

Rubin & Hays

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CHARLES S. MUSSON
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CHRISTIAN L. JUCKETT

May 6, 2015

RECEIVED
MAY - 8 2015
PUBLIC SERVICE
COMMISSION

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

Re: East Laurel Water District PSC Application - KRS 278.023

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the East Laurel Water District 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. An electronic copy of the Plans and Specifications will be filed in the near future.**

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: East Laurel Water District Waterworks Revenue Bonds, Series 2015, in the principal amount of \$1,373,000.

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

Mr. Tom Partin
USDA, Rural Development
100 Fortress Properties Street, Suite 3
London, Kentucky 40741
tom.partin@ky.usda.gov

Phone: (606) 864-2172
Fax: 1- (855) 454-4516

Mr. Dewayne Lewis
East Laurel Water District
P.O. Box 726
London, Kentucky 40743
dewaynelewis@woodcreekwater.org

Telephone: (606) 878-9420
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Eddie W. Brown, P.E.
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PUBLIC SERVICE
COMMISSION

FINAL ENGINEERING REPORT

for

EAST LAUREL WATER DISTRICT

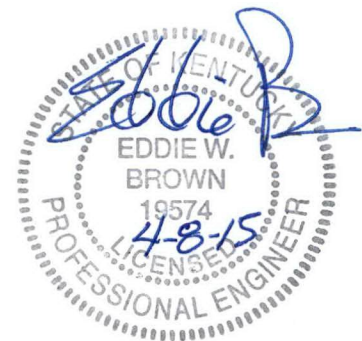
APPLE ORCHARD ROAD TRANSMISSION MAIN

prepared by:

KENVIRONS, INC.
452 VERSAILLES ROAD
FRANKFORT, KENTUCKY 40601

PROJECT NO. 2012141

APRIL 2015



INTRODUCTION

The East Laurel Water District made applications for financial assistance to Rural Development for the Apple Orchard Road Transmission Main. A Preliminary Engineering Report dated April 2013 was prepared describing the need and scope of this project and is included herewith by reference.

BIDS

Bids were opened and read aloud at 1:00 P.M. on March 17, 2015 at the East Laurel Water District Office. Ten (10) bids ranging from \$1,132,072.15 to \$1,780,742.50 were received. The low bidder was Mineral Labs, Inc. of Salyersville, Kentucky.

Certified bid tabulations are contained in Appendix A.

PROJECT COST

The East Laurel Water District has actively pursued funding for the proposed project. Table 1 is a summary of the funding commitments from Rural Development;

TABLE 1 – Project Funding

Rural Development (RD) Loan	1,373,000
Rural Development (RD) Grant	<u>588,000</u>
Total Funding Available	\$1,961,000

Table 2 outlines the project budget, based upon the bids received, assuming the District accepts the bids. Also included in the project budget is a materials purchase contract to purchase approximately 2,000 radio read equipped meters and an automatic meter reading (AMR) system.

TABLE 2 – Project Budget

Development	
Contract 1- Apple Orchard Transmission Main	\$1,132,072.15
Contract 2- Materials Purchase (AMR's)	\$ 269,775.40
Engineering	
Design	\$ 98,377.07
Observation	\$ 61,924.35
Preliminary Engineering Report	\$ 10,000.00
Environmental	\$ 20,000.00
Legal and Administrative	\$ 17,500.00
Land and Rights	\$ 25,000.00
Interest	\$ 60,000.00
Contingency	\$ 266,351.03
Total Funding Available	<u>\$1,961,000.00</u>

RECOMMENDATIONS

1. It is recommended that the contract for Apple Orchard Road Transmission Main be awarded to Mineral Labs, Inc. in the amount of \$1,132,072.15. The contractor has provided a list of similar completed project and references. All responses were extremely positive in regard to the project manager (Mr. Keith Jenkins) who is being subcontracted by Mineral Labs Inc. for this project.
2. It is recommended to purchase approximately 2,000 radio read meters and an AMR system for the District. The District will install the meters with their own employees. This will provide about half of the District's customers with AMR's.
3. It is recommended that the user rates be adjusted to generate the revenue required to pay the debt service, coverage, and depreciation cost associated with this project. The new rates shall be as outlined in the Preliminary Engineering Report and the RD Letter of Conditions.

APPENDIX A
CERTIFIED BID TABULATIONS

BID TABULATIONS

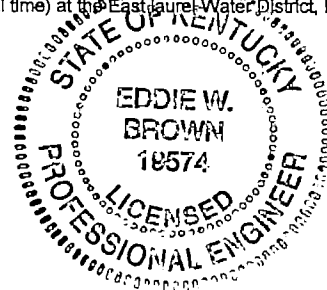
KENVIRONS, INC.
452 Versailles Road
Frankfort, KY 40601
TEL (502) 695-4357

Owner: EAST LAUREL WATER DISTRICT
Project: Apple Orchard Road Transmission Main
Location: London, KY 40743
Bid Date: March 17, 2015

Base Bid				Mineral Labs Inc. P.O. Box 549 Salyersville, KY 41465		Irvine Contracting, LLC 1134 Tom Cat Trail London, KY 40741		Clay Pipeline 70 Fox Hollow Road Manchester, KY 40743		Flo-Line Contracting 189 Sunstar Blvd. Monticello, KY 42633	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	8" PVC SDR-17 Water Line	LF	41,340	\$15.00	\$620,100.00	\$17.01	\$703,193.40	\$13.00	\$537,420.00	\$18.00	\$744,120.00
2	8" Ductile Iron CI 350 w/Nitrile Gaskets	LF	885	23.81	16,309.85	25.00	17,125.00	31.00	21,235.00	28.00	17,810.00
3	8" Ductile Iron CI 350 w/Locking Gaskets	LF	115	27.29	3,138.35	35.00	4,025.00	32.00	3,680.00	30.00	3,450.00
4	6" PVC SDR-17 Water Line	LF	300	12.30	3,690.00	16.00	4,800.00	14.00	4,200.00	13.75	4,125.00
5	Bored Steel Encasement for 8" Pipe	LF	575	137.42	79,016.50	106.00	60,950.00	100.00	57,500.00	170.00	97,750.00
6	Open Cut Steel Encasement for 8" Pipe	LF	65	43.53	2,829.45	60.00	3,900.00	72.00	4,680.00	60.00	3,900.00
7	8" Gate Valve	EA	19	1,500.00	28,500.00	1,200.00	22,800.00	1,450.00	27,550.00	1,200.00	22,800.00
8	6" Gate Valve	EA	2	1,000.00	2,000.00	775.00	1,550.00	1,150.00	2,300.00	800.00	1,600.00
9	Leak Detectioin Meter	EA	1	2,100.00	2,100.00	1,536.00	1,536.00	970.00	970.00	1,500.00	1,500.00
10	16" x 8" Tie-In	EA	2	5,000.00	10,000.00	3,500.00	7,000.00	3,245.00	6,490.00	5,000.00	10,000.00
11	8" x 8" Tie-In	EA	1	3,500.00	3,500.00	2,600.00	2,600.00	3,340.00	3,340.00	2,100.00	2,100.00
12	8" x 8" Tie-In	EA	1	3,000.00	3,000.00	2,200.00	2,200.00	3,400.00	3,400.00	2,100.00	2,100.00
13	Directional Drill for 8" Pipe:										
13a	10" Directional Drill No. 1	LS	1	14,400.00	14,400.00	14,500.00	14,500.00	25,600.00	25,600.00	15,600.00	15,600.00
13b	8" Directional Drill No. 2	LS	1	4,000.00	4,000.00	7,500.00	7,500.00	6,400.00	6,400.00	8,000.00	8,000.00
13c	8" Directional Drill No. 3	LS	1	4,000.00	4,000.00	7,500.00	7,500.00	12,800.00	12,800.00	8,000.00	8,000.00
13d	8" Direction Drill No. 4	LS	1	4,000.00	4,000.00	7,500.00	7,500.00	6,400.00	6,400.00	8,000.00	8,000.00
13e	8" Directional Drill No. 5	LS	1	4,000.00	4,000.00	7,500.00	7,500.00	12,800.00	12,800.00	8,000.00	8,000.00
13f	8" DIRECTIONAL DRILL NO. 6	LS	1	4,000.00	4,000.00	7,500.00	7,500.00	6,400.00	6,400.00	8,000.00	8,000.00
14	Fire Hydrant	EA	20	3,500.00	70,000.00	3,087.00	61,740.00	4,480.00	89,200.00	3,600.00	72,000.00
15	Air Release Valve Assembly	EA	5	350.00	1,750.00	1,092.96	5,464.80	2,354.00	11,770.00	900.00	4,500.00
16	8" Free Bore	LF	435	55.00	23,925.00	40.00	17,400.00	125.00	54,375.00	50.00	21,750.00
17	KY 830 Booster Pump Station	LS	1	90,000.00	90,000.00	115,729.00	115,729.00	180,200.00	180,200.00	142,000.00	142,000.00
18	KY 80 Booster Pump Station	LS	1	90,000.00	90,000.00	115,729.00	115,729.00	180,200.00	180,200.00	140,000.00	140,000.00
19	Telemetry	LS	1	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00
20	Crushed Stone (Driveways)	LF	710	11.30	8,023.00	19.00	13,490.00	10.00	7,100.00	13.00	9,230.00
21	Light Duty Bituminous Pavement Replacement	LF	250	16.00	4,000.00	46.00	11,500.00	80.00	20,000.00	23.00	5,750.00
TOTAL BASE BID					\$1,132,072.15		\$1,260,522.20		\$1,321,800.00		\$1,397,875.00

* - Denotes an arithmetic error was made on the Bids submitted. Values reported in the Bid Tabulation have been corrected based upon the unit price submitted. The above is a true and complete tabulation of the Bids received by 1:00 p.m. (local time) at the East Laurel Water District, London, KY

By: Eddie W. Brown 3-25-15
Eddie W. Brown, PE Date



BID TABULATIONS

KENVIRONS, INC.
452 Versailles Road
Frankfort, KY 40601
TEL (502) 695-4357

Owner: EAST LAUREL WATER DISTRICT
Project: Apple Orchard Road Transmission Main
Location: London, KY 40743
Bid Date: March 17, 2015

Base Bid				Akins Excavating Co., Inc. 182 Busy Lane Corbin, KY 40701		Pack's Inc. 75 Baldrige Road Morehead, KY 40351		Hubert Excavating & Contracting 2590 Bondville Road Salvisa, KY 40372	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	8" PVC SDR-17 Water Line	LF	41,340	\$16.75	\$692,445.00	\$18.20	\$752,388.00	\$19.00	\$785,460.00
2	8" Ductile Iron CI 350 w/Nitrile Gaskets	LF	685	28.25	19,351.25	31.25	21,406.25	31.00	21,235.00
3	8" Ductile Iron CI 350 w/Locking Gaskets	LF	115	34.00	3,910.00	34.85	4,007.75	33.00	3,795.00
4	6" PVC SDR-17 Water Line	LF	300	12.00	3,600.00	15.10	4,530.00	17.00	5,100.00
5	Bored Steel Encasement for 8" Pipe	LF	575	180.00	103,500.00	185.00	106,375.00	190.00	109,250.00
6	Open Cut Steel Encasement for 8" Pipe	LF	65	47.00	3,055.00	53.00	3,445.00	85.00	5,525.00
7	8" Gate Valve	EA	19	1,525.00	28,975.00	1,133.00	21,527.00	1,200.00	22,800.00
8	6" Gate Valve	EA	2	1,020.00	2,040.00	786.00	1,572.00	900.00	1,800.00
9	Leak Detection Meter	EA	1	1,085.00	1,085.00	616.00	616.00	800.00	800.00
10	16" x 8" Tie-In	EA	2	5,025.00	10,050.00	2,374.00	4,748.00	1,500.00	3,000.00
11	8" x 8" Tie-In	EA	1	3,840.00	3,840.00	2,668.00	2,668.00	2,500.00	2,500.00
12	8" x 6" Tie-In	EA	1	3,325.00	3,325.00	2,291.00	2,291.00	2,500.00	2,500.00
13	Directional Drill for 8" Pipe:								
13a	10" Directional Drill No. 1	LS	1	14,100.00	14,100.00	18,744.00	18,744.00	23,000.00	23,000.00
13b	8" Directional Drill No. 2	LS	1	12,850.00	12,850.00	7,056.00	7,056.00	8,400.00	8,400.00
13c	8" Directional Drill No. 3	LS	1	12,850.00	12,850.00	7,056.00	7,056.00	8,500.00	8,500.00
13d	8" Direction Drill No. 4	LS	1	12,850.00	12,850.00	7,056.00	7,056.00	8,400.00	8,400.00
13e	8" Directional Drill No. 5	LS	1	12,850.00	12,850.00	7,056.00	7,056.00	8,500.00	8,500.00
13f	8" Directional Drill No. 6	LS	1	12,850.00	12,850.00	7,056.00	7,056.00	8,400.00	8,400.00
14	Fire Hydrant	EA	20	4,030.00	80,600.00	3,540.00	70,800.00	3,200.00	64,000.00
15	Air Release Valve Assembly	EA	5	750.00	3,750.00	414.00	2,070.00	700.00	3,500.00
16	8" Free Bore	LF	435	31.00	13,485.00	47.00	20,445.00	50.00	21,750.00
17	KY 830 Booster Pump Station	LS	1	140,000.00	140,000.00	141,702.00	141,702.00	137,775.00	137,775.00
18	KY 80 Booster Pump Station	LS	1	138,000.00	138,000.00	139,007.00	139,007.00	137,500.00	137,500.00
19	Telemetry	LS	1	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00
20	Crushed Stone (Driveways)	LF	710	22.00	15,620.00	12.00	8,520.00	8.00	5,680.00
21	Light Duty Bituminous Pavement Replacement	LF	250	80.00	20,000.00	49.00	12,250.00	60.00	15,000.00
TOTAL BASE BID					* \$1,400,771.25		\$1,410,182.00		* \$1,449,960.00

BID TABULATIONS

KENVIRONS, INC.
452 Versailles Road
Frankfort, KY 40601
TEL (502) 695-4357

Owner: EAST LAUREL WATER DISTRICT
Project: Apple Orchard Road Transmission Main
Location: London, KY 40743
Bid Date: March 17, 2015

Base Bid				D & H Contracting, Co., Inc 2003 Lakeview Drive London, KY 40741		Norris Bros. Excavating 1007 Rodgers Road Crossville, TN 38572		Cleary Construction Inc. 2006 Edmonton Road Tompkinsville, KY 42167	
Item No.	Item Description	Unit	Quantity	Unit Cost	Cost	Unit Cost	Cost	Unit Cost	Cost
1	8" PVC SDR-17 Water Line	LF	41,340	\$16.75	\$692,445.00	\$22.50	\$930,150.00	\$21.25	\$878,475.00
2	8" Ductile Iron CI 350 w/Nitrile Gaskets	LF	685	35.00	23,975.00	44.10	30,208.50	78.00	53,430.00
3	8" Ductile Iron CI 350 w/Locking Gaskets	LF	115	40.00	4,600.00	45.00	5,175.00	74.50	8,567.50
4	6" PVC SDR-17 Water Line	LF	300	16.00	4,800.00	16.20	4,860.00	17.00	5,100.00
5	Bored Steel Encasement for 8" Pipe	LF	575	185.00	106,375.00	162.00	93,150.00	170.00	97,750.00
6	Open Cut Steel Encasement for 8" Pipe	LF	65	80.00	5,200.00	108.00	7,020.00	113.00	7,345.00
7	8" Gate Valve	EA	19	1,750.00	33,250.00	1,080.00	20,520.00	1,700.00	32,300.00
8	6" Gate Valve	EA	2	1,550.00	3,100.00	720.00	1,440.00	1,100.00	2,200.00
9	Leak Detection Meter	EA	1	1,570.00	1,570.00	8,100.00	8,100.00	1,915.00	1,915.00
10	16" x 8" Tie-In	EA	2	4,000.00	8,000.00	6,210.00	12,420.00	10,850.00	21,300.00
11	8" x 8" Tie-In	EA	1	3,400.00	3,400.00	5,220.00	5,220.00	3,600.00	3,600.00
12	8" x 6" Tie-In	EA	1	3,200.00	3,200.00	4,680.00	4,680.00	3,400.00	3,400.00
13	Directional Drill for 8" Pipe:								
13a	10" Directional Drill No. 1	LS	1	26,000.00	26,000.00	19,800.00	19,800.00	26,500.00	26,500.00
13b	8" Directional Drill No. 2	LS	1	10,500.00	10,500.00	6,210.00	6,210.00	9,800.00	9,800.00
13c	8" Directional Drill No. 3	LS	1	13,000.00	13,000.00	6,210.00	6,210.00	9,800.00	9,800.00
13d	8" Direction Drill No. 4	LS	1	10,500.00	10,500.00	6,210.00	6,210.00	9,800.00	9,800.00
13e	8" Directional Drill No. 5	LS	1	13,000.00	13,000.00	6,210.00	6,210.00	9,800.00	9,800.00
13f	8" Directional Drill No. 6	LS	1	10,500.00	10,500.00	6,210.00	6,210.00	9,800.00	9,800.00
14	Fire Hydrant	EA	20	3,600.00	72,000.00	2,700.00	54,000.00	4,250.00	85,000.00
15	Air Release Valve Assembly	EA	5	1,000.00	5,000.00	900.00	4,500.00	3,000.00	15,000.00
16	8" Free Bore	LF	435	60.00	26,100.00	90.00	39,150.00	64.00	27,840.00
17	KY 830 Booster Pump Station	LS	1	196,500.00	196,500.00	198,000.00	198,000.00	206,000.00	206,000.00
18	KY 80 Booster Pump Station	LS	1	194,500.00	194,500.00	198,000.00	198,000.00	203,500.00	203,500.00
19	Telemetry	LS	1	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00	35,790.00
20	Crushed Stone (Driveways)	LF	710	10.00	7,100.00	8.10	5,751.00	13.00	9,230.00
21	Light Duty Bituminous Pavement Replacement	LF	250	60.00	15,000.00	16.20	4,050.00	30.00	7,500.00
TOTAL BASE BID					\$1,525,405.00		\$1,713,034.50		\$1,780,742.50

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MAY - 8 2015

PUBLIC SERVICE
COMMISSION

PRELIMINARY ENGINEERING REPORT

FOR

EAST LAUREL WATER DISTRICT

WATER SYSTEM REINFORCEMENTS

PROJECT NO. 2012141

APRIL, 2013



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Project Need	1
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Alternatives	2
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Table 1 – Hydraulic Model Analyses

- Exhibit 1 – Opinion of Probable Itemized Construction Cost
KY 830 from Apple Orchard Road to KY 830 Tank
- Exhibit 2 – Opinion of Probable Itemized Construction Cost
KY 80 from Little Sandy Creek to Bush Pump Station
- Exhibit 3 – Opinion of Probable Itemized Construction Cost
KY 80 from Apple Orchard Road to Private Drive past
Little Sandy Creek
- Exhibit 4 – Opinion of Probable Itemized Construction Cost
Apple Orchard Road from KY 80 to Wildcat Road
- Exhibit 5 – Opinion of Probable Itemized Construction Cost
Apple Orchard Road / Wildcat Road Intersection to KY 830
- Exhibit 6 – Opinion of Probable Project Cost and Funding

Appendix 1 – Project Maps

INTRODUCTION

The Wood Creek Water District (WCWD), West Laurel Water Association (WLWA) and East Laurel Water District (ELWD) are located in Laurel County, Kentucky. WLWA and ELWD have no employees, and the three utilities are operated and maintained by WCWD. Each utility has a separate board of commissioners.

ELWD purchases all of its treated water from WCWD. The primary source of water for ELWD is a connection to WCWD near North Laurel High School on the Daniel Boone Parkway. A detailed computer hydraulic model has been developed and updated over several years for the interconnected systems of WCWD, ELWD and WLWA. The computer model is the engineering tool utilized to analyze the hydraulic responses of these water utilities.

GEOGRAPHIC LOCATION

Laurel County is located in south central part of Kentucky. The county seat is London which is located near the geographical center of the county. The water district's service area presently comprises the eastern portion of Laurel County. Figure 1 shows the location of the county.

PROJECT NEED

The only sources of water available to county residents are wells, springs and cisterns, and the water district. Widespread contamination of wells and springs has been thoroughly documented. Over seventy percent (70%) of wells tested in the district's service area have been judged unfit for human consumption. The health and welfare of the county residents depend on a good water supply. The reliability of the district's facilities throughout the eastern portion of the county is the only source of potable water available. Maintaining the reliability in the presently serviced areas will continue to abate the potential health hazard.

EXISTING CONDITIONS

1. KY 229 Pump Station

The KY 229 pump station delivers water to the KY 830 storage tank, a 200,000 gallon ground storage tank with an overflow elevation of 1420. This pump station is supplied by gravity through six (6) miles of 6-inch pipeline from Sasser tank and pumped through five (5) miles of 6-inch pipeline to the KY 830 tank. When the pump was initially designed, the pumping rate was severely limited due to the need to maintain adequate pressures on the pump suction side and control high pressures on the discharge side. The pumping time has gradually increased to 16-18 hours on the average day. The maximum day pumping time approaches 24 hours. Installing larger pumps in the KY 229 pump station is not an alternative due to the pressure limits on both the suction discharge sides of the pumps.

2. Bush Pump Station

The Bush pump station is located on KY 80 near the intersection of KY 3105. This pump station is supplied from the Sasser tank through approximately three (3) miles of 16-inch pipe and then through 3.5 miles of 6-inch pipe. The pump discharges through about 1.1 miles of 6-inch and 0.4 miles of 8-inch pipeline. The data provided by the water district indicates the Bush pump station operates an average of 18 to 20 hours per day. The pump curve provided by the water district and believed to represent the existing pumps was analyzed in the hydraulic model. The analysis indicated a pumping rate of 330 GPM which reduced the suction side pressure to 27-30 psi. The 330 GPM pumping rate was not consistent with a pumping time of 19-20 hours. The analysis indicated a pumping time of about 14 hours. A pumping time of 18-20 hours indicates a pumping rate of 180-200 GPM. Additional data provided after checking the flow meter and pressure gauges at the pump stations indicated that the actual pumping rate was about 180 GPM with suction and discharge pressures of approximately 65 psi and 93 psi respectively. The model analyses with the initial pump curve data indicated a pumping rate of 188 GPM and suction and discharge pressures of 60 psi and 93 psi respectively which compares with the actual data. If the pump curve provided by the water district is believed to be applicable to the pump currently operating in the pump station, further investigation should be done to determine the reason the pump is operating so far back on the curve. The pumping rate cannot be increased if a suction pressure of about 60 psi is desired. The generally accepted criteria, for maximum velocity in a pipeline, is five feet per second (5 ft/sec) excluding fire flow conditions. Consequently, the maximum flow in a 6-inch pipe is approximately 400 GPM. It is good practice to limit pumping to flow rates in the system pipelines significantly lower than 5 feet per second (5 ft/sec) due to extremely high friction losses and exposure of the pipeline system to high transient pressures. Pipeline reinforcements are required, particularly on the suction side of the pump station, in order to significantly increase the pumping rate.

ALTERNATIVES

The alternative solutions for the system hydraulic problems described herein are:

1. No action.
2. System reinforcements for the KY 229 pump station issue is the pipeline connecting the KY 830 tank to the 16-inch main on KY 80 and pump station on Apple Orchard Road. This alternative would provide an additional source of water for the KY 830 tank.
3. Reinforce the entire pipeline system associated with the Bush Pump Station.

PROPOSED FACILITIES

1. KY 229 Pump Station

In order to significantly increase the pumping rate at the KY 229 Pump Station, approximately 50,000 LF of pipeline would need to be reinforced to relieve the suction and discharge pressures. However, an additional supply route can be established to augment the flow rate into the KY 830 tank and its service area by extending a 12-inch transmission line along Apple Orchard Road from the 16-inch pipeline on KY 80 to Wildcat Road and an 8-inch pipeline to the 4-inch pipeline on KY 830 & 1189 with a pump station located at the intersection of Apple Orchard and Wildcat Roads. The installation of these facilities will provide an additional 230 GPM and combined with 230 GPM from the existing KY 229 pump station provides a dual feed to the KY 830 tank from north and south of the tank site. This dual supply into the KY 830 tank service area will double the supply rate and reduce the pumping time to about one-half of the current pumping time at the KY 229 pump station. The dual supply capability also provides the flexibility of maintaining the supply into the area in the event one of the pump stations is inoperable.

The proposed 12-inch and 8-inch pipeline on Apple Orchard Road discharges into an existing 4-inch pipe system which severely restricts the flow. Generally, according to the model analysis, 35-40% of the flow to the KY 830 tank is delivered from the proposed pump station, and 60-65% is delivered from the KY 229 pump station. Due to the severely limited capability of the 4-inch pipe system, a reinforcement pipeline approximately 10,000 feet in length is proposed from Apple Orchard Road to the KY 830 tank.

2. Bush Pump Station

The Bush pump station operates an average of 18-20 hours per day with a current pumping rate of approximately 180-190 GPM. The maximum day would require a 24 hour operation. The need to increase the pumping rate of this pump station is urgent. The installation of reinforcement pipeline extensions on KY 80 is the only solution for increasing the flow rate while maintaining adequate pressure on the suction side of the pump station. The most critical situation for the operation of the Bush Pump Station is when KY 229 and the proposed Apple Orchard Road pump stations are operating. Table 1 is a summary of the results of the computer hydraulic model analyses. The maps included herein show the facilities for each case. Table 1, Case 1 indicates that at a current pumping rate of 190 GPM the Bush pump station suction side pressure reduces from 88 psi (pump off) to 62 psi (pump running). Case 2 indicates that an increase of 127 GPM in the pumping rate reduces the pressure to 27 psi. The addition of the Apple Orchard Road pump reduces the pressure to 20 psi. The extension of the 16-inch on KY 80 in Case 3 provides some relief for the suction pressure, but it still remains in the low 30's psi. The KY 80 reinforcement needs additional extension. Case 5 includes a 12-inch reinforcement main on KY 80. If the Bush pumping rate is limited to 300 GPM the suction side pressure is about

60 psi. Case 6 represents the maximum pumping rate at Bush pump station without reinforcing the 6-inch pipeline on the discharge side. Actually, the pumping rate should be limited to about 350 GPM because the discharge pressures in the low areas are approaching 150 psi. Case 7 represents the minimum facilities that will allow a meaningful pumping rate for Bush and Apple Orchard pump stations. Theoretically, Case 7 should decrease the Bush pumping times from 18-20 hours to 11-12 hours and KY 229 pumping time from 16 hours to approximately 11 hours.

OPINION OF PROBABLE COSTS

Opinion of probable costs are shown in Exhibits 1 through 5. The construction costs are based on recent projects installed by contractors. The legal costs are based on a project financed with federal funds such as Rural Development.

RECOMMENDATIONS

1. Install an 8-inch main on Apple Orchard Road from the intersection of Wildcat Road to KY 830. Install a new pump station at the intersection of Apple Orchard and Wildcat Roads.
2. Install approximately 6,000 LF of 12-inch reinforcement main along Apple Orchard Road, from a KY 80 tie-in to the existing 16-inch main on KY 80, to Wildcat Road.
3. Install 11,000 LF of 8-inch pipeline along KY 830 from Apple Orchard Road to the 830 tank.
4. Do not include the 12-inch reinforcement pipeline on Hwy 80 and the Bush pump station in this project. If funds remain from the proposed project, consider using the left-over funds for the Hwy 80 reinforcement and Bush pump station.

TABLE 1
EAST LAUREL WATER DISTRICT
HYDRAULIC MODEL ANALYSES

<u>MODEL CONDITION</u>	<u>Suction Side of Bush P.S. (Jct. 188)</u>	<u>Suction Side of Apple Orchard P.S. (Jct. 115)</u>
Case 1. <u>Existing Conditions</u> Bush (190 GPM with original pump curve)	62 psi	
Case 2. <u>Install 8" pipeline (Line 298) on Apple Orchard Rd.</u> <u>Install new pump station (Line 299) on Apple Orchard Rd.</u>		
2.1 Pump Stations off	88 psi	110 psi
2.2 Bush Only Pumping Bush (317 GPM)	27 psi	97 psi
2.3 Three Stations Pumping Bush (290 GPM) KY 229 (244 GPM) Apple Orchard (163 GPM)	20 psi	51 psi
Case 3. <u>Case 2 Plus Install Continuation of 16" on KY 80 for 4000 LF (Line 820)</u>		
3.1 Bush Only Pumping Bush (333 GPM)	34 psi	107 psi
3.2 Three Stations Pumping Bush (323 GPM) KY 229 (241 GPM) Apple Orchard (186 GPM)	31 psi	64 psi
Case 4. <u>Case 3 Plus Install 6000 LF of 12" Reinforcement on Apple Orchard Rd. (Line 824) and 11,000 LF of 8" Reinforcement on KY 830 (Line 828)</u>		
4.1 Three Stations Pumping Bush (340 GPM) KY 229 (226 GPM) Apple Orchard (276 GPM)	30 psi	104 psi
Case 5. <u>Case 4 Plus Install 8000 LF of 12" Reinforcement on KY 80 (Line 825)</u>		
5.1 Three Stations Pumping Bush (378 GPM) (300 GPM) KY 229 (224 GPM) Apple Orchard (271 GPM)	47/60 psi	104 psi

TABLE 1
EAST LAUREL WATER DISTRICT
HYDRAULIC MODEL ANALYSES
(CONTINUED)

<u>MODEL CONDITION</u>	<u>Suction Side of Bush P.S. (Jct. 188)</u>	<u>Suction Side of Apple Orchard P.S. (Jct. 115)</u>
Case 6. <u>Case 5 Plus Install 7000 LF of 12" Reinforcement on KY 80 (Line 826)</u>		
6.1 Three Stations Pumping		
Bush (446 GPM)	79 psi	
KY 229 (221 GPM)		
Apple Orchard (268 GPM)		104 psi
The velocity in the 6" pipeline on discharge side of Bush (Line 130) is 4.2 fps.		
6.2 Three Stations Pumping		
Bush (373 GPM)	80 psi	
KY 229 (222 GPM)		
Apple Orchard (269 GPM)		104 psi
Velocity in Line 130 is 3.5 fps.		
Case 7. <u>Includes Case 3 Plus the 12" Reinforcement Main Line (825) in Case 5</u>		
7.1 Three Stations Pumping		
Bush (300 GPM)	60 psi	
Apple Orchard (189 GPM)		67 psi
KY 229 (236 GPM)		

EXHIBIT 1

EAST LAUREL WATER DISTRICT 8-INCH TRANSMISSION PIPELINE MAP PIPE NO. 828

KY 830 FROM APPLE ORCHARD ROAD TO KY 830 TANK

OPINION OF PROBABLE ITEMIZED CONSTRUCTION COST

<u>ITEM</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
8" PVC Pipe, SDR 17	LF	11000	\$30.00	\$330,000
8" Gate Valve	EA	3	1,300.00	3,900
8" Bored Encasement	LF	150	200.00	30,000
8" Open Cut Encasement	LF	100	100.00	10,000
Fire Hydrant, Type 3	EA	2	4,000.00	8,000
Tie-ins	EA	2	4,000.00	8,000
Creek Crossing	EA	1	20,000.00	20,000
8" Restrained Joints	EA	10	150.00	1,500
8" Stub-out	EA	1	8,000.00	8,000
Crushed Stone Paving	LF	1,000	5.00	5,000
Bituminous Paving	LF	150	40.00	6,000
Concrete Thrust Collar	EA	1	3,000.00	3,000
Air Release Valve	EA	2	1,000.00	2,000
Pipeline Cleanup	LF	11,000	2.00	22,000
Free Bore	LF	100	50.00	5,000
TOTAL CONSTRUCTION COST				\$462,400

EXHIBIT 2

EAST LAUREL WATER DISTRICT
12-INCH TRANSMISSION PIPELINE
MAP PIPE NO. 826
KY 80 FROM LITTLE SANDY CREEK TO BUSH PUMP STATION

OPINION OF PROBABLE ITEMIZED CONSTRUCTION COST

<u>ITEM</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
12" D. I. Pipe	LF	4,000	\$40.00	\$160,000
12" Gate Valve	EA	3	2,000.00	6,000
12" Bored Encasement	LF	150	200.00	30,000
12" Open Cut Encasement	LF	100	100.00	10,000
Fire Hydrant, Type 3	EA	2	4,000.00	8,000
Tie-ins	EA	2	4,000.00	8,000
Creek Crossing	EA	1	50,000.00	50,000
12" Restrained Joints	EA	10	150.00	1,500
12" Stub-out	EA	1	8,000.00	8,000
Crushed Stone Paving	LF	400	5.00	2,000
Bituminous Paving	LF	150	40.00	6,000
Concrete Thrust Collar	EA	1	3,000.00	3,000
Air Release Valve	EA	2	2,000.00	4,000
Pipeline Cleanup	LF	4,000	1.00	4,400
New Bush Pump Station	EA	1	250,000.00	250,000
TOTAL CONSTRUCTION COST				\$550,900

NOT INCLUDED IN THIS PROJECT

EXHIBIT 3

**EAST LAUREL WATER DISTRICT
12-INCH TRANSMISSION PIPELINE
MAP PIPE NO. 825
KY 80 FROM APPLE ORCHARD ROAD TO PRIVATE DRIVE PAST LITTLE
SANDY CREEK**

OPINION OF PROBABLE ITEMIZED CONSTRUCTION COST

<u>ITEM</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
12" D. I. Pipe	LF	8,400	\$40.00	\$336,000
12" Gate Valve	EA	4	2,000.00	8,000
12" Bored Encasement	LF	200	200.00	40,000
12" Open Cut Encasement	LF	100	100.00	10,000
Fire Hydrant, Type 3	EA	3	4,000.00	12,000
Tie-ins	EA	2	4,000.00	8,000
Creek Crossing	EA	1	50,000.00	50,000
12" Restrained Joints	EA	10	150.00	1,500
12" Stub-out	EA	1	8,000.00	8,000
Crushed Stone Paving	LF	900	5.00	4,500
Bituminous Paving	LF	150	40.00	6,000
Concrete Thrust Collar	EA	1	3,000.00	3,000
Air Release Valve	EA	2	2,000.00	4,000
Pipeline Cleanup	LF	8,400	1.00	8,400
TOTAL CONSTRUCTION COST				\$499,400

NOT INCLUDED IN THIS PROJECT

EXHIBIT 4

**EAST LAUREL WATER DISTRICT
12-INCH TRANSMISSION PIPELINE
MAP PIPE NO. 824
APPLE ORCHARD ROAD FROM KY 80 TO WILDCAT ROAD
OPINION OF PROBABLE ITEMIZED CONSTRUCTION COST**

<u>ITEM</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
12" PVC Pipe, SDR 17	LF	6,000	\$35.00	\$210,000
12" Gate Valve	EA	3	3,000.00	9,000
12" Bored Encasement	LF	100	200.00	20,000
12" Open Cut Encasement	LF	100	100.00	10,000
Fire Hydrant, Type 3	EA	3	4,000.00	12,000
Tie-ins	EA	2	4,000.00	8,000
Creek Crossing	EA	1	5,000.00	5,000
12" Stub-out	EA	1	8,000.00	8,000
Crushed Stone Paving	LF	600	5.00	3,000
Bituminous Paving	LF	100	40.00	4,000
Concrete Thrust Collar	EA	1	3,000.00	3,000
Pipeline Cleanup	LF	6,000	1.00	6,000
TOTAL CONSTRUCTION COST				\$298,000

EXHIBIT 5

EAST LAUREL WATER DISTRICT
8-INCH TRANSMISSION PIPELINE
MAP PIPE NO. 298
APPLE ORCHARD ROAD/WILDCAT ROAD INTERSECTION TO KY 830

OPINION OF PROBABLE ITEMIZED CONSTRUCTION COST

<u>ITEM</u>	<u>UNIT</u>	<u>QUANTITY</u>	<u>UNIT COST</u>	<u>TOTAL COST</u>
8" PVC Pipe, SDR 17	LF	6,000	\$30.00	\$180,000
8" Gate Valve	EA	3	1,300.00	3,900
8" Bored Encasement	LF	100	200.00	20,000
8" Open Cut Encasement	LF	150	100.00	15,000
Fire Hydrant, Type 3	EA	3	4,000.00	12,000
Tie-ins	EA	2	4,000.00	8,000
Creek Crossing	EA	1	40,000.00	40,000
8" Stub-out	EA	2	6,000.00	12,000
Crushed Stone Paving	LF	600	5.00	3,000
Bituminous Paving	LF	150	40.00	6,000
Concrete Thrust Collar	EA	2	3,000.00	6,000
Pipeline Cleanup	LF	6,000	1.00	6,000
Pump Station	EA	1	355,000.00	355,000
Telemetry	EA	1	50,000	50,000
TOTAL CONSTRUCTION COST				\$716,900

EXHIBIT 6

EAST LAUREL WATER DISTRICT OPINION OF PROBABLE PROJECT COST AND FUNDING

1. PROJECT COST

1.1 CONSTRUCTION

Exhibit 1	\$ 462,400
Exhibit 4	298,000
Exhibit 5	<u>716,900</u>
	\$ 1,477,300

1.2 ENGINEERING

Design	\$ 121,900
Construction Observation	75,300
Environmental	20,000
Aerial Photography	4,000
Preliminary Engineering Report	<u>10,000</u>
	\$ 231,200

1.3 LEGAL & ADMINISTRATION

Administration	\$ 1,500
Local Counsel	6,000
Bond Counsel	<u>10,000</u>
	\$ 17,500

1.4 LAND & RIGHTS

\$ 25,000

1.5 CAPITALIZED INTEREST

\$ 60,000

1.6 CONTINGENCY

\$ 150,000

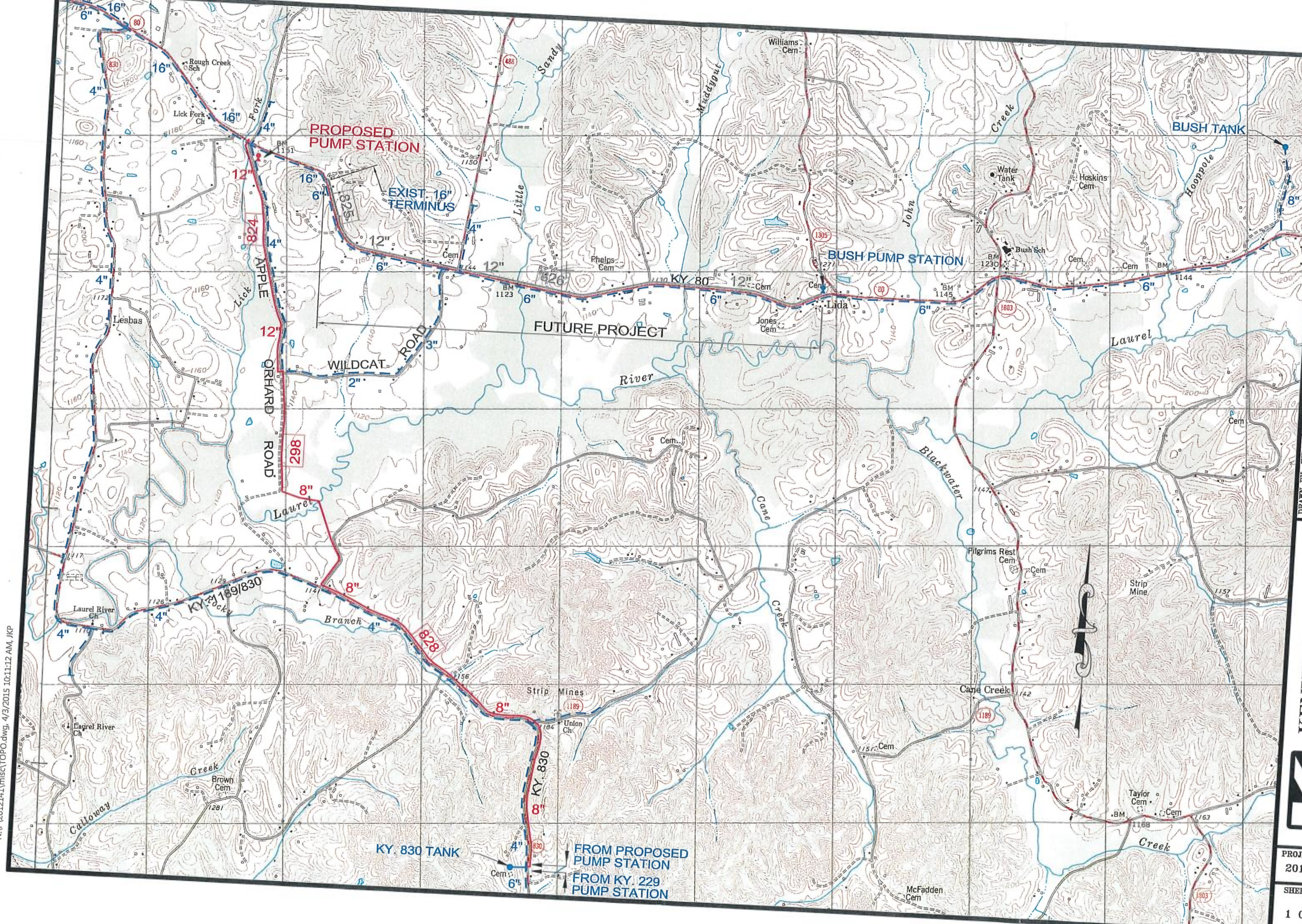
TOTAL PROJECT COST **\$ 1,961,000**

2. PROJECT FUNDING

Rural Development Loan	\$ 1,373,000
Rural Development Grant	<u>588,000</u>
	\$ 1,961,000

PROJECT MAPS

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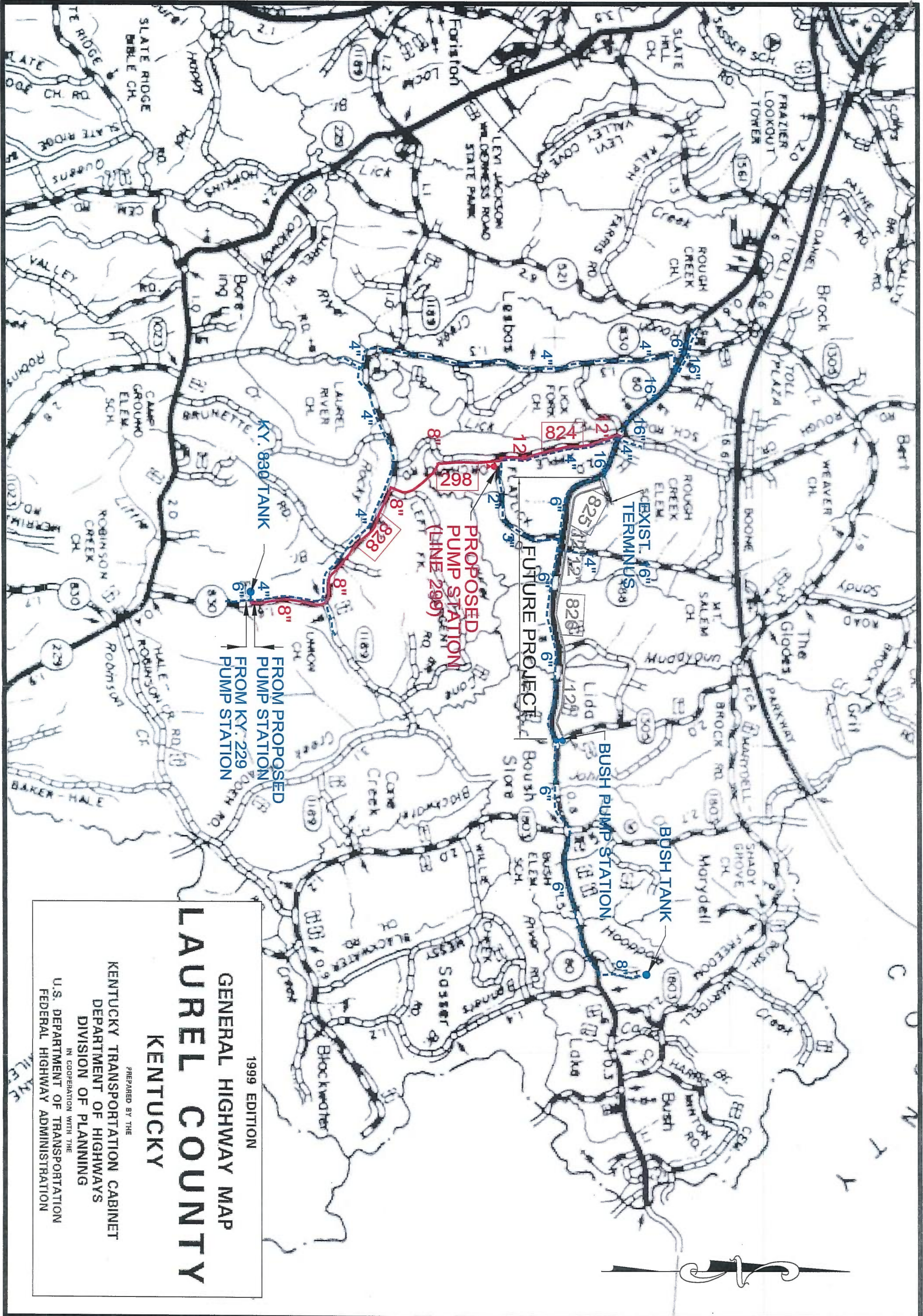
**EAST LAUREL WATER DISTRICT
 WATER SYSTEM REINFORCEMENTS
 LAUREL COUNTY, KENTUCKY**

DRAWN BY: JKP
 CHECKED BY: CFM
 CHECKED BY:
 DATE: FEB. 2009
 SCALE: 1"=2,000'
 REV:

KENVIRONS, INC.
 FRANKFORT, KENTUCKY



PROJECT NO.
 2012141
 SHEET NO.
 1 OF 1



FROM PROPOSED
PUMP STATION
FROM KY. 229
PUMP STATION

PROPOSED
PUMP STATION
(LINE 299)

FUTURE PROJECT

BUSH PUMP STATION

BUSH TANK

EXIST. 16"

GENERAL HIGHWAY MAP
LAUREL COUNTY
KENTUCKY

PREPARED BY THE
KENTUCKY TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
DIVISION OF PLANNING
IN COOPERATION WITH THE
U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION

1999 EDITION



KENVIRONS, INC.
FRANKFORT, KENTUCKY

DRAWN BY: JKP
CHECKED BY: CFM
CHECKED BY:
DATE: FEB. 2009
SCALE: 1"=4,000'
REV:

EAST LAUREL WATER DISTRICT
WATER SYSTEM REINFORCEMENTS
LAUREL COUNTY, KENTUCKY

PROJECT NO.
2012141
SHEET NO.
1 OF 1

RECEIVED

MAY - 8 2015

PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE EAST LAUREL)
WATER DISTRICT 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 East Laurel Water District ("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:

East Laurel Water District
Mr. Dewayne Lewis, Manager
P.O. Box 726
London, Kentucky 40743
Telephone: (606) 878-9420
Fax: (606) 878-9425
dewaynelewis@woodcreekwater.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 installation of approximately 41,700 linear feet of 8 inch water line and two new 400 GPM pump stations with related appurtenances.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of \$1,373,000 of its Waterworks Revenue Bonds; and (ii) a USDA, Rural Development ("RD") grant in the amount of \$588,000. Applicant has a commitment from RD to purchase said \$1,373,000 of bonds maturing over a 40-year period, at an interest rate not to exceed 3.25% per annum, 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.eastlaurelwaterdistrict.com) 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 East Laurel Water District, 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 \$1,373,000 of East Laurel Water District Waterworks Revenue Bonds at an interest rate not to exceed 3.25% per annum; and (ii) an RD grant in the amount of \$588,000.
- c. An Order approving the proposed water rates as set out in Section 27 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

East Laurel Water District

By: John Dough Day
Chairman
Board of Water Commissioners

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



Rural Development

April 1, 2014

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Mr. Douglas Day, Chairman
East Laurel Water District
P. O. Box 726
London, Kentucky 40743

COPY

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Dear Mr. Day:

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

This letter is not to be considered as loan and grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$1,373,000 and a RUS grant not to exceed \$588,000.

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 240 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:

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 (866) 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) 690-7442 or email at program.intake@usda.gov.

1. Number of Users and Their Contribution:

There shall be 5,185 water users (5,176 residential and 9 non-residential, including wholesale), all of which 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.

2. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

3. Drug-Free Work Place:

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

4. Repayment Period:

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

5. Recommended Repayment Method:

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

6. Reserve Accounts:

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

The District will be required to deposit \$525 per month into a "Funded Debt Reserve Account" until the account reaches \$63,000. The deposits are to be resumed any time the account falls below the \$63,000.

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 \$2,084 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

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

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

8. Land Rights and Real Property:

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

9. Organization:

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

10. Business Operations:

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

11. Accounts, Records and Audits:

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

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

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

13. Insurance and Bonding:

The following insurance and bonding will be required:

- A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$204,000.
- D. Real Property Insurance - The District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

14. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
1. Final plans, specifications and bid documents.
 2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
 3. Legal Service Agreements.
 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

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

15. Civil Rights & Equal Opportunity:

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

A. Section 504 of the Rehabilitation Act of 1973:

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

B. Civil Rights Act of 1964:

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

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

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

applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

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

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

16. Closing Instructions:

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

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

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

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

20. Refinancing and Graduation Requirements:

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

21. Commercial Interim Financing:

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

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

22. Disbursement of Project Funds:

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

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$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.

23. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR Part 3016 (as applicable). Interest earned on grant funds in excess of \$100 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,477,300
Land and Rights	25,000
Legal and Administrative	17,500
Engineering	231,200
Interest	60,000
Contingencies	<u>150,000</u>
TOTAL	\$ 1,961,000

Financing:

RUS Loan	\$ 1,373,000
RUS Grant	<u>588,000</u>
TOTAL	\$ 1,961,000

25. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grant(s), that part would be RUS loan funds.

26. Proposed Operating Budget:

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

27. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water system and

meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

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

5/8" Meter:

First	2,000	gallons @ \$	19.75 - Minimum Bill.
Next	2,000	gallons @ \$	7.64 - per 1,000 gallons.
Next	2,000	gallons @ \$	7.40 - per 1,000 gallons.
Next	4,000	gallons @ \$	6.62 - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.97 - per 1,000 gallons.

1" Meter:

First	6,000	gallons @ \$	49.83 - Minimum Bill.
Next	4,000	gallons @ \$	6.62 - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.97 - per 1,000 gallons.

2" Meter:

First	20,000	gallons @ \$	137.71 - Minimum Bill.
All Over	20,000	gallons @ \$	6.04 - per 1,000 gallons.

3" Meter:

First	30,000	gallons @ \$	198.15 - Minimum Bill.
All Over	30,000	gallons @ \$	6.04 - per 1,000 gallons.

Wholesale rate for the City of Manchester will be in accordance with the existing contracts.

28. 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.

29. 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).

30. 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.

31. Mitigation Measures:


- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated April 3, 2013, from Ms. Lee Nalley.
- B. 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.
- C. 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).
- D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

32. 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,



THOMAS G. FERN
State Director

Enclosures

cc: Area Director - London, Kentucky
Cumberland Valley ADD - London, Kentucky
Rubin & Hays - Louisville, Kentucky
Larry Bryson - London, Kentucky
Kenvirons - Frankfort, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



Rural Development

April 9, 2015

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

Mr. Douglas Day, Chairman
East Laurel Water District
P. O. Box 726
London, KY 40743

COPY

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

Re: Letter of Conditions Dated April 1, 2014

Dear Mr. Day:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated April 1, 2014. The purpose of this amendment is to revise the project funding, revise the rates and charges and make other editorial changes in accordance with current Rural Utility Service (RUS) Instructions.

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

"24. Cost of Facility:

Breakdown of Costs:

Development - Contract 1 – Transmission Main	\$ 1,132,073
Contract 2 – Radio Read Meters	269,776
Land and Rights	25,000
Legal and Administrative	17,500
Engineering	190,302
Interest	60,000
Contingencies	<u>266,349</u>
TOTAL	\$ 1,961,000

Financing:

RUS Loan	\$ 1,373,000
RUS Grant	<u>588,000</u>
TOTAL	\$ 1,961,000

Paragraph numbered "27" is revised to read as follows:

"27. Rates and Charges:

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

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 (866) 832-9992 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) 690-7442 or email at program.intake@usda.gov.

East Laurel Water District

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

5/8" Meter:

First	2,000	gallons @ \$	19.75. - Minimum Bill.
Next	2,000	gallons @ \$	7.64. - per 1,000 gallons.
Next	2,000	gallons @ \$	7.40. - per 1,000 gallons.
Next	4,000	gallons @ \$	6.62. - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.97. - per 1,000 gallons.

1" Meter:

First	6,000	gallons @ \$	49.83. - Minimum Bill.
Next	4,000	gallons @ \$	6.62. - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.97. - per 1,000 gallons.

2" Meter:

First	20,000	gallons @ \$	136.01. - Minimum Bill.
All Over	20,000	gallons @ \$	5.97. - per 1,000 gallons.

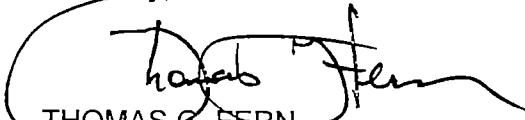
3" Meter:

First	30,000	gallons @ \$	195.71. - Minimum Bill.
Next	30,000	gallons @ \$	5.97. - per 1,000 gallons.

Wholesale rate for the City of Manchester will be in accordance with the existing contracts.

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

Sincerely,



THOMAS G. FERN
State Director

- cc: Area Director - London, Kentucky
Lake Cumberland ADD – Russell Springs, Kentucky
Rubin & Hays - Louisville, Kentucky
Larry Bryson - London, Kentucky
Kenvirons - Frankfort, Kentucky
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



United States Department of Agriculture

Rural Development May 6, 2015

Kentucky State Office

771 Corporate Drive,
Suite 200
Lexington, KY
40503

SUBJECT: East Laurel Water District
Apple Orchard transmission main
Contract Award Concurrence

Voice 859.224.7300
Fax 859.224.7425
TTY 859.224.7422

TO: Area Office
London, 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, Mineral Labs, Inc., in the amount of \$1,132,072.15.

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


THOMAS G. FERN
State Director
Rural Development

cc: Kenvirons
Frankfort, Ky

Randy Jones

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 (866) 632-9892 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) 690-7442 or email at program.intake@usda.gov.

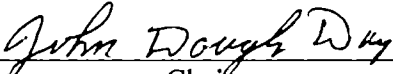
**CERTIFICATE OF CHAIRMAN OF THE EAST LAUREL
WATER DISTRICT AS TO STATEMENT REQUIRED BY
SECTION 2(6) OF 807 KAR 5:069**

I, the undersigned, hereby certify that I am the duly qualified and acting Chairman of the East Laurel Water District, 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 Kenvirons, Inc., 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 December 1, 2015.

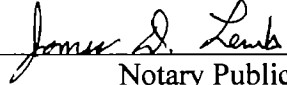
IN TESTIMONY WHEREOF, witness my signature this May 1, 2015.



Chairman
East Laurel Water District

STATE OF KENTUCKY)
) SS
COUNTY OF LAUREL)

Subscribed and sworn to before me by John Douglas Day, Chairman of the Board of Commissioners of the East Laurel Water District, on this May 1, 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 East Laurel Water District (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 \$1,373,000 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	2,000 gallons	\$17.24 minimum bill
Next	2,000 gallons	6.67 per 1,000 gallons
Next	2,000 gallons	6.46 per 1,000 gallons
Next	4,000 gallons	5.78 per 1,000 gallons
Over	10,000 gallons	5.21 per 1,000 gallons
 <u>1 inch Meters</u>		 <u>Monthly Rate</u>
First	6,000 gallons	\$43.50 minimum bill
Next	4,000 gallons	5.78 per 1,000 gallons
Over	10,000 gallons	5.21 per 1,000 gallons
 <u>2 inch Meters</u>		 <u>Monthly Rate</u>
First	20,000 gallons	\$118.72 minimum bill
Over	20,000 gallons	5.21 per 1,000 gallons
 <u>3 inch Meters</u>		 <u>Monthly Rate</u>
First	30,000 gallons	\$170.82 minimum bill
Over	30,000 gallons	5.21 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	2,000 gallons	\$19.75 minimum bill	\$2.51	14.56%
Next	2,000 gallons	7.64 per 1,000 gallons	0.97	14.54
Next	2,000 gallons	7.40 per 1,000 gallons	0.94	14.55
Next	4,000 gallons	6.62 per 1,000 gallons	0.84	14.53
Over	10,000 gallons	5.97 per 1,000 gallons	0.76	14.59

<u>1 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	6,000 gallons	\$49.83 minimum bill	\$6.33	14.55%
Next	4,000 gallons	6.62 per 1,000 gallons	0.84	14.53
Over	10,000 gallons	5.97 per 1,000 gallons	0.76	14.59

<u>2 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	20,000 gallons	\$136.01 minimum bill	\$17.29	14.56%
Next	20,000 gallons	5.97 per 1,000 gallons	0.76	14.59

<u>3 inch Meters</u>		<u>New Monthly Rate</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
First	30,000 gallons	\$195.71 minimum bill	\$24.89	14.57%
Next	30,000 gallons	5.97 per 1,000 gallons	0.76	14.59

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 4,000 gallons per month thus generating an average monthly billing based on current rates of \$30.58. The proposed monthly rates will increase the average monthly billing to \$35.03 for an impact of \$4.45 or 14.55%.

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) East Laurel Water District office, 1670 East Hal Rogers Parkway, London, 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 a \$588,000 RD grant to finance the cost of the installation of approximately 41,700 linear feet of 8 inch water line and two new 400 GPM pump stations and related appurtenances. Signed, John Douglas Day, Chairman, East Laurel Water District.