

January 20, 2014

RECEIVED

JAN 22 2014

PUBLIC SERVICE
COMMISSION

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

Re: Adair County Water District, d/b/a Columbia/Adair Utilities District

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Adair County Water District, d/b/a/ Columbia/Adair Utilities District for a Certificate of Public Convenience and Necessity to construct and finance a project pursuant to KRS Chapter 278.

Also enclosed are eleven (11) copies of the exhibits required and two (2) copies of the Preliminary and Final Engineering Reports, **with the exception of the Plans and Specifications and the Site Map, prepared by Monarch Engineering, Inc., on the Project, of which are being forwarded in paper copy and electronic format by said Engineers.**

If you need any additional information or documentation, please let us know.

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:jlm
Enclosures

cc: Mr. Robert Flowers, Chairman
David Bowles, P.E., Monarch Engineering, Inc.

COLUMBIA
QUADRANGLE

Sewage
Disposal

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PUBLIC SERVICE
COMMISSION

JONES STREET
REPLACE APPROXIMATELY 65
LF OF 2-INCH WATER LINE WITH
NEW 6-INCH WATER LINE

HIGH STREET
REPLACE APPROXIMATELY 380
LF OF 2-INCH WATER LINE WITH
NEW 6-INCH WATER LINE

MONROE STREET
REPLACE APPROXIMATELY 600
LF OF 2-INCH WATER LINE WITH
NEW 6-INCH WATER LINE

EXISTING 8-INCH
WATER LINE

MERCHANT STREET
REPLACE APPROXIMATELY 925 LF
OF 4-INCH & 2-INCH WATER LINE
WITH NEW 6-INCH WATER LINE

ADAMS ALLEY
REPLACE APPROXIMATELY 885
LF OF 6-INCH WATER LINE WITH
NEW 8-INCH WATER LINE

JEFFERSON ALLEY
REPLACE APPROXIMATELY 625
LF OF 6-INCH AC WATER LINE
WITH NEW 8-INCH WATER LINE

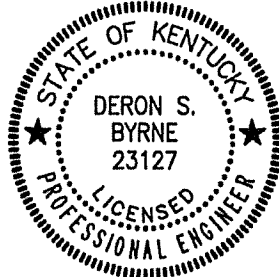
Lindsey
Wilson
College

MADISON ALLEY
REPLACE APPROXIMATELY 110
LF OF 2-INCH WATER LINE WITH
NEW 8-INCH WATER LINE

REED STREET
REPLACE APPROXIMATELY 990
LF OF 6-INCH AC WATER LINE
WITH NEW 8-INCH WATER LINE

FORTUNE STREET
REPLACE APPROXIMATELY 340
LF OF 2-INCH WATER LINE WITH
NEW 8-INCH WATER LINE

SCALE 1" = 500'



DOWNTOWN AREA
COLUMBIA/A DAIR COUNTY
UTILITY COMMISSION



Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

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JAN 22 2014

PUBLIC SERVICE
COMMISSION

**PRELIMINARY ENGINEERING REPORT
FOR THE
COLUMBIA-ADAIR UTILITIES DISTRICT**

DOWNTOWN WATER SYSTEM IMPROVEMENTS - PHASE 1

FEBRUARY 2011

PRELIMINARY ENGINEERING REPORT

DOWNTOWN WATER SYSTEM IMPROVEMENTS – PHASE 1 COLUMBIA-ADAIR UTILITIES DISTRICT ADAIR COUNTY, KENTUCKY

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system improvements that are being planned by the Columbia-Adair Utilities District. The improvements include the replacement of several aging and undersized water lines located primarily within the City of Columbia corporate limits.

Rural Development “Kentucky Guide 7A” will be submitted at a later date and will serve as the Summary Addendum to this report. The Summary Addendum will further analyze the capability of the District to execute this project through an evaluation of its financial standing and overall system operation.

II. PROJECT PLANNING AREA

The proposed project area consists of portions of the urban water system within the City of Columbia. Much of the area is comprised of existing commercial and residential development. Given the general lack of available work space, most construction activity will lie within or adjacent to the right-of-way of state highways and city streets. The complexity of construction in these areas will increase project cost as compared to that in undeveloped areas.

Existing system mains in the area are generally undersized and are composed of aging and inferior materials including asbestos cement. Frequent leaks, low system pressure, and poor water quality are all problems that affect the area. The high consumer density within the area greatly amplifies these system shortcomings.

Construction of the project will positively impact service for the majority of customers within the District’s supply area, especially those located within the City of Columbia. Attached as a part of this report are location and topographic maps. The maps illustrate the project area and all proposed system improvements.

III. EXISTING FACILITIES

The Columbia-Adair Utilities District owns and operates the water distribution system that serves over 7,600 residential, commercial and industrial customers within Adair County, Kentucky. The District purchases all water for resale from the Columbia / Adair County Water Commission and the City of Jamestown. Green River Lake serves as the

source of raw water for the Commission, while Lake Cumberland supplies the City of Jamestown. Both sources have excellent quality and excess capacity.

The District maintains fifteen water storage tanks rated at 3,883,000 gallons. Eleven booster pump stations are used to transport water throughout the system, with capacities ranging from 90 to 750 GPM. The distribution system consists of various size water lines ranging from 2-inch to 18-inch. Pipe material within the system includes cast iron and asbestos cement for the older pipe and plastic and ductile iron for the newer water lines. The majority of the system components have been in place for less than 50 years.

The District also operates the sewer collection and treatment system serving the City of Columbia. It serves over 1,650 residential, commercial and industrial customers, most of which reside within the city limits.

Information regarding the current rate structure, annual operating and maintenance data, a tabulation of monthly users and revenue, and a list of the outstanding bonds can be found in the summary addendum which will be submitted at a later date.

IV. NEED FOR THE PROJECT

The water system that currently serves all residences and businesses within the City of Columbia was established in the 1930's. Customers are served directly using small diameter distribution lines, most of which are six inch or smaller. These undersized lines extend throughout the urban system in a network that functions to provide the day to day water supply. The lines are made primarily of cast iron, asbestos cement and galvanized materials, none of which are still installed for buried water distribution lines.

Since the first public water system was implemented, the water distribution system has grown to serve all of the incorporated area. As the system expanded to meet growth within the city, very little emphasis was put on expansion and renovation of the older portions of the system. An increased service load in conjunction with interior wall corrosion, material degradation, and an overall lack of size has begun to present severe operational problems throughout the city system.

In addition, beginning in the 1970's the rural water system began to experience rapid growth due to the newfound awareness of the risks associated with consuming contaminated ground and surface waters. This further impacted the system and led to a demand on the city system which far surpassed the level for which it was initially designed. The associated strain on the system has accelerated the deterioration of the aging components.

Frequent leaks, low system pressure, and undesirable water quality are all problems that currently affect the existing infrastructure. Within the past five to ten years these problems have become increasingly frequent and nearly all of them involve the older water lines. In addition to the potential health risk and financial loss, the situation also

contributes to the systems inability to provide adequate fire protection. It is anticipated that these inadequacies and their associated risks will further progress if corrective action isn't taken.

V. ALTERNATIVES CONSIDERED

There are practically no feasible alternatives to correct the problems experienced by the District's water supply and distribution system other than that as outlined in this report. The replacement of the older and deteriorated water lines is needed as a result of known and recorded water line breaks within these lines and also by the physical appearance of the exterior and interior surfaces. In regard to the low pressures experienced by those customers served by the water system, there does not exist another public water supplier within area that might better serve them.

VI. PROPOSED PROJECT

In order to correct the above-described deficiencies, the District proposes to install approximately 5,400 LF of 8-inch water line and 38,000 LF of 6-inch water line to replace existing undersized and asbestos-cement water lines in the Tutt Street area, Longhunters Subdivision, Kentucky Highway 80 East area, and elsewhere within downtown Columbia. In total, the water line replacements will directly enhance service for approximately 1,200 existing customers. Of those, 420 customers will have their existing meters replaced with radio read meters.

An itemized cost estimate is included in this report and it outlines all of the individual construction items along with their associated estimated unit costs. A summary cost estimate is also included; it recaps the project costs and outlines a funding scheme for the project.

The total construction cost has been estimated to be \$3,243,800, with a total project cost of \$4,000,000. The District is proposing to finance the project by way of a KIA State Revolving Fund (Fund F) Loan in the amount of \$4,000,000.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on our evaluation of the condition of the water lines within the City of Columbia and the continuous reduction in pressure throughout the water system, it is recommended that the District pursue the financial assistance as outlined above in order to correct the deficiencies. The implementation of the project will ensure the Districts continued ability to provide a safe and reliable water supply and is therefore of the utmost importance.

**PRELIMINARY COST ESTIMATE
DOWNTOWN WATER SYSTEM IMPROVEMENTS - PHASE I
COLUMBIA-ADAIR UTILITIES DISTRICT
SEPTEMBER 2010**

PROPOSED PROJECT COSTS

DEVELOPMENT	\$3,243,800
CONTINGENCY	326,200
ENGINEERING DESIGN	239,000
CONSTRUCTION INSPECTION	131,000
LEGAL	30,000
ADDITIONAL ENGINEERING	<u>30,000</u>
TOTAL PROPOSED PROJECT COSTS	\$4,000,000

PROPOSED FINANCING

STATE REVOLVING LOAN FUND	<u>\$4,000,000</u>
TOTAL PROPOSED FINANCING	\$4,000,000

**PRELIMINARY COST ESTIMATE
DOWNTOWN WATER SYSTEM IMPROVEMENTS
DOWNTOWN AREA
COLUMBIA-ADAIR UTILITIES DISTRICT
SEPTEMBER 2010**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	6-Inch Water Line	7,000 LF	\$25.00	\$175,000.00
2	Bore & Case for 6-Inch Water Line	200 LF	100.00	20,000.00
3	6-Inch Gate Valve	24 EA	600.00	14,400.00
4	Connection for 6-Inch WL	16 EA	2,500.00	40,000.00
5	Hydrant	18 EA	2,500.00	45,000.00
6	Meter Replacement	70 EA	1,500.00	105,000.00
7	3/4-Inch Service Tubing	3,500 EA	6.00	21,000.00
8	Pavement Replacment	7,000 EA	25.00	175,000.00
9	Sidewalk Replacement	0 LF	10.00	0.00
Subtotal				\$595,400.00
Contingency				59,600.00
Total Construction				\$655,000.00

**PRELIMINARY COST ESTIMATE
DOWNTOWN WATER SYSTEM IMPROVEMENTS
LONGHUNTERS SUBDIVISION AREA
COLUMBIA-ADAIR UTILITIES DISTRICT
SEPTEMBER 2010**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	6-Inch Water Line	8,000 LF	\$25.00	\$200,000.00
2	6-Inch Gate Valve	12 EA	600.00	7,200.00
3	Connection for 6-Inch WL	6 EA	2,500.00	15,000.00
4	Hydrant	20 EA	2,500.00	50,000.00
5	Meter Replacement	60 EA	1,500.00	90,000.00
6	3/4-Inch Service Tubing	3,000 EA	6.00	18,000.00
7	Pavement Replacment	4,000 EA	25.00	100,000.00
8	Sidewalk Replacement	0 LF	10.00	0.00
Subtotal				\$480,200.00
Contingency				48,800.00
Total Construction				\$529,000.00

**PRELIMINARY COST ESTIMATE
DOWNTOWN WATER SYSTEM IMPROVEMENTS
HIGHWAY EAST 80 AREA
COLUMBIA-ADAIR UTILITIES DISTRICT
SEPTEMBER 2010**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	6-Inch Water Line	15,000 LF	\$25.00	\$375,000.00
2	6-Inch Gate Valve	30 EA	600.00	18,000.00
3	Connection for 6-Inch WL	16 EA	2,500.00	40,000.00
4	Hydrant	30 EA	2,500.00	75,000.00
5	Meter Replacement	150 EA	1,500.00	225,000.00
6	3/4-Inch Service Tubing	7,500 EA	6.00	45,000.00
7	Pavement Replacment	12,800 EA	25.00	320,000.00
8	Sidewalk Replacement	0 LF	10.00	0.00
Subtotal				\$1,098,000.00
Contingency				110,000.00
Total Construction				\$1,208,000.00

**PRELIMINARY COST ESTIMATE
DOWNTOWN WATER SYSTEM IMPROVEMENTS
TUTT STREET AREA
COLUMBIA-ADAIR UTILITIES DISTRICT
SEPTEMBER 2010**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
1	8-Inch Water Line	5,400 LF		\$32.00	\$172,800.00
2	6-Inch Water Line	9,400 LF		25.00	235,000.00
3	8-Inch Gate Valve	20 EA		800.00	16,000.00
4	6-Inch Gate Valve	24 EA		600.00	14,400.00
5	Connection for 8-Inch WL	12 EA		3,500.00	42,000.00
6	Connection for 6-Inch WL	20 EA		2,500.00	50,000.00
7	Hydrant	34 EA		2,500.00	85,000.00
8	Meter Replacement	140 EA		1,500.00	210,000.00
9	3/4-Inch Service Tubing	7,000 EA		6.00	42,000.00
10	Pavement Replacment	6,600 EA		25.00	165,000.00
11	Sidewalk Replacement	3,800 LF		10.00	38,000.00
		Subtotal			\$1,070,200.00
		Contingency			107,800.00
		Total Construction			\$1,178,000.00

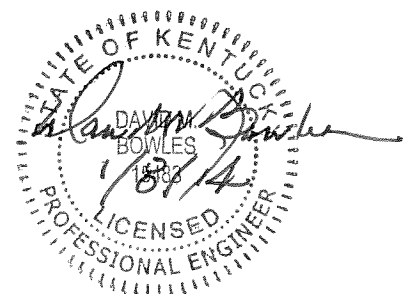
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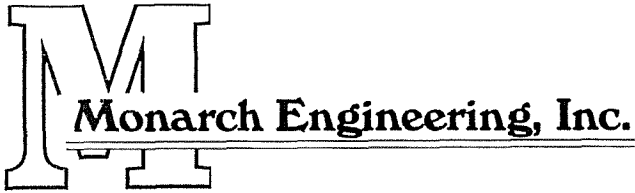
JAN 22 2014

PUBLIC SERVICE
COMMISSION

FINAL ENGINEERING REPORT
FOR THE
COLUMBIA / ADAIR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM IMPROVEMENTS
PHASE 1 - SECTION 1

DECEMBER 2013





December 6, 2013

Mr. Robert Flowers, Chairman
Adair County Water District
P.O. Box 567
Columbia, KY 42728

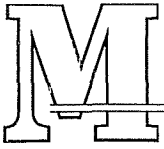
Re: Downtown Water System Improvements, Phase 1-Section 1

Dear Mr. Flowers:

On December 4, 2013, bids were received by the Columbia / Adair Utilities District for the construction of the Downtown Water System Improvements, Phase 1 – Section 1 Project. Six bids were received with the lowest Base Bid being submitted by Stotts Construction Co., Inc. located in Columbia, KY, in the amount of \$860,720.00 for the Base Bid and \$764,700.00 for Alternate No. 1. A summarized bid tabulation of all bids received and the Final Project Budget is attached. The Base Bid consists of the remedial water system work in the vicinity of the Town Square, and Alternate No. 1 consists of the same in the Longhunters Subdivision area.

As you may recall, the initial project as described in the Preliminary Engineering Report dated February 2011, outlined a project that had four target areas where the water system was to be renovated. They were identified as 1) Downtown Area, 2) Longhunters Area, 3) Highway East 80 Area, and 4) Tutt Street Area. As mentioned above, the Base Bid is Area 1 and the Alternate No. 1 is Area 2. Areas 3 and 4 are planned to be a part of a second phase to be developed once this first phase has been completed. The purpose of this two phased approach is to ensure that Areas 1 and 2, which are considered to be of a higher need for renovation, are completed and that the amount of funds remaining are known prior soliciting bids for Areas 3 and 4.

The award of the construction contract is based on the lowest Base Bid with the Alternate No. 1 to be considered once the Base Contract is completed. It is anticipated that this action will cause the Contractor to focus their efforts solely on completing the work in the Downtown Square area before pursuing any work in any other areas. It is our opinion that the work contained in the Base Bid is more difficult than the work recently completed for the Downtown Water Improvements Phase 2 – Section 1 Project in which the eventual completion of that project resulted in unexpected efforts and circumstances that the District encountered. With that experience recently encountered it is our effort to minimize the potential for that to occur again.



December 6, 2013
Page Two

Based on the competitive results of the bids and the fact that the lowest bid submitted is of an amount that is within the project budget, we recommend that the Utilities District consider awarding a contract to Stotts Construction Co, Inc. in the amount of \$860,720.00, and upon successful completion of the Base Contract, continue with award of Alternate No. 1 in the amount of \$764,700.00. This recommendation is contingent upon approval from the Kentucky Infrastructure Authority and the Kentucky Public Service Commission.

The financing of this project is through the Kentucky Infrastructure Authority State Revolving Loan Program in the amount of \$4,000,000.00 of which \$1,400,000.00 is in the form of a forgiven loan (grant), and the remaining \$2,600,000.00 is a low interest loan based on a 30 year term and an interest rate of 0.75%.

Should you need additional information, please advise.

Sincerely,

A handwritten signature in cursive script, appearing to read 'David M. Bowles', is written above the typed name.

David M. Bowles, P.E.

/dmb

**FINAL COST ESTIMATE
PROPOSED WATER SYSTEM IMPROVEMENTS
DOWNTOWN WATER SYSTEM IMPROVEMENTS PHASE 1 - SECTION 1
COLUMBIA / ADAIR UTILITIES DISTRICT
DECEMBER 2013**

BASE CONTRACT PORTION ONLY

PROJECT COSTS

DEVELOPMENT	\$860,720.00
CONTINGENCY	85,516.28
ENGINEERING DESIGN (9.08%)	78,153.38
CONSTRUCTION INSPECTION (5.88%)	50,610.34
LEGAL & ADMINISTRATIVE	<u>10,000.00</u>
TOTAL PROJECT COSTS	1,085,000.00

PROJECT FINANCING

KENTUCKY INFRASTRUCTURE AUTHORITY	<u>\$1,085,000.00</u>
TOTAL PROJECT FINANCING	1,085,000.00

NOTE: TOTAL FUNDS AVAILABLE FROM KIA \$4,000,000.00

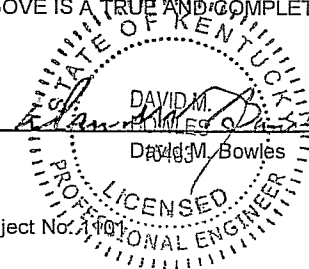
**BID TABULATIONS
COLUMBIA/ADAIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1
ADAIAR COUNTY, KENTUCKY**

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728		Gary Clifford 5114 New Jackson Hwy. Hodgenville, KY 42748		Cleary Construction 2006 Edmonton Rd. Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID							
1	8-Inch PVC SDR 21 Water Line	3,400 LF	\$41.50	\$141,100.00	\$81.00	\$275,400.00	\$103.00	\$350,200.00
2	6-Inch PVC SDR 21 Water Line	1,700 LF	40.00	68,000.00	80.00	136,000.00	99.00	168,300.00
3	8-Inch Gate Valve	15 EA	2,000.00	30,000.00	1,500.00	22,500.00	1,450.00	21,750.00
4	6-Inch Gate Valve	6 EA	1,620.00	9,720.00	1,000.00	6,000.00	1,200.00	7,200.00
5	3-Way Flush Hydrant Assembly	4 EA	3,600.00	14,400.00	3,600.00	14,400.00	3,900.00	15,600.00
6	8-Inch x 8-Inch Connection	3 EA	3,600.00	10,800.00	1,800.00	5,400.00	2,100.00	6,300.00
7	8-Inch x 6-Inch Connection	2 EA	3,500.00	7,000.00	1,500.00	3,000.00	2,000.00	4,000.00
8	8-Inch x 2-Inch Connection	1 EA	3,300.00	3,300.00	1,300.00	1,300.00	2,000.00	2,000.00
9	6-Inch X 6-Inch Connection	1 EA	2,800.00	2,800.00	1,400.00	1,400.00	2,000.00	2,000.00
10	Meter Setting & Reconnection	84 EA	1,600.00	134,400.00	1,500.00	126,000.00	1,250.00	105,000.00
11	1-Inch Meter Setting & Reconnection	1 EA	5,500.00	5,500.00	4,000.00	4,000.00	4,200.00	4,200.00
12	1 1/2-Inch Meter Setting & Reconnection	2 EA	9,500.00	19,000.00	8,000.00	16,000.00	7,000.00	14,000.00
13	2-Inch Meter Setting & Reconnection	4 EA	10,200.00	40,800.00	8,500.00	34,000.00	8,000.00	32,000.00
14	3-Inch Meter Setting & Reconnection	3 EA	30,000.00	90,000.00	24,000.00	72,000.00	21,000.00	63,000.00
15	3/4-Inch PE Service Tubing	3,300 LF	12.00	39,600.00	8.00	26,400.00	15.00	49,500.00
16	1-Inch PE Service Tubing	100 LF	15.00	1,500.00	9.00	900.00	16.00	1,600.00
17	2-Inch PE Service Tubing	200 LF	20.00	4,000.00	12.00	2,400.00	18.00	3,600.00
18	Service Line & Reconnection							
	Installation by Lincense Plumber	14 EA	2,200.00	30,800.00	800.00	11,200.00	2,000.00	28,000.00
19	Full Width Pavement Replacement	5,600 LF	30.00	168,000.00	21.50	120,400.00	13.00	72,800.00
20	Exploration	40 HR	1,000.00	40,000.00	300.00	12,000.00	120.00	4,800.00
	TOTAL BASE BID			\$860,720.00		\$890,700.00		\$955,850.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, WEDNESDAY, DECEMBER 4, 2013 AT THE COLUMBIA/ADAIAR UTILITIES DISTRICT.

BY:



 DAVID M. BOWLES
 David M. Bowles
 LICENSED PROFESSIONAL ENGINEER
 Project No. 1101

12/5/13
 DATE

**BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1**

ADAIR COUNTY, KENTUCKY

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728		Gary Clifford 5114 New Jackson Hwy. Hodgenville, KY 42748		Cleary Construction 2006 Edmonton Rd. Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 1							
1	8-Inch PVC SDR 21 Water Line	3,500 LF	\$55.00	\$192,500.00	\$17.00	\$59,500.00	\$40.00	\$140,000.00
2	6-Inch PVC SDR 21 Water Line	4,000 LF	45.00	180,000.00	16.00	64,000.00	38.00	152,000.00
3	Bore & Case for 6-Inch Water Line	30 LF	190.00	5,700.00	120.00	3,600.00	145.00	4,350.00
4	Free Bore for 8-Inch Water Line	50 LF	100.00	5,000.00	60.00	3,000.00	60.00	3,000.00
5	Free Bore for 6-Inch Water Line	410 LF	90.00	36,900.00	45.00	18,450.00	60.00	24,600.00
6	Open Cut & Case for 8-Inch Water Line	90 LF	100.00	9,000.00	85.00	7,650.00	110.00	9,900.00
7	Open Cut & Case for 6-Inch Water Line	100 LF	100.00	10,000.00	83.00	8,300.00	105.00	10,500.00
8	8-Inch Gate Valve	6 EA	2,200.00	13,200.00	1,500.00	9,000.00	1,450.00	8,700.00
9	6-Inch Gate Valve	7 EA	1,800.00	12,600.00	1,000.00	7,000.00	1,200.00	8,400.00
10	3-Way Flush Hydrant	4 EA	3,700.00	14,800.00	3,600.00	14,400.00	3,900.00	15,600.00
11	12-Inch x 8-Inch Connection	1 EA	4,600.00	4,600.00	2,500.00	2,500.00	2,400.00	2,400.00
12	8-Inch x 8-Inch Connection	1 EA	3,600.00	3,600.00	1,800.00	1,800.00	2,100.00	2,100.00
13	8-Inch x 6-Inch Connection	1 EA	3,600.00	3,600.00	1,600.00	1,600.00	2,000.00	2,000.00
14	Meter Setting & Reconnection	60 EA	1,800.00	108,000.00	1,280.00	76,800.00	1,250.00	75,000.00
15	3/4-Inch PE Service Tubing	2,600 LF	20.00	52,000.00	6.00	15,600.00	15.00	39,000.00
16	Full Width Pavement Replacement	650 LF	50.00	32,500.00	40.00	26,000.00	13.00	8,450.00
17	Master Meter & PRV Vault	1 LS	40,700.00	40,700.00	30,000.00	30,000.00	28,000.00	28,000.00
18	Exploration	40 HR	1,000.00	40,000.00	300.00	12,000.00	120.00	4,800.00
	TOTAL ALTERNATE NO. 1			\$764,700.00		\$361,200.00		\$538,800.00

BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1

ADAIR COUNTY, KENTUCKY

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Salmon Construction, Inc. P.O. Box 97 Mt. Washington, KY 40047		United Pipeline, Inc. 1660 Carter Lane Bowling Green, KY 42103		Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID							
1	8-Inch PVC SDR 21 Water Line	3,400 LF	\$48.00	\$163,200.00	\$123.00	\$418,200.00	\$127.00	\$431,800.00
2	6-Inch PVC SDR 21 Water Line	1,700 LF	47.00	79,900.00	119.00	202,300.00	125.00	212,500.00
3	8-Inch Gate Valve	15 EA	1,700.00	25,500.00	1,519.00	22,785.00	1,300.00	19,500.00
4	6-Inch Gate Valve	6 EA	1,100.00	6,600.00	1,206.00	7,236.00	1,000.00	6,000.00
5	3-Way Flush Hydrant Assembly	4 EA	3,663.00	14,652.00	3,276.00	13,104.00	4,000.00	16,000.00
6	8-Inch x 8-Inch Connection	3 EA	3,800.00	11,400.00	1,771.00	5,313.00	3,000.00	9,000.00
7	8-Inch x 6-Inch Connection	2 EA	3,400.00	6,800.00	1,626.00	3,252.00	2,900.00	5,800.00
8	8-Inch x 2-Inch Connection	1 EA	2,800.00	2,800.00	1,463.00	1,463.00	2,700.00	2,700.00
9	6-Inch X 6-Inch Connection	1 EA	2,500.00	2,500.00	1,337.00	1,337.00	2,600.00	2,600.00
10	Meter Setting & Reconnection	84 EA	1,550.00	130,200.00	1,157.00	97,188.00	1,300.00	109,200.00
11	1-Inch Meter Setting & Reconnection	1 EA	4,800.00	4,800.00	4,324.00	4,324.00	8,400.00	8,400.00
12	1 1/2-Inch Meter Setting & Reconnection	2 EA	7,800.00	15,600.00	7,127.00	14,254.00	15,000.00	30,000.00
13	2-Inch Meter Setting & Reconnection	4 EA	8,000.00	32,000.00	7,600.00	30,400.00	16,000.00	64,000.00
14	3-Inch Meter Setting & Reconnection	3 EA	25,000.00	75,000.00	20,273.00	60,819.00	33,000.00	99,000.00
15	3/4-Inch PE Service Tubing	3,300 LF	10.00	33,000.00	6.00	19,800.00	25.00	82,500.00
16	1-Inch PE Service Tubing	100 LF	10.00	1,000.00	6.00	600.00	26.00	2,600.00
17	2-Inch PE Service Tubing	200 LF	11.00	2,200.00	7.00	1,400.00	30.00	6,000.00
18	Service Line & Reconnection							
	Installation by Lincense Plumber	14 EA	2,500.00	35,000.00	1,277.00	17,878.00	1,500.00	21,000.00
19	Full Width Pavement Replacement	5,600 LF	65.00	364,000.00	18.00	100,800.00	40.00	224,000.00
20	Exploration	40 HR	300.00	12,000.00	45.00	1,800.00	400.00	16,000.00
	TOTAL BASE BID			\$1,018,152.00		\$1,024,253.00		\$1,368,600.00

**BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1**

ADAIR COUNTY, KENTUCKY

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Salmon Construction, Inc. P.O. Box 97 Mt. Washington, KY 40047		United Pipeline, Inc. 1660 Carter Lane Bowling Green, KY 42103		Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 1							
1	8-Inch PVC SDR 21 Water Line	3,500 LF	\$40.00	\$140,000.00	\$87.00	\$304,500.00	\$72.00	\$252,000.00
2	6-Inch PVC SDR 21 Water Line	4,000 LF	38.00	152,000.00	84.00	336,000.00	70.00	280,000.00
3	Bore & Case for 6-Inch Water Line	30 LF	200.00	6,000.00	225.00	6,750.00	150.00	4,500.00
4	Free Bore for 8-Inch Water Line	50 LF	55.00	2,750.00	100.00	5,000.00	50.00	2,500.00
5	Free Bore for 6-Inch Water Line	410 LF	55.00	22,550.00	100.00	41,000.00	50.00	20,500.00
6	Open Cut & Case for 8-Inch Water Line	90 LF	150.00	13,500.00	110.00	9,900.00	80.00	7,200.00
7	Open Cut & Case for 6-Inch Water Line	100 LF	150.00	15,000.00	103.00	10,300.00	80.00	8,000.00
8	8-Inch Gate Valve	6 EA	1,700.00	10,200.00	1,666.00	9,996.00	1,300.00	7,800.00
9	6-Inch Gate Valve	7 EA	1,100.00	7,700.00	1,297.00	9,079.00	1,000.00	7,000.00
10	3-Way Flush Hydrant	4 EA	3,663.00	14,652.00	3,662.00	14,648.00	4,000.00	16,000.00
11	12-Inch x 8-Inch Connection	1 EA	3,500.00	3,500.00	1,820.00	1,820.00	3,100.00	3,100.00
12	8-Inch x 8-Inch Connection	1 EA	3,300.00	3,300.00	1,771.00	1,771.00	3,000.00	3,000.00
13	8-Inch x 6-Inch Connection	1 EA	3,100.00	3,100.00	1,626.00	1,626.00	2,900.00	2,900.00
14	Meter Setting & Reconnection	60 EA	1,250.00	75,000.00	1,449.00	86,940.00	1,300.00	78,000.00
15	3/4-Inch PE Service Tubing	2,600 LF	10.00	26,000.00	8.00	20,800.00	20.00	52,000.00
16	Full Width Pavement Replacement	650 LF	65.00	42,250.00	27.00	17,550.00	40.00	26,000.00
17	Master Meter & PRV Vault	1 LS	30,000.00	30,000.00	28,111.00	28,111.00	37,000.00	37,000.00
18	Exploration	40 HR	300.00	12,000.00	45.00	1,800.00	400.00	16,000.00
	TOTAL ALTERNATE NO. 1			\$579,502.00		\$907,591.00		\$823,500.00

RECEIVED

JAN 22 2014

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the matter of:

APPLICATION OF THE ADAIR COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO CONSTRUCT) Case No. 2014-_____
A WATER IMPROVEMENTS PROJECT AND TO)
ISSUE SECURITIES IN THE APPROXIMATE)
AMOUNT OF \$1,085,000 TO FINANCE SAID PROJECT)
PURSUANT TO KRS 278.020 AND 278.300)

APPLICATION

The Adair County Water District, d/b/a Columbia/Adair Utilities District (the "District"), by counsel, pursuant to KRS 278.020 and 278.300, petitions the Commission for a certificate of public convenience and necessity to construct the Downtown Water System Improvements Project - Phase 1 - Section 1 (the "Project") and to enter an order authorizing the District to issue certain securities in the approximate principal amount of \$1,085,000 for the purpose of financing said Project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is P.O. Box 567, Columbia, Kentucky 42728. The District's contact information is: Mr. Lenny Stone, General Manager; telephone (270) 384-2181; fax (270) 384-3437; email: lenny.stone@caud.net. 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 and sewer system and its property stated at original cost by accounts is contained in its Annual Report, which is incorporated by reference. All required normal financial schedules and other data are in the Annual Report;

4. The Project consists of the construction and installation of 6 and 8 inch waterline and appurtenances and is more fully described in the bid tabulations attached hereto as Exhibit "B";

5. The total project cost is approximately \$1,085,000, as set forth in the Final Project Estimate attached hereto as **Exhibit "A"**;

6. The District has obtained all easements required for the Project;

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

8. Based on these facts, the District believes that it is in the public interest that this certificate of public convenience and necessity be granted;

9. Copies of the certified bid tabulations are attached hereto as **Exhibit "B"**;

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

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

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

a. Facts relied upon to show that the Project is in the public interest: See Paragraph IV of the Preliminary Engineering Report.

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

c. Diagrams of the proposed construction and construction specifications are contained in the Plans and Specifications (one paper copy and one copy in electronic format) which are being filed with the Commission by Monarch Engineering, Inc., under separate cover;

d. One (1) map of suitable scale showing location of the proposed facilities is filed with this Application and one (1) map in electronic format is being filed by the Engineers;

e. The construction costs will be funded by a portion (\$1,085,000) of a Federally Assisted Drinking Water Revolving Loan Fund loan (Fund F) in the total amount of \$4,000,000 (the "DWSRF Loan") - see Kentucky Infrastructure Authority conditional commitment letter attached hereto as **Exhibit "D"**;

f. The estimated cost of operation of the system after construction is completed is attached hereto as **Exhibit "E"**;

g. The Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows for the years ending December 31, 2012 and 2011 are attached hereto as **Exhibit F**;

12. Pursuant to 807 KAR 5:001, the District hereby responds as follows:

- (a) Section 17(1)(b) Bonds: The DWSRF Loan will be secured by a pledge of the revenues of the District's System.
- (b) Section 17(1)(d): No property is being acquired as the proceeds of the securities.
- (c) Section 17(2)(b): The District does not have any mortgages or trust deeds in effect as of the date hereof.

13. In accordance with the Uniform System of Accounts, the waterline extensions will be classified “transmission and distribution mains” - 331.

14. The District hereby requests and moves for a deviation from the requirements of 807 KAR 5:001, Section 12, 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 with this Application is for the twelve (12) month period ending December 31, 2012. This is the most recent published financial data available. Because of the volatility of the bond market and the necessity for commencing construction of the Project in a timely manner, the District cannot run the risk of delaying the closing of the KRWFC Loan and construction of the Project while more current financial data is compiled.


15. No rate adjustment will be necessary.

WHEREFORE, the Applicant, Adair County Water District, d/b/a Columbia/Adair Utilities District requests that the Public Service Commission of Kentucky take the following actions:

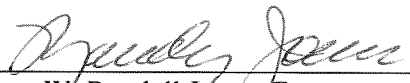
1. Authorize the issuance of the securities requested in the application;
2. Grant to the Applicant a Certificate of Public Convenience and Necessity permitting the Applicant to construct the water improvement project;
3. Grant the District a deviation, to the extent necessary, from 807 KAR 5:001, Section 12 to allow the submission of the District's 2012 Annual Report in lieu of more recent financial data, there being no material change in the data since December 31, 2012 and due to the favorable construction bids and the time required to generate such information;
4. Process this Application without a formal hearing in order to save time and expense.

The District will promptly respond to any inquiries or information requests by the Commission's staff.

Adair County Water District, d/b/a
Columbia/Adair Utilities District

By 
Chairmah

Rubin & Hays

By 
W. Randall Jones, Esq.
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7525
Counsel for the District

FINAL COST ESTIMATE
PROPOSED WATER SYSTEM IMPROVEMENTS
DOWNTOWN WATER SYSTEM IMPROVEMENTS PHASE 1 - SECTION 1
COLUMBIA / ADAIR UTILITIES DISTRICT
DECEMBER 2013

BASE CONTRACT PORTION ONLY

PROJECT COSTS

DEVELOPMENT	\$860,720.00
CONTINGENCY	85,516.28
ENGINEERING DESIGN (9.08%)	78,153.38
CONSTRUCTION INSPECTION (5.88%)	50,610.34
LEGAL & ADMINISTRATIVE	<u>10,000.00</u>
TOTAL PROJECT COSTS	1,085,000.00

PROJECT FINANCING

KENTUCKY INFRASTRUCTURE AUTHORITY	<u>\$1,085,000.00</u>
TOTAL PROJECT FINANCING	1,085,000.00

NOTE: TOTAL FUNDS AVAILABLE FROM KIA	\$4,000,000.00
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MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
COLUMBIA/AIDIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1
ADAIR COUNTY, KENTUCKY

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Stotts Construction Co., Inc.		Gary Clifford		Cleary Construction	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID							
1	8-Inch PVC SDR 21 Water Line	3,400 LF	\$41.50	\$141,100.00	\$81.00	\$275,400.00	\$103.00	\$350,200.00
2	6-Inch PVC SDR 21 Water Line	1,700 LF	40.00	68,000.00	80.00	136,000.00	99.00	168,300.00
3	8-Inch Gate Valve	15 EA	2,000.00	30,000.00	1,500.00	22,500.00	1,450.00	21,750.00
4	6-Inch Gate Valve	6 EA	1,620.00	9,720.00	1,000.00	6,000.00	1,200.00	7,200.00
5	3-Way Flush Hydrant Assembly	4 EA	3,600.00	14,400.00	3,600.00	14,400.00	3,900.00	15,600.00
6	8-Inch x 8-Inch Connection	3 EA	3,600.00	10,800.00	1,800.00	5,400.00	2,100.00	6,300.00
7	8-Inch x 6-Inch Connection	2 EA	3,500.00	7,000.00	1,500.00	3,000.00	2,000.00	4,000.00
8	8-Inch x 2-Inch Connection	1 EA	3,300.00	3,300.00	1,300.00	1,300.00	2,000.00	2,000.00
9	6-Inch X 6-Inch Connection	1 EA	2,800.00	2,800.00	1,400.00	1,400.00	2,000.00	2,000.00
10	Meter Setting & Reconnection	84 EA	1,600.00	134,400.00	1,500.00	126,000.00	1,250.00	105,000.00
11	1-Inch Meter Setting & Reconnection	1 EA	5,500.00	5,500.00	4,000.00	4,000.00	4,200.00	4,200.00
12	1 1/2-Inch Meter Setting & Reconnection	2 EA	9,500.00	19,000.00	8,000.00	16,000.00	7,000.00	14,000.00
13	2-Inch Meter Setting & Reconnection	4 EA	10,200.00	40,800.00	8,500.00	34,000.00	8,000.00	32,000.00
14	3-Inch Meter Setting & Reconnection	3 EA	30,000.00	90,000.00	24,000.00	72,000.00	21,000.00	63,000.00
15	3/4-Inch PE Service Tubing	3,300 LF	12.00	39,600.00	8.00	26,400.00	15.00	49,500.00
16	1-Inch PE Service Tubing	100 LF	15.00	1,500.00	9.00	900.00	16.00	1,600.00
17	2-Inch PE Service Tubing	200 LF	20.00	4,000.00	12.00	2,400.00	18.00	3,600.00
18	Service Line & Reconnection							
	Installation by Lincense Plumber	14 EA	2,200.00	30,800.00	800.00	11,200.00	2,000.00	28,000.00
19	Full Width Pavement Replacement	5,600 LF	30.00	168,000.00	21.50	120,400.00	13.00	72,800.00
20	Exploration	40 HR	1,000.00	40,000.00	300.00	12,000.00	120.00	4,800.00
	TOTAL BASE BID			\$860,720.00		\$890,700.00		\$955,850.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, WEDNESDAY, DECEMBER 4, 2013 AT THE COLUMBIA/AIDIAR UTILITIES DISTRICT.

BY: 
 DAVID M. BOWLES
 PROFESSIONAL ENGINEER
 Project No. 1401

12/5/13
 DATE

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

BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1

ADAIR COUNTY, KENTUCKY

BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

			Stotts Construction Co., Inc. P.O. Box 1689 Columbia, KY 42728		Gary Clifford 5114 New Jackson Hwy. Hodgenville, KY 42748		Cleary Construction 2006 Edmonton Rd. Tompkinsville, KY 42167	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 1							
1	8-Inch PVC SDR 21 Water Line	3,500 LF	\$55.00	\$192,500.00	\$17.00	\$59,500.00	\$40.00	\$140,000.00
2	6-Inch PVC SDR 21 Water Line	4,000 LF	45.00	180,000.00	16.00	64,000.00	38.00	152,000.00
3	Bore & Case for 6-Inch Water Line	30 LF	190.00	5,700.00	120.00	3,600.00	145.00	4,350.00
4	Free Bore for 8-Inch Water Line	50 LF	100.00	5,000.00	60.00	3,000.00	60.00	3,000.00
5	Free Bore for 6-Inch Water Line	410 LF	90.00	36,900.00	45.00	18,450.00	60.00	24,600.00
6	Open Cut & Case for 8-Inch Water Line	90 LF	100.00	9,000.00	85.00	7,650.00	110.00	9,900.00
7	Open Cut & Case for 6-Inch Water Line	100 LF	100.00	10,000.00	83.00	8,300.00	105.00	10,500.00
8	8-Inch Gate Valve	6 EA	2,200.00	13,200.00	1,500.00	9,000.00	1,450.00	8,700.00
9	6-Inch Gate Valve	7 EA	1,800.00	12,600.00	1,000.00	7,000.00	1,200.00	8,400.00
10	3-Way Flush Hydrant	4 EA	3,700.00	14,800.00	3,600.00	14,400.00	3,900.00	15,600.00
11	12-Inch x 8-Inch Connection	1 EA	4,600.00	4,600.00	2,500.00	2,500.00	2,400.00	2,400.00
12	8-Inch x 8-Inch Connection	1 EA	3,600.00	3,600.00	1,800.00	1,800.00	2,100.00	2,100.00
13	8-Inch x 6-Inch Connection	1 EA	3,600.00	3,600.00	1,600.00	1,600.00	2,000.00	2,000.00
14	Meter Setting & Reconnection	60 EA	1,800.00	108,000.00	1,280.00	76,800.00	1,250.00	75,000.00
15	3/4-Inch PE Service Tubing	2,600 LF	20.00	52,000.00	6.00	15,600.00	15.00	39,000.00
16	Full Width Pavement Replacement	650 LF	50.00	32,500.00	40.00	26,000.00	13.00	8,450.00
17	Master Meter & PRV Vault	1 LS	40,700.00	40,700.00	30,000.00	30,000.00	28,000.00	28,000.00
18	Exploration	40 HR	1,000.00	40,000.00	300.00	12,000.00	120.00	4,800.00
	TOTAL ALTERNATE NO. 1			\$764,700.00		\$361,200.00		\$538,800.00

MONARCH ENGINEERING, INC.
 556 Carlton Drive
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BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1
ADAIR COUNTY, KENTUCKY
BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Salmon Construction, Inc. P.O. Box 97 Mt. Washington, KY 40047		United Pipeline, Inc. 1660 Carter Lane Bowling Green, KY 42103		Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	BASE BID							
1	8-Inch PVC SDR 21 Water Line	3,400 LF	\$48.00	\$163,200.00	\$123.00	\$418,200.00	\$127.00	\$431,800.00
2	6-Inch PVC SDR 21 Water Line	1,700 LF	47.00	79,900.00	119.00	202,300.00	125.00	212,500.00
3	8-Inch Gate Valve	15 EA	1,700.00	25,500.00	1,519.00	22,785.00	1,300.00	19,500.00
4	6-Inch Gate Valve	6 EA	1,100.00	6,600.00	1,206.00	7,236.00	1,000.00	6,000.00
5	3-Way Flush Hydrant Assembly	4 EA	3,663.00	14,652.00	3,276.00	13,104.00	4,000.00	16,000.00
6	8-Inch x 8-Inch Connection	3 EA	3,800.00	11,400.00	1,771.00	5,313.00	3,000.00	9,000.00
7	8-Inch x 6-Inch Connection	2 EA	3,400.00	6,800.00	1,626.00	3,252.00	2,900.00	5,800.00
8	8-Inch x 2-Inch Connection	1 EA	2,800.00	2,800.00	1,463.00	1,463.00	2,700.00	2,700.00
9	6-Inch X 6-Inch Connection	1 EA	2,500.00	2,500.00	1,337.00	1,337.00	2,600.00	2,600.00
10	Meter Setting & Reconnection	84 EA	1,550.00	130,200.00	1,157.00	97,188.00	1,300.00	109,200.00
11	1-Inch Meter Setting & Reconnection	1 EA	4,800.00	4,800.00	4,324.00	4,324.00	8,400.00	8,400.00
12	1 1/2-Inch Meter Setting & Reconnection	2 EA	7,800.00	15,600.00	7,127.00	14,254.00	15,000.00	30,000.00
13	2-Inch Meter Setting & Reconnection	4 EA	8,000.00	32,000.00	7,600.00	30,400.00	16,000.00	64,000.00
14	3-Inch Meter Setting & Reconnection	3 EA	25,000.00	75,000.00	20,273.00	60,819.00	33,000.00	99,000.00
15	3/4-Inch PE Service Tubing	3,300 LF	10.00	33,000.00	6.00	19,800.00	25.00	82,500.00
16	1-Inch PE Service Tubing	100 LF	10.00	1,000.00	6.00	600.00	26.00	2,600.00
17	2-Inch PE Service Tubing	200 LF	11.00	2,200.00	7.00	1,400.00	30.00	6,000.00
18	Service Line & Reconnection							
	Installation by Lincense Plumber	14 EA	2,500.00	35,000.00	1,277.00	17,878.00	1,500.00	21,000.00
19	Full Width Pavement Replacement	5,600 LF	65.00	364,000.00	18.00	100,800.00	40.00	224,000.00
20	Exploration	40 HR	300.00	12,000.00	45.00	1,800.00	400.00	16,000.00
	TOTAL BASE BID			\$1,018,152.00		\$1,024,253.00		\$1,368,600.00

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BID TABULATIONS
COLUMBIA/ADIAR UTILITIES DISTRICT
DOWNTOWN WATER SYSTEM REPLACEMENTS
PHASE 1- SECTION 1
ADAIR COUNTY, KENTUCKY
BID DATE: DECEMBER 4, 2013 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Salmon Construction, Inc. P.O. Box 97 Mt. Washington, KY 40047		United Pipeline, Inc. 1660 Carter Lane Bowling Green, KY 42103		Twin States Utilities, Inc. P.O. Box 14 Mt. Hermon, KY 42157	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	ALTERNATE NO. 1							
1	8-Inch PVC SDR 21 Water Line	3,500 LF	\$40.00	\$140,000.00	\$87.00	\$304,500.00	\$72.00	\$252,000.00
2	6-Inch PVC SDR 21 Water Line	4,000 LF	38.00	152,000.00	84.00	336,000.00	70.00	280,000.00
3	Bore & Case for 6-Inch Water Line	30 LF	200.00	6,000.00	225.00	6,750.00	150.00	4,500.00
4	Free Bore for 8-Inch Water Line	50 LF	55.00	2,750.00	100.00	5,000.00	50.00	2,500.00
5	Free Bore for 6-Inch Water Line	410 LF	55.00	22,550.00	100.00	41,000.00	50.00	20,500.00
6	Open Cut & Case for 8-Inch Water Line	90 LF	150.00	13,500.00	110.00	9,900.00	80.00	7,200.00
7	Open Cut & Case for 6-Inch Water Line	100 LF	150.00	15,000.00	103.00	10,300.00	80.00	8,000.00
8	8-Inch Gate Valve	6 EA	1,700.00	10,200.00	1,666.00	9,996.00	1,300.00	7,800.00
9	6-Inch Gate Valve	7 EA	1,100.00	7,700.00	1,297.00	9,079.00	1,000.00	7,000.00
10	3-Way Flush Hydrant	4 EA	3,663.00	14,652.00	3,662.00	14,648.00	4,000.00	16,000.00
11	12-Inch x 8-Inch Connection	1 EA	3,500.00	3,500.00	1,820.00	1,820.00	3,100.00	3,100.00
12	8-Inch x 8-Inch Connection	1 EA	3,300.00	3,300.00	1,771.00	1,771.00	3,000.00	3,000.00
13	8-Inch x 6-Inch Connection	1 EA	3,100.00	3,100.00	1,626.00	1,626.00	2,900.00	2,900.00
14	Meter Setting & Reconnection	60 EA	1,250.00	75,000.00	1,449.00	86,940.00	1,300.00	78,000.00
15	3/4-Inch PE Service Tubing	2,600 LF	10.00	26,000.00	8.00	20,800.00	20.00	52,000.00
16	Full Width Pavement Replacement	650 LF	65.00	42,250.00	27.00	17,550.00	40.00	26,000.00
17	Master Meter & PRV Vault	1 LS	30,000.00	30,000.00	28,111.00	28,111.00	37,000.00	37,000.00
18	Exploration	40 HR	300.00	12,000.00	45.00	1,800.00	400.00	16,000.00
	TOTAL ALTERNATE NO. 1			\$579,502.00		\$907,591.00		\$823,500.00



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

May 17, 2013

Mr. Lennon Stone
Columbia/Adair Utilities District
109 Grant Ln
Columbia, KY 42728

RE: Columbia/Adair Utilities District
AI # 33767, FGL20120004
PWSID # 0010702-12-004
Columbia Adair Downtown Water System
Replacement Phase 1, Section 1
Adair County, KY

Dear Mr. Stone:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 5,340 linear feet of 6 inch PVC and 7,030 linear feet of 8 inch PVC Water Line Replacement. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

Additionally, your application indicates that the above described project is funded by a State Revolving Fund (SRF) Loan. Consequently, the following stipulations must also be observed.

1. You will receive 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 prior to bidding, then four (4) complete sets of revised plans and specifications shall be submitted to the Division of Water for approval. Our notice of construction approval will be issued at a later date by separate correspondence.
2. Construction authorization will be granted when clear site certificates of all involved properties have been submitted to the Division of Water
3. A set of AS-BID plans and specifications (with the APPROVAL conditions addressed) and a copy of the Advertisement shall be placed in the newspaper with the largest daily circulation in the project area. A copy shall be submitted to the Division

of Water after the project is advertised. These items will be reviewed as part of the Authority to Award process. A checklist is attached for your use.

4. Please be advised that the construction contract is subject to the Equal Employment opportunity requirements contained in Executive Order 11246. Equal Employment opportunity affirmative action by the prime contractor and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity in accordance with the EPA Special Notice to Bidders is required. Compliance with the MBE/WBE Fair Share Policy in accordance with 40 CFR 31.36(e) is required.
5. Review the attached Project Review and Cost Summary Form for details of the information to either be collected and submitted to the Division for review and approval or to be retained by the grantee in their records. This project Review and Cost Summary is to be completed, signed, and with the necessary information be then forwarded to the Division by the recipient. 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 forwarded to the Division for review within fourteen (14) days of bid opening.
6. Upon approval of the documents, the Division of Water will authorize you to award the construction contract, and arrange for a pre-construction conference. Division of Water staff must be present at this pre-construction conference.
7. Changes to the submitted plans made by Division of Water personnel, indicated in red ink on the approved plans, shall be included in the final design unless an alternative is approved.
8. If sanitary features of the approved plans are to be changed during construction, the engineer shall submit the revision to the Division of Water for approval prior to implementation of the modification. Written approval from the Division of Water must be granted prior to on-site work dedicated to the adjustment.
9. When this project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water facilities have been constructed and tested in accordance with the approved plans. Such certification shall be signed by a licensed professional engineer.
10. When this project is completed, the engineer shall submit as-built drawings to the Division of Water.

Columbia/Adair Utilities District
AI # 33767, FGL20120004
PWSID # 0010702-12-004
Columbia Adair Downtown Water System Replacement Phase 1, Section 1
Adair County, KY
May 17, 2013
Page 3 of 3

Unless construction of this project is begun within two (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.

This approval has been issued under the provisions of KRS Chapter 224 and 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.

If you have any questions concerning this project, please contact William Wright at 502-564-3410 ext 4829.

Sincerely,



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

MR:WLW

Enclosures

C: Monarch Engineering
Adair County Health Department
Public Service Commission
Division of Plumbing
KIA

Distribution-Major Construction

Columbia/Adair Utilities District
Facility Requirements

Activity ID No.: APE20130003

Page 1 of 8

GACT000000040 (Downtown Water System Replacement Phase 1 Section1) 5,340 linear feet of 6 inch PVC and 7,030 linear feet of 8 inch PVC Water Line Replacement:

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

Columbia/Adair Utilities District

Facility Requirements

Activity ID No.: APE20130003

GACT0000000040 (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)]

Condition

No. Condition

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)]

Distribution-Major Construction

Columbia/Adair Utilities District
Facility Requirements

Activity ID No.: APE20130003

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PORT000000047 (Downtown Water System Replacement Phase 1 Section1) 5,340 linear feet of 6 inch PVC and 7,030 linear feet of 8 inch PVC
Water Line Replacement:

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, 401 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 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

Distribution-Major Construction

Columbia/Adair Utilities District
Facility Requirements

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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 ≥ 18 in below the bottom of the sewer line orb) the bottom of the water line is a vertical Distance ≥ 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 8.6.3] 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 ≥ 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 ≥ 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 ≥ 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 ≥ 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
Columbia/Adair Utilities District
Facility Requirements

Activity ID No.: APE20130003

Limitation Requirements:

Condition No.	Parameter	Condition
L-12	Velocity	Each blow-off or fire hydrant shall be sized so that Velocity ≥ 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

Columbia/Adair Utilities District
Facility Requirements

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PORT0000000047 (continued):

Narrative Requirements:

Additional Limitations:

Condition No.	Condition
T-2	<p>Additional Limitations: Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]</p>
T-3	<p>Additional Limitations: Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]</p>
T-4	<p>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]</p>
T-5	<p>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]</p>
T-6	<p>Additional Limitations: A fire hydrant or blow-off shall be required at the end of each dead end line. [Recommended Standards for Water Works 8.1.6]</p>
T-7	<p>Additional Limitations: For each fire hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]</p>
T-8	<p>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 8.1.6, Recommended Standards for Water Works 8.4.3]</p>
T-9	<p>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]</p>

Distribution-Major Construction

Columbia/Adair-Utilities District

Facility Requirements

Activity ID No.: APE20130003

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Narrative Requirements:

Additional Limitations:

Condition

No. Condition

- T-10 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]
- T-11 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)]
- T-12 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)]

Subfluvial Pipe Crossings:

Condition

No. Condition

- T-13 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.
- 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

Columbia/Adair Utilities District
Facility Requirements

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Narrative Requirements:

Subfluvial Pipe Crossings:

Condition

No. Condition

- T-14 Subfluvial Pipe Crossings:
For subfluvial pipe crossings greater than 15 feet in width,
- 1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and
 - 2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair.
- Valves shall
- a) be easily accessible,
 - b) not be subject to flooding, and
 - c) 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]



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Steven L. Beshear
Governor

John E. Covington III
Executive Director

November 2, 2012

The Honorable Danny Downey, Chairman
Adair County Water District dba Columbia / Adair Utilities District
109 Grant Lane, PO Box 567
Columbia, Kentucky 42728

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F12-04)**

Dear Chairman Downey:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 1, 2012, the Authority approved your loan for the Downtown Water System Improvements project subject to the conditions stated below. The total cost of the project shall not exceed \$4,000,000 of which the Authority loan shall provide \$4,000,000 of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Adair County Water District dba Columbia / Adair Utilities District upon satisfactory performance of the conditions set forth in this letter. A period of twelve months from the date of this letter (11/2/2013) will be allowed for you to meet the conditions set forth in this letter and enter into an Assistance Agreement. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$4,000,000.

2. The loan shall contain principal forgiveness in the amount of 35%. Actual amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority.
3. The loan shall bear interest at the rate of 0.75% per annum commencing with the first draw of funds.
4. The loan shall be repaid over a period not to exceed 20 years from the date the loan is closed.
5. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1 or December 1 immediately succeeding the date of the initial draw of funds, provided that if such June 1 or December 1 shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1 or December 1 which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
6. Full principal payments will commence on the appropriate June 1 or December 1 within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds are considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the

Auditor of Public Accounts of the Commonwealth of Kentucky. The Authority requires an annual audit to be performed for the life of the loan.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. The Borrower must agree to expend all Authority loan funds within six months of the date of initiation of operation.
4. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
5. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the state's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. At this time we know of no further submission required for their review; however, they may request information as needed.
6. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
7. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Division of Water.
8. The Borrower must complete and return to the Authority the attached "Authorization For Electronic Deposit of Vendor Payment" Form.

9. The Authority to Award Package documentation shall be submitted to and approved by DOW.
10. An environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds, within the term of this binding commitment and prior to project bid.
11. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
12. A clear site certificate shall be obtained and DOW representatives shall be notified for attendance of the pre-construction conference.
13. Project changes or additions shall require a complete environmental and change order review before they can be included in the DWSRF loan project.

The following is a list of additional conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Borrower shall require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project. The Borrower shall, if applicable, comply with all Davis Bacon related monitoring and reporting.
2. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
3. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

Any special conditions listed below and/or stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Chairman Danny Downey
November 2, 2012
Page 5

Sincerely,



Sandy Williams
Financial Analyst

Attachments

cc: Lennon Stone, Adair County Water District dba Columbia / Adair Utilities District
David Bowles, PE, Monarch Engineering, Inc.
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Adair County Water District dba Columbia / Adair Utilities District -
F12-04

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization For Electronic Deposit of Vendor Payment" Form.

Accepted

Date

**AUTHORIZATION FOR ELECTRONIC DEPOSIT
OF BORROWER PAYMENT
KENTUCKY INFRASTRUCTURE AUTHORITY
(FUND F12-04)**

Borrower Information:

Name: _____

Address: _____

City: _____ State: KY Zip: _____

Telephone: _____ Contact: _____

Federal I.D. # _____

Financial Institution Information:

Bank Name: _____

Branch: _____ Phone No: _____

City: _____ State: _____ Zip: _____

Transit / ABA No.: _____

Account Name: _____

Account Number: _____

I, the undersigned, authorize payments directly to the account indicated above and to correct any errors which may occur from the transactions. I also authorize the Financial Institution to post these transactions to that account.

Signature: _____ Date: _____

Name Printed: _____ Job Title: _____

Please return completed form to:

**Kentucky Infrastructure Authority
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601
phone: 502-573-0260
fax: 502-573-0157**

TRANSPARENCY ACT REPORTING INFORMATION FORM
CLEAN WATER STATE REVOLVING FUND
AND
DRINKING WATER STATE REVOLVING FUND

This form is required for projects funded in whole or in part from the Clean Water State Revolving Fund or the Drinking Water State Revolving Fund. This form is to be completed and returned with the signed Conditional Commitment Letter from the Kentucky Infrastructure Authority.

Borrower Information:

Name:	Adair County Water District d/b/a Columbia / Adair Utilities District
Data Universal Numbering system (DUNS) No.*:	
KIA Loan Number:	F12-04
Street Address	
City, State and Zip (Zip must include 4 digit extension)	
Federal Congressional District(s) of Borrower Utility Service Area:	

*If the DUNS No. provided above is registered under a different name than the recipient of funding, please provide the registration name below:

DUNS Name	
-----------	--

*If the recipient has not yet obtained a DUNS Number, please do so no later than 30 days after the KIA Board approval date of your loan request and provide notification to KIA of the number once issued. For instructions on DUNS registration, please contact sandy.williams@ky.gov.

Physical Location of Project (Primary Place of Performance)

Street Address	
City, State and Zip (Zip must include 4 digit extension)	
Federal Congressional District(s) of Project Location	

Reliance upon Federal Assistance (please answer the below questions Yes or No):

Did recipient receive 80% or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	
Did recipient receive \$25 million or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards) during the last fiscal year?	
Does the public have access to compensation of senior executives of the recipient through periodic reports filed under Section 13A or 15D of the Securities Exchange Act of 1934 or Section 6104 of the Internal Revenue Code of 1986?	

DUNS Registration Information: <http://fedgov.dnb.com/webform> OR 1-866-705-5711

Registration can be completed over the phone or via the web. Phone registration requests take approximately 10 minutes and are free. Internet requests are fulfilled within 24 hours.

ATTACHMENT A

**Adair County Water District dba Columbia / Adair Utilities District
F12-04**

EXECUTIVE SUMMARY		Reviewer	Sandy Williams	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	November 1, 2012	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number	F12-04	
REVOLVING LOAN FUND		WRIS Number	WX21001024	
BORROWER	ADAIR COUNTY WATER DISTRICT DBA COLUMBIA / ADAIR UTILITIES DISTRICT ADAIR COUNTY			
BRIEF DESCRIPTION				
This project consists of the installation of approximately 5,400 linear feet (LF) of eight inch and 38,000 LF of six inch waterline to replace existing undersized and asbestos-cement water lines in the Tutt Street Area, the Longhunters Subdivision in the KY Highway 80 East Area and other areas in downtown Columbia. The waterline replacements will affect approximately 1,200 existing customers of which approximately 420 will also have their meters replaced with radio read meters.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$4,000,000	RD Fee %	Actual %	
TOTAL	\$4,000,000	TOTAL		\$4,000,000
REPAYMENT	Rate	0.75%	Est. Annual Payment	\$103,444
	Term	30 years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Monarch Engineering, Inc.		
	Bond Counsel	Peck, Shaffer, & Williams		
PROJECT SCHEDULE	Bid Opening	May-13		
	Construction Start	Jul-13		
	Construction Stop	May-14		
DEBT PER CUSTOMER	Existing	\$2,818		
	Proposed	\$3,479		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	7,602	\$33.90 (for 4,000 gallons)	
	Additional	0	\$33.90 (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
Pro Forma 2011	775,955	1,046,445	(270,490)	0.7
Projected 2012	1,486,679	1,132,361	354,318	1.3
Projected 2013	1,485,450	1,413,983	71,467	1.1
Projected 2014	1,648,150	1,578,349	69,801	1.0
Projected 2015	1,696,350	1,626,876	69,474	1.0
Projected 2016	1,669,250	1,691,672	(22,422)	1.0
Projected 2017	1,722,050	1,652,831	69,219	1.0

Reviewer: Sandy Williams
Date: November 1, 2012
Loan Number: F12-04

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
ADAIR COUNTY WATER DISTRICT dba COLUMBIA / ADAIR UTILITIES DISTRICT
ADAIR COUNTY
PROJECT REVIEW
WX21001024**

I. PROJECT DESCRIPTION

The Adair County Water District dba Columbia / Adair Utilities District (District) is requesting a Fund "F" loan for \$4,000,000 for Phase 1 of the Downtown System Improvements project. The project consists of the installation of approximately 5,400 linear feet (LF) of eight inch and 38,000 LF of six inch waterline to replace existing undersized and asbestos-cement water lines in the Tutt Street Area, the Longhunters Subdivision in the KY Highway 80 East Area and other areas in downtown Columbia. The waterline replacements will affect approximately 1,200 existing customers of which approximately 420 will also have their meters replaced with radio read meters.

The District is regulated by the Public Service Commission, serves all of Adair County and has approximately 7,600 water customers of which 1,600 within the City of Columbia are also sewer customers. In July 2011 the City of Columbia's sewer and water operations were merged into the District. Completion of a merger of the Columbia / Adair County Water Commission into the District is expected in late 2012 or early 2013. The District has operated the Commission's water treatment plant under a negotiated agreement since January 2011.

II. PROJECT BUDGET

	<u>Total</u>
Legal Expenses	30,000
Engineering Fees - Design	239,000
Engineering Fees - Const / Inspection	131,000
Engineering Fees - Other	30,000
Construction	3,243,800
Contingency	326,200
Total	\$ 4,000,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 4,000,000	100%
Total	\$ 4,000,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 4,000,000
Less: Principal Forgiveness (35%)	1,400,000
Amortized Loan Amount	\$ 2,600,000
Interest Rate	0.75%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 96,944
Administrative Fee (0.25%)	6,500
Total Estimated Annual Debt Service	\$ 103,444

V. PROJECT SCHEDULE

Bid Opening	May 2013
Construction Start	July 2013
Construction Stop	May 2014

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A. Customers

	<u>Current</u>
Residential	7,448
Commercial	154
	<u>7,602</u>

B. Rate Structure

	<u>City</u>	<u>Previous</u>
Date of Last Rate Increase	02/03/12	11/01/09
Minimum (First 2,000 gallons)	\$19.90	\$15.35
Next 3,000 gallons (000s)	7.00	5.75
Next 5,000 gallons (000s)	6.25	5.00
Next 15,000 gallons (000s)	5.20	3.90
All over 25,000 gallons (000s)	4.45	3.15
Cost for 4,000 gallons	\$33.90	\$26.85
% Increase from Previous	26.3%	2.3%
Affordability Index (Rate/MHI)	1.4%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2006-2010, the County's population was 18,542 with a Median Household Income

(MHI) of \$29,834. The median household income for the Commonwealth is \$41,576: The project will qualify for a .75% interest rate.

VIII. 2011 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - This project qualifies for Green Project Reserve (GPR) funding for \$3,243,800. The breakdown of the GPR to the respective "green" categories is listed below:
 - a. Green Infrastructure - \$0
 - b. Water Efficiency - \$3,243,800
 - c. Energy Efficiency - \$0
 - d. Environmentally Innovative - \$0

- 2) Additional Subsidization – This project qualifies for additional subsidization in the amount of \$1,400,000.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Pro forma financial information is presented to show the combined financial structure of the District and the Commission. We could not obtain sufficient information from the audits for the District, the City and the Commission to eliminate transactions between them to prepare a meaningful pro-forma historical analysis for years prior to 2011. Financial information for the District and the Commission was obtained from their audited financial statements. Amounts were estimated for the City (their audit was incomplete) for the portion of 2011 that they still owned the sewer and water utilities.

On May 3, 2010, the District entered into an asset purchase agreement to acquire the water and sewer systems from the City of Columbia. The District operated the system under a lease arrangement until the July 21, 2011 merging closing date.

On December 9, 2010, the District and the Columbia / Adair County Water Commission entered into an agreement to merge operations. The District will be the surviving entity after the merger with the Commission. Completion of the merger is anticipated in late 2012 or early 2013. Prior to their merger, the District and the City of Columbia were the only customers of the Commission.

PRO FORMA 2011

Revenues were \$3.6 million in 2011. Water and sewer revenues were \$2.9 million and \$600 thousand, respectively. Other revenues were \$100 thousand. Customer growth averages about 1% per year. Water rates increased 26% in February 2012 which will increase revenues about \$750,000 per year. The increase is primarily to support several capital projects that are in process. Water and sewer operating expenses in 2011 were \$2.2 million and \$600 thousand, respectively, for a total of \$2.8 million. The debt coverage ratio was 0.7 with negative cash flow from operations of \$270 thousand. The sewer operation had about \$174 thousand unfavorable cash flow after debt service while the water operation was \$96 thousand unfavorable.

The balance sheet reflects a current ratio of 0.4, debt to equity of 0.9, days sales in accounts receivable of 30 and one month of operating expenses in unrestricted cash. Reserves are maintained for bond sinking funds, depreciation / repairs and customer deposits.

PROJECTED

Projections are based on the following assumptions:

- 1) Revenues assume customer growth of 1.0% per year and periodic rate increases to offset inflation.
- 2) Sewer rates will be increased prior to the beginning of 2014 to offset the existing expense deficit which is estimated at about \$90,000.
- 3) Expenses will increase 2.5% annually for inflation.
- 4) The cash flow forecast does not assume any additional debt service beyond this proposed loan, previously approved KIA loans and two RD loans (\$595,000 and \$1.2 million) for both District and Commission projects that were in process at the end of 2011.
- 5) A replacement reserve of \$10,000 (on this loan) will be funded annually for ten years.
- 6) Debt service on the new KIA loan will be \$103,444 beginning in 2014.

Debt service coverage is 1.0 in 2015 which represents the first full year of full principal and interest repayments on the loan. Based on the proforma assumptions, the utility shows adequate cash flow to repay the proposed loan.

REPLACEMENT RESERVE

The annual replacement cost is \$10,000. This amount should be added to the replacement account each December 1 until the balance reaches \$100,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>	<u>Borrower</u>
1974 Waterworks Revenue Bond	\$ 12,000	2014	District
1975 Waterworks Revenue Bond	22,000	2015	District
1977 Water District Revenue Bond	250,000	2016	District
1978 Waterworks Revenue Bond	138,000	2018	District
1985 Water District Revenue Bond	790,000	2025	District
1988 Revenue Bond Series A	530,955	2028	District
1988 Revenue Bond Series B	131,788	2028	District
1989 Water District Revenue Bond	115,000	2022	District
1992 Water District Revenue Bond	567,000	2032	District
1995 Water District Revenue Bond	344,000	2035	District
1995 Revenue Bond	99,900	2034	District
1998 Water District Revenue Bond	364,000	2035	District

	Outstanding	Maturity	Borrower
2000 Revenue Bond	444,700	2040	District
2003 Water District Revenue Bond	574,500	2042	District
2004 Revenue Bond	459,000	2043	District
2005 Water District Revenue Bond	1,152,000	2045	District
2007 Water District Revenue Bond	726,000	2046	District
2008 Revenue Bond	112,300	2047	District
2009 Water District Revenue Bond	1,100,000	2050	District
KIA (F07-01)	862,417	2028	District
Interim Financing - Local Bank	2,281,485	TBD	District
Short Term Debt - Local Bank	225,000	TBD	District
Short Term Debt - Local Bank	50,000	TBD	District
2006 Waterworks Revenue Bond	3,333,000	2045	Commission
2008 Waterworks Revenue Bond	296,800	2048	Commission
KIA (F06-01)	3,794,878	2028	Commission
KIA (F10-02)	1,679,765	2031	Commission
Interim Financing - Local Bank	963,759	TBD	Commission
KIA (F10-01, \$4.0M)	0	2032	District
KIA (F11-10, \$0.9M)	0	TBD	District
Rural Development ({F11-10}, \$0.595M)	0	TBD	District
Rural Development ({F10-02}, \$1.2M)	0	TBD	Commission
Total	\$21,420,247		

XI. OTHER STATE OF FEDERAL FUNDING IN PAST FIVE YEARS

Project Title	Funding Source	Amount	Type
Shepherd Water System	HB380 (2006)	1,000,000	Grant
Shepherd Water System	USDA	550,000	Grant
Columbia Bypass and Tank	USDA	608,000	Grant
Columbia Bypass and Tank	HB608 (2008)	1,225,000	Grant
Columbia Bypass and Tank	EDA	1,500,000	Grant

XII. CONTACTS

Legal Applicant	
Name	Adair County Water District dba Columbia / Adair Utilities District
Address	109 Grant Lane, PO Box 567 Columbia, Kentucky 42728
County	Adair
Authorized Official	Danny Downey (Chairman)
Phone	(270) 384-2181
Email	Danny.Downey@caud.net

Project Administrator

Name Adair County Water District dba Columbia / Adair Utilities District
Address 109 Grant Lane, PO Box 567
Columbia, Kentucky 42728
Contact Lennon Stone
Phone (270) 384-2181
Email lenny.stone@caud.net

Consulting Engineer

Name David Bowles, PE
Firm Monarch Engineering, Inc.
Address 556 Carlton Dr
Lawrenceburg, KY 40342
Phone (502) 839-1310
Email dbowles@monarchengineering.net

XIII. RECOMMENDATIONS

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

ADAIR COUNTY WATER DISTRICT DBA COLUMBIA / ADAIR UTILITIES DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)

ASSETS	Pro Forma 2011	Projected 2012	Projected 2013	Upon Completion 2014
Current Assets				
Cash	190,215	544,533	616,000	685,801
Accounts Receivable	294,509	352,600	356,900	377,500
Inventory	179,916	180,000	180,000	180,000
Prepaid	8,659	8,500	8,500	8,500
Other Current Assets	33,431	0	0	0
Total Current Assets	706,730	1,085,633	1,161,400	1,251,801
Restricted Assets				
Investments	1,105,006	1,207,261	1,210,412	1,215,412
Repair and Replacement Reserve (KIA)	0	36,800	87,850	156,400
Total Restricted Assets	1,105,006	1,244,061	1,298,262	1,371,812
Utility Plant				
Land, System, Building and Equipment	62,026,424	67,053,665	70,607,665	74,607,665
Less Accumulated Depreciation ()	(15,341,947)	(16,931,947)	(18,761,947)	(20,701,947)
Net Fixed Assets	46,684,477	50,121,718	51,845,718	53,905,718
Total Assets	48,496,213	52,451,412	54,305,380	56,529,331
LIABILITIES				
Current Liabilities				
Accounts Payable	202,289	260,000	250,000	250,000
Customer Deposits	34,586	35,000	35,000	35,000
Current Portion Long Term Debt	564,289	620,927	650,928	666,365
Notes Payable	425,000	225,000	225,000	225,000
Deferred Credit	398,593	398,593	398,593	398,593
Other	73,618	67,300	67,300	67,300
Interest Payable	310,023	86,000	84,000	80,000
Total Current Liabilities	2,008,398	1,692,820	1,710,821	1,722,258
Long Term Liabilities				
Notes and Bonds Payable	17,335,714	16,714,787	16,063,859	15,397,494
Notes Payable - KIA	0	4,000,000	4,900,000	7,500,000
Notes Payable - RD	0	2,659,000	2,659,000	2,659,000
Interim Financing	3,095,244	0	0	0
Total Long Term Liabilities	20,430,958	23,373,787	23,622,859	25,556,494
Total Liabilities	22,439,356	25,066,607	25,333,680	27,278,752
Retained Earnings:				
Invested in Capital Assets Net of Related Debt	25,040,132	25,816,004	27,262,931	27,377,859
Restricted	1,105,006	1,244,061	1,298,262	1,371,812
Unrestricted	(88,281)	324,740	410,507	500,908
Total Retained Earnings	26,056,857	27,384,805	28,971,700	29,250,579
Total Liabilities and Equities	48,496,213	52,451,412	54,305,380	56,529,331
Balance Sheet Analysis				
Current Ratio	0.4	0.6	0.7	0.7
Debt to Equity	0.9	0.9	0.9	0.9
Days Sales in Accounts Receivable	30.0	30.0	30.0	30.0

EXHIBIT 1
ADAIR COUNTY WATER DISTRICT DBA COLUMBIA / ADAIR UTILITIES DISTRICT
CASH FLOW ANALYSIS (DECEMBER YEAR END)

	Pro Forma 2011	% Change	Projected 2012	Projected 2013	Projected 2014	Projected 2015	Projected 2016	Projected 2017
Operating Revenues								
Water Service Charges	2,859,851	25%	3,581,742	3,618,000	3,654,200	3,877,800	3,916,600	4,034,100
Sewer Service Charges	584,995	-1%	578,633	584,400	683,700	690,500	697,400	704,400
Other	143,668		130,000	140,000	141,400	145,600	147,100	151,500
	0		0	0	114,000	0	0	0
Total Revenues	3,588,514	20%	4,290,375	4,342,400	4,593,300	4,713,900	4,761,100	4,890,000
Operating Expenses								
Purchased Water	0	0%	0	0	0	0	0	0
Water Expenses	2,223,323	3%	2,288,896	2,315,400	2,373,300	2,432,600	2,493,400	2,555,700
Sewer Expenses	596,457	-16%	500,000	512,500	525,300	538,400	551,900	565,700
Depreciation	1,727,727	16%	2,000,000	1,830,000	1,940,000	2,065,000	2,065,000	2,065,000
Replacement Reserve	36,800		36,800	51,050	68,550	68,550	68,550	68,550
Total Expenses	4,584,307	5%	4,825,696	4,708,950	4,907,150	5,104,550	5,178,850	5,254,950
Net Operating Income	(995,793)	-46%	(535,321)	(366,550)	(313,850)	(390,650)	(417,750)	(364,950)
Non-Operating Income and Expenses								
Interest Income	8,197	-76%	2,000	2,000	2,000	2,000	2,000	2,000
Lease (Operating Agreement - Columbia)	0		0	0	0	0	0	0
Lease (Operating Agreement - CACWC)	0		0	0	0	0	0	0
Other	35,824		20,000	20,000	20,000	20,000	20,000	20,000
Total Non-Operating Income & Expenses	44,021	-50%	22,000	22,000	22,000	22,000	22,000	22,000
Add Non-Cash Expenses								
Depreciation	1,727,727	16%	2,000,000	1,830,000	1,940,000	2,065,000	2,065,000	2,065,000
Cash Available for Debt Service	775,955	92%	1,486,679	1,485,450	1,648,150	1,696,350	1,669,250	1,722,050
Debt Service (enter as positive #'s)								
Existing Debt	1,046,445		1,132,361	1,182,819	1,194,951	1,191,756	1,185,841	1,147,000
KIA (F10-01) (District)	0		0	231,164	231,164	231,164	231,164	231,164
KIA (F11-10) (District)	0		0	0	52,012	52,012	52,012	52,012
RD (F11-10) (District)	0		0	0	0	0	70,711	70,711
KIA (F10-02) (Commission)	0		0	0	0	0	0	0
RD (F10-02) (Commission)	0		0	0	48,500	48,500	48,500	48,500
Proposed Loan (F12-04) - Downtown	0		0	0	51,722	103,444	103,444	103,444
Total Debt Service	1,046,445		1,132,361	1,413,983	1,578,349	1,626,876	1,691,672	1,652,831
Income After Debt Service	(270,490)		354,318	71,467	69,801	69,474	(22,422)	69,219
Debt Coverage Ratio	0.7		1.3	1.1	1.0	1.0	1.0	1.0

**ADAIR COUNTY WATER DISTRICT d/b/a COLUMBIA/ADAIR UTILITIES
DISTRICT
DOWNTOWN WATER SYSTEM IMPROVEMENTS PROJECT
LOAN F12-04 - \$4,000,000**

**Checklist of Required Documents to Send to Kentucky Infrastructure
Authority (KIA)**

1. Conditional Commitment Letter:
 - a. Send original signed Conditional Commitment Letter to KIA
 - b. Send original signed Electronic Funds Transfer Form
 - c. Send completed Transparency Act Reporting Information Form
2. Send copies of documentation of Public Service Commission approval to incur debt and Certificate of Public Convenience and Necessity.



**ADAIR COUNTY WATER DISTRICT DBA COLUMBIA / ADAIR UTILITIES DISTRICT
BALANCE SHEETS (DECEMBER YEAR END)**

ASSETS	Pro Forma <u>2011</u>	Projected <u>2012</u>	Projected <u>2013</u>	Upon Completion <u>2014</u>
Current Assets				
Cash	190,215	544,533	616,000	685,801
Accounts Receivable	294,509	352,600	356,900	377,500
Inventory	179,916	180,000	180,000	180,000
Prepaid	8,659	8,500	8,500	8,500
Other Current Assets	33,431	0	0	0
Total Current Assets	706,730	1,085,633	1,161,400	1,251,801
Restricted Assets				
Investments	1,105,006	1,207,261	1,210,412	1,215,412
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Net Fixed Assets	46,684,477	50,121,718	51,845,718	53,905,718
Total Assets	48,496,213	52,451,412	54,305,380	56,529,331
LIABILITIES				
Current Liabilities				
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Customer Deposits	34,586	35,000	35,000	35,000
Current Portion Long Term Debt	564,289	620,927	650,928	666,365
Notes Payable	425,000	225,000	225,000	225,000
Deferred Credit	398,593	398,593	398,593	398,593
Other	73,618	67,300	67,300	67,300
Interest Payable	310,023	86,000	84,000	80,000
Total Current Liabilities	2,008,398	1,692,820	1,710,821	1,722,258
Long Term Liabilities				
Notes and Bonds Payable	17,335,714	16,714,787	16,063,859	15,397,494
Notes Payable - KIA	0	4,000,000	4,900,000	7,500,000
Notes Payable - RD	0	2,659,000	2,659,000	2,659,000
Interim Financing	3,095,244	0	0	0
Total Long Term Liabilities	20,430,958	23,373,787	23,622,859	25,556,494
Total Liabilities	22,439,356	25,066,607	25,333,680	27,278,752
Retained Earnings:				
Invested in Capital Assets Net of Related Debt	25,040,132	25,816,004	27,262,931	27,377,859
Restricted	1,105,006	1,244,061	1,298,262	1,371,812
Unrestricted	(88,281)	324,740	410,507	500,908
Total Retained Earnings	26,056,857	27,384,805	28,971,700	29,250,579
Total Liabilities and Equities	48,496,213	52,451,412	54,305,380	56,529,331
Balance Sheet Analysis				
Current Ratio	0.4	0.6	0.7	0.7
Debt to Equity	0.9	0.9	0.9	0.9
Days Sales in Accounts Receivable	30.0	30.0	30.0	30.0



ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF NET ASSETS
 December 31, 2012 and 2011

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 265,503	\$ 190,215
Customer Accounts Receivable	308,451	294,509
Accounts Receivable - Other	-	9,990
Inventory	166,817	179,916
Prepaid Expenses	14,405	8,659
Total Unrestricted Current Assets	755,176	683,289
Restricted Cash and Investments	732,695	735,412
Total Current Assets	1,487,871	1,418,701
NON-CURRENT ASSETS		
Capital Assets:		
Land and Construction in Progress	1,766,106	2,726,557
Other Capital Assets (net of accumulated depreciation)	33,830,067	30,861,015
Total Non-Current Assets	35,596,173	33,587,572
TOTAL ASSETS	37,084,044	35,006,273
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable - Trade	162,778	249,009
Accrued and Withheld Taxes	42,139	55,860
Customer Deposits	36,258	34,586
Accrued Payroll	15,005	11,440
Deferred Credit	221,368	398,593
Liabilities Payable from Restricted Assets:		
Interest Payable	198,027	224,096
Current Portion of Revenue Notes and Bonds Payable	480,770	268,884
Current Portion of Notes Payable	1,545,182	2,556,485
Total Current Liabilities	2,701,527	3,798,953
NON-CURRENT LIABILITIES		
Long-term Liabilities (Excluding Current Portion):		
Non-Current Portion of Revenue Notes and Bonds Payable	12,046,107	8,526,676
Total Non-Current Liabilities	12,046,107	8,526,676
TOTAL LIABILITIES	14,747,634	12,325,629
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	21,326,086	22,011,429
Restricted	732,695	735,412
Unrestricted	277,629	(66,197)
TOTAL NET ASSETS	\$ 22,336,410	\$ 22,680,644

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
DBA COLUMBIA/ADAIR UTILITIES DISTRICT
STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
Years Ended December 31, 2012 and 2011

	County Water	City Water	Sewer	Total 2012	Total 2011
OPERATING REVENUES					
Water Sales	\$ 2,678,196	\$ 835,602	\$ 586,937	\$ 4,100,735	\$ 2,680,846
Service Charges and Other	136,833	11,460	-	148,293	128,668
Total Operating Revenues	2,815,029	847,062	586,937	4,249,028	2,809,514
OPERATING EXPENSES					
Personal Service	829,356	403,899	295,790	1,529,045	1,237,875
Contractual Services	21,204	11,944	21,436	54,584	44,794
Supplies and Materials	243,806	124,416	24,243	392,465	291,213
Repairs and Maintenance	66,768	25,778	53,677	146,223	100,286
Operational	473,771	149,718	154,543	778,032	627,487
Depreciation and Amortization	660,848	95,851	399,768	1,156,467	928,365
Total Operating Expenses	2,295,753	811,606	949,457	4,056,816	3,230,020
OPERATING INCOME/(LOSS)	519,276	35,456	(362,520)	192,212	(420,506)
NON-OPERATING REVENUES (EXPENSES)					
Other Non-Utility Income	981	-	-	981	30,824
Operating Lease - City	-	-	-	-	174,336
Operating Lease -Water Plant	(334,463)	-	-	(334,463)	(715,326)
Interest Income	3,725	-	-	3,725	3,197
Miscellaneous Nonutility Expenses	(732)	(521)	(401)	(1,654)	(2,563)
Interest Expenses and Fiscal Charges	(283,513)	(20,808)	(74,777)	(379,098)	(313,772)
Total Non-Operating Revenues (Expenses)	(614,002)	(21,329)	(75,178)	(710,509)	(923,304)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(94,726)	14,127	(437,698)	(518,297)	(1,243,810)
Capital Contributions	166,564	6,999	500	174,063	11,621,897
Grants	-	-	-	-	-
INCREASE (DECREASE) IN NET ASSETS	71,838	21,126	(437,198)	(344,234)	10,378,087
NET ASSETS					
Beginning of Year, Restated (2011)				22,680,644	12,302,557
End of Year				<u>\$ 22,336,410</u>	<u>\$ 22,680,644</u>

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF CASH FLOWS
 Years Ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Customers	\$ 4,235,086	\$ 2,908,321
Cash Payments to Employees for Services	(1,525,480)	(1,193,547)
Cash Payments to Suppliers for Goods and Services	(1,453,914)	(938,199)
Customer Deposits Received	28,800	35,575
Customer Deposits Returned	(27,130)	(23,515)
Net Cash Provided/(Used) By Operating Activities	1,257,362	788,635
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and Construction of Capital Assets	(3,177,413)	(2,706,047)
Principal Paid on Debt	(3,304,796)	(258,919)
Interest Paid on Debt	(384,497)	(318,066)
Loan Proceeds	6,021,061	1,869,455
Operating Transfer	(324,463)	-
Contributed Capital	(18,409)	870,940
Net Cash Provided/(Used) By Investing Activities Related Financing Activities	(1,188,517)	(542,637)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest	3,726	3,198
Net Cash Provided/(Used) By Investing Activities	3,726	3,198
Net Increase/(Decrease) In Cash and Cash Equivalents	72,571	249,196
Cash and Cash Equivalents - Beginning of Year	925,627	676,431
Cash and Cash Equivalents - End of Year	\$ 998,198	\$ 925,627
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and Cash Equivalents	\$ 265,503	\$ 190,215
Short-Term Investments	-	-
Restricted Cash	732,695	735,412
TOTAL CASH AND CASH EQUIVALENTS	\$ 998,198	\$ 925,627
NONCASH ITEMS:		
Contributed Capital from City Water & Sewer Assets		10,751,457

See Accompanying Notes to Financial Statements

ADAIR COUNTY WATER DISTRICT
 DBA COLUMBIA/ADAIR UTILITIES DISTRICT
 STATEMENT OF CASH FLOWS (CONTINUED)
 Years Ended December 31, 2012 and 2011

	2012	2011
RECONCILIATION OF OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) FOR OPERATING ACTIVITIES		
Operating Margin	\$ 192,211	\$ (420,506)
ADJUSTMENTS TO RECONCILE OPERATING INCOME/(LOSS) TO NET CASH PROVIDED/(USED) FOR OPERATING ACTIVITIES		
Depreciation	1,156,467	928,365
Change in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	(13,942)	84,267
(Increase)/Decrease in Accounts Receivable Other	9,990	-
(Increase)/Decrease in Inventory	13,099	(19,677)
(Increase)/Decrease in Prepaid Expenses	(5,747)	34,159
Increase/(Decrease) in Accounts Payable	(86,232)	125,581
Increase/(Decrease) in Salaries and Wages Payable	3,565	2,917
Increase/(Decrease) in Customer Deposits	1,672	12,119
Increase/(Decrease) in Accrued and Withheld Taxes	(13,721)	41,410
Total Reconciling Adjustments	1,065,151	1,209,141
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	\$ 1,257,362	\$ 788,635

See Accompanying Notes to Financial Statements