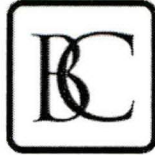


RECEIVED

AUG 15 2017

PUBLIC SERVICE
COMMISSION



BRIAN CUMBO

ATTORNEY AT LAW

86 W. Main St., Suite 100
P.O. Box 1844
Inez, KY 41224
(606) 298-0428
FAX: (606) 298-0316
cumbolaw@cumbolaw.com

ADMITTED IN KY AND WV

August 11, 2017

Public Service Commission
ATTN: David Spenard
P.O. Box 615
Frankfort, KY 40602

RE: Martin County Water District
PSC Case No. 2016-00142

Dear Mr. Spenard:

Enclosed please find an original and five (5) copies of Martin County Water District's Response to PSC's Order dated July 31, 2017.

Thank you for your attention to this matter.

Very truly yours,

BRIAN CUMBO

BC/ld
Enclosure
cc: Martin County Water District

RECEIVED

AUG 15 2017

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

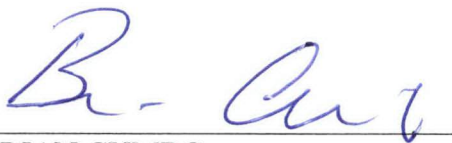
INVESTIGATION OF THE OPERATING)
CAPACITY OF MARTIN COUNTY WATER) CASE NO. 2016-00142
DISTRICT PURSUANT TO KRS 278.280)

**MARTIN COUNTY WATER
DISTRICT'S RESPONSE TO
PSC'S ORDER DATED
JULY 31, 2017**

CERTIFICATE OF SERVICE

This will certify that a true and correct copy of the foregoing was mailed, postage paid, on this the 11 day of August, 2017, to the following:

Public Service Commission
ATTN: David Spenard
P.O. Box 615
Frankfort, KY 40602


BRIAN CUMBO

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2016-00142 DATED JUL 31 2017

1. Refer to the June 5, 2017 letter ("Letter") from Prestonsburg City's Utilities Commission ("Prestonsburg") to Talina Mathews, (then) Executive Director, Kentucky Public Service, filed into the record in the instant case as Public Comments and attached as Appendix B to this Order and provide the following:

a. With regard to Martin District and Prestonsburg's supply of water to the U.S. Bureau of Prisons' facility ("Prison Facility"), Prestonsburg states, on page 2 of the Letter: "The U.S. Bureau of Prisons did not request this 'joint supply effort' at any time." State whether Martin District agrees with Prestonsburg's statement. If Martin District does not agree, explain Martin District's basis for disagreement and provide all supporting documentation for Martin District's position.

- **RESPONSE: The District disagrees with Prestonsburg's view of the interpretation of the agreement.**
 - See PO #07410470 and Interlocal Cooperation Agreement, dated January 15, 1998.
 - See Exhibit # 1

b. State whether it is the position of Martin District that the U.S. Bureau of Prisons required two sources of water for the Prison Facility, and provide all supporting documentation for Martin District's position.

- **RESPONSE:**
 - The District is abiding by the Interlocal Cooperation Agreement.
 - Refer to the Interlocal Cooperation Agreement, dated January 15, 1998.
 - See Exhibit # 2 (Gary Ball's Letter)

c. Using the rates set forth in the First Amendment to Joint Operation Agreement between Prestonsburg and Martin District (effective February 25, 2017), provide a schedule that demonstrates the month-by-month revenue or expense amount for Martin District under the Joint Operating Agreement as if the current rates had been in effect during the period January 1, 2014, through December 31, 2016. For each month since January 1, 2014, in which Martin District purchased water from Prestonsburg under the Joint Operating Agreement, explain why the purchase was necessary.

- **RESPONSE:**

- **The reason the District did not pump during 2015 was due to a leak occurring at the Davella Pump Station causing extensive damage to the equipment. This situation has been corrected.**
- **See Exhibit # 3**

d. Explain how Martin District and Prestonsburg determined a monthly rate of \$7.75 per 1,000 gallons for all water usage over 112,000 gallons.

- **RESPONSE: Due to rising prices of Electricity, Fuel, Insurance, Vehicle Expenses and Chemicals, negotiations began to take place. Originally \$10.50 was asked for, however the negotiations ended up as \$7.75.**
- **See Exhibit # 4**

e. On page 6 of the Letter, Prestonsburg states that a meeting between Martin District and Prestonsburg had been set for June 5, 2017. State whether Martin District has met with Prestonsburg since June 1, 2017. If so, for each meeting, provide the following:

- **RESPONSE:**

- i. The date and location of the meeting

RESPONSE:

- **BSADD Location that was June 5, 2015**

ii. A list of attendees

RESPONSE:

- **Judge Executive Kelly Callahan**
- **Mayor Les Stapleton**
- **William J Harvey, Chairman MCUB**
- **Joe Hammond**
- **Sandy Runyon**
- **Turner E Campbell, Superintendent/CEO**

iii. A list of topics discussed and a summary of the discussions.

RESPONSE:

- **Topic #1- Pumping time to the Honey Branch Tank. For the last few months, MCWD was only getting to pump barely enough to supply our customers coming back down Route 3 and Davella Road.**
- **Topic #2 – Discussed pricing the infrastructure of the Industrial Park and the Prison. Each side said they will discuss this topic with those responsible to make a decisions.**

iv. Copies of all materials distributed at the meeting.

RESPONSE:

- **I do not believe any documents were handed out.**

2. Explain Martin Districts practices and procedures for advising its Board of Commissioners for each of the following events.

a. The issuance of a boil-water advisory;

RESPONSE:

- **The District's policy for issuing a boil-water advisory is governed by rules from Division of Water.**

- **E-Mails sent to the Chairman of the Board.**
- **See Exhibit # 5**

b. Receipt of a customer complaint concerning water quality;

- **See Exhibit #6**

c. Receipt of a Notice of Violation issued by the Kentucky Division of Water;

- **See Exhibit #7**

d. An interruption of service recorded pursuant to 807 KAR 5:066,

Section 4(5);

- **RESPONSE: The District is continually replacing and repairing old water mains in the system. As such, the District is often repairing old main lines which causes interruptions for short periods of time in the system.**

e. An event in which the pressure at the customer's service pipe under

normal conditions was not in compliance with 807 KAR 5:066, Section 5(3);

- **RESPONSE: The District has several in-line pump stations in the system, and when the power to the stations has interruptions, the in-line pumps shut down until power is restored. Usually this happens during severe storms and lighting.**

f. Identification of a leak in transmission or distribution main; and

- **RESPONSE: The Water Treatment Plant monitors the SCADA System 24/7 and any large change in pressure or levels in the tank change drastically, this becomes a concern and inspection occurs.**

g. Accidents, property damage, or loss of service reported pursuant to

807 KAR 5:006, Section 27.

- **RESPONSE:**

- **Accidents - One employee sustained injury to his knee while repairing a water main and another employee sustained injury while descending a stairwell at Raw Water Intake.**
- **Property Damage – During several days of heavy rainfall a customer experienced at their resident a slip on the lower side of their home. The customer blamed the District for the damage to the property.**

3. State all actions taken by Martin District since April 11, 2016, to investigate and terminate unmetered water service and theft of water.

- **RESPONSE:**

- **When cheater bars are found, the action now is to present incident to the County Attorney Office for action.**
- **Repeated violations results in the customer’s service line turned off at the corporation stop.**

4. Provide an update of the status of Project Rejuvenate and, if applicable, provide a revised schedule for Project Rejuvenate that incorporates any changes since June 1, 2017, in the current total project cost amounts from the Drinking Water Project Profiles.

- **RESPONSE:**

- **Project Rejuvenate is completing all necessary documents to send to the appropriate offices at the State levels. Awaiting response.**
- **See Exhibit # 8**

5. State each action that Martin District has taken since June 1, 2017 to reduce unaccounted for water loss to a maximum of 25 percent and thereafter to a maximum of 15 percent. For each action taken, provide the result for the step in reducing unaccounted for water.

- **RESPONSE:**

- **The District has purchased the latest models of leak detection equipment available. KRWA has conducted training of our employees and they are using the equipment to find and repair leaks on a daily basis.**
- **However, most of the service lines and main lines will need to be replaced to reduce unaccounted for water loss to a maximum of 25 percent. This action will take time and the reduction of water loss will take time. Awaiting funding for the above mention projects. The notification for funding should happen by year end.**

6. State the efforts taken by Martin District since June 1, 2017, to complete a viable detailed capital project program that addresses the District's aging infrastructure in the lines and treatment facilities.

- **RESPONSE:**

- **The District has broken down the original Project Rejuvenate into smaller project parts to better seek funding for each.**
- **Refer to Exhibit # 8**

7. Provide the current version of Martin District's annual budget and operating plan for 2017.

- **RESPONSE:**

- **See Exhibit # 9**

8. Provide a copy of materials and correspondence sent to or received from BlueWater Kentucky since June 1, 2017.

- **RESPONSE:**

- **See Exhibit # 10**

VERIFICATION

I, Joe Hammond, of the Martin County Water District, hereby verify that the responses and exhibits attached hereto are true and correct to the best of my knowledge.



JOE HAMMOND

STATE OF KENTUCKY)

COUNTY OF MARTIN)

SUBSCRIBED, SWORN and ACKNOWLEDGED before me by Joe Hammond
this 11th day of August, 2017.

My Commission Expires: 9-18-18.



NOTARY PUBLIC, STATE AT LARGE

Exhibit # 1

**Interlocal Cooperation Agreement
And
Purchase Order #07410470**

FOR THE DEVELOPMENT OF
UTILITY INFRASTRUCTURE

THIS INTERLOCAL COOPERATION AGREEMENT (the "Agreement") is made and entered into and deemed effective as of the 15th day of January, 1998, by and between the Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, the Pike County Fiscal Court, the Martin County Water District, the City of Prestonsburg, the City of Paintsville, and the Honey Branch Economic Development Authority, (each a "Party", or collectively the "Parties") each of which is a political subdivision of the Commonwealth of Kentucky (the "Commonwealth").

WHEREAS, under the Interlocal Cooperation Act (the "Act"); Sections 65.210 to 65.300, inclusive, of the Kentucky Revised Statutes, as amended ("KRS"), any power or powers, privileges or authority exercised or capable of exercise by a public agency (including a city, a county or any other political subdivision of the Commonwealth) may be exercised jointly with another public agency under an agreement (an "interlocal cooperation agreement") for joint or cooperative action pursuant to the provisions of the Act, and such public agencies may acquire, construct, maintain, add to and improve the necessary property, real and personal, which is required in order to accomplish the public purposes set forth in such interlocal cooperation agreement; and

WHEREAS, the Parties are in agreement that it is in their mutual interest to pursue cooperatively economic development opportunities within their jurisdictions; and to this end are currently working to develop the necessary utility infrastructure for a new facility of the Federal Bureau of Prisons ("Bureau") to be constructed at the proposed Honey Branch Industrial Park ("Park") in Martin County;

WHEREAS, Martin County Water District presently operates a water plant of sufficient capacity to serve the Bureau at the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located north of and contiguous to the Park and is capable of extending its water service mains in a reliable and expeditious manner in order to meet the needs of the Bureau and the Park; and,

WHEREAS, the City of Prestonsburg, acting in and through the Prestonsburg City's Utilities Commission, presently operates a water plant of sufficient capacity to serve the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located south of and contiguous to the Park and is capable of extending its

WHEREAS, the City of Paintsville, acting in and through the Paintsville Utilities Commission, presently operates a wastewater collection system and treatment plant and is capable of developing a new treatment plant and collection system and thereby provide wastewater service in a reliable and expeditious manner to the Bureau and the Park; and,

WHEREAS, the Big Sandy Area Development District, a regional planning and development organization, established pursuant to KRS 147A to serve the area, assisted under contract by a professional engineering firm licensed in the Commonwealth of Kentucky, has reviewed several alternative ways to provide water and wastewater service to the Bureau's proposed facility to be located in the Honey Branch Industrial Park, and has determined that water service is best provided to this site by both the Martin County Water District and the Prestonsburg City's Utilities Commission, and that wastewater service is best provided to this site by the Paintsville Utilities Commission; and,

WHEREAS, the Floyd County Fiscal Court, the Johnson County Fiscal Court, the Martin County Fiscal Court, and the Pike County Fiscal Court, have created, by separate agreement, the Honey Branch Industrial Development Authority pursuant to KRS 154; and furthermore do concur with the determination of the Big Sandy Area Development District, and finds it is in the public interest that the Martin County Water District and the Prestonsburg City's Utilities Commission extend their respective water lines to serve the site of the Bureau's proposed facility and that Paintsville Utilities Commission develop a wastewater treatment plant and collection system to serve this facility.

NOW THEREFORE, contingent upon receipt of all required approvals for the location, construction and development of the Bureau's facility in the Park, be it mutually acknowledged and agreed by and among the Parties hereto and so ordered as follows:

1. The Parties hereto agree that the foregoing statements are not mere recitals, but represent legislative findings by the legislative bodies, as appropriate, and as such represent statements of public interest affecting all Parties hereto, including their respective constituencies.

2. That the Martin County Water District, organized pursuant to KRS Chapter 74, does agree to and will take all necessary action to fund, construct, own, and operate an

appropriately sized water service main along KY Route 3 and connecting roadways in Martin County to the Park as an extension of its existing system; in addition, the District will construct a water storage tank and necessary appurtenances in the vicinity of the Park. All action will be taken in accordance with the District's routine operating policy and in accord with its rule of standard procedure in response to the demand for providing quality water service to a presently unserved area of the County and to assure a reliable, quality water service to the Park.

3. That the City of Prestonsburg, acting through the Prestonsburg City's Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate an appropriately sized extension of its existing water distribution system, together with necessary appurtenances, along KY Routes 321 and 3 and adjacent roadways through portions of Floyd, Johnson, and Martin Counties, in order to and for the purpose of providing reliable, quality water service to the Federal Prison and related facilities to be located at the Park. All actions will be taken in accordance with the Commission's routine operating policy and will follow its rules of standard procedure.

4. That the City of Paintsville, acting through the Paintsville Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate a wastewater system, including a treatment facility to be located along KY Route 321 near Auxier Kentucky, and an appropriately sized collection system, with all necessary appurtenances, to serve those areas along KY Route 3 and adjacent roadways through Floyd, Johnson and Martin Counties in order to and primarily for the purpose of providing reliable, quality wastewater service to the Park. All actions will be taken in accordance with the Commission's routine operating policy and will conform to its rules of standard procedure.

5. That Martin County Water District and Prestonsburg City's Utilities Commission mutually agree and commit that each will share the provision of the monthly water consumption demand of the Bureau's facility equally, understanding that circumstances may require that either Party may be called upon by the other Party, from time to time, to supply a greater volume of this consumption demand than 50% and either Party may do so without prejudice or jeopardy to this Agreement.

6. The Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, and the Pike County Fiscal Court concur that the collaborative approach to providing necessary utility service does best accomplish their agreed intent to develop the utility infrastructure necessary for the Honey Branch Industrial Park, and do invite, request, and encourage the utilities named herein to take those actions, as set out above.

Further, each Party to this Agreement invites grants the appropriate authority consents, and encourages the other Parties hereto to take those actions as described herein, which relate to each Party, respectively. Further, the Parties agree to facilitate, to the extent feasible, the overall development of the array of utilities by taking any and all appropriate actions within their respective jurisdiction on behalf of any other Party, as warranted, pursuant to this Agreement, in an expedited time frame, including but not limited to participation in utility planning and development activities, the granting or securing of encroachment permits, easements, or other similar authorizations as may be required, following all routine, existing, and standard procedures as may govern such actions, and other appropriate activities

8. This Agreement shall continue and remain in effect until and at which time all those activities and actions, as set out herein, relating to the various Parties, or as may otherwise be contemplated by this Agreement shall have been completed. The date of full completion of such activities and actions is anticipated to be not later than January 1, 2003.

9. Each Party engaged in utility services as set out in this Agreement shall provide its own capital construction and operations financing from the revenues generated by the services provided hereunder or from other sources available to such Party.

10. The Parties to this Agreement hereby designate the Big Sandy Area Development District to be the "administrator" of this Agreement, and charge same to provide for appropriate and timely planning and coordination of the various activities necessary for the implementation of the Agreement, provided however that each Party engaged in utility services as set out in this Agreement shall be responsible for the complete administration of the utility service to be provided by such Party.

11. Utility services provided by the designated Parties as described herein shall be provided pursuant to separate contractual agreements with the Bureau and/or its agent, satisfactory in form and substance to each respective Party, and such services are subject to receipt of all necessary or required approvals satisfactory in form and substance to each respective Party.

12. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of such portion shall not affect any or all of the remaining portions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this agreement to be duly executed and acknowledged by officers or officials as duly authorized by the respective legislative bodies of the Parties hereto, effective as of the date first written above.

APPROVED AS TO FORM AND COMPLIANCE WITH
APPROPRIATE KENTUCKY STATUTES

Albert B. Chandler, III, Attorney General
Commonwealth of Kentucky

BY: *Mark Cantel*
Assistant Attorney General

Benjamin L. Hale
Floyd County Judge/Executive

Attest: *TE [Signature]*

David [Signature]
Johnson County Judge/Executive

Attest: *[Signature]*

[Signature]
Martin County Judge/Executive

Attest: *[Signature]*

[Signature]
Pike County Judge/Executive

Attest: *[Signature]*

[Signature]
Mayor, City of Paintsville

Attest:

[Signature]

[Signature]
Mayor, City of Prestonsburg

Attest:

[Signature]

[Signature]
Chairperson, Martin County Water District

Attest:

[Signature]

[Signature]
Chairperson, Honey Branch Economic Development Authority

Attest:

[Signature]

STATE OF KENTUCKY

S.S.

COUNTY OF FLOYD

I, CARLA "ROBINSON" BOYD, Clerk of the County and State aforesaid certify that the foregoing Misc. Recording was on the 26th day of JANUARY, 1998 at 9:16 o'clock A.m. lodged for record whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Witness my hand, this 27th day of JANUARY, 1998.

CARLA "ROBINSON" BOYD

BY: [Signature]

Misc.

BOOK. 6
PAGE 12
Carla "Robinson" Boyd
Floyd County Clerk

DATE 1-26-88

TIME 9:16 AM

FEE 15.00

Carla "Robinson" Boyd
Floyd County

Attn: *[Signature]* D.O.

Attn: Big Sandy ADD
100 *[Address]*

P. Box 4
Attn: Terry Trimble

COPY

PROCUREMENT & PROPERTY BRANCH

PUBLIC UTILITY SERVICES - WATER

Prestonsburg City's Utilities Commission
2560 South Lake Drive
Prestonsburg, VA 41653-1048

PURCHASE ORDER No. 07410470

UNITED STATES PENITENTIARY
(BIRSBY)
1170 Airport Road
Lees Summit, MO 64024

CONSTRUCTION CONTRACTING SECTION

Attention: Freelon Payton, III
320 First Street, N.W., Room 5006
Washington, D.C. 20534
Telephone: (202) 307-0954
Facsimile: (202) 616-6055

PROCUREMENT & PROPERTY BRANCH

Construction Contracting Section

Washington, DC 20534

Tel: (202) 307-0954

Fax: (202) 616-6055

Contract: Public Utility Service - Water

Order Number: 07410470

Contractor: Prestonsburg City's Utilities Commission
Water, Waste Water, and Natural Gas
2560 South Lake Drive
Prestonsburg, Kentucky 41653-1048

Telephone Number: (606) 886-6871

Facsimile Number: (606) 886-8779

Issuing Contracting
Officer: Freelon Payton, III

Bureau of Prisons: United States Penitentiary
(Big Sandy)
1179 Airport Road
Inez, Kentucky 41224

Contracting Officer's
Technical Represent: Harry Conroy, Construction Representative
Danny R. Smith, Construction Representative

Telephone Number: (606) 298-4544

Facsimile Number: (606) 298-6837

Contract
Administrator: Freelon Payton, III, Contracting Officer
Construction Contracting Section, Washington, DC

Disbursing Office: U. S. Department of Justice/Federal Bureau of Prisons
Financial Management/Budget & Accounting Officer
Washington, D.C.

Contract Terms: See Section VII..A of Purchase Order

Contract Period: February 1, 2001 through January 31, 2011

Revised 07/06/00

ORDER FOR SUPPLIES OR SERVICES

IMPORTANT: Mark all packages and papers with contract and/or order numbers.

1. DATE OF ORDER: 07-05-00
2. CONTRACT NO. (if any): 0269

3. ORDER NO.: 07410470
4. REQUISITION/REFERENCE NO.: 0269

5. ISSUING OFFICE (Address correspondence to):
Federal Bureau of Prisons
Construction Contracting
320 1st St. NW
Room 500-6
Washington DC 20534

7. TO:

a. NAME OF CONTRACTOR: Prestonsburg City's Utilities

b. COMPANY NAME: Prestonsburg City's Utilities
Commission

c. STREET ADDRESS: 2560 South Lake Drive

d. CITY: Prestonsburg
e. STATE: KY
f. ZIP CODE: 41653

g. ACCOUNTING AND APPROPRIATION DATA:
X3-FPO70002PX-817-274-2314
Yreg Doc #07-10470 - 5736,666.00

CONTRACTOR TIN: 61-8000545

8. SHIP TO:
a. NAME OF CONSIGNEE:

b. STREET ADDRESS:

c. CITY: d. STATE: e. ZIP CODE:

f. SHIP VIA:

6. TYPE OF ORDER:

a. PURCHASE - Reference Your
Please furnish the following on the terms and conditions specified on both sides of this order and on the attached sheet, if any, including delivery as indicated.

b. DELIVERY - Except for billing instructions on the reverse, this delivery order is subject to instructions contained on this side only of this form and is issued subject to the terms and conditions of the above-numbered contract.

10. REQUISITIONING OFFICE:

11. BUSINESS CLASSIFICATION (Check appropriate box(es)):
 SMALL OTHER THAN SMALL
 DISADVANTAGED WOMEN-OWNED

12. F.O.B. POINT DESTINATION:

13. PLACE OF:
a. INSPECTION: b. ACCEPTANCE:
14. GOVERNMENT B/L NO.: 15. DELIVER TO F.O.B. POINT ON OR BEFORE (Date): 16. DISCOUNT TERMS: Net 30

17. SCHEDULE (See Instructions for Rejections)

ITEM NO. (a)	SUPPLIES OR SERVICES (b)	QUANTITY ORDERED (c)	UNIT (d)	UNIT PRICE (e)	AMOUNT (f)	QUANTITY ACCEPTED (g)
1	The Contractor shall provide watch and maintenance for the United States Penitentiary at Big Sandy, Inez, Kentucky. (See the attached continuation pages for details) SIC: 4941 Size Standard: \$5 million	10	years			

18. SHIPPING POINT: 19. GROSS SHIPPING WEIGHT: 20. INVOICE NO.:
21. MAIL INVOICE TO:
a. NAME: Federal Bureau of Prisons
b. STREET ADDRESS (or P.O. Box): 320 First Street, N.W., Room 5000
c. CITY: Washington d. STATE: DC e. ZIP CODE: 20534
f. AMOUNT: \$4,076,618.00
7(n) TOT. (Cont. page):
17(l) GRAND TOTAL

22. UNITED STATES OF AMERICA
BY (Signature): *Richard J. Formella*
23. NAME (Typed): Richard J. Formella
TITLE: CONTRACTING/ORDERING OFFICER

AUTHORIZED FOR LOCAL REPRODUCTION
Previous edition not usable

PURCHASE ORDER CONTINUATION SHEET - WATER SERVICE

Purchase Order No.: 07410470

Contractor: Prestonsburg City's Utilities Commission of
Prestonsburg, Kentucky

1. One time non-refundable water service connection/installation charge for USP Big Sandy, Kentucky.

Authority Cited Title: 31 U.S.C. 1501(a) (8)

Complete connection to be available by February 1, 2001.

TOTAL CONNECTION FEE: \$736,868

2. The estimated average daily volume of water purchased is 300,000 gallons, and the estimated total annual volume of water purchased is 109,500,000 gallons. Estimated annual water cost based upon 109,500,000 gallons per year is \$333,975.00. Water shall be delivered to the point of connection through a 16" ductile iron pipe with a pressure of 97 psi at an estimated flow of 1100 gpm. Fire flow must be available for a minimum duration of 120 minutes at an estimated flow of up to 2,000 gpm. PCUC shall provide designated storage in the amount of not less than 540,000 gallons, for fire and domestic use.

Contractor shall deliver, and BOP shall purchase quantities of water not to exceed 540,000 gallons per day of 24 hours, and not to exceed 10,020,000 gallons per month. The daily and monthly amounts are inclusive of usage for fire protection as requested by BOP.

Rate:

First 7,100,000 gallons each month = \$21,655.00.

For all over 7,100,000, at \$3.05 per 1000 gallons.

BOP minimum bill obligations for service supplied under this purchase order shall not be less than \$21,655.00 per month, plus applicable termination liability as set forth in 48 C.F.R. 41.101.

The period of performance for service is from February 1, 2001 to January 31, 2011.

Estimated annual water cost for 10 years	\$3,339,750
Plus one time non-refundable connection fee	\$ 736,868
Total estimated purchase order amount for ten year period	\$4,076,618

In the event funding is not available for any given year resulting in termination of services hereunder, BOP shall pay a termination charge equal to the number of months remaining under the period of performance multiplied by the monthly minimum bill obligation of \$21,655.00.

Purchase Order Number 07420470, dated (See block #1 of the OF-347), includes water service for a one (1) year period with an estimated water cost of \$333,975, and the one time non-refundable connection charge of \$736,868. The Purchase Order for water service shall be renewed annually for a period of ten years.

Prestonsburg City's Utilities Commission's proposal letter dated May 16, 2000, is hereby incorporated.

I. WATER SERVICE REQUIREMENTS:

A. Prestonsburg City's Utilities Commission, Prestonsburg, Kentucky Responsibilities

1. Prestonsburg City's Utilities Commission (PCUC) agrees to sell the BOP water service for the USP. However, in no event shall PCUC be required to provide an amount of water that exceeds 540,000 gallons per day of twenty four hours or an amount to exceed 10,020,000 gallons per month.
2. The PCUC agrees, either directly or through sub-contractors as set forth in Attachment No.5, to provide and maintain the necessary distribution and treatment systems to deliver domestic and fireflow water service to the point of connection with the BOP facility.
3. The PCUC shall commence any work required to provide water service to the BOP upon full signature of this Agreement by all parties. PCUC shall supply water service to the USP as specified above, to the point of connection no later than February 1, 2001 and full service shall commence at such time as the BOP assumes responsibility for the new institution from its construction contractor, as notified by the Contracting Officer (CO); whichever is the earlier date.

4. The PCUC will exercise reasonable care and diligence in an endeavor to supply service continuously and without interruption but does not guarantee continuous service and shall not be liable for any loss or damage resulting from interruption, reduction, delay or failure of water service not caused by the willful negligence of PCUC.

B. BOP Responsibilities

1. The BOP agrees to purchase water service and storage capacity from PCUC for the everyday needs and proper operation of the USP.

2. The BOP agrees to pay the PCUC a connection fee as set forth in Attachment Number 4.

3. The BOP shall satisfy all of its water requirements for the USP by purchasing water service from the PCUC to accommodate an estimated daily use of 300,000 gallons. These usage amounts are estimates only, for the benefit of the PCUC and are not a guarantee of use or revenue. However, the BOP agrees to pay the PCUC at least the minimum monthly bill for service supplied under this purchase order of \$21,655 per month beginning February 1, 2001.

C. Liability and Force Majeure

Liability: Neither party shall be liable or responsible for damage or injury to any person or property occasioned through the use or operation of the other party's facilities or the action of the other party, its employees or agents in performing under this contract.

Force Majeure: Neither the BOP nor PCUC shall be considered to be in default with respect to any obligations under this contract by reason of uncontrollable forces. The term "uncontrollable forces" shall be deemed, for the purposes of this Purchase Order, to mean any cause beyond the control of the party affected, including but not limited to failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, labor disturbance, sabotage, and restraint by a court of public authority, which, by exercise of due diligence and foresight, such party could not reasonably have been expected to avoid.

Either party rendered unable to fulfill any obligations by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

II. RATES AND RATE CHANGES

- A. Monthly water service charges billed to the USP under this Agreement shall be based on the actual volumes of metered water use, subject to the minimum bill requirements.
- B. The PCUC agrees that throughout the life of this Agreement, the water rates will not be in excess of published and unpublished rates charged to any other retail customer of the same class under similar terms and conditions of use and service. At the execution of Purchase Order Number 07410470, dated (See block #1 of the OF-34?), PCUC has no other customer in the same class as the BOP.
- C. Should the PCUC replace or revise the rate schedule specified in Attachment Number 2 during the term of the Agreement, the PCUC shall notify the BOP Contracting Officer (CO) in writing. At such time, rates may be adjusted to reflect changes in the actual cost of providing service as approved by a resolution of the Prestonsburg City's Utilities Commission. The new rate shall take effect on the next monthly service billing.

III. INVOICES AND PAYMENT FOR SERVICES

- A. PCUC invoices for payment shall contain, at a minimum, the water service charges and a statement of the actual water meter readings at the beginning and the end of the billing period. Additional billing information may, at the discretion of PCUC, be supplied upon the written request of the BOP. Invoices for service shall be rendered by PCUC to: United States Penitentiary, 1197 Airport Road, Incz, Kentucky 41224. ATTN: Controller.

Since all Federal agencies are exempt from payment of excise tax, the BOP is not required to pay any taxes which are incident on the consumer alone (i.e., state tax, excise tax).

- B. BOP payment of all invoices for services rendered under this Agreement shall be made in accordance with the payment provisions contained in this agreement. The BOP shall be provided, or entitled to similar rates, as provided to any other retail users of similar magnitude, currently being served by the PCUC.

The Bureau of Prison/United States Penitentiary at Big Sandy shall be responsible for payment of water service charges rendered.

- C. Except for the non-refundable connection fee, the BOP payments will not be made in advance of services rendered. The USP shall effect payment of all bills for services rendered under this Agreement within 30 days of the receipt of an invoice. Interest will be paid on any invoice paid after the 30 day period. Should any bill remain unpaid after 60 days from the date of invoice, PCUC reserves the right to disconnect water services upon ten days written notice.
- D. Each BOP payment made to PCUC for water service shall include PCUC's billing stub and the BOP's payment document(s), containing BOP's customer account number and dollar amount assigned to the account for the specific payment.
- E. Should any meter fail to measure accurately the water passing through said meter, the charge for water service used during the time the meter is out of service shall be based on the estimated volume of water supplied as jointly determined and agreed upon by the PCUC and the USP by usage averages and statistics for prior periods. An appropriate adjustment will be made to the next monthly USP water service bill after agreement is reached on the volume of water delivered during such period. A meter shall be deemed accurate $\pm 2\%$ when tested, it registers within plus or minus two percent ($\pm 2\%$) of normal.

IV POINTS OF CONTACT

COMMUNICATION: All communications between the PCUC and the BOP relating to the terms of this Agreement shall be conducted through the following points of contact:

Federal Bureau of Prisons
Construction Contracting Section
320 First Street, N.W. - 5006
Washington, DC 20534
Attn: Mr. Freeman Payton, CO

Phone: (202) 307-0954
FAX: (202) 616-6055

Prestonsburg City's Utilities Commission
2560 South Lake Drive
Prestonsburg, Kentucky 41653
Attn: Melissa K. Conn, Accountant

Telephone: (606) 886-6871
Facsimile: (606) 886-8779

V. CONNECTION CHARGE

A. PCUC Responsibilities

1. PCUC, either directly or through sub contractors as set forth in Attachment No. 5, shall provide complete turnkey water storage capacity availability and distribution facilities adequate to meet the service obligations under this Purchase Order.

In the event that the PCUC desires other capital improvements to facilities, either directly or jointly providing service to the USP, that are used to serve other customers, the PCUC shall not seek a recovery via a connection charge from the USP for such other capital improvements for performance under this Purchase Order.

2. Notwithstanding the system improvements paid for by the BOP to the PCUC, title to the PCUC's water system, up to and including the point of connection, shall remain in PCUC's name in a manner consistent with Attachment No. 5, and PCUC shall be responsible for any and all loss or damage to the system and its appurtenant facilities. All taxes and other charges in connection therewith, shall be assumed by the PCUC. Nothing in this section shall be construed to preclude PCUC from recovering its reasonable costs through established service rates.

C. BOP Responsibilities

1. In consideration of the cost paid by the BOP to improve PCUC's water system facilities to provide the USP with the required services as specified above, the BOP has satisfied PCUC'S requirement of a non-refundable service connection charge associated with the capital improvement of PCUC's existing facilities. This connection charge shall not exceed the cost limitation described in Section VI, below.

2. In the event the BOP terminates this Agreement during the construction of the water facilities prior to the commencement of complete and permanent water service, then the BOP shall pay a net cancellation charge equal to the amount of the actual cost, attributable to the BOP's fair share of the improvements, either incurred or for which an obligation exists which shall result in an actual incurred cost. The cancellation charge will include all termination costs, less salvage, plus removal costs, in accordance with the 48 C.F.R. 41.101 in effect on the date that this Agreement is fully signed by the parties. The actual costs of the water facilities shall include all administrative, engineering, right-of-way fees and construction costs, consulting, financing costs, professional fees or similar costs associated with PCUC's fulfilling its obligations under this Agreement.

VI. LIMITATION OF COST

The "One-time", non-refundable service connection fee to be paid by the BOP for the water system facilities to provide service, as specified above, shall not exceed \$736,868.

VII. INVOICE AND PAYMENT FOR CONNECTION CHARGE

A. PCUC Invoice Submission

1. The invoice for the connection charge shall be submitted in the amounts specified in item VII. The invoice shall be submitted by PCUC on the date of Purchase Order execution, and best efforts will be made for payment by August 1, 2000. The submission of a proper invoice will be required by PCUC in order to make payment. The allowable costs referred to herein shall be allowable, allocable, and reasonable to this agreement for labor and materials to design, construct, administer the construction of, and inspect the utility improvements, which are consistent with sound and generally accepted utility accounting principles.

Further, the term "cost," as set forth in this section, shall be deemed to mean the costs to PCUC in excess of any grants or payments, (excluding loans) by any Federal, State, or local agency, or from any other source.

2. The invoice submitted by PCUC pursuant to this Agreement, shall be addressed to the Contracting Officer. The CO will appoint a Contracting Officer's Technical Representative (COTR) to review the invoice for conformance within the dollar limits stated herein, and act as the CO's authorized representative to provide analysis within the requirements of this section of the agreement.

B. BOP Payment and Funds Obligation

1. Upon the CO's and COTR's receipt of an invoice submitted by PCUC to the BOP's Contracting Officer, and following final verification by the COTR, and approval by the CO, the BOP shall pay the PCUC the one-time non-refundable connection charge specified in paragraph 2, below, upon receipt of PCUC invoice.
2. The BOP funds for water connection services will be obligated as follows:

Total Water Connection Charge: \$736,868.00

Appropriation Data:

Water Facility Connection Charge - J3-FP070032PK-817-274-2314

VIII. ANTIDEFICIENCY ACT

Nothing contained herein shall be construed to obligate the BOP to any expenditure or obligation of funds in excess of in advance of appropriations in accordance with the Antideficiency Act, 31 U.S.C., Section 1341.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers or agents to execute this Agreement dated 7/5, 2000.

FEDERAL BUREAU OF PRISONS

BY: Richard J. Zimella

PRESTONBURG CITY'S
UTILITIES COMMISSION

BY: Seldon Horne
SELDON HORNE, SUPERINTENDENT

ATTEST:

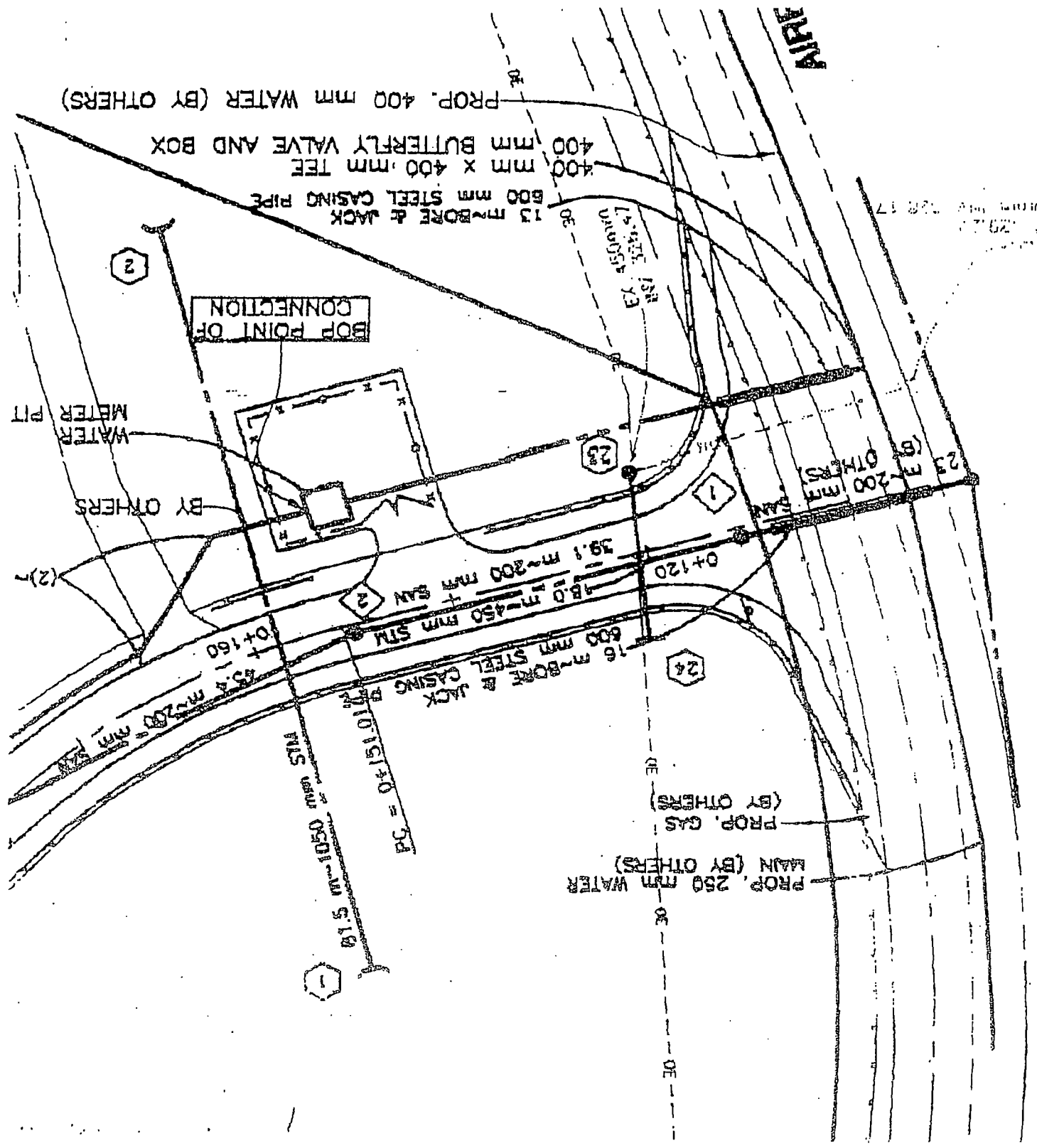
C.J. McNally
C.J. McNally, CHAIRMAN

LIST OF ATTACHMENTS

- Attachment No. 1: Site Map/Point of Connection for Water
- Attachment No. 2: Current Water Service Rate Schedule
- Attachment No. 3: Computation of Estimated Cost of Service for Initial Year
- Attachment No. 4: Itemized and Detailed Price Breakdown of any and All Estimated Construction/Capacity and Installation Costs included in the Construction-Related Connection Charge
- Attachment No. 5: Legal Documentation Verifying Contractor's Authorization to Provide Water Service to the Point of Connection shown in Attachment No. 1

ATTACHMENT NO. 1

MAP OF THE USP SITE SHOWING THE EXACT LOCATION OF THE PROPOSED POINT OF CONNECTION OF PCUC WATER SYSTEM TO THE USP SYSTEM. ATTACH AN 8" X 11" MAP AND/OR SCHEMATIC DRAWING(S) SHOWING THE EXACT LOCATION OF PROPOSED POINT OF CONNECTION TO THE USP WATER SYSTEM, LOCATION(S) OF ANY FACILITIES TO BE CONSTRUCTED, AND HOW PCUC PLANS TO DELIVER THE REQUIRED WATER SERVICE TO THE USP.



PROP. 400 mm WATER (BY OTHERS)

400 mm x 400 mm TEE
 400 mm BUTTERFLY VALVE AND BOX
 600 mm STEEL CASING PIPE
 13 m-BORE & JACK

BOF POINT OF CONNECTION

WATER PIT

BY OTHERS

23 m-200 mm (BY OTHERS)

18.0 m-450 mm SIN
 19.1 m-200 mm SAN + SAN
 0+120
 0+160

16 m-BORE & JACK STEEL CASING

PROP. GAS (BY OTHERS)

PROP. 250 mm WATER MAIN (BY OTHERS)

11.5 m-100 mm S.1.10
 11.0 m-150 mm S.1.10 = 3d

PIPE

2017
 17

ATTACHMENT NO. 2

ATTACH A COPY OF FCUC'S CURRENTLY EFFECTIVE WATER SERVICE RATE SCHEDULE, INCLUDING ANY APPLICABLE TARIFFS, RIDERS, RULES AND REGULATIONS.

Rate:

First 7,100,000 gallons of water	\$21,655.00 per month
Over 7,100,000 gallons of water per month	\$3.05 per 1,000 gallons

Minimum Monthly Bill:

The minimum monthly bill for service supplied under this Purchase Order shall not be less than \$21,655.00 per month.

ATTACHMENT NO.3

ESTIMATED COST OF WATER SERVICE

INITIAL YEAR OF PURCHASE ORDER
United States Penitentiary (USP) Big Sandy, Kentucky

(PLEASE PROVIDE SEPARATE CALCULATIONS).

Regular Water Service:

Based on estimated annual usage of 109,500,000 gallons, estimated cost of water during the initial year of contract is \$333,975.00.

ATTACHMENT NO. 4

Connection Charge

To the Purchase Order for Water Service
At United States Penitentiary (USP) Big Sandy, Kentucky

Capital Required to Satisfy BOP Fire Flow Demand	\$315,836
1/2 of PCUC's Initial Outlay of Capital Costs	397,800
For Line Extension	22,500
BOP Delivery Point Meter with Telemetry Equipment	732
Initial Fire Protection Water (240,000 Gallons)	
Total Non-Refundable Connection Charge	\$736,868

Attachment No. 5:

Legal Documentation Verifying PCUC's Authorization to Provide
Water Service to the Point of Connection shown in Attachment No. 1

Inter Local Cooperation Agreement

Joint Operation Agreement

ATTACHMENT NO. 1

MAP OF THE USP SITE SHOWING THE EXACT LOCATION OF THE PROPOSED POINT OF CONNECTION OF PCUC WATER SYSTEM TO THE USP SYSTEM. ATTACH AN 8" X 11" MAP AND/OR SCHEMATIC DRAWING(S) SHOWING THE EXACT LOCATION OF PROPOSED POINT OF CONNECTION TO THE USP WATER SYSTEM, LOCATION(S) OF ANY FACILITIES TO BE CONSTRUCTED, AND HOW PCUC PLANS TO DELIVER THE REQUIRED WATER SERVICE TO THE USP.

ATTACH A COPY OF PCUC'S CURRENTLY EFFECTIVE WATER SERVICE RATE SCHEDULE, INCLUDING ANY APPLICABLE TARIFFS, RIDERS, RULES AND REGULATIONS.

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INITIAL YEAR OF PURCHASE ORDER
United States Penitentiary (USP) Big Sandy, Kentucky

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At United States Penitentiary (USP) Big Sandy, Kentucky

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1/2 of PCUC's Initial Outlay of Capital Costs for Line Extension	397,800
BOP Delivery Point Meter with Telemetry Equipment	22,500
Initial Fire Protection Water (240,000 Gallons)	<u>732</u>
Total Non-Refundable Connection Charge	\$736,868

Legal Documentatio^o Verifying PCUC's Authorizat^o to Provide
Water Service to the Point of Connection shown in Attachment No. 1

Inter Local Cooperation Agreement

Joint Operation Agreement

Attachment A

Interlocal Cooperation Understanding

JOINT OPERATION AGREEMENT

THIS JOINT OPERATION AGREEMENT (the "Agreement") is entered into and made effective as of the day of July 3, 2000, by and between the Martin County Water District (hereinafter "District") and Prestonsburg City's Utilities Commission (hereinafter "PCUC") and relates to and further delineates the participation of the District and PCUC (hereinafter referred to collectively as "Parties" or individually as each "Party") in the previously executed Understanding entitled "Interlocal Cooperation Understanding For The Development of Utility Infrastructure" (hereinafter referred to as "Interlocal Cooperation Understanding"), attached hereto as Attachment A.

WHEREAS, the District and PCUC are each currently working to develop the necessary water transmission lines, pumping stations, tanks, and related appurtenances to jointly provide water service to the Big Sandy Federal Prison ("Federal Prison") being constructed by the Federal Bureau of Prisons ("Bureau") at the Honey Branch Park ("Industrial Park") in Martin County; and,

WHEREAS, the District and PCUC have mutually agreed and have committed in the Interlocal Cooperation Understanding cited above, that "... each will share the provision of the monthly water consumption demand of the Bureau's facility equally, understanding that circumstances may require that either Party may be called upon by the other Party, from time to time, to supply a greater volume of this consumption demand than 50% and either Party may do so without prejudice or jeopardy to this Agreement"; and,

WHEREAS, each party to this AGREEMENT deems it in their respective interests to further delineate and thereby clarify the physical layout of the water infrastructure components as well as to delineate and clarify the actual working relationship between the parties once the facilities subject to this Agreement are in operation;

NOW THEREFORE, contingent upon receipt of all required approvals for the location, construction and development of the Federal Prison in the Industrial Park, and contingent upon each party to this Agreement having received approval of all related infrastructure funding from federal agencies, as well as state and local agencies, and contingent upon execution of a binding water purchase agreement between PCUC and the Bureau, it is mutually agreed between the District and PCUC as follows:

WATER INFRASTRUCTURE

Site Map

1. All activities set out below are illustrated on the Site Map, attached hereto as Attachment B and considered part of this Agreement. Upon execution of this Agreement, any and all disagreements or misunderstandings regarding this Agreement shall be resolved as to their consistency and compliance with the content of the Site Map.

District Facilities

2. The District shall be responsible for the construction of, and shall subsequently own, operate, and maintain an 8-inch water service main to be constructed in a southerly direction along KY Route 3 to the intersection with Airport Road, at which point the line size will be increased, becoming a 10-inch main extending in an easterly direction along Airport

Road to the entrance to the prison. At the prison entrance, the District will increase the main size to 16-inch, install a 16-inch Tee and Valve for service to the prison, and continue the 16-inch main in an southerly direction to and connecting with a ground level water storage tank as noted in paragraph 3 below. The 10-inch and 16-inch water lines from the PCUC pump station to the Honey Branch Storage Tank (as noted in Paragraph 3) shall be hereafter referred to as the Honey Branch Storage Tank Line.

3. The District shall construct a water storage tank of approximately 1,040,000 gallons capacity (hereinafter referred to as the "Honey Branch Storage Tank") as shown on the attached site map, and shall reserve storage space necessary for 300,000 gallons per day for domestic water service and 240,000 gallons per day for line protection. The District shall allow PCUC to have physical access to the Honey Branch Storage Tank for the purpose of installing and maintaining electronic telemetry controls to be used for monitoring the level of the water in the tank.

4. The District will have and maintain metering equipment located near the intersection of Airport Road and KY Route 3. The metering equipment will be located inside a booster pump station constructed by PCUC which will be described more thoroughly in paragraphs below.

PCUC Facilities

5. PCUC shall be responsible for the construction of, and shall subsequently own, operate, and maintain 10-inch and 12-inch service mains, including two (2) booster pump stations and one (1) water storage tank; such main shall be constructed in a northerly direction

along KY Route 3 to the intersection of Airport Road where the second PCUC pump station is located. The PCUC main will connect to the District's 10-inch main at this point.

6 PCUC will construct a booster pump station near the intersection of KY Route 3 and Airport Road to pump water into the District's Honey Branch Storage Tank Line. This station will house PCUC's pumping equipment, as well as both PCUC's and the District's metering equipment. Both parties shall have unrestricted access to this station for the purpose of operation and maintenance of their respective facilities. The metering equipment for both parties shall consist of appropriately sized meters, piping, and valves as well as appropriate pressure gauges and ports for sampling. Both parties shall be allowed to install electronic telemetry equipment on the metering equipment of both parties.

7. PCUC will install a 16-inch main from the point of connection with the District's system as described in Paragraph 2, to a meter vault on the Federal Prison's property which is the point of connection for the Federal Prison's water system. This vault shall contain an appropriately sized meter, valving, and piping to meet the Federal Prison's needs. Pressure gauges and ports for sampling, as well as telemetry equipment, shall also be included. Both Parties, as well as appropriate Federal Prison officials, shall have unrestricted access to this meter vault and the District shall be allowed to install telemetry equipment for their use to this meter. Both parties shall complete all construction set forth herein no later than February 1, 2001.

JOINT OPERATION

8. PCUC will provide water service to the Federal Prison, as described herein, pursuant to a separate contractual agreement between the Bureau and PCUC, satisfactory in form and substance to PCUC and solely at its discretion.

9. Water services as may be provided by the District from its own water production to other tenants of the Industrial Park and all others in the service area of the District shall be provided pursuant to separate contractual agreements satisfactory in form and substance to the District and solely at its discretion.

While both Parties will endeavor to provide at least 50 percent of the Federal Prison's water requirements on a daily and monthly basis, the Parties understand that the actual percentage of water supplied to the Federal Prison by either the District or PCUC may vary on a daily or monthly basis.

Under normal operation, PCUC will pump each day into the District's Honey Branch Storage Tank Line an amount of water equal to 50 percent of the water usage of the Federal Prison for the previous day, and the District shall operate the Honey Branch Storage Tank in such a manner as to receive this water therein. The District shall pump a sufficient quantity of water into the District's Honey Branch Storage Tank to maintain an adequate level of water necessary to provide reliable service to the Federal Prison.

10. Adequate water will be maintained in the Honey Branch Storage Tank at all times to supply both the domestic water requirements and maximum fire protection for the Federal Prison. If the level of water in the Honey Branch Storage Tank is not sufficient to provide

reliable water service to the Federal Prison, then PCUC will pump into the Honey Branch Storage Tank Line a quantity of water that exceeds 50 percent of the water usage of the Federal Prison for the previous day, thus supplying more than 50 percent of water requirements of the Federal Prison. It may possible that PCUC will need to pump more than 100 percent of the water usage of the Federal Prison for the previous day, thus providing emergency backup water service to the District. Any emergency backup service supplied hereunder shall be fully interruptible at any time at PCUC's sole discretion. PCUC shall have no obligation to supply emergency backup service to the District. In no event shall the provision of emergency backup water service to the District impair PCUC's ability to serve the full requirements of the Federal Prison. In the event that the supply of emergency backup water service to the District impairs PCUC's ability to serve the full requirements of the Federal Prison or other PCUC customers, then the District shall be required to curtail end uses of the water from the Honey Branch Storage Tank and Honey Branch Storage Tank Line other than the Federal Prison's use.

13. PCUC will bill the Bureau each month at its contracted rate based on the amount of water delivered to the Federal Prison determined from monthly meter readings for service to the Federal Prison at the Prison Master Meter. PCUC will receive full remittance from the Bureau for all such water supplied. Payment to the District from remittance received from the Bureau will be calculated by applying the following rate to the amount of water provided each month by the District to serve the Federal Prison:

First 112,000 gallons per month	\$348.50 per month
All over 112,000 gallons per month	\$3.05 per 1,000 gallons

The amount of water provided each month by the District to serve the Federal Prison shall be determined by subtracting (a) the amount of water that Prestonsburg pumps into the Honey Branch Storage Tank Line for the month (based on meter readings at PCUC Meter) from (b) the amount of water delivered to the Federal Prison for the month (based on meter readings at the Prison Master Meter). To modify the rates set forth in this numbered paragraph, the District must provide PCUC a notice of any proposed rate change at least 120 days prior to filing for a rate change with the Public Service Commission; however, in no event shall any component of the District's rate be increased until a simultaneous and corresponding increase in the contract rate between PCUC and the Federal Prison actually occurs so that any such increase by the District is fully passed-through to the Federal Prison. Any change in rate by the District must be supported by a cost of service study consistent with standard industry ratemaking practices for water utilities. Payment by PCUC to the District for water supplied to the Federal Prison shall be made within ten (10) working days from receipt of remittance received from the Bureau.

In the event that Prestonsburg pumps an amount of water into the Honey Branch Storage Tank for the month (based on meter readings at the PCUC Meter) that exceeds the amount of water delivered to the Federal Prison for the month (based on meter readings at the Prison Master Meter), resulting in PCUC providing emergency backup water service of a non-recurring nature to the District, PCUC shall bill the District at the following rate for emergency back-up water service:

First 112,000 gallons per month	\$348.50 per month
All over 112,000 gallons per month	\$3.05 per 1,000 gallons

Payment by the District to PCUC for water supplied to the District for emergency backup water service shall be made within ten (10) working days from the date of PCUC's invoice to the District. To modify the rates set forth in this numbered paragraph, the PCUC must provide the District a notice of any proposed rate change 120 days in advance of the effective date of the proposed change in rates, except that PCUC may, without notice, increase or decrease the rate by the same percentage as any increase or decrease in the District's rate to PCUC as set forth in paragraph 3 above. Any such change in rate that does not correspond to the percentage change in the District's rate for service to PCUC must be supported by a cost of service study which conforms with standard industry ratemaking practices for water utilities.

15. PCUC and the District shall each be responsible for the loss of any water that occurs on their respective facilities.

16. Each party to this Agreement shall have unrestricted access to all meters and any electronic telemetry equipment of the other for purposes of verification and system operations. Assigned staff of both PCUC and the District shall read the meters cited in this Agreement together each month, at a mutually agreed upon time, day and date.

17. Each Party to this Agreement shall bear the expense of having its meter(s) tested annually by an independent, certified meter testing service, and a copy of the report of such test shall be forwarded to the other party. Either Party may request the other to conduct additional testing but so as not to exceed more than one such additional test in each calendar year.

18. This Agreement shall remain in full force and effect from the date written above until and at which time PCUC shall no longer provide water service to the Federal Prison.

19. Force Majeure. All obligations of either party with respect to service hereunder shall be excused without liability during the pendency of any condition of force majeure, which causes the party claiming force majeure to be unable to meet its performance obligations hereunder. Force majeure shall include any act, event or condition beyond the reasonable control of the party claiming force majeure, and shall include, but not be limited to, any act of God, fire, storm, earthquake, freezing condition, wind, flood, drought, snow, water used to fight fires, line breaks, environmental release, breakage of or delay in receiving parts, equipment or supplies, or shortage thereof, strike or lockout, or any act, event or requirement of any governmental law, regulation or entity. Force majeure shall not include routine line usage or financial inability to pay.

20. Nothing in this Agreement shall subject PCUC to regulation by the Kentucky Public Service Commission ("KYPSC"). To the extent the KYPSC exercises jurisdiction over any aspect of this Agreement, PCUC shall remain free to withdraw, without penalty or other obligation from this Agreement upon providing 30 days written notice to the District.

21. Indemnification by District. District shall indemnify, defend and hold harmless PCUC and its officers, directors, employees, and agents from, against and with respect to any claim, liability, obligation, loss, damage, assessment, judgment, cost, expense (including without limitation, reasonable attorneys' fees and costs) arising out of or in any manner incident, relating or attributable to any loss, claim, action, proceeding or determination arising out of District's obligations or performance under this Agreement.

22. Indemnification by PCUC. PCUC shall indemnify, defend and hold harmless District and its officers, directors, employees and agents from, against and with respect to any

claim, liability, obligation, loss, damage, assessment, judgment, cost, expense (including without limitation, reasonable attorneys' fees and costs) attributable to any loss, claim, action, proceeding or determination arising out of PCUC's obligations or performance under this Agreement.

23. Indemnification Claims.

(a) PCUC or District, if claiming indemnity hereunder (the "Indemnified Party"), agrees to give prompt notice to the party or parties from which indemnity may be sought (the "Indemnifying Party") of the assertion of any claim or the commencement of any suit, action or proceeding in respect of which indemnity may be sought hereunder:

At the request of the Indemnified Party, the indemnifying Party shall assume the defense of any such suit, action or proceeding, including its compromise or settlement, in which the outcome would give rise to a claim for indemnification, and shall be fully responsible for the outcome hereof. The indemnifying Party may not compromise or settle any such suit, action, or proceeding without the indemnified Party's consent, which shall not be unreasonably withheld.

MISCELLANEOUS

24. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the Commonwealth of Kentucky.

25. Entire Agreement/Amendments.

(a) This Agreement constitutes the entire Agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements,

understandings, negotiations and discussions, whether oral or written, of the parties pertaining to the subject matter hereof.

(b) No amendment, supplement, modification, waiver or termination of this Agreement shall be implied or be binding unless executed in writing by a party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly therein provided.

20 Assignment All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties, their successors, heirs and assigns, subject to regulatory approval where required. The rights and obligations provided by this Agreement may not be assigned or transferred by a party without the written consent of the other party, which consent may not unreasonably be withheld.

21 Headings Headings used in this Agreement are for convenience only and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular articles or sections to which they refer.

22 Counterparts This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

23 Notices All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be considered to have been duly given when delivered by hand, or sent by first class certified or registered mail, postage prepaid, return receipt requested, in each case to the appropriate addresses (or to such other addresses as a

party may from time to time designate as to itself by notice similarly given to the other party in accordance with this Section):

(a) If to PCUC to: Seldon D. Horne, Superintendent
Prestonsburg City's Utilities Commission
2560 South Lake Drive
Prestonsburg, Kentucky 41653

with a copy to: C. Kent Hatfield
Middleton & Reutlinger
2500 Brown & Williamson Tower
Louisville, Kentucky 40202

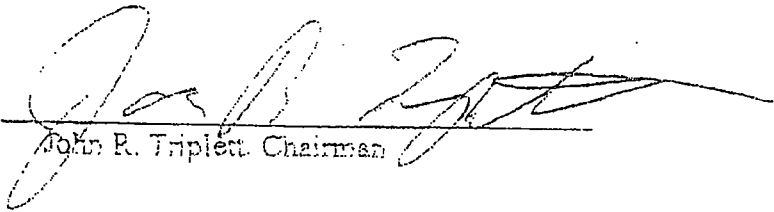
b. If to District to: John R. Triplet
Chairman
Martin County Water District
HC 69, Box 875
Inez, Kentucky 41224

30. Specific Performance. The parties hereto agree that money damages and any other remedy available at law may be inadequate to redress or remedy any loss or damage suffered by a party hereto upon any breach of this Agreement, and the parties therefore agree that, in addition to recovery on any claim for money damages or obtaining any other remedy available at law, a party hereto also may enforce the terms of this Agreement by injunction and/or specific performance and/or may obtain any other appropriate remedy.

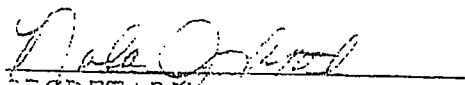
This Agreement is made as of the year and day first above written, and shall be effective as of that date without regard to the fact that execution hereof by the parties shall have been effected at the same time or at other times.

MARTIN COUNTY WATER DISTRICT


(SEAL)

BY: 
John R. Triplett, Chairman

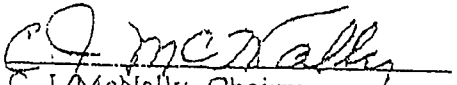
ATTEST:


SECRETARY

PRESTONSBURG CITY'S UTILITIES COMMISSION

BY: 
Seldon D. Horne, Superintendent

ATTEST:


C. J. McNally, Chairman
of the Prestonsburg City's
Utilities Commission

BOOK 10 PAGE 12

INTERLOCAL COOPERATION AGREEMENT
FOR THE DEVELOPMENT OF
UTILITY INFRASTRUCTURE

THIS INTERLOCAL COOPERATION AGREEMENT (the "Agreement") is made and entered into and deemed effective as of the 15th day of January 1998, by and between the Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, the Pike County Fiscal Court, the Martin County Water District, the City of Prestonsburg, the City of Paintsville, and the Honey Branch Economic Development Authority, (each a "Party", or collectively the "Parties") each of which is a political subdivision of the Commonwealth of Kentucky (the "Commonwealth").

WHEREAS, under the Interlocal Cooperation Act (the "Act"), Sections 65.210 to 65.300, inclusive, of the Kentucky Revised Statutes, as amended ("KRS"), any power or power, privileges or authority exercised or capable of exercise by a public agency (including a city, a county or any other political subdivision of the Commonwealth) may be exercised jointly with another public agency under an agreement (an "interlocal cooperation agreement") for joint or cooperative action pursuant to the provisions of the Act, and such public agencies may acquire, construct, maintain, add to and improve the necessary property, real and personal, which is required in order to accomplish the public purposes set forth in such interlocal cooperation agreement; and

WHEREAS, the Parties are in agreement that it is in their mutual interest to pursue cooperatively economic development opportunities within their jurisdictions; and to this end are currently working to develop the necessary utility infrastructure for a new facility of the Federal Bureau of Prisons ("Bureau") to be constructed at the proposed Honey Branch Industrial Park ("Park") in Martin County;

WHEREAS, Martin County Water District presently operates a water plant of sufficient capacity to serve the Bureau at the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located north of and contiguous to the Park and is capable of extending its water service mains in a reliable and expeditious manner in order to meet the needs of the Bureau and the Park; and,

WHEREAS, the City of Prestonsburg, acting in and through the Prestonsburg City's Utilities Commission, presently operates a water plant of sufficient capacity to serve the Park without the necessity of further water plant expansion, and operates an extensive distribution system with lines located south of and contiguous to the Park and is capable of extending its

water service mains in a reliable and expeditious manner in order to meet the needs of the Bureau at the Park; and,

WHEREAS, the City of Paintsville, acting in and through the Paintsville Utilities Commission, presently operates a wastewater collection system and treatment plant and is capable of developing a new treatment plant and collection system and thereby provide wastewater service in a reliable and expeditious manner to the Bureau and the Park; and,

WHEREAS, the Big Sandy Area Development District, a regional planning and development organization, established pursuant to KRS 147A to serve the area, assisted under contract by a professional engineering firm licensed in the Commonwealth of Kentucky, has reviewed several alternative ways to provide water and wastewater service to the Bureau's proposed facility to be located in the Honey Branch Industrial Park, and has determined that water service is best provided to this site by both the Martin County Water District and the Prestonsburg City's Utilities Commission, and that wastewater service is best provided to this site by the Paintsville Utilities Commission; and,

WHEREAS, the Floyd County Fiscal Court, the Johnson County Fiscal Court, the Martin County Fiscal Court, and the Pike County Fiscal Court, have created, by separate agreement, the Honey Branch Industrial Development Authority pursuant to KRS 154; and furthermore do concur with the determination of the Big Sandy Area Development District, and finds it is in the public interest that the Martin County Water District and the Prestonsburg City's Utilities Commission extend their respective water lines to serve the site of the Bureau's proposed facility and that Paintsville Utilities Commission develop a wastewater treatment plant and collection system to serve this facility.

NOW THEREFORE, contingent upon receipt of all required approvals for the location, construction and development of the Bureau's facility in the Park, be it mutually acknowledged and agreed by and among the Parties hereto and so ordered as follows:

1. The Parties hereto agree that the foregoing statements are not mere recitals, but represent legislative findings by the legislative bodies, as appropriate, and as such represent statements of public interest affecting all Parties hereto, including their respective constituencies.

2. That the Martin County Water District, organized pursuant to KRS Chapter 74, does agree to and will take all necessary action to fund, construct, own, and operate an

appropriately sized water service main along KY Route 3 and connecting roadways in Martin County to the Park as an extension of its existing system; in addition, the District will construct a water storage tank and necessary appurtenances in the vicinity of the Park. All action will be taken in accordance with the District's routine operating policy and in accord with its rule of standard procedure in response to the demand for providing quality water service to a presently unserved area of the County and to assure a reliable, quality water service to the Park.

3. That the City of Prestonsburg, acting through the Prestonsburg City's Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate an appropriately sized extension of its existing water distribution system, together with necessary appurtenances, along KY Routes 321 and 3 and adjacent roadways through portions of Floyd, Johnson, and Martin Counties, in order to and for the purpose of providing reliable, quality water service to the Federal Prison and related facilities to be located at the Park. All actions will be taken in accordance with the Commission's routine operating policy and will follow its rules of standard procedure.

4. That the City of Paintsville, acting through the Paintsville Utilities Commission, does agree to and will take all necessary action to fund, construct, own, and operate a wastewater system, including a treatment facility to be located along KY Route 321 near Auxier Kentucky, and an appropriately sized collection system, with all necessary appurtenances, to serve those areas along KY Route 3 and adjacent roadways through Floyd, Johnson and Martin Counties in order to and primarily for the purpose of providing reliable, quality wastewater service to the Park. All actions will be taken in accordance with the Commission's routine operating policy and will conform to its rules of standard procedure.

5. That Martin County Water District and Prestonsburg City's Utilities Commission mutually agree and commit that each will share the provision of the monthly water consumption demand of the Bureau's facility equally, understanding that circumstances may require that either Party may be called upon by the other Party, from time to time, to supply a greater volume of this consumption demand than 50% and either Party may do so without prejudice or jeopardy to this Agreement.

6. The Martin County Fiscal Court, the Johnson County Fiscal Court, the Floyd County Fiscal Court, and the Pike County Fiscal Court concur that the collaborative approach to providing necessary utility service does best accomplish their agreed intent to develop the utility infrastructure necessary for the Honey Branch Industrial Park, and do invite, request, and encourage the utilities named herein to take those actions, as set out above.

7. Further, each Party to this Agreement invites, grants the appropriate authority consents, and encourages the other Parties hereto to take those actions as described herein, which relate to each Party, respectively. Further, the Parties agree to facilitate, to the extent feasible, the overall development of the array of utilities by taking any and all appropriate actions within their respective jurisdiction on behalf of any other Party, as warranted, pursuant to this Agreement, in an expedited time frame, including but not limited to participation in utility planning and development activities, the granting or securing of encroachment permits, easements, or other similar authorizations as may be required, following all routine, existing, and standard procedures as may govern such actions, and other appropriate activities

8. This Agreement shall continue and remain in effect until and at which time all those activities and actions, as set out herein relating to the various Parties, or as may otherwise be contemplated by this Agreement shall have been completed. The date of full completion of such activities and actions is anticipated to be not later than January 1, 2003.

9. Each Party engaged in utility services as set out in this Agreement shall provide its own capital construction and operations financing from the revenues generated by the services provided hereunder or from other sources available to such Party.

10. The Parties to this Agreement hereby designate the Big Sandy Area Development District to be the "administrator" of this Agreement, and charge same to provide for appropriate and timely planning and coordination of the various activities necessary for the implementation of the Agreement, provided however that each Party engaged in utility services as set out in this Agreement shall be responsible for the complete administration of the utility service to be provided by such Party.

11. Utility services provided by the designated Parties as described herein shall be provided pursuant to separate contractual agreements with the Bureau and/or its agent, satisfactory in form and substance to each respective Party, and such services are subject to receipt of all necessary or required approvals satisfactory in form and substance to each respective Party.

12. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of such portion shall not affect any or all of the remaining portions of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed and acknowledged by officers or officials as duly authorized by the respective legislative bodies of the Parties hereto, effective as of the date first written above.

APPROVED AS TO FORM AND COMPLIANCE WITH
APPROPRIATE KENTUCKY STATUTES

Albert B. Chandler, III, Attorney General
Commonwealth of Kentucky

BY: *Albert B. Chandler, III*
Assistant Attorney General

Benjamin L. Hale
Floyd County Judge/Executive

Attest: *T. E. [unclear]*

David [unclear]
Johnson County Judge/Executive

Attest: *[unclear]*

[unclear]
Martin County Judge/Executive

Attest: *[unclear]*

[unclear]
Pike County Judge/Executive

Attest: *[unclear]*

[Handwritten signature]

Mayor, City of Paintsville

Attest:

[Handwritten signature]

[Handwritten signature]

Mayor, City of Prestonsburg

Attest:

[Handwritten signature]

[Handwritten signature]

Chairperson, Martin County Water District

Attest:

[Handwritten signature]

[Handwritten signature]

Chairperson, Honey Branch Economic Development Authority

Attest:

[Handwritten signature]

* * * * *

STATE OF KENTUCKY

S.S.

COUNTY OF FLOYD

I, CARLA "ROBINSON" BOYD, Clerk of the County and State aforesaid certify that the foregoing Misc. Recording was on the 26th day of JANUARY, 1998 at 9:16 o'clock A.m. lodged ~~of~~ record whereupon the same with the foregoing and this certificate have been duly recorded in my office.

Witness my hand, this 27th day of JANUARY, 1998.

CARLA "ROBINSON" BOYD
BY: *[Handwritten signature]*

Attachment B

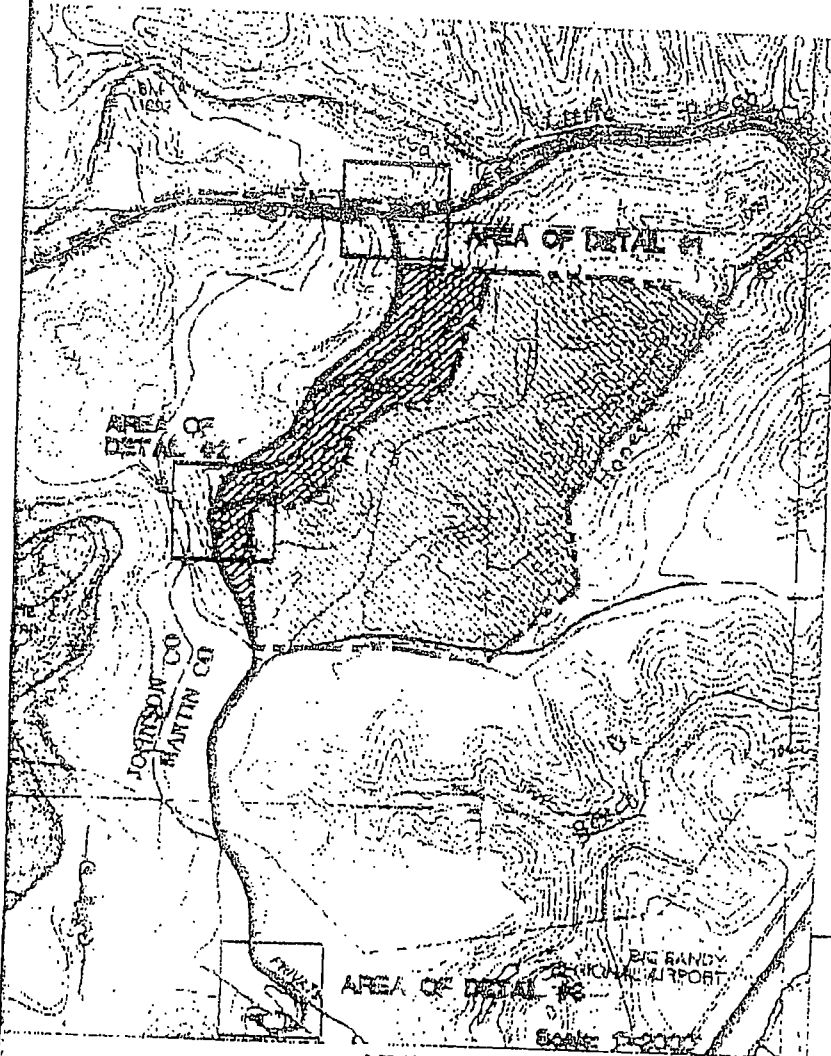
Site Map

Honey Branch Industrial Project
Federal Bureau of Prisons

Combined Water Project Detail

PRESTONSBURG CITY UTILITIES COMMISSION
Prestonsburg, Kentucky

MARTIN COUNTY WATER DISTRICT
Prestonsburg, Kentucky



LEGEND

- Water Line
- Honey Branch Industrial Park
- USP Property Boundary
- USP Property Boundary
- DOT Easement

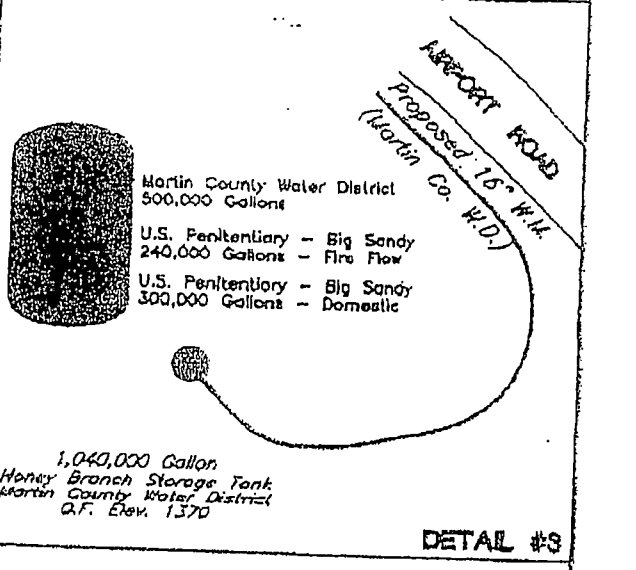
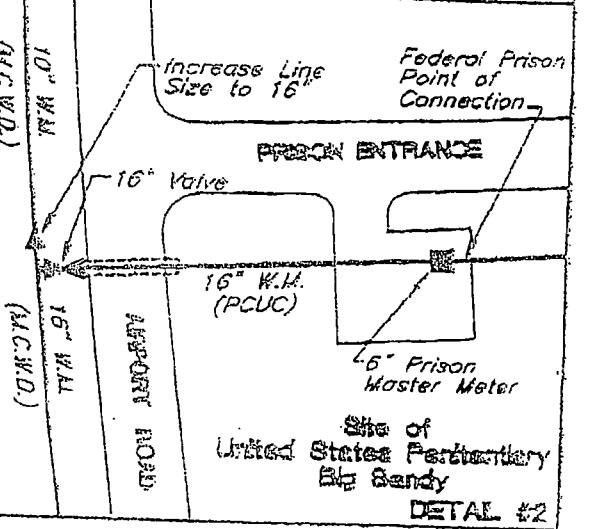
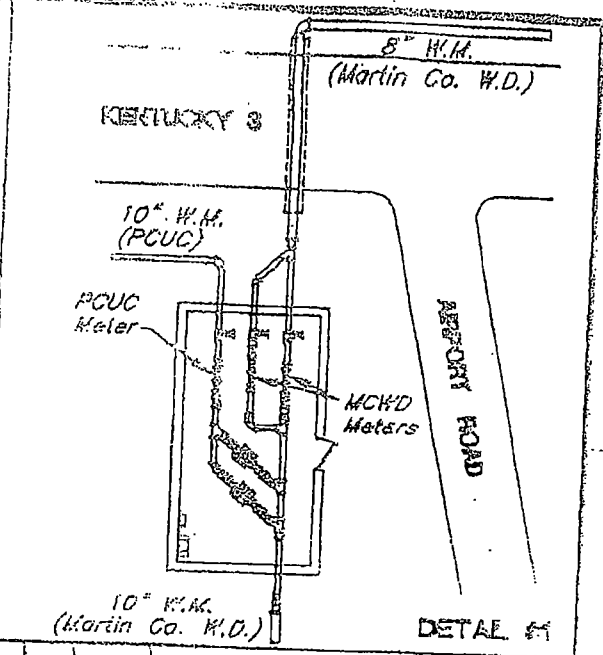
NOTE:

PCUC Pump Station at the intersection of KY. 3 with Airport Road includes PCUC 6" Meter, MCWD 6" Meters, Test Ports, Water Sample Cocks, Pressure Gauges and Valving for Point of Connection with MCWD.

Prison Master Meter includes necessary Valving, 6" Master Meter, Water Sampling Cocks, and Pressure Gauges.

Prepared by:
Big Sandy Area Development District
100 Resource Drive
Prestonsburg, Kentucky 40359
908-888-2374

Modified by:
Kenivrons, Inc.
452 Versailles Road
Frankfort, Kentucky 40601
902-895-4357



K:\P\197080\PROJ\B-11

Exhibit # 2

Refer to Gary Ball's Letter

*The Martin County-Tug Valley***MOUNTAIN****CITIZEN**

Main Street - Cam Building

P.O. Box 1029

Inez, Kentucky 41224

PHONE (606) 298-7570 FAX (606) 298-3711

E-MAIL: mountaincitizen@bellsouth.net

April 1, 2016

Kentucky Public Service Commission

Attn: Ginni Smith

P.O. Box 615, 211 Sower Blvd.

Frankfort, Ky., 40602-0615

Dear Ginni:

Please add this to my (Gary Ball) formal complaint that I filed in October 2015 with the Kentucky Public Service Commission against the Martin County Water District. I recently learned at a March 26, 2016 meeting with MCWD representatives and PSC and Division of Water officials of a matter that, in my opinion, costs our water district dearly in terms of needed revenue.

Our water district according to an interlocal agreement filed in 1998 (I may have found it in filings with your agency) with Prestonsburg City Utilities is to provide half of the water used by the U.S. Penitentiary — Big Sandy, a high-security federal prison located in Martin County with 1,500 inmates, plus a low-security satellite camp. At this meeting, a comment was made that our water district has gone for periods of "months" (according to statement by general manager Joe Hammond) without supplying water to the prison. MCWD Board Chairman said the prison is Prestonsburg's customer, which, in a billing sense, is correct; however, the agreement is that MCWD and Prestonsburg City Utilities are to equally share providing water to the prison.

There is a clause in the agreement that if one utility is unable to meet the 50 percent, the other utility can pick up the slack and provide all the water if needed. Apparently that is what Prestonsburg City Utilities has been doing according to Hammond's statement "for months."

Here's the problem. The prison is a valuable revenue source for MCWD. In addition to the prison, there are other customers on the Honey Branch Industrial Park (complex located adjacent to the prison), along with the Big Sandy Regional Airport that are solely customers of the Martin County Water District. If MCWD is not supplying water to the prison, one can assume that Prestonsburg City Utilities is also

Exhibit # 3

Honey Branch Tank

**Honey Branch Tank
Pumping 2014 - 2016**

Martin County Water District				Prestonsburg Utilities	
Date	Gallons Pumped	Old Rate	New Rate		New Rate
1/26/2016	1,697,000	\$5,182.75	\$13,151.75	0	\$0.00
2/24/2016	769,000	\$2,352.35	\$5,959.75	0	\$0.00
3/28/2016	3,858,000	\$11,773.80	\$29,899.50	0	\$0.00
4/26/2016	3,832,000	\$11,694.50	\$29,698.00	0	\$0.00
5/24/2016	921,000	\$2,815.95	\$7,137.75	0	\$0.00
6/27/2016	3,583,000	\$10,935.05	\$27,768.25	0	\$0.00
7/25/2016	2,019,000	\$6,164.85	\$15,647.25	0	\$0.00
8/25/2016	148,000	\$458.30	\$1,147.00	0	\$0.00
9/28/2016	927,000	\$2,834.25	\$7,184.25	0	\$0.00
10/26/2016	2,811,000	\$8,580.45	\$21,785.25	0	\$0.00
11/29/2016	0	\$0.00	\$0.00	617,000	\$4,781.75
12/28/2016	0	\$0.00	\$0.00	4,867,000	\$37,719.25
Sub Totals	20,565,000	\$62,792.25	\$159,378.75	5,484,000	\$42,501.00

**Honey Branch Tank
Pumping 2014 - 2016**

Date	Gallons Pumped	Old Rates	New Rate		New Rate
1/28/2015	0	\$0.00	\$0.00	2,167,000	\$16,794.25
2/23/2015	0	\$0.00	\$0.00	1,484,000	\$11,501.00
3/26/2015	0	\$0.00	\$0.00	1,454,000	\$11,268.50
4/29/2015	0	\$0.00	\$0.00	1,913,000	\$14,825.75
5/29/2015	0	\$0.00	\$0.00	1,827,000	\$14,159.25
6/24/2015	0	\$0.00	\$0.00	1,806,000	\$13,996.50
7/30/2015	0	\$0.00	\$0.00	1,781,000	\$13,802.75
8/27/2015	0	\$0.00	\$0.00	1,943,000	\$15,058.25
9/30/2015	0	\$0.00	\$0.00	1,631,000	\$12,640.25
10/27/2015	0	\$0.00	\$0.00	3,944,000	\$30,566.00
11/30/2015	0	\$0.00	\$0.00	3,824,000	\$29,636.00
12/30/2015	0	\$0.00	\$0.00	1,576,000	\$12,214.00
Sub Totals	0	\$0.00	\$0.00	25,350,000	\$196,462.50

**Honey Branch Tank
Pumping 2014 - 2016**

Date	Gallons Pumped	Old Rate	New Rate	Gallons Pumped	New Rate
1/29/2014	231,000	\$711.45	\$1,790.25	0	\$0.00
2/27/2014	0	\$0.00	\$0.00	1,270,000	\$9,842.50
3/31/2014	1,109,000	\$3,389.35	\$8,594.75	0	\$0.00
4/31/2014	2,898,000	\$8,845.80	\$22,459.50	0	\$0.00
5/27/2014	5,077,000	\$15,491.75	\$39,346.75	0	\$0.00
6/27/2014	940,000	\$2,873.90	\$7,285.00	0	\$0.00
7/29/2014	148,000	\$458.30	\$1,147.00	0	\$0.00
8/26/2014	2,303,000	\$7,031.05	\$17,848.25	0	\$0.00
9/30/2014	235,000	\$723.65	\$1,821.25	0	\$0.00
10/29/2014	0	\$0.00	\$0.00	942,000	\$7,300.50
11/24/2014	0	\$0.00	\$0.00	979,000	\$7,587.25
12/22/2014	0	\$0.00	\$0.00	1,703,000	\$13,198.25
Sub-Total	12,941,000	\$39,525.25	\$100,292.75	4,894,000	\$37,928.50
Totals	33,506,000	\$102,318	\$259,671.50	35,728,000	\$276,892.00

Exhibit # 4

First Amendment to Joint Operation Agreement

FIRST AMENDMENT
TO
JOINT OPERATION AGREEMENT

THIS FIRST AMENDMENT TO JOINT OPERATOIN AGREEMENT dated as of the 1st day of January, 2017, by and between the MARTIN COUNTY WATER DISTRICT (hereinafter "District") and PRESTONSBURG CITY'S UTILITIES COMMISSION (hereinafter "PCUC") (collectively, as "parties").

RECITALS

WHEREAS, the parties entered into a certain Joint Operation Agreement, dated July 3, 2000 (hereinafter "Joint Operation Agreement"), which was filed by PCUC with the Kentucky Public Service Commission (hereinafter the "Commission") on July 11, 2007.

WHEREAS, the parties desire to modify certain provisions of the Joint Operation Agreement to adjust the rate for water charged under Sections 13 and 14 thereof.

NOW, THEREFORE, in consideration of the covenants and agreements set forth in the First Amendment and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. The provisions in Sections 13 and 14 setting the water rates shall be deleted in its entirety and the following is substituted therefore:

First 112,000 gallons per month	\$348.50
All over 112,000 gallons per month	\$7.75 per 1,000 gallons

2. This First Amendment shall be filed by PCUC with the Public Service Commission subject to the Commission's jurisdiction and review.

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR <i>Talina R. Mathews</i>
EFFECTIVE 2/25/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

3. The rate adjustment set forth herein shall become effective thirty (30) days after the date the First Amendment is filed with the Commission.

4. In all other respects, the parties hereto approve, confirm and ratify the terms and conditions of the Joint Operation Agreement.

This First Amendment is made as of the year and date first above written, and shall be effective as of that date without regard to the fact that execution hereof by the parties shall have been effected at the same or different times.

MARTIN COUNTY WATER DISTRICT

BY: William J. Hawes
ITS: CHAIRMAN

ATTEST:

Nita Collier
SECRETARY *with Power of Atty*
WJH

PRESTONSBURG CITY'S UTILITIES COMMISSION

BY: TE Campbell
TURNER E. CAMPBELL, SUPERINTENDENT/CEO

ATTEST:

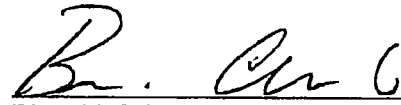
Jimmy Calhoun
JIMMY A. CALHOUN, CHAIRMAN OF
THE PRESTONSBURG CITY'S
UTILITIES COMMISSION

KENTUCKY PUBLIC SERVICE COMMISSION
Talina R. Mathews EXECUTIVE DIRECTOR <i>Talina R. Mathews</i>
EFFECTIVE 2/25/2017 PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

CERTIFICATE OF SERVICE

This will certify that a true and correct copy of the foregoing was mailed, postage paid, on this the 13 day of March, 2017, to the following:

Public Service Commission
ATTN: David Spenard
P.O. Box 615
Frankfort, KY 40602



BRIAN CUMBO



Exhibit # 5

Boil Water Advisory

Situation	Resolution	BWA? Yes or No
High filtered water turbidity; high filtered water manganese	Turbidity reading is false due to color from the manganese; not true particulate turbidity; optimize treatment; consider flushing system	No
High filtered water turbidity; overdose of permanganate confirmed	Turbidity reading is false due to color from the permanganate; not true particulate turbidity optimize treatment; consider flushing system	No
CFE turbidity at 1.6 NTU for 4 hours	Optimize treatment; consider flushing system	No, not over 6 hours in duration
CFE turbidity spiked at 6.1 NTU for 15 minutes	Optimize treatment; consider flushing system	Yes, greater than 5 NTU regardless of duration
Chlorine cylinder empties and is not caught until operator returns from rounds	Immediately change chlorine cylinder; consider flushing system	Depends on how long residual in plant tap below 0.2 free or 0.5 total –if longer than 4 hours, yes (this is a judgment call on the part of the field)
Upgrades on filters under way Settled water inadvertently sent through an empty filter bed	Immediately valve off the empty filter bed; Consider flushing the system	Yes, as unfiltered water entered the system
On-line chlorine analyzer records a free chlorine residual of 0.15 mg/L for 20 minutes; confirmed that not analyzer/recorder malfunction	Raise chlorine residual; investigate cause of residual loss	No, as entry point chlorine residual was less than 0.2 mg/L for less than 4 hours Refer to 8:150 Section 1(2)(b). This is also a judgment call on the part of the field.
Ice storm knocks off power to the water plant for 1 day Despite conservation efforts, portions of the town are without water	Call power company; investigate backup power sources; when power restored, consider slow flushing to refill pipes	Yes, as portions of the system had no pressure or possible negative pressure
Main break that requires 6 hours to repair	Repair main, conduct bacteriological sampling Report results of sampling Maintain main break log	No, but customers affected should be notified that a break has occurred and to flush water before using. Sensitive populations should seek medical advise
Break on a small line that is repaired under pressure	Repair main; conduct bacteriological sampling; report results of sampling; maintain main break log	No

Situation	Resolution	BWA? Yes or No
Main break that lowers pressure in the area to 13 psi; repaired in 2 hours	Repair main;; conduct bacteriological sampling;; notify cabinet; report results of sampling; maintain main break log	No, but customers affected should be notified that a break has occurred and to flush water before using. Sensitive populations should seek medical advise
Booster pump in remote area burns up; pressure drops from 52 psi to 30 psi	Repair pump to restore pressure	No
Riverbank well for a true GW system is flooded during a record flood event; wellhead protection questionable for this event	Once flooding recedes, inspect wellhead and make necessary repairs	Yes, as this is considered a cross-connection with a non-potable source
Utility receives reports of sewer odors coming from faucets in a subdivision hair-like particles in water	Investigate immediately; check storage tanks (this really happened—dead body in tank)	YES (this would most likely become a Consumer Advisory)
During routine bacteriological sampling, notice a hard-piped cross-connection between water supply and fertilizer	Immediately notify company and utility of cross-connection; disconnect cross-connection; monitor until install approved backflow protection devices	No, as not microbiological contamination; flush system
During a routine inspection, field finds documentation that GW system is considered “under the influence of surface water” and has not yet installed treatment	Enforcement?	Yes, as unfiltered surface water is entering the distribution system
A customer has their water tested for Giardia and the test comes back positive; lab is not certified to test for Giardia; no confirmation was done; no reports of giardiasis in area and no treatment upsets	Consult with medical community; consult with DOW	No, as the Giardia result is suspect and not supported by water plant malfunctions or by disease occurrence
Main break in the middle of a stream crossing during a flood event	Repair main; conduct bacteriological sampling; report results of sampling; maintain main break log	Yes, as the potential is high for contamination from the turbid water

Situation	Resolution	BWA? Yes or No
Laboratory confirms presence of E.coli in a distribution sample	Consider flushing area. If chlorine residual is low, raise residual in area	Yes—this could become a Consumer Advisory
Laboratory reports a positive total coliform sample; confirmation not done yet; free chlorine residual was 1.7 mg/L		No, as this is not a confirmed sample positive for E.coli or fecal coliform and the free chlorine residual was greater than 0.2 mg/L. Wait for confirmation
Water main break in contaminated soil (i.e. sewage lateral lines, sewer line in same ditch) regardless of repair mechanism or if under pressure	Repair main; conduct bacteriological sampling; report results of sampling; maintain main break log	Yes, as sewage is contaminated. Could issue BWA for localized area.
Contractor breaks water line while excavating petroleum UST with significant free product around line and pressures drop to 13 psi	Repair main; conduct bacteriological sampling; report results of sampling; maintain main break log. Depending upon water main material, may need to replace entire line; hazardous waste cleanup issues	No, as boiling the water would release the petroleum products into the air. This could cause explosions as well as illness. This would be a Consumer Advisory with specific instructions.
System (or inspector) discovers that entire system has no chlorine residual; flushing did not resolve the situation	Check residual at master meters, investigate any sources of chlorine demand, etc. Determine if a chemical issue (i.e. high Mn)	Yes, as no chlorine residual could be an indication of bacteriological contamination; rule out any chemical contamination first Situation may also warrant an NOV
Pressure routinely below 20 psi in the distribution system or below 30 psi on the discharge side of customer meters	Contact DWB for sanction documentation	If the potential for backflow exists, Yes. Base decision on experience with system
Low to no chlorine residual in one area of the distribution system; system is doing HPCs in lieu of chlorine residuals with results less than 500 cfu/ml	Investigate cause of low or no chlorine residual and resolve	No, as water in the distribution system with an HPC count less than 500 cfu/ml is deemed as having "adequate disinfection residual"
Water system will be doing an extensive main relocation in a subdivision	Customers could experience low pressure/see and hear construction work	No, issue a Consumer Advisory

Situation	Resolution	BWA? Yes or No
Water system decides to use booster chlorination in one area of the distribution system	Customers notice slight chlorine smell	No, issue a consumer advisory for that area explaining the situation
Contamination detected in a suburban area not traceable to a cross-connection—possible terrorist event	Work with federal authorities and other responders to determine contaminant then decontaminate the system.	No, as most likely not bacteriological. May need to issue a "Do not drink" notification

Exhibit # 6

Water Quality

Martin County Water District

387 East Main St., Suite 140
Inez, KY 41224

WORK ORDER

WO # 170100106

Time Started _____

Work Complete Yes _____

Loc # _____

Master Meter # _____

Date 1/18/2017

Account # _____

SEQ # _____

Name: _____

Phone # _____

Address: _____

Employee John Stafford

INEZ, KY 41224

Location: 272 Jack Cassady Br., 5th house on right.

J CASSADY BR.

Type of Work: Flush Line

Material Used: _____

Customer Line Inspection: _____

Comments: water is white may have air in the lines

Current System Information:

New Information:

Meter # 1: 90209274

Meter # 1: _____

Meter # 2: Radio

Meter # 2: Radio _____

MXU #:

MXU #: _____

Current Reading 12/20/2016 1305

Current Reading 0

Type of Meter: Badger

Type of Meter: _____

Year MFG: 1990

Year MFG: _____

GPS - Longitude 0

GPS - Latitude 0

Employee Signature(s): _____

Date Completed _____

Exhibit # 7

Notice of Violation



ENERGY AND ENVIRONMENT CABINET

Matthew G Bevin
Governor

Department for Environmental Protection
300 Sower Boulevard
Frankfort, Kentucky 40601
www.water.ky.gov

Charles G Snavely
Secretary

Aaron B Keatley
Commissioner

May 26, 2017

CERTIFIED MAIL:7016 2140 0000 4332 8308
RETURN RECEIPT REQUESTED

JOHN MILLS
MARTIN CO WATER DISTRICT #1
287 E MAIN ST SUITE 140
INEZ, KY 41224

Re: **NOTICE OF VIOLATION**
AI ID: 2987
PWSID: KY0800273
PWS NAME: MARTIN CO WATER DISTRICT #1
COUNTY: MARTIN

Dear Mr. Mills:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Failure to comply with all remedial measures could result in enforcement action and the assessment of penalties. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact Kellee Husband at (502)782-6984 or email at kelleem.husband@ky.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Uliasz".

Joe Uliasz
Drinking Water CTAB Supervisor
Compliance & Technical Assistance Branch
Division of Water

C: Drinking Water Program files
Enclosure

**COMMONWEALTH OF KENTUCKY
ENERGY & ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water**

NOTICE OF VIOLATION

To:

MARTIN CO WATER DISTRICT #1
287 E MAIN ST SUITE 140
INEZ, KY 41224

PWSID: KY0800273

PWS Name: MARTIN CO WATER DISTRICT #1 **AI ID:** 2987

County: MARTIN

Violation Number: 2017 - 9951188

Determination Date: 04/27/2017

Compliance Period: 01/01/2017 - 03/31/2017

Violation Type: 02 MCL, LRAA **Tier Level:** 2

PWS Facility: IDSE9999 IDSE - MARTN CO WATER DIST

Contaminant: 2456 TOTAL HALOACETIC ACIDS (HAA5)

Public Water Systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1]
This is to advise that you are in violation of the provision(s) cited below:

Description of Non Compliance:

401 KAR 8:510 TOTAL HALOACETIC ACIDS (HAA5) The public water system exceeded the MCL for locational running annual average (LRAA) of samples for the specific contaminant in compliance period 01/01/2017 - 03/31/2017. The reported result of .081 mg/l exceeded the MCL of 0.060 mg/l.

The remedial measure(s) and date(s) to be completed by are as follows:

Begin or continue quarterly monitoring for TOTAL HALOACETIC ACIDS (HAA5)

Perform public notification for the above-mentioned violation in accordance with 401 KAR 8:070. The public notification must not contain language that contradicts or detracts from the standard mandatory language or the purpose of the notice. Submit proof of public notification and its certification within ten (10) days of executing public notification. [401 KAR 8:070] The specific public notification activities to be performed are listed below.

PWS must give notice to consumers, including other water systems you may provide water to, about a violation by mail delivery or hand delivery. The notice must be executed within thirty (30) days following receipt by the PWS of this Notice of Violation.

If not all consumers can be notified by mail or hand delivery then the PWS must give notice to consumers about a violation by 1) publication in a newspaper of general circulation in the area served by the PWS or 2) by continuous posting in conspicuous places within the area served by the PWS. The notice must be executed within thirty (30) days following receipt by the PWS of this Notice of Violation.

Submit proof of public notification and its certification within ten (10) days of executing public notification.

Violations of the above cited statutes and/or regulations are subject to a civil penalty. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

Detailed information about your water system's violations & monitoring requirements can be easily accessed on Kentucky Drinking Water Watch at <http://dep.gateway.ky.gov/DWW/>.

If you have questions or need further information, write or call Kellee Husband at (502)782-6984 or email at kelleem.husband@ky.gov.

ALL DOCUMENTATION MUST BE SUBMITTED TO:

Drinking Water Compliance & Technical Assistance
Division of Water, Department for Environmental Protection
300 Sower Boulevard
Frankfort, KY 40601



Issued By: Joe Uliasz
Drinking Water CTAB Supervisor
Compliance & Technical Assistance Branch
Division of Water

Date: May 26, 2017

How Delivered: Certified/Registered #7016 2140 0000 4332 8308

Exhibit # 8

Project Rejuvenate



Drinking Water Project Profile

Legal Applicant: **Martin County Water District**
 Project Title: **Water System Controls and Raw Water Modifications**
 Project Number: **WX21159009** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Not Funded** Primary County: **Martin**
 Project Status: **Approved** Planning Unit: **Martin**
 Project Schedule: **0-2 Years** Multi-County: **No**
 E-Clearinghouse SAI: ECH Status:
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **12-04-2015**

Project Description:

This project will include raw water intake modifications. A secondary intake will be added in the Tug Fork River providing redundancy. Piping, pumps, and controls will be upgraded to provide for the second intake. In addition to the second raw water intake, the raw water transmission main will be extended from the Crum Reservoir to the water treatment plant and a new reservoir intake structure will be constructed. The transmission main will be 3,500 linear feet of 16 inch ductile iron pipe.

Also part of this project will be the replacement of water mains in three locations. The locations are Turkey Creek (KY 908), Wolf Creek - Meathouse Branch to Pigeon Roost, and Town Point Curve on KY 3 north of Inez. The replacement lines will all be 6 inch SDR 17, Class 250 PVC.

Another portion of this project is the installation of system wide telemetry SCADA system and the replacement of approximately 1,000 individual customer service lines in the Inez area.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

The second intake structure will provide security when the river level is low and protection during flood events. The piping, pump, and control upgrades will provide more reliability than the current system alone.

The locations for the water main replacement were originally installed in the early 1970s and are PVC Class 160, SDR 26 that is no longer used in water systems and has been a source of considerable water loss through many leaks over the years. These three locations will be replaced with new higher class water main with new service connections.

The transmission main extension from the reservoir to the plant will give the District flexibility to bring water directly from the river to the WTP bypassing the reservoir. During certain time of the year, primarily in the fall, organics get very high in the reservoir impacting the final water quality.

The new SCADA system will allow for continuous readout at a central location from all storage tanks, pump stations, and control valves. This will reduce water loss by detecting problems sooner and reducing down time when there is a problem.

The existing service lines were installed in the 1960s and 1970s and the material used was greatly inferior to the materials used today. It has been determined through leak detection that most of the water loss in this area is through these service lines and not the main lines. The service lines will be replaced using 1 inch Endot EndoPure SDR 9 Class 200 polyethylene service tubing. The replacement of these service lines should greatly reduce water loss in this area.

Project Alternatives:

Alternate A:

For the intake activities; change the pumps and valves only.

Alternate B:

Repair sections of the water lines but not replace entirely.

Legal Applicant:

Entity Type: **Water District (KRS 74)** PSC Group ID: **25000**

Entity Name: **Martin County Water District**

Web URL:

Office EMail: **jddhammond58@outlook.com**

Office Phone: **606-298-3885** Toll Free: Fax: **606-298-4913**

Mail Address Line 1: **387 E Main St** Phys Address Line 1:

Mail Address Line 2: Phys Address Line 2:

Mail City, State Zip: **Inez, KY 41224** Phys City, State Zip:

Contact: **Joe Hammond** Financial Contact: Auth Official: **Kelly Calahamn**

Contact Title: **Business Manager** Financial Contact Title: Auth Official Title: **Judge Executive**

Contact EMail: **jddhammond58@outlook.com** Financial Contact EMail: Auth Official EMail: **kcallaham@suddenlinkmail.com**

Contact Phone: **606-298-3885** Financial Contact Phone: Auth Official Phone: **606-298-2800**

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: 05.24.2017



Drinking Water Project Profile
 WX21159009 - Martin County Water District
 Water System Controls and Raw Water Modifications

Project Administrator (PA) Information

Name: **Holly L Nicholas**
 Title: **Project Developer**
 Organization: **Kentucky Engineering Group, PLLC**
 Address Line 1: **P.O. Box 1034**
 Address Line 2:
 City: **Versailles** State: **KY** Zip: **40383**
 Phone: **859-333-9742** Fax: **859-251-4137**

Applicant Contact (AC) Information

Name: **Joe Hammond**
 Title: **Business Manager**
 Organization: **Martin County Utilities**
 Address Line 1: **38 7 E Main St**
 Address Line 2:
 City: **Inez** State: **KY** Zip: **41224**
 Phone: **606-626-7748** Fax: **606-298-4913**

Project Engineer (PE) Information:

This project requires a licensed Professional Engineer.

License No: **PE 24022**

PE Name: **James C. Thompson**
 Phone: **859-251-4127** Fax: **859-251-4137**
 E-Mail: **jthompson@kyengr.com**
 Firm Name: **Kentucky Engineering Group PLLC**
 Addr Line 1: **Kentucky Engineering Group PLLC**
 Addr Line 2: **161 North Locust Street**
 Addr Line 3:
 City: **Versailles** State: **KY** Zip: **40383**
 Status: **Current** Disciplinary Actions: **NO**
 Issued: **01-05-2005** Expires: **06-30-2018**

Engineering Firm Information:

Permit No: **2889**
 Firm Name: **Kentucky Engineering Group PLLC**
 Phone: **859-251-4127** Fax: **859-251-4137**
 Web URL: **http://www.kyengr.com/**
 EMail: **jthompson@kyengr.com**
 Addr Line 1: **161 N. Locust St.**
 Addr Line 2:
 City: **Versailles** State: **KY** Zip: **40383**
 Status: **Current** Disciplinary Actions: **NO**
 Issued: **02-19-2009** Expires: **12-31-2017**



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Estimated Budget

Project Cost Classification:

Administrative Exp.:	
Legal Exp.:	
Land, Appraisals, Easements:	
Relocation Exp. & Payments:	
Planning:	
Engineering Fees - Design:	\$ 219,000
Engineering Fees - Construction:	\$ 54,750
Engineering Fees - Inspection:	\$ 147,000
Engineering Fees - Other:	
Construction:	\$ 3,960,000
Equipment:	
Miscellaneous:	
Contingencies:	\$ 396,000
Total Project Cost:	\$ 4,776,750

Construction Cost Categories:

Treatment:	
Transmission & Distribution:	\$ 1,510,000
Source:	\$ 2,450,000
Storage:	
Purchase of Systems:	
Restructuring:	
Land Acquisition:	
Non-Catagorized:	
Total Construction:	\$ 3,960,000

Total Sustainable Infrastructure Costs:

Note: Total Sustainability Infrastructure Costs are included within construction and other costs reported in this section. This breakout is provided for SRF review purposes.

Project Funding Sources:

Total Project Cost: **\$4,776,750**
 Total Committed Funding: **\$0**
 Funding Gap: **\$4,776,750 (Not Funded)**

This project will be requesting SRF funding for fiscal year 2019.

Estimated Project Schedule:

Est. Environmental Review Submittal Date: **10-15-2017**
 Estimated Bid Date: **12-15-2017**
 Estimated Construction Start Date: **02-01-2018**
 Estimated Construction Completion Date: **12-31-2018**

Funding Source	Loan or Grant ID	Fiscal Year	Amount	Status	Applicable Date
AML		2018	\$4,776,750	Anticipated	
Total Committed					

Funding Source Notes:

The following systems are beneficiaries of this project:

KY0800273 Martin County Water District

Note: Check mark indicates primary system for this project.

Project Ranking by AWMPC:

Regional Ranking(s):	Plans and specs have been sent to DOW.
Planning Unit Ranking:	Plans and specs have been reviewed by DOW.
Total Points:	Plans and specs have been sent to PSC.
	Plans and specs have been reviewed by PSC.

Economic, Demographic and Geographic Impacts

Economic Impacts



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Jobs Created:	
Jobs Retained:	

*Demographic Impacts (GIS Census Overlay)			
Serviceable Demographic	Project Area	Included Systems	Included Utilities
Population:		12,175	12,170
Households:		5,093	5,093
MHI:		\$25,814	*\$25,814
MHI MOE		\$6,163	*\$6,163
MOE as Pct:		24.0%	24.0%
**NSRL:		2	2

Population and household counts are based on 2010 census block values from the SF1 (100%) dataset.

MHI Source is from the American Community Survey 2011-2015 5Yr Estimates (Table B19013) *(for the primary system operated by the above listed beneficiary utilities).

MHI MOE = Med HH Income Margin of Error.

** NSRL (Non-Standard Rate Levels):
 0 = Income above Kentucky MHI (KMHI).
 1 = Income between 80% KMHI and KMHI.
 2 = Income less than or equal to 80% KMHI.
 - KMHI = \$43,740
 - 80% KHMI = \$34,992

Geographic Impacts For Project Area	
Counties	
Legislative Districts	
District Name	Legislator
Groundwater Sensitivity Zones	
HUC 10 Watersheds	
HUC Code	Watershed Name

Geographic Impacts For Included System(s)	
Counties	
Johnson	
Lawrence	
Martin	
Legislative Districts	
District Name	Legislator
House 093	Chris Harris
House 096	Jill York
House 097	Scott Wells
Senate 30	Brandon Smith
Senate 31	Ray S. Jones II
Congressional 5	Hal Rogers

New Customers	
New Residential Customers:	
New Commercial Customers:	
New Institutional Customers:	
New Industrial Customers:	

New or Improved Service		
Service Demographic	Survey Based	Census Overlay*
To Unserved Households:		
To Underserved Households:	3,335	
To Total Households:	3,335	
** Cost Per Household:	\$1,432	

* GIS Census block overlay figures are estimates of population and households potentially served by systems and projects based on a proximity analysis of relevant service lines to census block boundaries.

** Cost per household is based on surveyed household counts, not GIS overlay values.



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

DW Specific Impacts:

- This project relates to a public health emergency.
- This project will assist a non-compliant system to achieve compliance.
- This project will assist a compliant system to meet future requirements
- This project will provide assistance not compliance related.
- This project is necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree.
- Primary system has not received any SDWA Notices of Violation within the previous state fiscal year-July through June, i.e. July 2014 – June 2015).

Project Inventory (Mapped Features):

Mapped Point Features

DOW Permit ID	Count	FeatureType	Purpose	Status	Existing Capacity	Proposed Capacity	Units
KY0800273	1	SURFACE SOURCE	UPGRADE WATER INTAKE	REHAB			EA

Administrative Components:

- Planning
- Design
- Construction
- Management

Regionalization Components:

Public Water Systems Eliminated:

- this project includes the elimination of public water system(s) through merger or acquisition.

Water Treatment Plants Eliminated:

- This project includes the elimination of water treatment plant(s) through interconnect(s).

Supplementation of Raw Water Supply:

- This project includes supplementing the existing raw water supply.

Supplementation of Potable Water Supply:

- This project includes supplementing the existing potable water supply.

Emergency Only Water Supply:

- This project provides emergency only water supply.

Water Source Protection:

- This project includes land acquisition for water source protection.



Drinking Water Project Profile
WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Water Treatment Components:

- This project includes water treatment components

Treatment Activities:

- This project includes a new water treatment plant.
- This project includes an expansion of an existing water treatment plant.
- This project includes rehabilitation of an existing water treatment plant.
- This project includes upgrades to an existing water treatment plant.
- This project includes emergency power generators for treatment activities.
- This project includes redundant treatment processes.

Acute Public Health Risk:

- This project includes infrastructure options to meet Cryptosporidium removal/inactivation requirements.
- This project includes infrastructure options to meet CT inactivation requirements.

Chronic Public Health Risk:

- This project includes treatment modifications to meet the Disinfectants/Disinfection Byproducts Rule at the water treatment plant.
- This project will provide treatment modifications for VOCs, IOCs, SOC, or Radionuclides.

Secondary Contaminants:

- This project includes treatment modifications to address Secondary Contaminants.

Security:

- This project includes security components for water treatment facilities.

Water Distribution and Storage:

- This project includes water distribution and/or storage components.

Water Line Extensions:

- This project includes water line extension(s).

Redundancy Components:

- This project includes emergency power generators for distribution and/or storage activities.
- This project includes redundant distribution and/or storage processes.

Finished Water Quality:

- This project includes infrastructure to address inadequate water turnover and disinfection byproducts (DBPs).
- This project includes infrastructure to address inability to maintain disinfection residual.



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Water Line Replacement:

- This project replaces problem water lines (breaks, leaks, or restrictive flows due to age), water lines consisting of lead and/or asbestos-cement (AC), and/or inadequately sized water lines.

Water Storage and Pressure Components:

- This project includes the construction of new water tank(s).
- This project includes the replacement of existing water tank(s).
- This project includes the rehabilitation of existing water tank(s).
- This project includes the construction of new pump station(s).
- This project includes the rehabilitation of existing pump station(s).

Security:

- This project includes security components for water distribution infrastructure.

Sustainable Infrastructure - Green Infrastructure:

Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site and neighborhood-specific practices, such as:

Component	Cost
<input type="checkbox"/> Bioretention	\$0
<input type="checkbox"/> Trees	\$0
<input type="checkbox"/> Green Roofs	\$0
<input type="checkbox"/> Permeable Pavement	\$0
<input type="checkbox"/> Cisterns	\$0
Total Green Infrastructure Cost:	
	\$0

There are no Green Infrastructure components specified for this project.



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Sustainable Infrastructure - Water Efficiency:

The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include:

Component	Cost
<input type="checkbox"/> Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals).	\$0
<input type="checkbox"/> Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement).	\$0
<input type="checkbox"/> Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention.	\$0
<input type="checkbox"/> Retrofitting/adding AMR capabilities or leak equipment to existing meters.	\$0
<input type="checkbox"/> Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction in demand to alleviate the need for additional capital investment.	\$0
<input type="checkbox"/> Developing conservation plans/programs reasonable expected to result in a water conserving capital project or in a reduction in demand to alleviate the need for capital investment.	\$0
<input type="checkbox"/> Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse).	\$0
<input type="checkbox"/> Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems.	\$0
<input type="checkbox"/> Water meter replacement with traditional water meters.*	\$0
<input type="checkbox"/> Distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks.*	\$0
<input type="checkbox"/> Storage tank replacement/rehabilitation to reduce water loss.*	\$0
<input type="checkbox"/> New water efficient landscape irrigation system, where there currently is not one.*	\$0
Total Water Efficiency Cost:	\$0

** Indicates a business case may be required for this item.*

There are no Water Efficiency components specified for this project.

Sustainable Infrastructure - Energy Efficiency:

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include:

Component	Cost
<input type="checkbox"/> Renewable energy projects, which are part of a public health project, such as wind, solar, geothermal, and micro-hydroelectric that provides power to a utility.	\$0
<input type="checkbox"/> Utility-owned or publicly-owned renewable energy projects.	\$0
<input type="checkbox"/> Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas.	\$0
<input type="checkbox"/> Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (including variable frequency drives (VFDs)).*	\$0
<input type="checkbox"/> Pump refurbishment to optimize pump efficiency.*	\$0
<input type="checkbox"/> Projects that result from an energy efficient related assessment.*	\$0
<input type="checkbox"/> Projects that cost effectively eliminate pumps or pumping stations.*	\$0
<input type="checkbox"/> Projects that achieve the remaining increments of energy efficiency in a system that is already very efficient.*	\$0
<input type="checkbox"/> Upgrade of lighting to energy efficient sources.*	\$0
<input type="checkbox"/> Automated and remote control systems (SCADA) that achieve substantial energy savings.*	\$0
Total Energy Efficiency Cost:	\$0

** Indicates a business case may be required for this item.*

There are no Energy Efficiency components specified for this project.



Drinking Water Project Profile

WX21159009 - Martin County Water District
Water System Controls and Raw Water Modifications

Sustainable Infrastructure - Environmentally Innovative:

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include:

Component	Cost
<input type="checkbox"/> Total integrated water resources management planning, or other planning framework where project life cycle costs are minimized, which enables communities to adopt more efficient and cost-effective infrastructure solutions.	\$0
<input type="checkbox"/> Plans to improve water quantity and quality associated with water system technical, financial, and managerial capacity.	\$0
<input type="checkbox"/> Source water protection planning (delineation, monitoring, modeling).	\$0
<input type="checkbox"/> Planning activities to prepare for adaptation to the long-term effects of climate change and/or extreme weather.	\$0
<input type="checkbox"/> Utility sustainability plan consistent with EPA's sustainability policy.	\$0
<input type="checkbox"/> Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility.	\$0
<input type="checkbox"/> Construction of US Building Council LEED certified buildings, or renovation of an existing building.	\$0
<input type="checkbox"/> Projects that significantly reduce or eliminate the use of chemicals in water treatment.*	\$0
<input type="checkbox"/> Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals.*	\$0
<input type="checkbox"/> Trenchless or low impact construction technology.*	\$0
<input type="checkbox"/> Using recycled materials or re-using materials on-site.*	\$0
<input type="checkbox"/> Educational activities and demonstration projects for water or energy efficiency (such as rain gardens).*	\$0
<input type="checkbox"/> Projects that achieve the goals/objectives of utility asset management plans.*	\$0
Total Environmentally Innovative Cost:	\$0

** Indicates a business case may be required for this item.*

There are no Environmentally Innovative components specified for this project.

Sustainable Infrastructure - Asset Management:

If a category is selected, the applicant must provide proof to substantiate claims. The documents must be submitted to Anshu Singh (Anshu.Singh@ky.gov) for CW projects

Component
Last Rate Adjustment Date: 07-07-2011 Download Fee Schedule
Rate Adjustment Age: 78 months
System's monthly water bill, based on 4,000 gallons, as a percentage of MHI: 0.15%
<input type="checkbox"/> The system(s) has a Capital Improvement Plan or similar planning document.
<input type="checkbox"/> The system(s) involved in this project have specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure.

Project Status: Approved

Date Approved: 12-04-2015

Date Revised:



Drinking Water Project Profile

Legal Applicant: **Martin County Water District**
 Project Title: **ARC Water System Improvements**
 Project Number: **WX21159006** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Not Funded** Primary County: **Martin**
 Project Status: **Approved** Planning Unit: **Martin**
 Project Schedule: **0-2 Years** Multi-County: **No**
 E-Clearinghouse SAI: ECH Status:
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Tracy Wireman**
 Date Approved (AWMPC): **12-09-2014**

Project Description:

This project involves replacement of approximately 675 customer service lines in the Warfield and Beauty area of the County and the replacement of water meters system wide. Three thousand water meters will be replaced with radio read meters; completing the change over of all meters in the system.

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

The existing service lines were installed in the 1970s and the material used was greatly inferior to the materials used today. It has been determined through leak detection that most of the water loss in this area is through these service lines and not the main lines. The service lines will be replaced using 1 inch Endot EndoPure SDR 9 Class 200 polyethylene service tubing. The meters in place range from 10 to 30 years old. By replacing them with radio read meters the amount of labor and time it takes the District to read the individual customer meters will be reduced and the readings will be more accurate.

Project Alternatives:

Alternate A:

Replace meters with regular meters.

Alternate B:

Replace service lines when there is a known problem not a large number at one time.

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25000**

Entity Name: **Martin County Water District**

Web URL:

Office EMail: **jdhammond58@outlook.com**

Office Phone: **606-298-3885**

Toll Free:

Fax: **606-298-4913**

Mail Address Line 1: **387 E Main St**

Phys Address Line 1:

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Inez, KY 41224**

Phys City, State Zip:

Contact: **Joe Hammond**

Financial Contact:

Auth Official: **Kelly Calahamn**

Contact Title: **Business Manager**

Financial Contact Title:

Auth Official Title: **Judge Executive**

Contact EMail: **jdhammond58@outlook.com**

Financial Contact EMail:

Auth Official EMail: **kcallaham@suddenlinkmail.com**

Contact Phone: **606-298-3885**

Financial Contact Phone:

Auth Official Phone: **606-298-2800**

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.24.2017**



Drinking Water Project Profile
 WX21159006 - Martin County Water District
 ARC Water System Improvements

Project Administrator (PA) Information

Name: **Holly L Nicholas**
 Title: **Project Developer**
 Organization: **Kentucky Engineering Group, PLLC**
 Address Line 1: **P.O. Box 1034**
 Address Line 2:
 City: **Versailles** State: **KY** Zip: **40383**
 Phone: **859-333-9742** Fax: **859-251-4137**

Applicant Contact (AC) Information

Name: **Joe Hammond**
 Title: **Business Manager**
 Organization: **Martin County Utilities**
 Address Line 1: **38 7 E Main St**
 Address Line 2:
 City: **Inez** State: **KY** Zip: **41224**
 Phone: **606-626-7748** Fax: **606-298-4913**

Project Engineer (PE) Information:

This project requires a licensed Professional Engineer.

License No: **PE 24022**

PE Name: **James C. Thompson**

Phone: **859-251-4127** Fax: **859-251-4137**

E-Mail: **jthompson@kyengr.com**

Firm Name: **Kentucky Engineering Group PLLC**

Addr Line 1: **Kentucky Engineering Group PLLC**

Addr Line 2: **161 North Locust Street**

Addr Line 3:

City: **Versailles** State: **KY** Zip: **40383**

Status: **Current** Disciplinary Actions: **NO**

Issued: **01-05-2005** Expires: **06-30-2018**

Engineering Firm Information:

Permit No: **2889**

Firm Name: **Kentucky Engineering Group PLLC**

Phone: **859-251-4127** Fax: **859-251-4137**

Web URL: **http://www.kyengr.com/**

E-Mail: **jthompson@kyengr.com**

Addr Line 1: **161 N. Locust St.**

Addr Line 2:

City: **Versailles** State: **KY** Zip: **40383**

Status: **Current** Disciplinary Actions: **NO**

Issued: **02-19-2009** Expires: **12-31-2017**



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

Estimated Budget

Project Cost Classification:

Administrative Exp.:	
Legal Exp.:	
Land, Appraisals, Easements:	
Relocation Exp. & Payments:	
Planning:	
Engineering Fees - Design:	\$ 51,200
Engineering Fees - Construction:	\$ 12,800
Engineering Fees - Inspection:	\$ 44,000
Engineering Fees - Other:	
Construction:	\$ 1,200,000
Equipment:	
Miscellaneous:	
Contingencies:	\$ 67,000
Total Project Cost:	\$ 1,375,000

Construction Cost Categories:

Treatment:	
Transmission & Distribution:	\$ 1,200,000
Source:	
Storage:	
Purchase of Systems:	
Restructuring:	
Land Acquisition:	
Non-Catagorized:	
Total Construction:	\$ 1,200,000

Total Sustainable Infrastructure Costs:

Note: Total Sustainability Infrastructure Costs are included within construction and other costs reported in this section. This breakout is provided for SRF review purposes.

Project Funding Sources:

Total Project Cost: **\$1,375,000**
 Total Committed Funding: **\$0**
 Funding Gap: **\$1,375,000 (Not Funded)**

This project will be requesting SRF funding for fiscal year 2019.

Estimated Project Schedule:

Est. Environmental Review Submittal Date:	10-10-2017
Estimated Bid Date:	12-15-2017
Estimated Construction Start Date:	02-01-2018
Estimated Construction Completion Date:	12-31-2018

Funding Source	Loan or Grant ID	Fiscal Year	Amount	Status	Applicable Date
KIA SRF Fund F Loan (DW)	F16-030	2016	\$2,760,960	Invited	9/16/2015
KIA SRF Fund F Loan (DW)		2017	\$3,599,900	Invited	10/28/2016
ARC		2017	\$1,100,000	Anticipated	
KIA Fund B Loan		2018	\$275,000	Anticipated	
Total Committed					

Funding Source Notes:

The following systems are beneficiaries of this project:

KY0800273 Martin County Water District

Note: Check mark indicates primary system for this project.

Project Ranking by AWMPC:

Regional Ranking(s):

Plans and specs have been sent to DOW.

Plans and specs have been reviewed by DOW.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

Planning Unit Ranking:

Plans and specs have been sent to PSC.

Total Points:

Plans and specs have been reviewed by PSC.

Economic, Demographic and Geographic Impacts

Economic Impacts	
Jobs Created:	
Jobs Retained:	

*Demographic Impacts (GIS Census Overlay)			
Serviceable Demographic	Project Area	Included Systems	Included Utilities
Population:	640	12,175	12,170
Households:	286	5,093	5,093
MHI:	\$23,783	\$25,814	*\$25,814
MHI MOE	\$6,630	\$6,163	*\$6,163
MOE as Pct:	28%	24.0%	24.0%
**NSRL:		2	2

Population and household counts are based on 2010 census block values from the SF1 (100%) dataset.

MHI Source is from the American Community Survey 2011-2015 5Yr Estimates (Table B19013) *(for the primary system operated by the above listed beneficiary utilities).

MHI MOE = Med HH Income Margin of Error.

** NSRL (Non-Standard Rate Levels):

0 = Income above Kentucky MHI (KMHI).

1 = Income between 80% KMHI and KMHI.

2 = Income less than or equal to 80% KMHI.

- KMHI = \$43,740

- 80% KHMI = \$34,992

Geographic Impacts For Project Area	
Counties	
Martin	
Legislative Districts	
District Name	Legislator
House 093	Chris Harris
Senate 31	Ray S. Jones II
Congressional 5	Hal Rogers
Groundwater Sensitivity Zones	
HUC 10 Watersheds	
HUC Code	Watershed Name
0507020105	Wolf Creek-Tug Fork
0507020106	Rockcastle Creek-Tug Fork

Geographic Impacts For Included System(s)	
Counties	
Johnson	
Lawrence	
Martin	
Legislative Districts	
District Name	Legislator
House 093	Chris Harris
House 096	Jill York
House 097	Scott Wells
Senate 30	Brandon Smith
Senate 31	Ray S. Jones II
Congressional 5	Hal Rogers

New Customers	
New Residential Customers:	
New Commercial Customers:	
New Institutional Customers:	
New Industrial Customers:	

New or Improved Service		
Service Demographic	Survey Based	Census Overlay*
To Unserved Households:		
To Underserved Households:	675	286
To Total Households:	675	286
** Cost Per Household:	\$2,037	

* GIS Census block overlay figures are estimates of population and households potentially served by systems and projects based on a proximity analysis of relevant service lines to census block boundaries.

** Cost per household is based on surveyed household counts, not GIS overlay values.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

DW Specific Impacts:

- This project relates to a public health emergency.
- This project will assist a non-compliant system to achieve compliance.
- This project will assist a compliant system to meet future requirements
- This project will provide assistance not compliance related.
- This project is necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree.
- Primary system has not received any SDWA Notices of Violation within the previous state fiscal year-July through June, i.e. July 2014 – June 2015).

Project Inventory (Mapped Features):

Mapped Line Features

DOW Permit ID	Line Type	Purpose	Activity	Size (in.)	Material	Length (LF)
KY0800273	WATER LINE: FINISHED	DISTRIBUTION	REHAB - REPLACE UNDERSIZED LINES	6.00	PVC	86,425
KY0800273	WATER LINE: FINISHED	DISTRIBUTION	REHAB - REPLACE UNDERSIZED LINES	8.00	PVC	9,753
Total Length						96,178

Administrative Components:

- Planning
 Design
 Construction
 Management

Regionalization Components:

Public Water Systems Eliminated:

- this project includes the elimination of public water system(s) through merger or acquisition.

Water Treatment Plants Eliminated:

- This project includes the elimination of water treatment plant(s) through interconnect(s).

Supplementation of Raw Water Supply:

- This project includes supplementing the existing raw water supply.

Supplementation of Potable Water Supply:

- This project includes supplementing the existing potable water supply.

Emergency Only Water Supply:

- This project provides emergency only water supply.

Water Source Protection:

- This project includes land acquisition for water source protection.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements



Water Treatment Components:

- This project includes water treatment components

Treatment Activities:

- This project includes a new water treatment plant.
- This project includes an expansion of an existing water treatment plant.
- This project includes rehabilitation of an existing water treatment plant.
- This project includes upgrades to an existing water treatment plant.
- This project includes emergency power generators for treatment activities.
- This project includes redundant treatment processes.

Acute Public Health Risk:

- This project includes infrastructure options to meet Cryptosporidium removal/inactivation requirements.
- This project includes infrastructure options to meet CT inactivation requirements.

Chronic Public Health Risk:

- This project includes treatment modifications to meet the Disinfectants/Disinfection Byproducts Rule at the water treatment plant.
- This project will provide treatment modifications for VOCs, IOC, SOC, or Radionuclides.

Secondary Contaminants:

- This project includes treatment modifications to address Secondary Contaminants.

Security:

- This project includes security components for water treatment facilities.

Water Distribution and Storage:

- This project includes water distribution and/or storage components.

Water Line Extensions:

- This project includes water line extension(s).

Redundancy Components:

- This project includes emergency power generators for distribution and/or storage activities.

Number of units provided: 0

- This project includes redundant distribution and/or storage processes.

Finished Water Quality:

- This project includes infrastructure to address inadequate water turnover and disinfection byproducts (DBPs).
- This project includes infrastructure to address inability to maintain disinfection residual.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

Water Line Replacement:

- This project replaces problem water lines (breaks, leaks, or restrictive flows due to age), water lines consisting of lead and/or asbestos-cement (AC), and/or inadequately sized water lines.

Water Storage and Pressure Components:

- This project includes the construction of new water tank(s).
- This project includes the replacement of existing water tank(s).
- This project includes the rehabilitation of existing water tank(s).
- This project includes the construction of new pump station(s).
- This project includes new pump stations for boosting pressure .
- This project includes new pump stations for filling water tanks.
- This project includes the rehabilitation of existing pump station(s).

Security:

- This project includes security components for water distribution infrastructure.

Sustainable Infrastructure - Green Infrastructure:

Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site and neighborhood-specific practices, such as:

Component	Cost
<input type="checkbox"/> Bioretention	
<input type="checkbox"/> Trees	
<input type="checkbox"/> Green Roofs	
<input type="checkbox"/> Permeable Pavement	
<input type="checkbox"/> Cisterns	

Total Green Infrastructure Cost: \$0

There are no Green Infrastructure components specified for this project.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

Sustainable Infrastructure - Water Efficiency:

The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include:

Component	Cost
<input type="checkbox"/> Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals).	
<input type="checkbox"/> Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement).	
<input type="checkbox"/> Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention.	
<input type="checkbox"/> Retrofitting/adding AMR capabilities or leak equipment to existing meters.	
<input type="checkbox"/> Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction in demand to alleviate the need for additional capital investment.	
<input type="checkbox"/> Developing conservation plans/programs reasonable expected to result in a water conserving capital project or in a reduction in demand to alleviate the need for capital investment.	
<input type="checkbox"/> Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse).	
<input type="checkbox"/> Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems.	
<input type="checkbox"/> Water meter replacement with traditional water meters.*	
<input checked="" type="checkbox"/> Distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks.*	\$675,000
<input type="checkbox"/> Storage tank replacement/rehabilitation to reduce water loss.*	
<input type="checkbox"/> New water efficient landscape irrigation system, where there currently is not one.*	
Total Water Efficiency Cost:	\$675,000

** Indicates a business case may be required for this item.*

Existing service lines will be replaced. These lines are a source of water loss.

Sustainable Infrastructure - Energy Efficiency:

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include:

Component	Cost
<input type="checkbox"/> Renewable energy projects, which are part of a public health project, such as wind, solar, geothermal, and micro-hydroelectric that provides power to a utility.	
<input type="checkbox"/> Utility-owned or publicly-owned renewable energy projects.	
<input type="checkbox"/> Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas.	
<input type="checkbox"/> Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (including variable frequency drives (VFDs)).*	
<input type="checkbox"/> Pump refurbishment to optimize pump efficiency.*	
<input type="checkbox"/> Projects that result from an energy efficient related assessment.*	
<input type="checkbox"/> Projects that cost effectively eliminate pumps or pumping stations.*	
<input type="checkbox"/> Projects that achieve the remaining increments of energy efficiency in a system that is already very efficient.*	
<input type="checkbox"/> Upgrade of lighting to energy efficient sources.*	
<input type="checkbox"/> Automated and remote control systems (SCADA) that achieve substantial energy savings.*	
Total Energy Efficiency Cost:	\$0

** Indicates a business case may be required for this item.*

There are no Energy Efficiency components specified for this project.



Drinking Water Project Profile

WX21159006 - Martin County Water District
ARC Water System Improvements

Sustainable Infrastructure - Environmentally Innovative:

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include:

Component	Cost
<input type="checkbox"/> Total integrated water resources management planning, or other planning framework where project life cycle costs are minimized, which enables communities to adopt more efficient and cost-effective infrastructure solutions.	
<input type="checkbox"/> Plans to improve water quantity and quality associated with water system technical, financial, and managerial capacity.	
<input type="checkbox"/> Source water protection planning (delineation, monitoring, modeling).	
<input type="checkbox"/> Planning activities to prepare for adaptation to the long-term effects of climate change and/or extreme weather.	
<input type="checkbox"/> Utility sustainability plan consistent with EPA's sustainability policy.	
<input type="checkbox"/> Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility.	
<input type="checkbox"/> Construction of US Building Council LEED certified buildings, or renovation of an existing building.	
<input type="checkbox"/> Projects that significantly reduce or eliminate the use of chemicals in water treatment.*	
<input type="checkbox"/> Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals.*	
<input type="checkbox"/> Trenchless or low impact construction technology.*	
<input type="checkbox"/> Using recycled materials or re-using materials on-site.*	
<input type="checkbox"/> Educational activities and demonstration projects for water or energy efficiency (such as rain gardens).*	
<input type="checkbox"/> Projects that achieve the goals/objectives of utility asset management plans.*	
Total Environmentally Innovative Cost:	\$0

** Indicates a business case may be required for this item.*

There are no Environmentally Innovative components specified for this project.

Sustainable Infrastructure - Asset Management:

If a category is selected, the applicant must provide proof to substantiate claims. The documents must be submitted to Anshu Singh (Anshu.Singh@ky.gov) for CW projects

Component
Last Rate Adjustment Date: 07-07-2011 Download Fee Schedule
Rate Adjustment Age: 78 months
System's monthly water bill, based on 4,000 gallons, as a percentage of MHI: 0.15%
<input type="checkbox"/> The system(s) has a Capital Improvement Plan or similar planning document.
<input type="checkbox"/> The system(s) involved in this project have specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure.

Project Status: Approved

Date Approved: 12-09-2014

Date Revised:

Exhibit # 9
Annual Budget

Special Purpose Governmental Entity (SPGE) Financial Disclosure Report

Click [DASHBOARD](#) to go back to your SPGE dashboard or use the navigation bar at left to visit other pages on this site..

SPGE Information		
NAME: Linda Sumpter CPA	PHONE: (606) 298-4189	DATE: 06/27/2017
ADDRESS: 397 East Main Street, Suite 140	EMAIL: llnda@llndasumptercpa.com	
CITY: Inez	STATE: KY	ZIP: 41224
DO YOU HAVE A DULY ADOPTED BUDGET IN PLACE? Yes	IF NO, EXPLANATION:	

Budget Information			
	Due Jan 15	As of Dec 31	Due Mar 1
DESCRIPTION	CURRENT YEAR ESTIMATES	AMENDMENTS / TRANSFERS	YEAR END ACTUALS
Utility Operating Income			
Operation Revenues	\$2,169,550.00	\$0.00	\$0.00
Operation and Maintenance Expenses	\$1,805,365.00	\$0.00	\$0.00
Depreciation Expense	\$773,500.00	\$0.00	\$0.00
Amortization Expense	\$1,662.00	\$0.00	\$0.00
Taxes Other Than Income	\$43,518.00	\$0.00	\$0.00
Net Utility Operating Expenses	\$2,624,045.00	\$0.00	\$0.00
UTILITY OPERATING INCOME (LOSS)	(\$454,495.00)	\$0.00	\$0.00
Other Income and Deductions			
Net Results / Merchandising, Jobbing & Contract Work	\$0.00	\$0.00	\$0.00
Interest and Dividend Income	\$195.00	\$0.00	\$0.00
Income from Utility Plant Leased to Others	\$0.00	\$0.00	\$0.00
Gains (Losses) form Disposition of Utility Property	\$0.00	\$0.00	\$0.00
Borrowed Money	\$0.00	\$0.00	\$0.00
Allowance for Funds Used During Construction	\$0.00	\$0.00	\$0.00
Nonutility Income	\$0.00	\$0.00	\$0.00
Other Income Subtotal	\$195.00	\$0.00	\$0.00
Miscellaneous Nonutility Expense	\$0.00	\$0.00	\$0.00
Taxes Other Than Income	\$0.00	\$0.00	\$0.00
Interest Expense	\$96,331.00	\$0.00	\$0.00
Capital Expenditures	\$0.00	\$0.00	\$0.00
Principal Loan Payments	\$49,924.00	\$0.00	\$0.00

Other Deductions Subtotal	\$146,255.00	\$0.00	\$0.00
TOTAL OTHER INCOME (DEDUCTIONS)	(\$146,060.00)	\$0.00	\$0.00
Net Assets			
Income Before Contributions and Extraordinary Items	(\$600,555.00)	\$0.00	\$0.00
Carryover from Prior Fiscal Year	\$22,500.00	\$0.00	\$0.00
Proceeds from Capital Contributions	\$0.00	\$0.00	\$0.00
Add in Depreciation / Amortization	\$775,162.00	\$0.00	\$0.00
Net Extraordinary Items	\$0.00	\$0.00	\$0.00
CHANGE IN NET ASSETS (ENDING CASH BALANCE)	\$197,107.00	\$0.00	\$0.00

Exhibit # 10
Blue Water Kentucky

AT&T Mail att.net Mobile DIRECTV U-verse att.com

En Español

Q All jhammond58, search your mailbox

Search Mail

Search Web

Home

Joe



Compose

Navigation icons: back, forward, archive, move, delete, spam, collapse all, expand all, close

AdChoices

Inbox (6)

Drafts (3)

Sent

Archive

Spam (180)

Trash (31)

Smart Views

Important

Unread

Starred

People

Social

Shopping

Travel

Finance

Folders (41)

911

A J

Aaron

Aep

Agreed Order

Aileen

Allstate

Amanda

Andy Dallas

Annie

Appalachian wireless

AT&T

Bill Harvey (1)

Bob Gambrel

Bob Scott

Bob Taylor

Boil Water (6)

Bonnie

Bowie Clark

Brenton

Brian Cumbo

Bryan Lovan

Bryan Moore

CCR

CDP Maps

Cheryl

Chris Alverson

CI

Cintas

Clem

Contras

Corey

Crystal

David Robinette

Deleted

Deleted Messages

Donna Marlin McNeil

yago1 on flickr

Martin County Water Rate Study (2)

Gregory Heitzman Linda, KY Rural Water is gong to assist MCWD with . Aug 3 at 3:36 PM

Gregory Heitzman <Gheitzman@bluewaterky.com> Aug 3 at 3:36 PM

To Linda Sumpter
CC Bill Harvey, Joe Hammond, Alan Vilines, Gary Larimore, Joe Burns

Linda, KY Rural Water is gong to assist MCWD with a water rate study. Alan Vilines will be preparing the study.

Can you send us the 2016 Annual Financial Audit and the 2016 PSC Annual Report. Also, Alan will contact you following this email for additional updated reports from 2016 (similar to what you sent him for 2015).

Call me with any questions.

Greg C. Heitzman, PE, MBA
BlueWater Kentucky
[502-533-5073](tel:502-533-5073) mobile

Reply Reply to All Forward More

Click to reply all

Send icons: link, text, bold, italic, underline, list, link, unlink, smile, back, trash, plus

AT&T Mail att.net Mobile DIRECTV U-verse att.com

En Español

All jhammond58, search your mailbox

Search Mail

Search Web

Home

Joe



Compose

Archive Move Delete Spam More

- Inbox (6)
- Drafts (3)
- Sent
- Archive
- Spam (180)
- Trash (31)
- Smart Views
 - Important
 - Unread
 - Starred
 - People
 - Social
 - Shopping
 - Travel
 - Finance
- Folders (41)
 - 911
 - A J
 - Aaron
 - Aep
 - Agreed Order
 - Aileen
 - Allstate
 - Amanda
 - Andy Dallas
 - Annie
 - Appalachian wireless
 - AT&T
 - Bill Harvey (1)
 - Bob Gambrel
 - Bob Scott
 - Bob Taylor
 - Boil Water (6)
 - Bonnie
 - Bowie Clark
 - Brenton
 - Brian Cumbo
 - Bryan Lovan
 - Bryan Moore
 - CCR
 - CDP Maps
 - Cheryl
 - Chris Alverson
 - Cl
 - Cintas
 - Clem
 - Contras
 - Corey
 - Crystal
 - David Robinette
 - Deleted
 - Deleted Messages
 - Donna Marlin McNeil

Next PSC hearing date.

Gregory Heitzman <Gheitzman@bluewaterky.com> Jul 25 at 9:48 AM
 To Brian Cumbo
 CC Bill Harvey, Joe Hammond

Brian, can you contact the PSC to find out the following:

1. The date, time, location of their public meeting in Inez, August 29. Pls ask them if the District can have time on the agenda. I would be glad to represent the District at the meeting and provide an update to the public on our actions to date. If you can find out today, pls let Bill and Joe know, so they can announce the August 29 public meeting at the Board meeting today.
2. The next hearing date and time. I am trying to arrange a travel schedule in Sept, and right now will be traveling out of town Sept 1-17.

Greg C. Heitzman, PE, MBA
 BlueWater Kentucky
[502-533-5073](tel:502-533-5073) mobile

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Send [Rich Text Editor Icons]

yago1 on flickr

Summary Report of Activities – June 2017



DATE: July 14, 17

SUBJECT: June 2017 Activity Report

TO: Martin County Water District

FROM: Greg Heitzman

The following activities for the Martin County Water District are reported for the month of June, 2017.

June 1, 2017 – BlueWater Kentucky entered into a contract with Martin County Water District (MCWD) to provide managerial services, including a review of operations, management and leadership of the MCWD. The scope includes review of annual Kentucky PSC reports, annual Kentucky DOW reports and 2013-15 annual audits of the MCWD and other reports (PSC filings, 2007 Management Audit, rate studies, annual budgets, etc.); review of the governance, leadership, management and operations of MCWD; review of policies and procedures and practices of the MCWD; review of annual revenue and expenses; and review of water loss history. The scope includes providing recommendations to the MCWD.

June 5-9, 2017 - Begin review of various documents, including 2007 Management Audit and Action Plan, annual Financial Audits, and Kentucky PSC Reports in preparation for visit to MCWD on June 13, 2017.

June 13-14, 2017 – Visit Inez, Kentucky to meet with the following:

- Leadership: Chair MCWD: Bill Harvey
- Business and a Operations staff: Joe Hammond, John Mills, and Earl Alley
- Accounting/Finance: Linda Sumpter and Raymond Sumpter
- General Counsel: Brian Cumbo
- Kentucky Rural Water: Joe Burns

The site visit included review of leadership, management and operations for insight on past and current activities. The site visit also included a review of the contract with Prestonsburg to supply water to the Federal Prison and a visit to the Airport/Prison Booster pump station and 1 million gallon storage tank. A visit to the water treatment plant to review operations of clarifier, filters, disinfection and pumping.

June 15-30, 2017 – Continue review of management reports and revenue/expense history and accounts payable. Review historical operating practices, through conversation with Joe Burns and Gary Larimore of Kentucky Rural Water Association and Roger Rectenwald of Kentucky Association of Counties (KACO). Begin review of capital investment needs, for source, plant, pumping, storage, distribution, hydrants and service/meter infrastructure. Begin review of current rate structure and rate studies. Begin research on opportunities for grant funding for infrastructure upgrades. Review news articles covering the concerns of local residents regarding the water supply and water quality from MCWD.

Next site visit is planned for mid-August 2017

Page 1 of 2



- **See Exhibit # 10**