

Rubin & Hays

ATTORNEYS AT LAW

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
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CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

April 15, 2015

RECEIVED

APR 20 2015

PUBLIC SERVICE
COMMISSION

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

Re: Jessamine County Water District No. 1 PSC Application - KRS 278.023

Dear Mr. Derouen:


Enclosed please find the original and ten (10) copies of the Application of the Jessamine County Water District No. 1 for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the **exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed and a CD with the Plans and Specification.**

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

**Re: Jessamine County Water District No. 1 Water System Revenue Bonds, Series
2015, in the principal amount of \$945,000**

Mr. Thomas G. Fern
State Director
USDA, Rural Development
771 Corporate Drive
Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7340

Ms. Kimberly McCay
USDA, Rural Development
65 Brighton Boulevard, Suite 3
Shelbyville, Kentucky 40065
kimberly.mccay@ky.usda.gov

Telephone: (502) 633-3294
Fax: (502) 633-0552

Mr Carl Waits, Chairman
Ms. Karen Lee, Officer Manager
Jessamine County Water District No. 1
2225 Lexington Road
Nicholasville, Kentucky 40356
karen@jewd1.org

Telephone: (859) 885-0314
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Howard Downing, Esq.
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Chris Stewart, P.E.
HMB Professional Engineers, Inc.
3 HMB Circle, US 460
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3 HMB Circle
 U.S. 460
 Frankfort, KY 40601
 Office: (502) 695-9800
 Fax: (502) 695-9810

April 7, 2015

Ms. Kimberly McCay
 Rural Development
 65 Brighton Blvd, Ste 3
 Shelbyville, KY 40065

RECEIVED

APR 20 2015

PUBLIC SERVICE
 COMMISSION

RE: Final Engineering Report
 Jessamine County Water District No. 1
 Water System Improvements
 1,000,000 Gallon Tank
 HMB Project No. 4099.00

Dear Ms. McCay:

As you are aware, construction bids for the above referenced project were received and opened on February 24, 2015. A copy of the Bid Tabulation is attached for your reference.

The lowest responsive, responsible Bid received was from Phoenix Fabricators and Erectors, Inc. (Phoenix) of Avon, IN at \$2,904,953.00.

Since the total as-bid development cost exceeds the available financing, JCWD1 requested input from the low bidder on project changes to reduce costs. Phoenix offered a \$34,000 deduct eliminate Bid Item 4 Containment (copy attached) from the project, and JCWD1 has accepted this deduct at their March 10, 2015 Board meeting and will execute Change Order No. 1 (CO1) at the Pre-Construction Conference to reflect this.

CO1 reduces development costs to \$2,870,953.00.

Based upon the above, following is a summary of the project budget:

Highway Engineering
 Structural Engineering
 Water & Wastewater
 Site Development
 Master Planning
 Environmental Planning
 Surveying
 Project Management
 Cost Estimation
 Construction Inspection
 Aviation Services
 Environmental Remediation
 Landscape Architecture

<u>Item:</u>	<u>4/12/12 LOC Amount:</u>	<u>Revised Amount:</u>
Development	\$2,291,000	\$2,870,953
Land & Rights	\$ 50,000	\$ 55,000
Legal & Administrative	\$ 25,000	\$ 34,500
Engineering	\$ 317,000	\$ 318,615
Interest	\$ 50,000	\$ 50,000
Other (Electrical Service)	\$ 0	\$ 30,695
Add'l Engineering (Easement/ Survey/Electrical Service)	\$ 0	\$ 29,203
Add'l Engineering (Am 1-3)	\$ 0	\$ 56,000
Contingencies	<u>\$ 267,000</u>	<u>\$ 155,034</u>
TOTAL	\$3,000,000	\$3,600,000



Unfortunately, the revised project costs exceed the available funding outlined in the April 12, 2012 Letter of Conditions. Therefore, JCWD1 hereby requests additional project funding totaling \$400,000 in loan from Rural Development. This request was approved by the JCWD1 Board at its March 10, 2015 meeting, along with an additional Applicant Contribution of \$200,000.

Revised Project funding would be as shown below:

<u>Funding Source:</u>	<u>Amount:</u>
RUS Loan (4/12/12 LOC, 3.375%)	\$ 945,000
KIA Grants (4/12/12 LOC)	\$1,950,000
Applicant Contribution (4/12/12 LOC)	\$ 105,000
Additional RUS Loan (3.75%)	\$ 400,000
Additional Applicant Contribution	<u>\$ 200,000</u>
TOTAL	\$3,600,000

Per correspondence of January 12, 2015, the original loan will be at an interest rate of 3.375%, and per correspondence of February 26, 2015, additional loan funds would be at a rate of 3.75%.

Due to the additional RUS Loan, JCWD1 has requested that the Summary Addendum be revised based upon this new debt and the 2014 Audit. A copy of the revised rate analysis and proposed first year of operation budget is attached for review.

The following is a summary of the revised proposed JCWD1 customer rates, based upon the above information:

Residential and Commercial Customers, all Meter Sizes:

	<u>Letter of Conditions</u>	<u>Revised Rates</u>
First 3,000 Gallons	\$26.00 Min. Bill	\$28.00 Min. Bill
Next 7,000 Gallons	\$6.60 per 1,000	\$6.60 per 1,000
All Over 10,000 Gallons	\$6.38 per 1,000	\$6.38 per 1,000

Please note that the above rates per 1,000 gallons are the same for all customer meter sizes. Larger meters will have higher usage included with minimum bills, which are still calculated based upon the above proposed rates.

Based upon the above information, we request that a revised Letter of Conditions be issued in accordance with the recommended financing and rates above.



Should you have any questions regarding this, or if additional information is required, please do not hesitate to contact me at 502-695-9800 or castewart@hmbpe.com. Thank you.

Sincerely,
HMB Professional Engineers, Inc.

A handwritten signature in blue ink is written over a circular professional seal. The seal is for Christopher A. Stewart, a Licensed Professional Engineer in the State of Kentucky. The seal contains the text 'STATE OF KENTUCKY', 'CHRISTOPHER A. STEWART', 'LICENSED PROFESSIONAL ENGINEER', and the number '2323'. The signature is written in a cursive style over the seal.

Chris A Stewart, PE
Project Manager

cc: Mr. Carl Waits, Chairman – JCWD1
Mr. Vernon Brown – RD, Lexington
Ms. Julie Anderson – RD, Lexington
Mr. Howard Downing, Local Counsel
Mr. Randy Jones, Bond Counsel – Rubin & Hays
Mr. Kerry Odle, PE - HMB
File



Jessamine County Water District No. 1
 Water System Improvements Project - 1,000,000 Gallon Elevated Tank
 Bid Date: February 24, 2015 at 11:00 AM local time

Project: 4099.00
 Date: 2/24/2015
 Engineer: CAS
 Page: 1 of 1

				Phoenix Fabricators and Erectors Inc.		Caldwell Tanks, Inc.		Landmark Structures I, L.P.	
ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
1	1,000,000 Gallon Elevated Tank, Including Tank, Tank Foundation, Overflow Line, Splash Pad, Site Preparation and Restoration, Excavation, and all Appurtenances, as Shown on the Plans and Specifications, Complete In Place	1	LS	\$1,963,865.00	\$1,963,865.00	\$1,709,500.00	\$1,709,500.00	\$2,388,000.00	\$2,388,000.00
	Tank Style Proposed in Bid Item No. 1 Above:			Welded Steel Multi-Leg		Welded Steel Multi-Leg		Composite	
2	Tank Valve Vault and Associated Piping, including Unclassified Excavation, Installation, Valves, Interior and Exterior 12" DIP Piping, Bypass 12" DIP Piping, 12" DIP Piping from Fence to Vault, Fire Hydrant, Sump Pump and Electrical Service, and all Required Appurtenances, as Shown on the plans and Specifications, Complete In Place	1	LS	\$132,000.00	\$132,000.00	\$90,000.00	\$90,000.00	\$80,000.00	\$80,000.00
3	Roof Corral/Handrail Including all Materials, Installation and Coatings, as described in the Contract Documents and Shown on the Plans, Complete In Place	1	LS	\$8,500.00	\$8,500.00	\$4,000.00	\$4,000.00	\$5,000.00	\$5,000.00
4	Tank Containment During Surface Preparation and Painting, including all Materials and Labor, as Described in the Contract Documents, Including Installation and Removal	1	LS	\$34,000.00	\$34,000.00	\$28,000.00	\$28,000.00	\$40,000.00	\$40,000.00
5	Tanks Sign Application and Coatings as Described in the Contract Documents, Complete In Place	1	LS	\$3,200.00	\$3,200.00	\$5,000.00	\$5,000.00	\$5,000.00	\$5,000.00
6	Tank Site Fencing Including all Materials and Labor for Installation as Described in the Contract Documents, Complete In Place	1	LS	\$18,400.00	\$18,400.00	\$18,000.00	\$18,000.00	\$15,000.00	\$15,000.00
7	Tanks Access Road as Described in the Contract Documents and Geotechnical Report and as Shown on the Plans, Including all Required Unclassified Excavation, Labor and Materials and Removal if Required by Property Owner, Complete In Place	1	LS	\$14,000.00	\$14,000.00	\$20,000.00	\$20,000.00	\$115,000.00	\$115,000.00
8	1,000,000 Gallon (nominal) Water Storage Tank Interior Coatings Including, but not Limited to: SSPC-SP 10 Blast, Coatings and Application, Up to 50 LF of Sikaflex-1a Calking, Sterilization, Site Clean Up, all Incidental Work Necessary to Place the Tank Into Operating Condition, Providing all Materials, Tools, Equipment and Labor Necessary to Paint the Interior in Accordance with the Contract Documents, Complete In Place	1	LS	\$75,000.00	\$75,000.00	\$93,000.00	\$93,000.00	\$110,000.00	\$110,000.00

ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Phoenix Fabricators and Erectors Inc.		Caldwell Tanks, Inc.		Landmark Structures I, L.P.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
9	1,000,000 Gallon (nominal) Water Storage Tank Exterior Coating Including, but not limited to: SSPC-SP 6 Blast, Specified Coatings and Application, Site Clean Up, All Incidental Work Necessary to Place the Tank Into Operating Condition, Providing all Materials, Tools, Equipment and Labor Necessary to Paint the Exterior In Accordance with the Contract Documents, Complete In Place	1	LS	\$75,000.00	\$75,000.00	\$171,000.00	\$171,000.00	\$89,000.00	\$89,000.00
10	Sika-Flex 1a Caulking, Including Installation, Labor and Materials	5	Tube	\$70.00	\$350.00	\$100.00	\$500.00	\$200.00	\$1,000.00
11	Tank Mixing System Including, but not Limited to: Mixing System Components, Specified Tank Interior Surface Preparation as Required, Coatings and Application (if Required), Site Clean Up, all Electrical and Other Incidental Work Necessary to Provide a Fully Functional System, Providing all Materials, Tools, Equipment and Labor Necessary to Install the System In Accordance with the Contract Documents Section 11730, Complete In Place	1	LS	\$38,000.00	\$38,000.00	\$47,000.00	\$47,000.00	\$33,000.00	\$33,000.00
12	12" PVC, Class 200 Pipe, SDR-21, Furnishing, Trenching, Installing and Backfilling (Unclassified Excavation)	1600	LF	\$27.00	\$43,200.00	\$43.00	\$68,800.00	\$50.00	\$80,000.00
13	12" CI AWWA NRS Gate Valve and Box, Conc. Pad, Complete In Place	6	EA	\$3,245.00	\$19,470.00	\$4,600.00	\$27,600.00	\$4,000.00	\$24,000.00
14	8" CI AWWA NRS Gate Valve and Box, Conc. Pad, Complete In Place	1	EA	\$2,100.00	\$2,100.00	\$2,200.00	\$2,200.00	\$3,000.00	\$3,000.00
15	12" x 6" Water Line Connection Including all Labor, Materials, Fittings, Gate Valves, Tapping Tees, Piping and any Other Appurtenances as Required, Complete In Place as Shown on Sheet 7 of the Plans and as Described in the Contract Documents	1	LS	\$15,200.00	\$15,200.00	\$10,000.00	\$10,000.00	\$12,200.00	\$12,200.00
16	20" Steel Casing Pipe by Open Cut, Furnishing and Installing Under State and County Maintained Roads, Including Unclassified Excavation (Water Pipe Not Included)	60	LF	\$144.00	\$8,640.00	\$145.00	\$8,700.00	\$130.00	\$7,800.00
17	Relocate Existing Fire Hydrant, Complete in Place, Including Required Fittings and Appurtenances	1	LS	\$1,500.00	\$1,500.00	\$2,500.00	\$2,500.00	\$2,900.00	\$2,900.00
18	No. 10 Solid Copper Tracer Wire with Plastic Insulation and Sealed Splices to be Taped to the Top of all Water Mains, Complete In Place	1600	LF	\$0.58	\$928.00	\$2.00	\$3,200.00	\$1.00	\$1,600.00
19	#57 Crushed Stone on Trench Surface, Full Depth on Driveways, Roadway Crossings	50	LF	\$45.00	\$2,250.00	\$25.00	\$1,250.00	\$20.00	\$1,000.00
20	#9-M Crushed Stone Bedding In Areas of Rock Excavation	50	TON	\$29.00	\$1,450.00	\$85.00	\$4,250.00	\$30.00	\$1,500.00
21	Bituminous Paving Replacement on State and County Maintained Roads and Driveways Including Gravel Backfill	10	LF	\$140.00	\$1,400.00	\$100.00	\$1,000.00	\$200.00	\$2,000.00
22	Concrete Paving Replacement, Including Gravel Backfill	10	LF	\$110.00	\$1,100.00	\$100.00	\$1,000.00	\$300.00	\$3,000.00
23	Control Valve and Vault, Complete In Place, Including all Required Labor and Materials, Fittings, Valves, Sump Pump, Electric Service, Unclassified Excavation and Appurtenances to Place Into Service In Accordance with the Plans and Contract Documents	1	LS	\$51,400.00	\$51,400.00	\$60,000.00	\$60,000.00	\$38,000.00	\$38,000.00

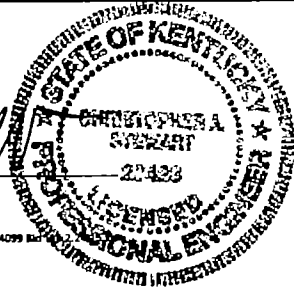
ITEM No.	ITEM DESCRIPTION	QUANTITY	UNIT	Phoenix Fabricators and Erectors Inc.		Caldwell Tanks, Inc.		Landmark Structures I, L.P.	
				UNIT PRICE	TOTAL	UNIT PRICE	TOTAL	UNIT PRICE	TOTAL
24	Backflow Preventer and Vault, Complete In Place, Including all Required Labor and Materials, Fittings, Valves, 4" Drain Piping and Flap Valve, Unclassified Excavation and Appurtenances to Place into Service In Accordance with the Plans and Contract Documents	1	LS	\$25,800.00	\$25,800.00	\$40,000.00	\$40,000.00	\$30,000.00	\$30,000.00
25	Videotape Project Area, Including all Labor and Materials Required in Accordance with the Contract Documents	1	LS	\$2,500.00	\$2,500.00	\$3,500.00	\$3,500.00	\$5,000.00	\$5,000.00
26	Booster Pump Station Complete In Place, Including all Required Unclassified Excavation, Foundation, Electric Service, Backflow Preventer, Site Restoration, Access Road, Fittings, Valves, and Appurtenances in Accordance with the Plans and contract Documents	1	LS	\$212,700.00	\$212,700.00	\$301,000.00	\$301,000.00	\$275,000.00	\$275,000.00
27	SCADA SYSTEM Furnish and Install all Required Labor and Materials, Including Unclassified Excavation, any Required Electrical Components or Upgrade, Mounting Boards/Brackets, Transducers, Wiring, Switches, etc. for a Complete and Fully Functional SCADA System Complete in Place, as Described in the Contract Documents and Shown on the Plans	1	LS	\$153,000.00	\$153,000.00	\$210,000.00	\$210,000.00	\$120,000.00	\$120,000.00
BID TOTALS:					\$2,904,953.00		\$2,931,000.00		\$3,488,000.00

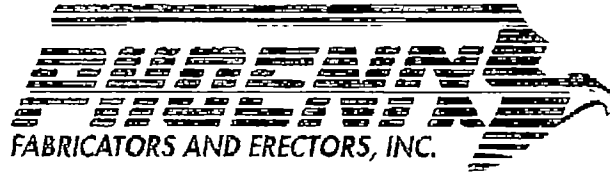


Signed:

Chris Stewart, PE
Kentucky PE No. 23423

P:\enrg\enrg\4099\Bidding\184\Tab\4099 Bid





182 SOUTH COUNTY ROAD 900 EAST • AVON, IN 46123-8973

March 2, 2015

Jessamine County Water District No.1
2225 Lexington Road
Nicholasville, KY 40356

RE: 1,000,000 Gallon Elevated Tank – Water System Improvements, Jessamine County
Water District No.1- Deduct

Dear JCWD1,

Phoenix Fabricators and Erectors, Inc. are please to offer you a cost deduct to eliminate the Tank Containment as per line item No.4 of the bid form for amount of \$34,000. After investigating the project site, Phoenix feels the Tank Containment system will not be needed to perform field coatings by applying coatings by means of hand rolling.

Phoenix accepts the risk of overspray and/or windblown paint damage to adjacent structures/vehicles/property.

Thank you,

A handwritten signature in black ink, appearing to read "Casey Cornett".

Casey Cornett
Regional Sales Manager
Phoenix Fabricators and Erectors, Inc

RECEIVED

APR 20 2015

PUBLIC SERVICE
COMMISSION

PRELIMINARY ENGINEERING REPORT
WATER SYSTEM IMPROVEMENTS
JESSAMINE COUNTY WATER DISTRICT NO. 1
JESSAMINE COUNTY, KENTUCKY

December 2010



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

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Exhibits

1. Project Topo Map

INTRODUCTION

The Jessamine County Water District No. 1 (JCWD #1) is currently pursuing funding to upgrade its existing water facilities. The facilities that are currently supplying the District with water are not adequate for the present or the future. Jessamine County is a fast growing area, due largely to its proximity to Lexington, and is in desperate need of upgrades to be sure that all of its customers are receiving the best service possible. The District's customers currently experience some instances of low water pressure and the District is continually faced with the stresses of new development upon aging and often inadequate infrastructure.

The Water District is applying to Rural Development (RD) for funds to upgrade the existing water facilities so that it can accommodate the growth, both residential and commercial, in the area. The information provided in this report more fully describes the proposed project, emphasizes the need for the construction and supplies appropriate financial summaries.

PROJECT PLANNING AREA

Jessamine County has a total area of about 173 square miles and had a population of 46,719 in 2008 an increase of almost 20% since the 2000 Census.

Jessamine County is located in central Kentucky along the Kentucky River. Nicholasville is the county seat, and is located approximately 10 miles south of Lexington. The project lies in northern Jessamine County. The economy is based on agriculture and manufacturing. The people derive their income primarily from farming, commercial and/or factory work in Nicholasville or Lexington.

The region has great potential for future industrial, commercial and residential growth because of the availability of suitable sites, reasonable transportation infrastructure, relatively inexpensive and plentiful electricity and close proximity to employment and amenities. Jessamine County in general, and the US 27 corridor specifically, has grown dramatically over the last 10 years. This growth has stretched the existing infrastructure to its limit. Transportation facilities into and out of the area are considered to be good at present. Major Kentucky highways providing access to the area are US 27 and US 68, both of which are scheduled for upgrade by the Kentucky Transportation Cabinet.

Nicholasville, the county seat, is governed by a Mayor and City Council. The County is governed by a Fiscal Court comprised of a Judge/Executive and Magistrates. The water system is directly under the supervision of the Jessamine County Water District No. 1. The Judge/Executive nominates the Commissioners, and each must be approved by Fiscal Court. These Water Commissioners vote on all actions governing the water system at its monthly meeting. The District operates and maintains the system.

The median household income in the District is approximately \$46,940. It appears that it is too high to warrant any grant and/or a low/moderate interest rate loan. The District serves approximately 1,850 households and based on the Kentucky Data Center's information, Jessamine County has 2.65

residents per household. These figures result in a population of approximately 4,900 residents in the District.

EXISTING FACILITIES

Jessamine County Water District No. 1 currently serves approximately 1,835 residential and commercial customers. The current water distribution system is in fairly good shape, except for the enormous amount of growth this area is seeing. Currently there are plans for new commercial and residential developments along the US 27 corridor that will place demands on JCWD #1 that will be very difficult to meet.

The system consists of 1,000,000 and 250,000 gallon storage tanks, along with one 350 GPM pump station. The Water District also has water lines ranging in size from 3” to 12” that supply the existing customers. The District currently purchases all water from the City of Nicholasville. All of the ongoing residential and industrial development requires fire protection, which JCWD #1 cannot currently provide in many areas.

NEED FOR PROJECT

Jessamine County Water District No. 1 is currently underserved when it comes to its existing water facilities. The growth in the area is so great that the District cannot keep up with the demand. Another storage tank and upgraded lines are needed to fulfill the current and future demands, as well as allow for fire protection in many areas.

In excess of 435,000 gallons of water per day are anticipated to be required to meet the demand of one partially completed development, not including fire protection. This is not the only development ongoing in the District’s territory. There are also multiple residential developments in the planning stage, which could result in an additional 1,000 to 1,500 customers being added to the District in the next 5 to 10 years. This is in addition to the multiple large churches currently slated to locate in the US 27 corridor, all of which require a reliable source of potable water and fire protection. Since the Water District is already overburdened, this will cause major problems in the level of service the people in this District will receive. That is why it is essential that funding be put in place to meet the demand that the JCWD #1 is experiencing.

ALTERNATIVE ANALYSIS

Three alternatives were considered for JCWD #1’s water system in an effort to accommodate the growth that is occurring in the area. Alternative A is the only truly viable option to allow JCWD #1 to meet its future needs.

- A. We propose to construct a new 1 million gallon water storage tank that would increase the pressure on the recently upgraded lines on Vince Road and Marshall Branch to bring better service to the area, in addition to providing the necessary storage and fire protection capabilities for the area. This alternative also prevents

JCWD #1 from entering into a water purchase agreement with Kentucky American Water Company (KAWC), whose rates are significantly higher than the City of Nicholasville. Construction of a new 1 million gallon tank has the additional benefit of allowing the District to place the vast majority of their system in a single pressure zone by constructing the tank at an identical overflow elevation as their existing 1 million gallon tank off Groggins Ferry Road. This would allow the District to eliminate a troublesome flow control valve on Catnip Hill Road that currently separates the system into two pressure zones. Recent system improvements have been made by installing large loop lines to facilitate the movement of water between the existing 1 million gallon tank and the proposed new tank should Nicholasville ever move to chloramines from chlorine. The proposed system improvements have been in the District's long range plans for some time.

The District has recently made connections to Kentucky American Water Company (KAWC) system in the northern portion of their system. These connections provide water to the Brannon Crossing Development along US 27. While there is an ample supply of water from these connections the pressure is not adequate, therefore this project will include a pump station at the primary KAWC connection to pump water to the new tank, which will allow for fire protect, adequate 24-hour storage as required presently and for future developments and will increase pressure throughout the area.

This is the best and most cost effective alternate for JCWD #1.

B. Do nothing.

This alternative would result in an inadequate water system that would under serve JCWD #1.

PROPOSED PROJECT

The customers of the Jessamine County Water District No. 1 are currently underserved with respect to the water facilities. With the growth and development planned for the area, a new water storage tank and line upgrades are necessary to get the people of JCWD #1 an adequate supply of water.

The proposed project is to complete the following:

1. Construct a new 1 million gallon storage tank and pump station to provide adequate pressure and water to the area. Approximately 2,000 LF of 12" water line to make connection to existing system and tie into lines connected to KAWC system.

COST SUMMARY

**Jessamine County Water District No. 1
US 27 12" Upgrade & 1 MG Tank
Opinion of Probable Construction Cost
November, 2010
HMB Professional Engineers, Inc.**

US 27 12" Upgrade

<u>Item No.</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Cost</u>	<u>Total</u>
1.	12" SDR 21 CL 200 PVC	2,000	LF	\$20	\$40,000
2.	12" Gate Valve & Box	2	EA	\$3,000	\$6,000
3.	#57 Crushed Stone	100	LF	\$15	\$1,500
4.	#9M Crushed Stone	1,000	TN	\$18	\$18,000
5.	Videotaping	1	LS	\$3,500	\$3,500
6.	Clean-Up	1	LS	\$10,000	\$10,000
7.	500 GPM Pump Station	1	LS	\$200,000	\$200,000
				<i>Subtotal</i>	<u>\$279,000</u>

1,000,000 Gallon Tank - 160' Tall

<u>Item No.</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Cost</u>	<u>Total</u>
1.	1 MG Tank	1	LS	\$1,695,000	\$1,695,000
2.	Access Road (600')	1	LS	\$30,000	\$30,000
3.	Valve Vault/Piping/Hydrant	1	LS	\$30,000	\$30,000
4.	8' Chain Link Fence (200'x200')	1	LS	\$15,000	\$15,000
5.	Site Work (Gravel/Filter Fabric)	1	LS	\$10,000	\$10,000
6.	Control Valve	1	LS	\$20,000	\$20,000
7.	Tank Sign	1	LS	\$3,500	\$3,500
8.	Containment	1	LS	\$70,000	\$70,000
				<i>Subtotal</i>	<u>\$1,873,500</u>

SCADA System

<u>Item No.</u>	<u>Item Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>Unit Cost</u>	<u>Total</u>
1.	SCADA (Monitor Only)	1	LS	\$125,000	\$125,000
				<i>Subtotal</i>	<u>\$125,000</u>

Total Construction				\$2,277,500
			USE	<u>\$2,280,000</u>

**Jessamine County Water District No. 1
US 27 12" Upgrade & 1 MG Tank
Opinion of Probable Project Cost
November, 2010**

Engineering:			\$282,900
Preliminary Engineering		\$10,000	
Design		\$120,200	
Adv/Bid		\$17,200	
Constr. Admin		\$34,500	
Resident Observation		\$101,000	
	Subtotal	\$282,900	
 Add'l Engineering Services:			 \$35,000
RD Environmental Assessment		\$4,000	
PSC Package		\$2,000	
Property Survey		\$3,500	
Geotechnical Investigation		\$20,500	
Archaeological Investigation		\$5,000	
	Subtotal	\$35,000	
 Tank Site			 \$50,000
KIA Admin (0.5% of \$1,900,000)			\$9,500
Legal/Admin			\$25,000
Interest During Construction			\$50,000
Contingencies			\$267,600
	Subtotal		\$3,000,000
	USE		\$3,000,000

Jessamine County Water District No. 1
US 27 12" Upgrade & 1 MG Tank
Potential Project Funding
November, 2010

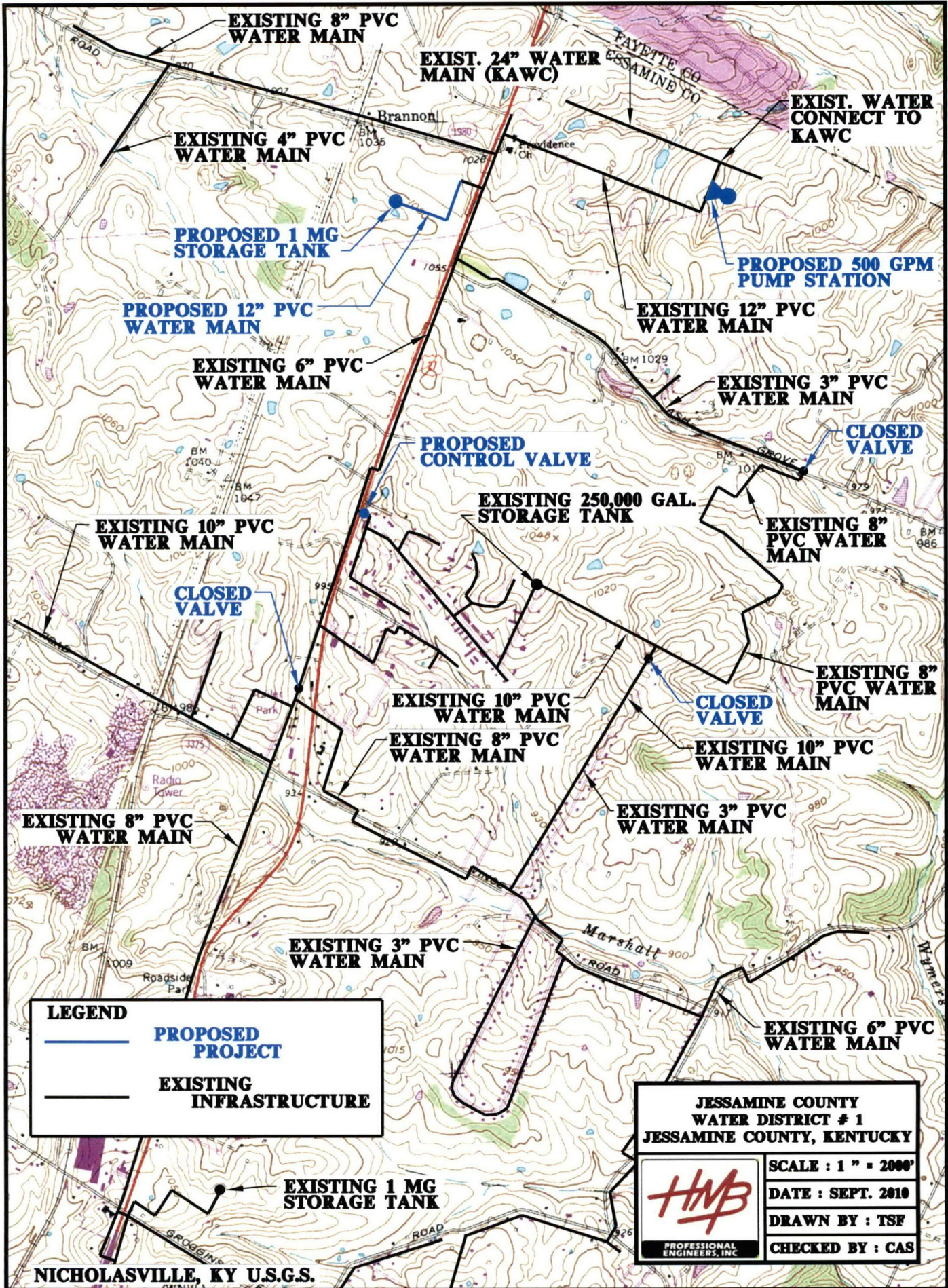
KIA Grant WX21113012		\$1,900,000
KIA Grant WX21113015		\$50,000
KRWA Loan		\$174,000
RD Loan		\$876,000
	Total	\$3,000,000

RD Loan Payment Terms:	
Assumed Interest Rate	3.75%
Payment Period	38
Interest Factor	0.04990

Annual Loan Payment		\$43,712.40
Plus 10% Coverage		\$4,371.24
Total Annual Debt Service Payment		\$48,083.64

***USE* \$55,000**

<u>Customer Rate Impact:</u>		
Debt Payment =		\$55,000
Number of Customers =		1,860
Annual Payments (Monthly) =		12
Average Increase to Monthly Bill =		<u>\$2.46</u>



LEGEND

——— **PROPOSED PROJECT**

——— **EXISTING INFRASTRUCTURE**

**JESSAMINE COUNTY
WATER DISTRICT # 1
JESSAMINE COUNTY, KENTUCKY**

SCALE : 1" = 2000'

DATE : SEPT. 2010

DRAWN BY : TSF

CHECKED BY : CAS

HMB
PROFESSIONAL ENGINEERS, INC

P:\projects\0120\working\plans\10_1420\10_1420.dwg, 9/29/2010 5:00:00 PM
 C:\Users\tsf\Documents\10_1420\10_1420.dwg, 9/29/2010 5:00:00 PM

NICHOLASVILLE, KY U.S.G.S.

RECEIVED

APR 20 2015

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE JESSAMINE COUNTY)
WATER DISTRICT No. 1 FOR A CERTIFICATE)
OF PUBLIC CONVENIENCE AND) Case No. 2015-_____
NECESSITY TO CONSTRUCT, FINANCE AND)
INCREASE RATES PURSUANT TO KRS 278.023)

APPLICATION

This Application of the Jessamine County Water District No. 1 ("Applicant"), respectfully shows:

1. That Applicant is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.
2. That the post office address of Applicant is:

Jessamine County Water District No. 1
c/o Ms. Karen Lee, Manager
2225 Lexington Road
Nicholasville, Kentucky 42356
Phone: (859) 885-9314
Fax: (859) 881-3814
email address: karen@jcwtd1.org

3. That Applicant, pursuant to the provisions of KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks improvement project (the "Project"); (ii) an Order approving increased water rates; and (iii) approval of the proposed plan of financing said Project.

4. That the Project consists of the construction and installation of a 1,000,000 gallon elevated water storage tank, booster pump station, SCADA system and related appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,345,000 of its Waterworks Revenue Bonds, consisting of \$945,000 of Series A Bonds and \$400,000 of Series B Bonds; (ii) a KIA grant in the amount of \$1,950,000; and (iii) a contribution from the Application in the amount of \$305,000. Applicant has a commitment from

RD to purchase said \$1,945,000 of bonds maturing over a 40-year period, at an interest rate not to exceed 3.375% per annum as to the Series A Bonds and 3.50% per annum as to the Series B Bonds, as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069, Section 2 in support of this Application:

- A. Copy of RD Letter of Conditions, as amended (**Exhibit "A"**).
- B. Copy of RD Letter of Concurrence in Contract Award (**Exhibit "B"**).
- C. Copy of Preliminary Engineering Report, Final Engineering Report and certified bid tabulations.
- D. Certified statement from the Chairman of Applicant (**Exhibit "C"**), based upon statements of the Engineers for Applicant, concerning the following:
 - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
 - (2) All other state approvals or permits have been obtained;
 - (3) The proposed rates of Applicant shall produce the total revenue requirements recommended in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has complied with the "public postings" requirement of 807 KAR 5:069, Section 3(1)(a) and (b) by posting a copy of the Notice of Proposed Rate Change (the "Notice") (i) at its place of business; and (ii) within five (5) business days of the date this Application is submitted to the Commission, on its website (www.jcwd1.org) along with a hyperlink to the location on the Commission's website where the case documents are available. Applicant has also arranged for the publication, prior to or at the same time this Application is filed, of the Notice pursuant to 807 KAR 5:069, Section 3(2) in the newspaper of general circulation in Applicant's service area. Said Notice sets out the content requirements of 807 KAR 5:069, Section 3(4). A copy of said Notice is filed herewith as **Exhibit "D"**. Applicant shall file with this Commission no later than fifteen (15) days from the date this Application was initially filed, an affidavit and tearsheet from the publisher as required by 807 KAR 5:069 Section 3(3)(b).

9. That the foregoing constitutes the documents necessary to obtain the approval of this Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.

WHEREFORE, Applicant, the Jessamine County Water District No. 1, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a water system improvement project.
- b. An Order approving the financing arrangements made by Applicant, viz., (i) the issuance of \$1,945,000 of Jessamine County Water District No. 1 Waterworks Revenue Bonds, consisting of \$945,000 of Series A Bonds and \$400,000 of Series B Bonds at an interest rate not to exceed 3.375% per annum as to the Series A Bonds and ~~3.50%~~ 3.50% per annum as to the Series B Bonds; (ii) a KIA grant in the amount of \$1,950,000; and (iii) an Application contribution in the amount of \$305,000.
- c. An Order approving the proposed water rates as set out in Section 24 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

Jessamine County Water District No. 1

By: Carl Waits
Chairman
Board of Water Commissioners

W. Randall Jones, Esq.
W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
wrjones@rubinhays.com

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF JESSAMINE)

The undersigned, Carl Waits, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Jessamine County Water District No. 1, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this April 10, 2015.

Carl Waits, Chairman
Jessamine County Water District No. 1

Subscribed and sworn to before me by Carl Waits, Chairman of the Board of Commissioners of the Jessamine County Water District No. 1, on this April 10, 2015.

My Commission expires: _____

KAREN A. LEE
Notary Public
State at Large
Kentucky
My Commission Expires Feb 21, 2019

Notary Public



United States Department of Agriculture
Rural Development
Kentucky State Office

April 12, 2012

Carl Waits, Chairman
Jessamine County Water District #1
2225 Lexington Road
Nicholasville, Kentucky 42356

Dear Mr. Waits:

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

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$945,000; a Kentucky Infrastructure Authority (KIA) in the amount of \$1,950,000; and an applicant cash contribution in the amount of \$105,000.

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

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

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

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

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

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

1. Number of Users and Their Contribution:

There shall be 2,063 water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Bond. Principal payment will not be deferred for a period in excess of two years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

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

4. Reserve Accounts:

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

The District will be required to deposit \$375 per month into a "Funded Debt Reserve Account" until the account reaches \$45,000. The deposits are to be resumed any time the account falls below the \$45,000.

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

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

The District also needs to fund an account for short-lived assets by depositing a sum of \$1,750 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

5. Security Requirements:

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

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

6. Land Rights and Real Property:

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

7. Organization:

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

8. Business Operations:

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

9. Accounts, Records and Audits:

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

The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

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

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

11. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
 - B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
 - C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$150,000.
 - D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
 - E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.
12. Planning and Performing Development:
- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "20" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
 - B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
 - 1. Final plans, specifications and bid documents.
 - 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 - 3. Legal Service Agreements.
 - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural

Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

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

13. Civil Rights & Equal Opportunity:

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

A. Section 504 of the Rehabilitation Act of 1973:

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

B. Civil Rights Act of 1964:

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

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

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

D. Age Discrimination Act of 1975:

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

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

14. Closing Instructions:

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

15. Compliance with Special Laws and Regulations:

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

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

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

17. Refinancing and Graduation Requirements:

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

18. Commercial Interim Financing:

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

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

19. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

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

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

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

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

20. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,291,000
Land and Rights	50,000
Legal and Administrative	25,000
Engineering	317,000
Interest	50,000
Contingencies	<u>267,000</u>
TOTAL	\$ <u>3,000,000</u>

Financing:

RUS Loan	\$ 945,000
KIA Grant	1,950,000
Applicant Contribution	<u>105,000</u>
TOTAL	\$ 3,000,000

21. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the KIA grant in the amount of \$1,950,000.

22. Use of Remaining Project Funds:

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

23. Proposed Operating Budget:

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

24. Rates and Charges:

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

Water rates will be at least:

First	3,000 gallons @ \$	26.00. - Minimum Bill.
Next	7,000 gallons @ \$	6.60. - per 1,000 gallons.
All Over	10,000 gallons @ \$	6.38. - per 1,000 gallons.

25. Water Purchase Contract:

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

26. Compliance with the Bioterrorism Act:

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

27. Floodplain Construction:

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

28. Mitigation Measures:

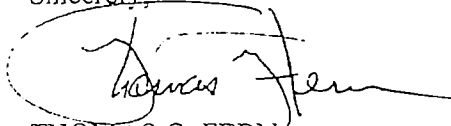
- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated May 25, 2011, from Ms. Lee Nalley.
- B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated March 24, 2010, and signed by Virgil Lee Andrews, Jr., Field Supervisor.
- C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- D. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- E. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- F. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

29. Final Approval Conditions:

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas G. Fern", is written over a circular stamp. The signature is fluid and cursive.

THOMAS G. FERN
State Director

Enclosures

- cc: Area Director - Shelbyville, Kentucky
Bluegrass ADD - Lexington, Kentucky
Howard Downing - Nicholasville, Kentucky
HMB Engineers - Frankfort, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



Rural Development

April 9, 2015

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Carl Waits, Chairman
Jessamine County Water District # 1
2225 Lexington Road
Nicholasville, Kentucky 42356

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Re: Letter of Conditions Dated April 12, 2012

Dear Mr. Waits:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated April 12, 2012. The purpose of this amendment is to revise the project funding, funded depreciation reserve account, fidelity bond, total cost of the project, revise the rates and charges, number of users and make other editorial changes in accordance with current Rural Utility Service (RUS) Instructions.

The Second Paragraph on Page 1 is revised to read as follows:

"This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of RUS loans not to exceed \$1,345,000 (\$945,000 original loan and \$400,000 subsequent loan), a Kentucky Infrastructure Authority (KIA) grant in the amount of \$1,950,000 and an applicant cash contribution of \$305,000."

Paragraph numbered "1" is revised to read as follows:

"1. Number of Users and Their Contribution:

There shall be 2,653 water users, of which all are existing users. The Area Director will review and authenticate the number of users and amount of connection fees prior to advertising for construction bids."

Paragraph numbered "4" is revised to read as follows:

"4. Reserve Accounts:

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

The District will be required to deposit \$535 (\$375 original loan and \$160 subsequent loan) per month into a "Funded Depreciation Reserve Account" until the account reaches \$64,200 (\$45,000 original loan and \$19,200 subsequent loan). The deposits are to be resumed any time the account falls below \$64,200.

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF), found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (888) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 890-7442 or email at program.intake@usda.gov.

Jessamine County Water District No. 1

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

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

The District also needs to fund an account for short-lived assets by depositing a sum of \$4,459 monthly into the account. The funds in a short-lived assets account may be used by the District as needed to replace or add short-lived assets in the District's water system."

Paragraph numbered "11" is revised to read as follows:

"11. Insurance and Bonding:

The following insurance and bonding will be required:

C. Fidelity Bond – The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$170,000."

Paragraph numbered "20" is revised to read as follows:

"20. Cost of Facility:

Breakdown of Costs:

Development	\$ 2,871,000
Land and Rights	55,000
Legal and Administrative	34,500
Engineering	434,500
Interest	52,500
Contingencies	<u>152,500</u>
TOTAL	\$ 3,600,000

Financing:

RUS Loan (Original loan)	\$ 945,000
RUS Loan (Subsequent)	400,000
KIA Grant	1,950,000
Applicant Contribution	<u>305,000</u>
TOTAL	\$ 3,600,000 "

Paragraph numbered "24" is revised to read as follows:

"24. Rates and Charges:

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

Jessamine County Water District No. 1

Water rates for residential and non-residential customers will be at least:

5/8" Meter:

First	3,000 gallons @ \$	28.00. - Minimum Bill.
Next	7,000 gallons @ \$	6.60. - per 1,000 gallons.
All Over	10,000 gallons @ \$	6.38. - per 1,000 gallons.

1" Meter:

First	5,000 gallons @ \$	41.20. - Minimum Bill.
Next	5,000 gallons @ \$	6.60. - per 1,000 gallons.
All Over	10,000 gallons @ \$	6.38. - per 1,000 gallons.

1 1/2" Meter:

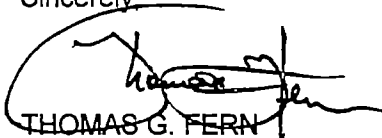
First	10,000 gallons @ \$	74.20. - Minimum Bill.
All Over	10,000 gallons @ \$	6.38. - per 1,000 gallons.

2" Meter:

First	20,000 gallons @ \$	138.00. - Minimum Bill.
Next	20,000 gallons @ \$	6.38. - per 1,000 gallons.

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,


THOMAS G. FERN
State Director

cc: Area Director - Shelbyville, Kentucky
Bluegrass ADD - Lexington, Kentucky
Howard Downing - Nicholasville, Kentucky
HMB Engineers - Frankfort, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



United States Department of Agriculture

Rural Development April 10, 2015

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: Jessamine County Water District No. 1
1 MGD Elevated Tank
Contract Award Concurrence

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
Shelbyville, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Phoenix Fabricators and Erectors, Inc., in the amount of \$2,905,953.00. In order to bring project costs within available funding, a change order will be issued in the amount of \$34,000, which will lower the actual construction cost to \$2,871,953.00.

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


THOMAS G. FERN
State Director
Rural Development

cc: HMB Engineers

Randy Jones

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**CERTIFICATE OF CHAIRMAN OF JESSAMINE COUNTY
WATER DISTRICT No. 1, AS TO STATEMENT REQUIRED BY
SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the Jessamine County Water District No. 1, and that said District is in the process of arranging to finance the construction of improvements to the water system (the "Project"), in cooperation with HMB Engineers, Frankfort, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have been obtained.
3. That the rates proposed by the District in its current Application filed with the Kentucky Public Service Commission are contemplated to produce total revenue requirements recommended in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about June 1, 2015, and will end on or about June 1, 2016.

IN TESTIMONY WHEREOF, witness my signature this April 10, 2015.



Chairman
Jessamine County Water District No. 1

STATE OF KENTUCKY)
) SS
COUNTY OF JESSAMINE)

Subscribed and sworn to before me by Carl Waits, Chairman of the Board of Commissioners of the Jessamine County Water District No. 1, on this April 10, 2015.



Notary Public
In and For Said State and County

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Kentucky Public Service Commission (“PSC”) as set out in 807 KAR 5:069, Section 3, notice is hereby given to the customers of the Jessamine County Water District No. 1 (the “District”) of a change in water rates for users of the District's water system. The changes in water rates are required by the U.S. Department of Agriculture, acting through Rural Development (“RD”) in connection with a loan by RD to the District in the principal amount of \$1,345,000 to be evidenced by the issuance by the District of its waterworks revenue bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

<u>5/8 x 3/4 inch Meters</u>		<u>Monthly Rate</u>
First	3,000 gallons	\$21.51 minimum bill
Next	7,000 gallons	5.37 per 1,000 gallons
Over	10,000 gallons	5.27 per 1,000 gallons

<u>1 inch Meters</u>		<u>Monthly Rate</u>
First	5,000 gallons	\$32.25 minimum bill
Next	5,000 gallons	5.37 per 1,000 gallons
Over	10,000 gallons	5.27 per 1,000 gallons

<u>1-1/2 inch Meters</u>		<u>Monthly Rate</u>
First	10,000 gallons	\$59.10 minimum bill
Over	10,000 gallons	5.27 per 1,000 gallons

<u>2 inch Meters</u>		<u>Monthly Rate</u>
First	20,000 gallons	\$111.80 minimum bill
Over	20,000 gallons	5.27 per 1,000 gallons

Proposed Monthly Water Rates

<u>5/8 x 3/4 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	3,000 gallons	\$28.00 minimum bill	\$6.49	30.17%
Next	7,000 gallons	6.60 per 1,000 gallons	1.23	22.91
Over	10,000 gallons	6.38 per 1,000 gallons	1.11	21.10

<u>1 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	5,000 gallons	\$41.20 minimum bill	\$8.95	27.75%
Next	5,000 gallons	6.60 per 1,000 gallons	1.23	22.91
Over	10,000 gallons	6.38 per 1,000 gallons	1.11	21.10

<u>1-1/2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	10,000 gallons	\$74.20 minimum bill	\$15.10	25.55%
Next	10,000 gallons	6.38 per 1,000 gallons	1.11	21.10

<u>2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	20,000 gallons	\$138.00 minimum bill	\$26.20	23.40%
Next	20,000 gallons	6.38 per 1,000 gallons	1.11	21.10

The proposed monthly water rates shall be effective for water sold after the date of the final approving Order of the PSC, which Order is expected to be issued no later than 30 days of the filing of the Application.

The amount of average usage for all customers in the calendar year 2014 was 5,557 gallons per month thus generating an average monthly billing based on current rates of \$35.24. The proposed monthly rates will increase the average monthly billing to \$44.88 for an impact of \$9.64 or 27.36%.

The Application for approval of the rate change has been filed with the PSC and may be examined during normal business hours at the following locations: (i) Jessamine County Water District No. 1 office, 2225 Lexington Road, Nicholasville, Kentucky; (ii) PSC, 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., E.T.; and (iii) via the PSC website at <http://psc.ky.gov>. Comments regarding the Application may be submitted to the PSC via its website or by mail to PSC, P.O. Box 615, Frankfort, Kentucky 40602.

The proposed rates are required under the terms of an agreement between the District and RD and KRS 278.023 does not grant the PSC any discretionary authority to modify or reject any portion of the agreement between the District and RD, or to defer the issuance of all necessary orders to implement the terms of the agreement.

The RD loan proceeds will be used in conjunction with \$1,950,000 in State KIA grants and a District contribution in the amount of \$305,000, to finance the cost of the construction and installation of a 1,000,000 gallon elevated water storage tank, booster pump station, SCADA system and related appurtenances. Signed, Carl Waits, Chairman, Jessamine County Water District No. 1.