fittings (CI 250 and 350) w/ PE Tube Wrap	LB	33,000	\$ 0.01	\$ 330.00	\$ 3.04	\$ 100,320.00	\$ 1.60	\$ 52,800.00	\$ 0.10	\$ 3,300.00	\$ 2.27	\$ 74,910.00
6	20" Butterfly Valve (CI 250)	EA	2	\$ 4,400.00	\$ 8,800.00	\$ 3,899.54	\$ 7,799.08	\$ 7,000.00	\$ 14,000.00	\$ 8,000.00	\$ 16,000.00	\$ 7,349.44	\$ 14,698.88
7	2" Combination Air/Vacuum Valve	EA	1	\$ 5,000.00	\$ 5,000.00	\$ 3,350.60	\$ 3,350.60	\$ 3,800.00	\$ 3,800.00	\$ 3,750.00	\$ 3,750.00	\$ 2,365.49	\$ 2,365.49
8	18" Tapping Sleeve and Valve	EA	1	\$ 24,000.00	\$ 24,000.00	\$ 23,606.16	\$ 23,606.16	\$ 20,531.00	\$ 20,531.00	\$ 28,000.00	\$ 28,000.00	\$ 27,412.76	\$ 27,412.76
9	12" Tapping Sleeve and Valve	EA	1	\$ 6,500.00	\$ 6,500.00	\$ 5,711.30	\$ 5,711.30	\$ 8,156.00	\$ 8,156.00	\$ 12,092.00	\$ 12,092.00	\$ 10,405.05	\$ 10,405.05
10	8" Blow-off Valve	EA	2	\$ 3,000.00	\$ 6,000.00	\$ 1,912.80	\$ 3,825.60	\$ 5,800.00	\$ 11,600.00	\$ 5,450.00	\$ 10,900.00	\$ 2,134.75	\$ 4,269.50
11	36"x0.469" Stl. Casing Pipe, Open Cut Roadway, Blacktop -Concrete Driveway, Gas Line Crossing	LF	390	\$ 200.00	\$ 78,000.00	\$ 174.37	\$ 68,004.30	\$ 240.00	\$ 93,600.00	\$ 200.00	\$ 78,000.00	\$ 234.38	\$ 91,408.20
12	36"x0.469" Stl. Casing Pipe, Bore & Jack Roadway	LF	100	\$ 400.00	\$ 40,000.00	\$ 309.61	\$ 30,961.00	\$ 630.00	\$ 63,000.00	\$ 520.00	\$ 52,000.00	\$ 414.38	\$ 41,438.00
13	Channel Lining, Class III	TON	150	\$ 40.00	\$ 6,000.00	\$ 25.47	\$ 3,820.50	\$ 40.00	\$ 6,000.00	\$ 40.00	\$ 6,000.00	\$ 40.00	\$ 6,000.00
14	Concrete Cap	LF	60	\$ 100.00	\$ 6,000.00	\$ 30.39	\$ 1,823.40	\$ 45.00	\$ 2,700.00	\$ 100.00	\$ 6,000.00	\$ 200.00	\$ 12,000.00
15	Crushed Stone (DGA) Surface Replacement 12" thick	LF	800	\$ 5.00	\$ 4,000.00	\$ 7.38	\$ 5,904.00	\$ 7.00	\$ 5,600.00	\$ 11.00	\$ 8,800.00	\$ 18.00	\$ 14,400.00
16	Bituminous Road Surface Replacement, 2" Thick with Concrete Base	LF	165	\$ 50.00	\$ 8,250.00	\$ 101.30	\$ 16,714.50	\$ 48.00	\$ 7,920.00	\$ 60.00	\$ 9,900.00	\$ 58.00	\$ 9,570.00
17	Bituminous Road Surface Replacement, Road Aprons- 2" Thick	LF	150	\$ 50.00	\$ 7,500.00	\$ 50.65	\$ 7,597.50	\$ 40.00	\$ 6,000.00	\$ 37.00	\$ 5,550.00	\$ 38.00	\$ 5,700.00
18	Concrete Surface Replacement, 8" Thick	LF	40	\$ 100.00	\$ 4,000.00	\$ 45.59	\$ 1,823.60	\$ 74.00	\$ 2,960.00	\$ 120.00	\$ 4,800.00	\$ 225.00	\$ 9,000.00
19	Tie-in To Existing Line	EA	2	\$ 1,000.00	\$ 2,000.00	\$ 1,013.00	\$ 2,026.00	\$ 5,000.00	\$ 10,000.00	\$ 5,000.00	\$ 10,000.00	\$ 5,500.00	\$ 11,000.00
20	Crushed Stone Bedding and Backfill	TON	12,000	\$ 0.01	\$ 120.00	\$ 16.32	\$ 195,840.00	\$ 18.75	\$ 225,000.00	\$ 16.00	\$ 192,000.00	\$ 18.00	\$ 216,000.00
Total Bid Price				\$ 2,114,800.00		\$ 2,125,040.11		\$ 2,252,504.00		\$ 2,252,552.00		\$ 2,274,874.86	

I hereby certify that this is a true and correct tabulation of bids.

Herbert R. Lemaster, P.E.

Note: Hubert Excavating submitted Total Costs for Items 5, 10, 11, 12, 13, 15, 18, and 20 which were incorrectly multiplied from their submitted Unit Prices. Using their Unit Prices, their incorrect Total Bid Price of \$2,125,000.00 is corrected to \$2,125,040.11

BID TABULATION
MORTON RIDGE MAIN UPGRADE
HENRY COUNTY WATER DISTRICT No. 2
Bids Received August 30, 2013



No.	Item	Unit	Approx. Quantity	Layne Heavy Civil, Inc.		Scott & Ritter, Inc.		Infrastructure Systems, Inc.		Smith Contractors, Inc.		Flynn Brothers Contracting, Inc.		Howell Contractors, Inc.	
				Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost	Unit Price	Total Cost
1	Mobilization (max. 2% of Total Bid)	LS	1	\$ 45,000.00	\$ 45,000.00	\$ 39,970.00	\$ 39,970.00	\$ 45,000.00	\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 53,000.00	\$ 53,000.00	\$ 52,000.00	\$ 52,000.00
2	General Conditions (max. 2% of Total Bid)	LS	1	\$ 45,000.00	\$ 45,000.00	\$ 39,970.00	\$ 39,970.00	\$ 45,000.00	\$ 45,000.00	\$ 50,000.00	\$ 50,000.00	\$ 53,000.00	\$ 53,000.00	\$ 52,000.00	\$ 52,000.00
3	Demobilization (min. 1% of Total Bid)	LS	1	\$ 25,000.00	\$ 25,000.00	\$ 24,460.00	\$ 24,460.00	\$ 27,500.00	\$ 27,500.00	\$ 25,000.00	\$ 25,000.00	\$ 30,000.00	\$ 30,000.00	\$ 26,500.00	\$ 26,500.00
4	20" DI Water Line (CI 250)	LF	21,980	\$ 73.00	\$ 1,604,540.00	\$ 82.90	\$ 1,822,142.00	\$ 82.00	\$ 1,802,360.00	\$ 91.00	\$ 2,000,180.00	\$ 95.00	\$ 2,088,100.00	\$ 88.00	\$ 1,934,240.00
5	DI Fittings (CI 250 and 350) w/ PE Tube Wrap	LB	33,000	\$ 3.00	\$ 99,000.00	\$ 2.00	\$ 66,000.00	\$ 4.00	\$ 132,000.00	\$ 1.00	\$ 33,000.00	\$ 1.00	\$ 33,000.00	\$ 1.00	\$ 33,000.00
6	20" Butterfly Valve (CI 250)	EA	2	\$ 4,978.00	\$ 9,956.00	\$ 8,500.00	\$ 17,000.00	\$ 4,200.00	\$ 8,400.00	\$ 4,000.00	\$ 8,000.00	\$ 4,300.00	\$ 8,600.00	\$ 5,500.00	\$ 11,000.00
7	2" Combination Air/Vacuum Valve	EA	1	\$ 2,926.00	\$ 2,926.00	\$ 3,000.00	\$ 3,000.00	\$ 2,800.00	\$ 2,800.00	\$ 3,000.00	\$ 3,000.00	\$ 2,900.00	\$ 2,900.00	\$ 2,500.00	\$ 2,500.00
8	18" Tapping Sleeve and Valve	EA	1	\$ 25,784.00	\$ 25,784.00	\$ 28,000.00	\$ 28,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 20,000.00	\$ 21,000.00	\$ 21,000.00	\$ 19,500.00	\$ 19,500.00
9	12" Tapping Sleeve and Valve	EA	1	\$ 7,501.00	\$ 7,501.00	\$ 7,500.00	\$ 7,500.00	\$ 6,000.00	\$ 6,000.00	\$ 5,000.00	\$ 5,000.00	\$ 5,600.00	\$ 5,600.00	\$ 7,500.00	\$ 7,500.00
10	8" Blow-off Valve	EA	2	\$ 4,160.00	\$ 8,320.00	\$ 2,500.00	\$ 5,000.00	\$ 3,100.00	\$ 6,200.00	\$ 1,500.00	\$ 3,000.00	\$ 2,200.00	\$ 4,400.00	\$ 4,500.00	\$ 9,000.00
11	36"x0.469" Std. Casing Pipe, Open Cut Roadway, Blacktop - Concrete Driveway, Gas Line Crossing	LF	390	\$ 209.00	\$ 81,510.00	\$ 220.00	\$ 85,800.00	\$ 290.00	\$ 113,100.00	\$ 150.00	\$ 58,500.00	\$ 200.00	\$ 78,000.00	\$ 310.00	\$ 120,900.00
12	36"x0.469" Std. Casing Pipe, Bore & Jack Roadway	LF	100	\$ 972.00	\$ 97,200.00	\$ 407.71	\$ 40,771.00	\$ 400.00	\$ 40,000.00	\$ 400.00	\$ 40,000.00	\$ 450.00	\$ 45,000.00	\$ 650.00	\$ 65,000.00
13	Channel Lining, Class III	TON	150	\$ 32.00	\$ 4,800.00	\$ 30.00	\$ 4,500.00	\$ 75.00	\$ 11,250.00	\$ 30.00	\$ 4,500.00	\$ 38.00	\$ 5,700.00	\$ 100.00	\$ 15,000.00
14	Concrete Cap	LF	60	\$ 63.00	\$ 3,780.00	\$ 28.00	\$ 1,680.00	\$ 80.00	\$ 4,800.00	\$ 50.00	\$ 3,000.00	\$ 44.00	\$ 2,640.00	\$ 65.00	\$ 3,900.00
15	Crushed Stone (DGA) Surface Replacement 12" thick	LF	800	\$ 18.00	\$ 14,400.00	\$ 8.00	\$ 6,400.00	\$ 15.00	\$ 12,000.00	\$ 10.00	\$ 8,000.00	\$ 28.00	\$ 22,400.00	\$ 18.00	\$ 14,400.00
16	Bituminous Road Surface Replacement, 2" Thick with Concrete Base	LF	165	\$ 37.00	\$ 6,105.00	\$ 60.61	\$ 10,000.65	\$ 140.00	\$ 23,100.00	\$ 60.00	\$ 9,900.00	\$ 89.00	\$ 14,685.00	\$ 50.00	\$ 8,250.00
17	Bituminous Road Surface Replacement, Road Aprons- 2" Thick	LF	150	\$ 47.00	\$ 7,050.00	\$ 30.00	\$ 4,500.00	\$ 35.00	\$ 5,250.00	\$ 30.00	\$ 4,500.00	\$ 49.00	\$ 7,350.00	\$ 50.00	\$ 7,500.00
18	Concrete Surface Replacement, 8" Thick	LF	40	\$ 64.00	\$ 2,560.00	\$ 62.50	\$ 2,500.00	\$ 150.00	\$ 6,000.00	\$ 60.00	\$ 2,400.00	\$ 74.00	\$ 2,960.00	\$ 100.00	\$ 4,000.00
19	Tie-in To Existing Line	EA	2	\$ 2,662.00	\$ 5,324.00	\$ 2,000.00	\$ 4,000.00	\$ 2,500.00	\$ 5,000.00	\$ 4,000.00	\$ 8,000.00	\$ 2,800.00	\$ 5,600.00	\$ 2,250.00	\$ 4,500.00
20	Crushed Stone Bedding and Backfill	TON	12,000	\$ 21.00	\$ 252,000.00	\$ 19.40	\$ 232,800.00	\$ 15.00	\$ 180,000.00	\$ 16.00	\$ 192,000.00	\$ 17.00	\$ 204,000.00	\$ 25.00	\$ 300,000.00
Total Bid Price				\$ 2,347,756.00		\$ 2,445,993.65		\$ 2,495,760.00		\$ 2,527,980.00		\$ 2,687,935.00		\$ 2,690,690.00	

I hereby certify that this is a true and correct tabulation of bids.

Herbert R. Lemaster, P.E.

Note: The Total Bid Price of Flynn Brothers Contracting was incorrectly submitted as \$2,687, 635.00
This Total Bid Price is corrected to \$2,687,935.00

APPENDIX D

STEVEN L. BESHEAR
GOVERNOR



LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

July 29, 2013

Mr. James T Simpson
Henry Co Water District #2
8955 Main St
Campbellsburg, KY 40011

RE: DWL13041
Henry Co Water District 2--1846
Contract I
Activity ID: FGL20130005
KIA Loan Number F13-039

Dear Mr. Simpson:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract(s). The DOW now approves these plans and specifications with respect to sanitary features of design in accordance with the requirements contained in the attached construction permit. These plans consist of the construction of approximately 22,000 feet of 20-inch ductile iron water line. The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We are enclosing one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, four (4) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

You may now advertise for bids on the construction of this project. In addition to other notifications, this project must be advertised in the newspaper of the largest daily circulation in the project area.

You are cautioned not to advertise unless you have a proper wage decision. The Federal Davis-Bacon wage rates and Kentucky prevailing wage rates are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal or state wage rates.

DWL13041
Henry Co Water District 2--1846
Contract I
Activity ID: FGI.20130005
KIA Loan Number F13-039
July 29, 2013
Page 2 of 3

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity is required to be kept by the borrower.

Review the attached Project Review and Cost Summary form for details of the information to be collected and retained in your files or to be submitted to DOW for review and approval. This form must be completed, signed by the recipient, and with the necessary information be then forwarded to the DOW. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be approved by the DOW before executing any contracts.

Along with the Project Review and Cost Summary form, the following items must be submitted to the DOW for review and approval before executing any contracts:

- The bid advertisement
- Revised Project Budget
- Certified bid tabulation
- Documentation of compliance with DBE Good Faith Effort in accordance with 40 CFR 33.301

These items will be reviewed as a part of the Authority to Award process. The DOW will authorize you to award the contracts once these documents are approved

After the Notice to Proceed is signed, the DOW will need a copy of the executed contract documents, including plans and specifications.

Changes orders will require approval from the DOW before payment can be authorized from the State Revolving Fund. Submission of plans and specifications may be required for change order work.

Upon completion of the project, as-built drawings shall be provided to the DOW. As-builts shall be stamped, signed and dated by a professional engineer. A written certification stating that the project was constructed according to the approved plans shall be provided to the DOW by a professional engineer.

The construction permit included in this letter has been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

DWL13041
Henry Co Water District 2--1846
Contract I
Activity ID: FGL20130005
KIA Loan Number F13-039
July 29, 2013
Page 3 of 3

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Abbas Pourghasemi, Project Engineer, at (502) 564-8158, extension 4833.

Sincerely,



Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR:AP

Enclosures

Eligible List, Ineligible List, Approval Conditions
Project Review and Cost Summary Form
1 set plans and specification

C: Tetra Tech
Kentucky Infrastructure Authority
Cabinet for Economic Development
North Central District (Trimble County) Health Department
Division of Plumbing (by e-mail only)
Public Service Commission

DWL13041

Henry Co Water District #2

SRF ELIGIBLE ITEMS:

Contract No. I: No ineligible items indentified

SRF INELIGIBLE ITEMS:

Contract No. I: None indentified

APPROVAL CONDITIONS:

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20130002

Page 1 of 8

GA0000000034 (Morton Ridge Main Upgrade-SRF Project) 22,000 LF of 20-inch DI WLE:

Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth \geq 6 in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth \geq 30 in to prevent freezing. [Recommended Standards for Water Works 8.5.3. -01 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter \geq 6 in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance \leq 800 feet should be utilized in non-commercial districts. Alternatively, non-commercial districts should utilize a valve spacing Distance \leq 1 block. Commercial districts should utilize a valve spacing Distance \leq 500 ft. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-5	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance $>$ 10 ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-6	Distance	Except when not practical, water lines shall be laid a horizontal Distance \geq 10 ft from any existing or proposed sewer. The distance shall be measured edge to edge. In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Henry Co Water District 2

Facility Requirements

Activity ID No.: APE20130002

Page 2 of 3

GACT0000000034 (continued):

Limitation Requirements:

Condition No.	Parameter	Condition
L-7	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none">1) water lines shall be laid such that either<ol style="list-style-type: none">a) the the top of the water line is a vertical Distance \geq 18 in below the bottom of the sewer line orb) the bottom of the water line is a vertical Distance \geq 18 in above the top of the sewer line.2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible. and3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.5] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-8	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance \geq 1.0 ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-9	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure \geq 20 psi under all conditions of flow. [Recommended Standards for Water Works 8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-10	Pressure	<p>Pressure \geq 30 psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>
L-11	Residual Disinfection	<p>New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection \geq 25 ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform.</p> <p>If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20130002

GACT0000000034 (continued):

Limitation Requirements:

Condition No.	Parameter	Condition
L-12	Velocity	Each blow-off or fire hydrant shall be sized so that Velocity \geq 2.5 ft/sec can be achieved in the water main served by the blow-off or hydrant during flushing. [Recommended Standards for Water Works 8.1.6.b, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

Narrative Requirements:

Asbestos (Friable):

Condition No.	Condition
T-1	Asbestos (Friable): If the existing water line to be tapped is asbestos concrete, then the contractor shall conform to OSHA regulations governing the handling of hazardous waste during the process of tapping the asbestos concrete line. Pieces of asbestos concrete resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill. [401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20130002

Page 4 of 8

GACT0000000034 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-2	Additional Limitations: Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]
T-3	Additional Limitations: Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). [Recommended Standards for Water Works 8.0.1]
T-4	Additional Limitations: At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]
T-5	Additional Limitations: All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]
T-6	Additional Limitations: For each fire hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]
T-7	Additional Limitations: No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.5, Recommended Standards for Water Works 8.4.3]
T-8	Additional Limitations: If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]
T-9	Additional Limitations: No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20130002

GACT0000000034 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-10	<p>Additional Limitations: If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]</p>
T-11	<p>Additional Limitations: If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact the Water Quality Certification Supervisor of the Water Quality Branch at (502) 564-2225. [401 KAR 8:100 Section 1(7)]</p>

Subfluvial Pipe Crossings:

Condition No.	Condition
T-12	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met.</p> <ol style="list-style-type: none">1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.2) Crossing trenches shall be backfilled as closely as possible to the original contour.3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]

Distribution-Major Construction

Henry Co Water District 2

Facility Requirements

Activity ID No.: APE20130002

GA0000000034 (continued):

Narrative Requirements:

Subfluvial Pipe Crossings:

Condition No.	Condition
T-15	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings greater than 15 feet in width.</p> <ol style="list-style-type: none">1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair. <p>Valves shall</p> <ol style="list-style-type: none">a) be easily accessible.b) not be subject to flooding, andc) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20130002

Page 7 of 8

PORT0000000033 (Morton Ridge Main Upgrade-SRF Project) 22,000 LF of 20-inch DI WLE:

Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

Submittal/Action Requirements:

Coliform:

Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]
S-3	The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

Distribution-Major Construction

Henry Co Water District 2

Facility Requirements

Activity ID No.: APE20130002

Page 8 of 8

PORT0000000033 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-1	Additional Limitations: Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]
T-2	This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
T-3	Unless construction of this project is begun within 2 years from the issuance date of this permit, the permit shall expire. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Engineering Section at 502/564-3410. [401 KAR 8:100 Section 1(9)]
T-4	Final approval of facility. Upon completion of construction, the person who presented the plans shall certify in writing that the project has been completed in accordance with the "approved" plans and specifications. The public water supply shall operate the facility consistent with the approved plans and specifications. Any proposed change to the approved plan shall be submitted to the cabinet for approval. The public water supply shall not implement any change to the approved plan without the prior written approval of the cabinet. [401 KAR 8:100 Section 401 KAR 8:100(1)(8)]
T-5	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]



TRANSPORTATION CABINET

Department of Highways District 5 Office
8310 Westport Road
Louisville, KY 40242-3042
(502) 210-5400

Steven L. Beshear
Governor

Mike Hancock
Secretary

June 6, 2013

Henry County Water District
P.O. Box 219
Campbellsburg, KY 40011
Attn: James Simpson

Permit #05-2013-00420

Your application for an encroachment permit has been approved by the Department of Highways. We are returning two (2) copies of the approved permit. One copy of the permit is for your record and files, the other is to be on the work site at all times. Failure to have this permit at the site could result in a stop-work order by the Department of Highways.

The "Manual on Uniform Traffic Control Devices" (MUTCD) is the accepted national standard for all traffic control. All traffic control measures used must be in compliance with the MUTCD.

Please contact this office prior to beginning the work and also when the work has been completed. Please see that work is done in strict conformity with the permit and any other applicable conditions (see form TC99-21 and any other attached documents, conditions, or specifications). The permit will be released when the permitted work and any necessary restoration has been completed.

Please contact this office if you have any questions.

Sincerely,

Jason Richardson
District 5 Permits Supervisor
Traffic Engineering and Permits



An Equal Opportunity Employer M/F/D



APPLICATION FOR ENCROACHMENT PERMIT

Permittee Information		KYTC No. 05-2013-00480	
Name HENRY Co. WATER DISTRICT #2		Permit Information	
Address 8955 MAIN STREET		Address	
P.O. Box 219		City: BEDFORD	
City CAMPBELLBURG		State: KY Zip: 40006	
State KENTUCKY Zip 40011		County: TRIMBLE	
Phone# 502-532-6219		Route No.: KY 2868 + US 42 Mile-Point: 0.963	
Contact JAMES SIMPSON		Longitude (X): -85.385289°	
Phone 502-532-6219 Cell 502-724-3381		Latitude (Y): 38.537279°	
Email JSIMPSON@HCWD2.COM		Information below to be filled out by KYTC	
Contact BARRY Woods		<input type="checkbox"/> Air Right <input type="checkbox"/> Entrance <input checked="" type="checkbox"/> Utilities <input type="checkbox"/> Other:	
Phone 502-532-6219 Cell		<input checked="" type="checkbox"/> Left <input type="checkbox"/> Right <input checked="" type="checkbox"/> X-ing <input type="checkbox"/> Full <input type="checkbox"/> Partial <input checked="" type="checkbox"/> by Permit	
Email		Access:	

RECEIVED
 JUN 03 2013

General Description of Work: D-5
 Traffic & Permits

INSTALLING APPROX. 22,000' FEET OF 20 INCH DUCTILE IRON PIPE ON HWY. 3278 MORTON RIDGE ROAD AND U.S. HWY. 42. PROJECT WILL CONTAIN TWO (2) ROAD BORDERS WITH THE FIRST ONE AT THE INTERSECTION OF HWY. 3278 & KATRINA LANE. THE SECOND ONE WILL BE ON HWY. 42 APPROX. .2 TENTHS OF A MILE WEST OF THE INTERSECTION OF NORVELL ROAD & HWY. 42. PROJECT WILL ALSO INVOLVE INSTALLING THE 20" WATER LINE ON STATE RIGHT-OF-WAY IN SOME AREAS ON EACH ROAD. SEE PLANS:

THE UNDERSIGNED PERMITTEE(S) (being duly authorized representative(s) or owner(s)) DO AGREE TO ALL TERMS AND CONDITIONS ON THE TC 99-1 (A)

Signature

5-30-13
 Date

This is not a permit unless and until the permittee(s) receives an approved TC 99-1(B) from KYTC. This application will become void if not approved by the cancellation date. The cancellation date will be one year from the date the permittee submits their application.



2300 Verot School Road
Lafayette LA 70508
Telephone 337-981-6699

April 24, 2013

Henry County Water District No. 2
8955 Main Street
Campbellsburg KY 40011

Attn: Mr. Tom Green

RE: Texas Gas Agreement 5270

Dear Sir;

Enclosed you will find Texas Gas' Level 2 Agreement issued to Henry County Water District. No. 2 authorizing the 20" encased ductile iron water line across its pipeline(s) and right of way in Trimble County KY.

Please have the appropriate party sign both copies of the agreement along with two witnesses. Return the signed documents to my attention at 2300 Verot School Road, Lafayette Louisiana 70508.

If you should have any questions concerning this matter, please contact me at (337) 988-7116.

Yours truly,

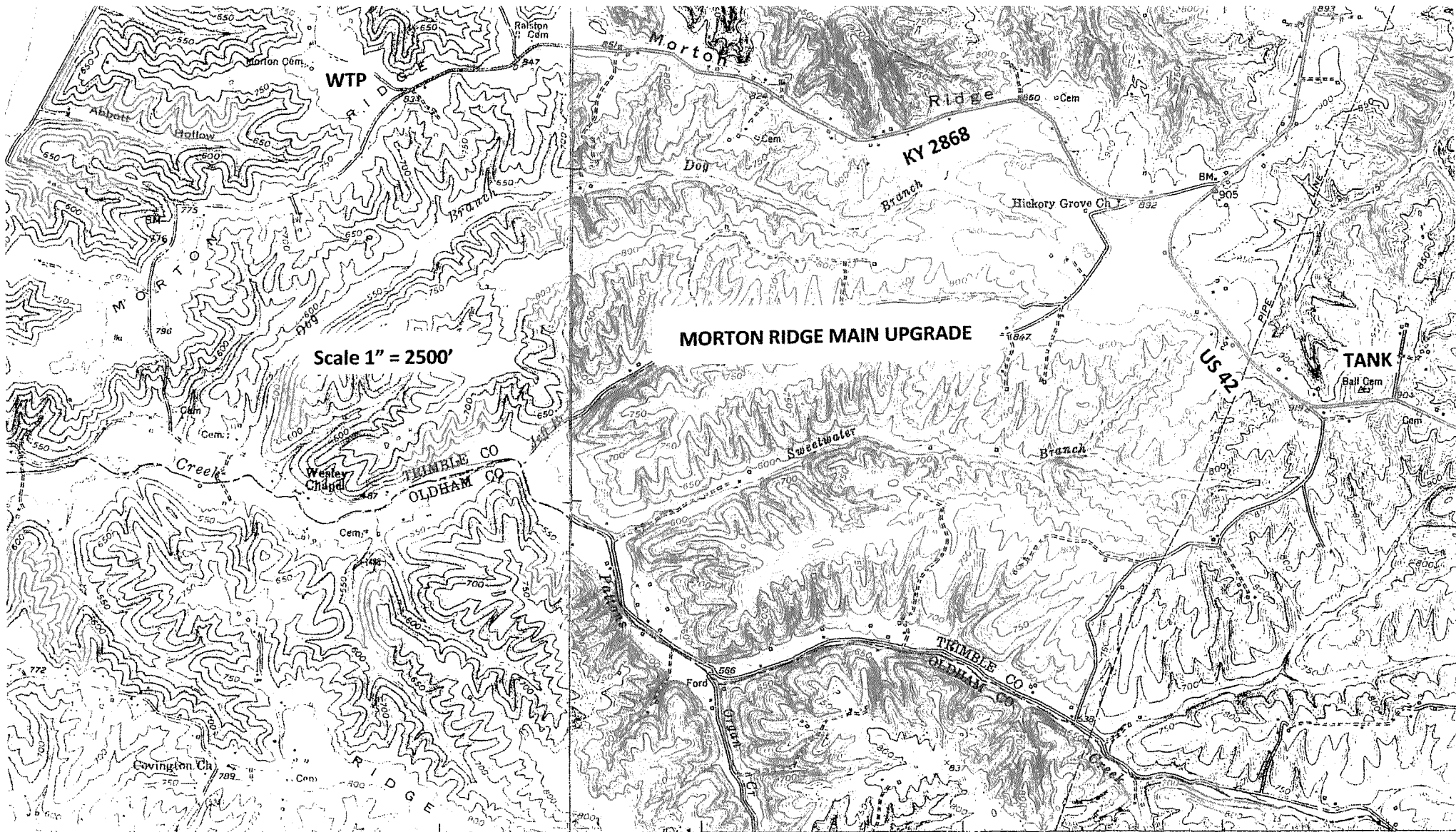
A handwritten signature in black ink, appearing to read "Joy Parrott", with a long horizontal flourish extending to the right.

Joy Parrott
Land Group

Enc: (2)

cc: Howard Menser
Area Manager

APPENDIX E



Scale 1" = 2500'

MORTON RIDGE MAIN UPGRADE

1:670 000 FEET (KY) 1 2 L. 04 1000000 E. 85° 22' 30" 642 11 680 000 FEET 643 20' 644 645 646



INDIANA
PROJECT LOCATION

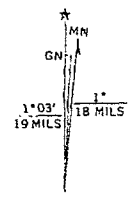
ROAD CLASSIFICATION

Heavy-duty	Light-duty
Medium-duty	Unimproved dirt
U. S. Route	State Route

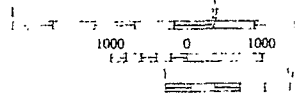
BETHLEHEM, IND.-KY.
38085-E4-TF-024

1983

Mapped, edited, and published by the Geological Survey
Control by USGS and USC&GS
Topography from aerial photographs by multiplex methods
Aerial photographs taken 1950. Field check 1953
Polyconic projection. 1927 North American datum
10,000-foot grid based on Kentucky coordinate system,
north zone
1000-meter Universal Transverse Mercator grid ticks,
zone 16, shown in blue
To place on the predicted North American Datum 1983
move the projection lines 3 meters south and



UTM GRID AND 1953 MAGNETIC NORTH DECLINATION AT CENTER OF SHEET



C
NATIONAL

THIS MAP COMP

APPENDIX F

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF NET POSITION
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current Assets:		
Cash, Including Time Deposits	\$ 433,342	\$ 362,479
Accrued Interest Receivable	274	382
Accounts Receivable (Net)	448,582	469,827
Other Receivables	774	1,365
Inventory	235,709	140,989
Prepaid Expense	30,690	29,896
Total Current Assets	\$ 1,149,371	\$ 1,004,938
Noncurrent Assets:		
Restricted Assets:		
Cash, Including Time Deposits	\$ 1,591,887	\$ 1,758,694
Accrued Interest Receivable	4,733	4,855
Unamortized Bond Issue Costs (Net)	92,054	98,041
Capital Assets (Net)	13,659,015	14,021,055
Total Noncurrent Assets	\$ 15,347,689	\$ 15,882,645
Total Assets	\$ 16,497,060	\$ 16,887,583
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 51,689	\$ 60,220
Accounts Payable - Construction	2,000	2,000
Accrued Compensated Absences	28,603	26,255
Accrued Salaries, Wages & Benefits	37,545	34,170
Accrued Payroll Taxes/Employee Withholding	38,518	16,365
Utility Tax Payable	6,731	7,120
Sales Tax Payable	536	594
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable - Customer Deposits	182	796
Revenue Bonds Payable	418,000	399,000
Total Current Liabilities	\$ 583,804	\$ 546,520
Noncurrent Liabilities:		
Revenue Bonds Payable (Net of Unamortized Bond Discount & Premium of \$56,254 for 2012 and \$58,903 for 2011)	\$ 7,203,746	\$ 7,619,097
Deferred Loss-Early Debt Retirement	(190,580)	(202,975)
Noncurrent Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	67,260	66,040
Funds Held for Future Lines	7,000	29,200
Total Noncurrent Liabilities	\$ 7,087,426	\$ 7,511,362
Total Liabilities	\$ 7,671,230	\$ 8,057,882
NET POSITION		
Net Investment in Capital Assets	\$ 6,317,903	\$ 6,301,974
Restricted for Capital Projects	302,011	382,052
Restricted for Debt Service	1,131,170	1,202,801
Unrestricted	1,074,746	942,874
Total Net Position	\$ 8,825,830	\$ 8,829,701

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended December 31, 2012 and 2011

Operating Revenues:	2012	2011
Charges for Services:		
Water Charges (Net of Estimated Bad Debts)	\$ 3,040,403	\$ 2,989,572
Wholesale Water Charges	215,225	233,237
Total Charges for Services	\$ 3,255,628	\$ 3,222,809
Other Charges and Miscellaneous:		
Reconnect and Disconnect Charges	\$ 29,220	\$ 28,370
Forfeited Discounts	86,802	86,534
Miscellaneous	16,082	37,432
Total Other Charges and Miscellaneous	\$ 132,104	\$ 152,336
Total Operating Revenues	\$ 3,387,732	\$ 3,375,145
 Operating Expenses:		
Accounting and Collecting Labor	\$ 128,534	\$ 122,478
Chemicals	69,192	59,392
Commissioner Salaries	24,750	28,800
Continuing Education	4,688	1,575
Contractual Services-Maintenance of Mains/Distribution System	86,717	129,640
Dues	3,215	1,715
Insurance	46,902	43,360
Maintenance of Mains/Distribution System Expenses	397,408	223,136
Miscellaneous	14,395	6,516
Office Supplies and Expense	71,152	59,120
Operating Labor	551,998	531,835
Other Interest Expense	806	609
Payroll Taxes	57,423	54,650
Professional Services	80,336	80,460
Purchased Power	393,854	398,664
Regulatory Fees	5,934	4,967
Retirement Expense & Employee Benefits	337,768	322,478
Transportation Expense	20,485	20,685
Utilities	25,495	26,857
Depreciation Expense	818,065	835,486
Total Operating Expenses	\$ 3,139,117	\$ 2,952,423
Net Operating Income	\$ 248,615	\$ 422,722
Nonoperating Revenue (Expense):		
Investment Income	\$ 20,652	\$ 25,215
Interest Expense	(335,127)	(349,357)
Amortization Expense	(21,031)	(21,031)
Total Nonoperating Revenue (Expense)	\$ (335,506)	\$ (345,173)
Income (Loss) Before Contributions	\$ (86,891)	\$ 77,549
Capital Contributions	83,020	31,755
Change in Net Position	\$ (3,871)	\$ 109,304
Net Position--Beginning of Year	8,829,701	8,720,397
Net Position--End of Year	\$ 8,825,830	\$ 8,829,701

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 3,410,788	\$ 3,423,939
Payments to Suppliers	(1,743,759)	(1,478,845)
Payments to Employees	(699,559)	(689,573)
Other Receipts (Payments)	45,036	29,508
Net Cash Provided (Used) by Operating Activities	\$ 1,012,506	\$ 1,285,029
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets (Including Work In Process)	\$ (456,025)	\$ (785,709)
Principal Paid on Capital Debt	(399,000)	(388,000)
Interest Paid on Capital Debt	(335,127)	(349,357)
Grant Proceeds	-	75,000
Capital Contributions	60,820	60,955
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (1,129,332)	\$ (1,387,111)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds (Purchase) of Investments (Net)	\$ -	\$ (2,926)
Interest Received	20,882	26,254
Net Cash Provided (Used) by Investing Activities	\$ 20,882	\$ 23,328
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (95,944)	\$ (78,754)
Balances-Beginning of the Year	1,011,138	1,089,892
Balances-End of the Year	\$ 915,194	\$ 1,011,138

	Balances Per December 31, 2012 Statement of Net Position	Balances Per December 31, 2012 Statement of Cash Flows
Cash	\$ 123,307	\$ 123,307
Certificates of Deposit	310,035	-
Restricted Cash	791,887	791,887
Restricted Certificates of Deposit	800,000	-
Total Cash and Cash Equivalents, End of Year	\$ 2,025,229	\$ 915,194

	Balances Per December 31, 2011 Statement of Net Position	Balances Per December 31, 2011 Statement of Cash Flows
Cash	\$ 52,444	\$ 52,444
Certificates of Deposit	310,035	-
Restricted Cash	958,694	958,694
Restricted Certificates of Deposit	800,000	-
Total Cash and Cash Equivalents, End of Year	\$ 2,121,173	\$ 1,011,138

(Continued)

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 248,615	\$ 422,722
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Depreciation Expense	818,065	835,486
Change in Assets and Liabilities:		
Receivables, Net	21,245	68,722
Other Receivables	591	(568)
Inventories	(94,720)	(2,050)
Prepaid Expenses	(794)	(14,461)
Accounts Payable	(8,531)	(319)
Accrued Expenses	26,815	(5,143)
Customer Meter Deposits Payable	1,220	(19,360)
Net Cash Provided by Operating Activities	\$ 1,012,506	\$ 1,285,029

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

At December 31, 2011 and 2012, Henry County Water District #2 had \$2,000 of capitalized expenditures for construction in accounts payable on the Statement of Net Assets.

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

RECEIVED ON: September 3, 2013