

Rubin & Hays

ATTORNEYS AT LAW

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

RECEIVED

February 1, 2017

FEB 6 2017

Public Service
Commission

Dr. Talina Mathews
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

Case No. 2017-00063

Re: Western Pulaski County Water District PSC Application for authorization to issue securities and issuance of a CPCN

Dear Dr. Mathews:

Enclosed please find the original and ten (10) copies of the Application of the Western Pulaski County Water District for a Certificate of Public Convenience and Necessity to construct a water system improvements project and issue securities pursuant to KRS 278.300 and 807 KAR 5:001.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069 and a CD with the Plans and Specifications and 2 paper copies of the location maps.

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

Sincerely,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Re: Western Pulaski County Water District PSC Application for Authorization to issue Securities and the Issuance of a CPCN - 2017 Water System Improvements Project.

Ms. Tammy Vaught, Office Manager
Western Pulaski County Water District
2128 West Highway 80
Somerset, Kentucky 42503
tvaughtwpcwd@windstream.net

Telephone: (606) 679-1569
Fax: (606) 677-9449

Deron S. Byrne, P.E.
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, Kentucky 40342
dbyrne@monarchengineering.net

Telephone: (502) 839-1310
Fax: (502) 839-1373

W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
wrjones@rubinhays.com

Phone: (502) 569-7534
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RECEIVED

FEB 6 2017

Public Service
Commission

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

IN THE MATTER OF:

THE APPLICATION OF WESTERN PULASKI)
COUNTY WATER DISTRICT FOR THE)
ISSUANCE OF A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
CONSTRUCT A WATER IMPROVEMENTS) Case No. 2017-00063
PROJECT AND AUTHORIZING THE)
ISSUANCE OF SECURITIES FOR THE)
PURPOSE OF FINANCING SAID PROJECT)
PURSUANT TO THE PROVISIONS OF KRS 278.300)
AND 807 KAR 5:001)

** *** **** ***** **** *** **

APPLICATION

The Applicant, Western Pulaski County Water District (the "District"), files this Application pursuant to KRS 278.300, 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") granting the District a Certificate of Public Convenience and Necessity ("CPCN") to construct a Phase 1 of a 2 phase waterworks improvements project and entering an Order authorizing the District to issue certain securities in the approximate principal amount of \$3,304,000 for the purpose of financing said waterworks improvements project. In support of this Application, and in compliance with the rules and regulations of the Commission, the District states as follows:

1. The District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the County Judge/Executive of Pulaski County,

Kentucky which Order is on file in the County Court Order Books in the office of the Clerk of Pulaski County, Kentucky. The District is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with reference to the District are incorporated in this Application by reference. The District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of the District is as follows:

Western Pulaski County Water District
c/o Ms. Tammy Vaught, Office Manager
2128 West Highway 80
Somerset, Kentucky 42503
Telephone: (606) 679-1569
Fax: (606) 677-9449
Email: tvaughtwpcwd@windstream.net

4. A general description of the District's water system property, together with a statement of the original cost, is contained in the District's Annual Report for 2015 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Pursuant to 807 KAR 5:001, Section 15 - Applications for Certificates of Public Convenience and Necessity, the District hereby responds as follows:

- (i) Section 15(2)(a): Facts Relied Upon to Show Public Necessity: See **Exhibit "A"** attached hereto which also includes a project description.

- (ii) Section 15(2)(b): Copies of Permits: The only required permit for this Project is the Kentucky Division of Water Construction Permit, a copy of which is attached hereto as **Exhibit “B”**.
- (iii) Section 15(2)(c): Description of Proposed Location or Route. All construction will be confined to the existing tank site at Hickory Nut Ridge along Hopeful Church Road in Pulaski County, Kentucky. All improvements to be constructed will be a direct replacement of existing infrastructure which is currently in use. The District is the only supplier of potable water in this area of Pulaski County, therefore, the improvements will not compete with any other public utilities.
- (iv) Section 15(2)(d)(1) and (2): Three Maps to Suitable Scale and Plans and Specifications: two paper maps and one .pdf on electronic storage medium map showing the location of the proposed Project are included with this Application. Also the Plans and Specifications in .pdf format on electronic storage medium are being filed with this Application.
- (v) Section 15(2)(e) Financing: This Project is phase 1 of a 2 phase project and is being financed with a portion of a \$3,304,000 loan from Kentucky Infrastructure Authority ("KIA") Federally Assisted Drinking Water Revolving Loan Fund (“DWSRF Loan”). A copy of the DWSRF Loan Conditional Commitment Letter, dated November 16, 2015 along with a KIA letter dated November 30, 2016 granting the District a six month extension

is attached hereto as **Exhibit “C”**. The District will request a CPCN from the Commission on Phase 2 of the Project after the bids have been let.

(vi) Section 15(2)(e) Estimated Cost of Operation: the estimated cost of operation of the system after the proposed Project is placed in service (Cash Flow Projections) is attached hereto as **Exhibit “D”**.

6. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; the District hereby responds as follows:

(i) Section 12(1)(b): The District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes to the District’s financial condition have occurred since the end of the twelve (12) month period contained in the District’s most recent annual report on file with the Commission.

(ii) Section 12(2)(a), (b) and (c) Stock: The District does not have any authorized, issued or outstanding stock as of the date hereof.

(iii) Section 12(2)(d) Mortgages: The District does not have any outstanding mortgages as of the date hereof.

(iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of the District is contained in the 2015 Annual Report on file with this Commission.

(v) Section 12(2)(h) Dividends: The District has no outstanding stock and therefore pays no dividends.

- (vi) Section 12(2)(i) Financial Statements: Detailed Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows for the years ended December 31, 2015 and 2014 are attached hereto as **Exhibit “E”**.
7. Pursuant to 807 KAR 5:001, Section 18, the District hereby responds as follows:
- (i) Section 18(1)(a): The District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of the District’s property, its field of operation and a statement of original cost of said property and the cost to the District is contained in the District’s 2015 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): The District is not issuing any stock as part of this financing. The information concerning the proposed DWSRF Loan is contained as an Exhibit to this Application. The DWSRF Loan will be secured by and payable from the gross revenues of the District’s water system.
 - (iv) Section 18(1)(d): A portion of the proceeds of the DWSRF Loan are being used to finance the construction of the Project. See the Final Project Budget spreadsheet attached hereto as **Exhibit “F”**.
 - (v) Section 18(1)(e): no real property is being acquired with the proceeds of the DWSRF Loan. As stated above, the Project consists of the construction of a 300,000 elevated water storage tank.

- (vi) Section 18(1)(f): No proceeds of the DWSRF Loan will be used to refund outstanding obligations of the District.
 - (vii) Section 18(1)(g): Written notification of the proposed issuance of the DWSRF Loan is being provided to the State Local Debt Officer (see **Exhibit "G"** attached hereto).
 - (viii) Section 18(2)(a): See paragraph #6 above.
 - (ix) Section 18(2)(b): The District does not have any outstanding trust deeds or mortgages.
 - (x) Section 18(2)(c): Attached as **Exhibit "H"** is a breakdown of the Project costs. All costs will be added to Account #330 (distribution reservoirs and standpipes) in the Uniform System of Accounts.
8. A certified copy of the bid tabulations for Contract 1 is attached hereto as **Exhibit "I"**.
9. A rate adjustment will be necessary in connection with the DWSRF Loan. The District is in the process of preparing an Alternative Rate Filing requesting Commission approval of a rate increase. The ARF application should be ready for filing within the next 2 weeks.

WHEREFORE, the District respectfully requests that the Commission take the following actions:

- A. A certificate of public convenience and necessity permitting the Applicant to construct Phase I of the water system improvement project; and
- B. An order approving the issuance of securities in the form of a DWSRF Loan in the principal amount of \$3,304,000.

Western Pulaski County Water District

By 
Don Calder, Chairman
2128 West Highway 80
Somerset, Kentucky 42503
Telephone: (606) 679-1569
Fax: (606) 677-9449
Email: tvaughtwpcwd@windstream.net

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7525
Fax: (502) 569-7555
Counsel for Western Pulaski County Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF PULASKI)

The affiant, Don Calder, being first duly sworn, states: That he is the Chairman of the Western Pulaski County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 26 day of January, 2017.



Don Calder, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Don Calder, Chairman of the Western Pulaski County Water District, on this the 26 day of January, 2017.

My Commission expires: 10/27/17.



NOTARY PUBLIC

STATEMENT OF PUBLIC NECESSITY OF PROJECT
WESTERN PULASKI COUNTY WATER DISTRICT
WATER SYSTEM IMPROVEMENTS & REPLACEMENTS:
CONTRACT 1 – HICKORY NUT WATER STORAGE TANK REPLACEMENT

The project entails the construction of one (1) 300,000 gallon elevated water storage tank to replace an existing 100,000 gallon ground water storage tank at Hickory Nut Ridge along Hopeful Church Road in the northwestern portion of the Western Pulaski County Water District (District).

The new elevated water storage tank will be constructed adjacent to the existing ground water storage tank in the northwestern portion of District's system which was constructed in the early 1990's. The replacement of the existing 100,000 gallon water storage tank in the northwestern portion of the District's system is proposed based on the upcoming need for the overall renovation of the structure. The steel ground storage tank will require a major overhaul in the form of some minor structural repair along with repainting the entire interior and exterior surfaces. Due to the cost involved in the repair of the structure, and the District's desire to continue to maintain an adequate level of service that will continue into the future, the best alternative is that which will replace the structure with a new elevated water storage tank. As a result of the growth in the northwestern community of the water system has reached the point where it is unable to consistently supply the necessary amount of water on a continuous basis to this service area. Data obtained by the District reveals that system pressures drop during peak demand periods to a level just above the regulatory standard. In order to return to a safe level of operation the District is planning to construct a new 300,000 gallon elevated water storage tank and remove the existing 100,000 gallon ground water storage tank.

PROJECT DESCRIPTION

WESTERN PULASKI COUNTY WATER DISTRICT WATER SYSTEM IMPROVEMENTS & REPLACEMENTS: CONTRACT 1 – HICKORY NUT WATER STORAGE TANK REPLACEMENT

The Western Pulaski County Water District is currently pursuing improvements to its water system within Pulaski County at an existing 100,000 gallon ground water storage tank known as the Hickory Nut Tank. This project is Contract 1 of a two phase project that is being funded by the KIA Kentucky State Revolving Fund F (SRF), DWSRF Loan Number F16-003. The project entails the construction of one (1) 300,000 gallon elevated water storage tank to replace an existing 100,000 gallon ground water storage tank at Hickory Nut Ridge along Hopeful Church Road.

The total construction cost as bid is \$870,430.00, with a final project budget of \$3,304,000.00. The project is funded through a KIA State Revolving Fund (Fund F) Loan in the amount of \$3,304,000.



MATTHEW G. BEVIN
GOVERNOR

CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
Department for Environmental Protection

Aaron B. Keatley
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

November 10, 2016

Mr. Don Calder
Western Pulaski County Water District
1059 W. Hwy 80
Somerset, KY 42503

RE: F16-003
Western Pulaski Co Water District--34092
Contract 1: WSI & Replacement – Hickory
Nut Water Storage Tank Replacement
Activity ID: FGL20160003

Dear Mr. Calder:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract. The DOW approves these plans and specifications with respect to sanitary features of design in accordance with the requirements contained in the attached construction permit. These plans include the construction of a 300,000 gallon elevated water storage tank to replace the existing 100,000 gallon ground storage tank at Hickory Nut Ridge Rd. The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We are sending one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, two (2) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

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

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

F16-003
Western Pulaski Co Water District--34092
Contract 1: WSI & Replacement -Hickory
Nut Water Storage Tank Replacement
Activity ID: FGL20160003
November 10, 2016
Page 2 of 3

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

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

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

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

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

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

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

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

The construction permit included in this letter has been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not

F16-003
Western Pulaski Co Water District--34092
Contract 1: WSI & Replacement -Hickory
Nut Water Storage Tank Replacement
Activity ID: FGL20160003
November 10, 2016
Page 3 of 3

relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Mohammed Mohiuddin, Project Engineer, at (502) 782-7020 for technical review questions and Buddy Griffin, SRF Project Administrator at 502-782-6958 for SRF funding questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Humphries', written in a cursive style.

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH: MM

Enclosures

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

C: Monarch Engineering, Inc.
Kentucky Infrastructure Authority
Cabinet for Economic Development
Pulaski County Health Department
Division of Plumbing

F16-003
Western Pulaski County Water District
Contract 1: WSI & Replacement – Hickory
Nut Water Storage Tank Replacement

SRF ELIGIBLE ITEMS:

Contract No.1: No ineligible items determined

SRF INELIGIBLE ITEMS:

Contract No.1: No ineligible items determined

APPROVAL CONDITIONS:

1. Provide Clear Site Certificates
2. Complete and return the Project Review and Cost Summary Form.
3. Include the most recent version of the SRF Supplemental General Conditions (Feb 2016) in the as-bid specifications.



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340

Frankfort, Kentucky 40601

Phone (502) 573-0260

Fax (502) 573-0157

<http://kia.ky.gov>

Steven L. Beshear

Governor

November 16, 2015

Western Pulaski County Water District
Don Calder, Chairman
1059 W. Hwy. 80
Somerset, KY 42503

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F16-003)

Dear Chairman Calder:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On November 5, 2015, the Authority approved your loan for the Water System Improvements & Replacements project, subject to the conditions stated below. The total cost of the project shall not exceed \$3,304,000 of which the Authority loan is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Western Pulaski County Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by November 16, 2016 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

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

1. The Authority project loan shall not exceed \$3,304,000.
2. This project does not qualify for principal forgiveness.

3. The loan shall bear interest at the rate of 1.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 20 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires an annual financial audit be provided for the life of

the loan.

12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

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

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.
7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds.

9. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the DWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as

Chairman Calder
November 16, 2015
Page 5

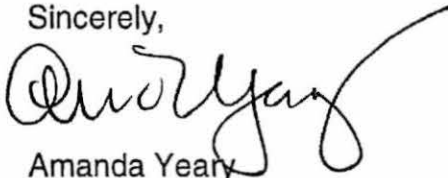
bid" project budget shall be reviewed and approved by the consulting engineer.

18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

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

Sincerely,



Amanda Yearly
Kentucky Infrastructure Authority

Attachments

cc: David Bowles, Monarch Engineering, Inc.
Joe McClendon, Manager
Dirk Bedarff, Peck, Shaffer & Williams LLP
Borrower File - Western Pulaski County Water District - F16-003

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

Accepted

Date



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

November 30, 2016

Western Pulaski County Water District
Attn: Don Calder, Chairman
1059 W. Hwy. 80
Somerset, KY 42503

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F16-003)
EXTENSION**

Dear Chairman Calder:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Drinking Water State Revolving Fund (DWSRF) loan F16-003 for the Water System Improvements and Replacement project. The Authority has extended the deadline for the Water District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was November 16, 2016. The new expiration date will be May 16, 2017. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

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

Sincerely,

Sandra K. Dunahoo

Kentucky Infrastructure Authority

C: David Bowles, Monarch Engineering, Inc.

WESTERN PULASKI COUNTY WATER DISTRICT

CASH FLOW PROJECTIONS

WATER SYSTEM RAISE MINIMUM \$2.00 WITH USDA LOAN IN 2017

	2013 (1)		2014 (1)		2015 (1)		2016 (2)		2017 (2) (3)		2018 (2)		2019 (2)		2020 (2)	
Operating Revenues																
Water Sales	2,602,091		2,720,434	4.5%	2,780,142	2.2%	2,780,142	0.0%	2,935,803	5.6%	2,968,919	1.1%	2,968,919	0.0%	2,968,919	0.0%
Service Charges & Other	153,982		164,435		111,757		120,000		120,000		120,000		120,000		120,000	
Total Revenues	2,756,073		2,884,869	4.7%	2,891,899	0.2%	2,900,142	0.3%	3,055,803	5.4%	3,088,919	1.1%	3,088,919	0.0%	3,088,919	0.0%
Operating Expenses																
Water Purchases	1,252,454		1,205,135	-3.8%	1,201,526	-0.3%	1,201,526	0.0%	1,201,526	0.0%	1,201,526	0.0%	1,201,526	0.0%	1,201,526	0.0%
Other Operating Expenses	1,353,707		1,427,796	5.5%	1,428,261	0.0%	1,456,826	2.0%	1,485,963	2.0%	1,515,682	2.0%	1,545,996	2.0%	1,576,916	2.0%
Depreciation	506,357		501,401	-1.0%	547,582	9.2%	558,534	2.0%	569,704	2.0%	581,098	2.0%	592,720	2.0%	604,575	2.0%
Total Operating Cash Flow Expenses	2,099,804		2,131,530	1.5%	2,082,205	-2.3%	2,099,819	0.8%	2,117,784	0.9%	2,136,110	0.9%	2,154,801	0.9%	2,173,867	0.9%
Net Operating Income	656,269		753,339		809,694		800,323		938,019		952,809		934,118		915,052	
Non-Operating Income & Expenses																
Interest Income	8,362		2,846		1,125		1,000		1,000		1,000		1,000		1,000	
Cash Available for Debt Service & Reserves	664,631		756,185		810,819		801,323		939,019		953,809		935,118		916,052	
Debt Service																
Principal	90,500		152,500		153,000		185,100		326,294		335,843		369,734		380,569	
Interest	135,477		134,828		147,710		162,050		301,707		294,184		286,120		275,968	
Total Debt Service	225,977		287,328		300,710		347,150		628,001		630,027		655,854		656,537	
Coverage Amount	438,654		468,857		510,109		454,173		311,018		323,782		279,264		259,515	
Coverage Ratio	2.9		2.6		2.7		2.3		1.5		1.5		1.4		1.4	

(1) Information taken from Annual Audit

(2) Estimated

(3) Raise Minimum \$2.00

WESTERN PULASKI COUNTY WATER DISTRICT
 Statements of Net Position
 December 31, 2015 and 2014

Assets	<u>2015</u>	Restated <u>2014</u>
Current Assets		
Cash	\$ 1,362,688	\$ 1,086,563
Accounts receivable	420,881	407,449
Prepaid assets	7,550	7,256
Inventory	<u>23,500</u>	<u>23,500</u>
Total Current Assets	<u>1,814,619</u>	<u>1,524,768</u>
Non-current Assets		
Restricted Assets		
Cash - RD Construction	-	196,809
Cash - Depreciation fund	217,570	170,111
Cash - Bond and interest	<u>235,221</u>	<u>185,650</u>
Total Restricted Assets	<u>452,791</u>	<u>552,570</u>
Capital Assets		
Land and land rights	481,988	481,988
Utility plant in service	20,357,017	19,567,775
Equipment	526,564	516,204
Accumulated depreciation	<u>(8,513,270)</u>	<u>(7,965,788)</u>
Net Capital Assets	<u>12,852,299</u>	<u>12,600,179</u>
Total Non-current Assets	<u>13,305,090</u>	<u>13,152,749</u>
 Total Assets	 <u>\$ 15,119,709</u>	 <u>\$ 14,677,517</u>
Deferred Outflows		
Current year pension contributions	<u>46,469</u>	<u>51,912</u>

WESTERN PULASKI COUNTY WATER DISTRICT
 Statements of Net Position, Concluded
 December 31, 2015 and 2014

Liabilities	<u>2015</u>	Restated <u>2014</u>
Current Liabilities		
Accounts payable	\$ 122,910	\$ 121,295
Construction accounts payable	25,854	196,809
Customer deposits	169,073	135,322
Accrued liabilities	17,373	13,583
Accrued interest	81,520	69,036
Current maturities of long-term debt	<u>183,000</u>	<u>153,000</u>
Total Current Liabilities	<u>599,730</u>	<u>689,045</u>
Long-term Liabilities		
Accrued compensated absences	17,851	17,851
Long-term debt, less current maturities	5,105,000	3,888,000
Note payable expected to be refinanced	-	1,305,512
Net pension liability	<u>388,639</u>	<u>439,754</u>
Total Long-term Liabilities	<u>5,511,490</u>	<u>5,651,117</u>
 Total Liabilities	 <u>6,111,220</u>	 <u>6,340,162</u>
 Deferred Inflows		
Net difference between projected and actual earnings on pension plan investments	 <u>43,382</u>	 <u>-</u>
Net Position		
Net Position		
Invested in capital assets, net of related debt	7,564,299	7,253,667
Restricted for equipment replacement	217,570	170,111
Restricted for debt retirement	235,221	185,650
Unrestricted	<u>994,486</u>	<u>779,839</u>
 Total Net Position	 <u>\$ 9,011,576</u>	 <u>\$ 8,389,267</u>

WESTERN PULASKI COUNTY WATER DISTRICT
Statements of Revenue, Expenses, and Changes in Net Position
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>Restated 2014</u>
Operating revenues:		
Residential water sales	\$ 2,625,388	\$ 2,600,813
Commercial water sales	154,754	119,621
Miscellaneous service revenues	<u>111,757</u>	<u>112,053</u>
Total operating revenues	<u>2,891,899</u>	<u>2,832,487</u>
Operating expenses:		
Water purchases	1,201,526	1,205,135
Utilities	83,407	85,133
Transmission and distribution expense	76,550	88,873
Meter readers	91,597	84,581
Office expense	60,497	60,780
Rent and lease expense	-	4,800
Transportation expenses	24,704	35,192
Insurance	41,572	40,570
Directors' fees	12,400	12,200
Employees' salaries and wages	307,119	318,120
Employees' pensions and benefits	88,618	100,993
Depreciation and amortization	547,482	501,401
PSC tax assessment	5,319	5,222
Professional fees	53,140	44,882
Bad debts	12,590	18,939
Miscellaneous	<u>23,266</u>	<u>26,110</u>
Total operating expenses	<u>2,629,787</u>	<u>2,632,931</u>
Operating income (loss)	<u>262,112</u>	<u>199,556</u>
Non-operating revenue (expenses):		
Rents from water property	47,119	52,382
Interest income	1,125	2,846
Interest expense on long-term debt	<u>(160,194)</u>	<u>(135,518)</u>
Total non-operating revenue (expenses)	<u>(111,950)</u>	<u>(80,290)</u>
Income/(loss) before capital contributions	<u>150,162</u>	<u>119,266</u>
Capital contributions		
Grant revenue	420,627	-
Tap fees	<u>51,520</u>	<u>64,297</u>
Total capital contributions	<u>472,147</u>	<u>64,297</u>
Increase (decrease) in net position	622,309	183,563
Net position:		
Beginning of year	<u>8,389,267</u>	<u>8,205,704</u>
End of year	<u>\$ 9,011,576</u>	<u>\$ 8,389,267</u>

The accompanying notes are an integral part of the financial statements.

WESTERN PULASKI COUNTY WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 2,912,218	\$ 2,917,540
Cash payments to suppliers for goods and services	(1,681,457)	(1,725,600)
Cash payments to employees for services	(398,027)	(419,113)
Net cash provided (used) by operating activities	<u>832,734</u>	<u>772,827</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(153,000)	(152,500)
Proceeds from bond issuance	1,400,000	-
Proceeds from interim financing	-	866,924
Payoff interim financing	(1,305,512)	-
Interest paid on long-term debt	(147,710)	(134,828)
Additions to capital assets	(799,602)	(1,249,151)
Decrease in construction payable	(170,955)	196,809
Grant revenue	420,627	-
Tap fees	51,520	64,297
Net cash provided (used) in financing activities	<u>(704,632)</u>	<u>(408,449)</u>
Cash flows from investing activities:		
Rental income	47,119	52,382
Interest income	1,125	2,846
Net cash provided by (used) in investing activities	<u>48,244</u>	<u>55,228</u>
Net increase (decrease) in cash and cash equivalents	176,346	419,606
Cash and cash equivalents, beginning of year	<u>1,639,133</u>	<u>1,219,527</u>
Cash and cash equivalents, end of year	<u>\$ 1,815,479</u>	<u>\$ 1,639,133</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income (loss)	\$ 262,112	\$ 251,938
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	547,482	501,401
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(13,432)	7,372
(Increase) decrease in prepaid assets	(294)	348
Increase (decrease) in accounts payable	1,615	(1,952)
Increase (decrease) in customer deposits	33,751	25,299
Increase (decrease) in accrued liabilities	1,500	(11,579)
Net cash provided (used) by operating activities	<u>\$ 832,734</u>	<u>\$ 772,827</u>

The accompanying notes are an integral part of the financial statements.

**FINAL PROJECT BUDGET
WESTERN PULASKI COUNTY WATER DISTRICT
PULASKI COUNTY, KENTUCKY
HICKORY NUT WATER STORAGE TANK
DECEMBER 2016**

PROJECT COSTS

DEVELOPMENT	\$870,430.00
CONTINGENCY	87,043.00
ENGINEERING DESIGN	78,860.96
CONSTRUCTION INSPECTION	51,007.20
GEOTECHNICAL INVESTIGATION	19,798.20
SURVEYING	2,814.50
ARCHAEOLOGICAL INVESTIGATION	5,468.55
PHASE 2 PORTION (has not been bid)	<u>2,188,577.59</u>
TOTAL PROJECT COSTS	\$3,304,000.00

PROJCET FINANCING

KENTUCKY INFRASTRUCTURE AUTHORITY	<u>\$3,304,000.00</u>
TOTAL PROJECT FINANCING	\$3,304,000.00

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT

February 1, 2017

Honorable Sandra K. Dunahoo
Commissioner and State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: Western Pulaski County Water District
Notice of Intent to Issue Securities


Dear Ms. Dunahoo:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Western Pulaski County Water District (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan through the Kentucky Infrastructure Authority pursuant to an Assistance Agreement for the purpose of financing a water system improvements project.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117 once the securities are issued.

Very truly yours,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

**WESTERN PULASKI COUNTY WATER DISTRICT
WATER SYSTEM IMPROVEMENTS & REPLACEMENTS
CONTRACT 1 - HICKORY NUT WATER STORAGE TANK REPLACEMENT
BREAKDOWN OF PROJECT COSTS BY USOA
ACCOUNT NUMBER: 330**

ITEM NO.	ITEM DESCRIPTION	QUANTITY	UNIT	UNIT PRICE	TOTAL COST
1	300,000 Gallon Elevated Water Storage Tank				
	1A) Foundation	1	LS	\$117,100.00	\$117,100.00
	1B) Steel Structure	1	LS	485,030.00	485,030.00
	1C) Appurtenances & Accessories	1	LS	1,000.00	1,000.00
	1D) Tank Disinfection	1	LS	1,000.00	1,000.00
2	Tank Coating System	1	LS	102,000.00	102,000.00
3	Yard Piping & Appurtenances	1	LS	58,000.00	58,000.00
4	Site Work				
	4A) Site Protection (Temporary Site Fencing)	1	LS	1,000.00	1,000.00
	4B) Site Preparation, Grading, & Excavation	1	LS	10,000.00	10,000.00
	4C) Misc. Site Improvements (Access & Parking Area, Lined Ditches)	1	LS	11,000.00	11,000.00
	4D) Final Site Restoration & Cleanup	1	LS	3,000.00	3,000.00
5	Hickory Nut Water Storage Tank Demolition	1	LS	21,500.00	21,500.00
6	Chain Link Fence	1	LS	9,800.00	9,800.00
7	Erosion & Sedimentation Controls	1	LS	1,000.00	1,000.00
8	Surface Conditions				
	8A) Permanent Casing	60	LF	215.00	12,900.00
	8B) Soil Drilling Below Elev. 1220'	60	LF	80.00	4,800.00
	8C) Rock Drilling Below Elev. 1220'	60	LF	280.00	16,800.00
	8D) Additional Concrete Associated with Additional Drilling Below Elev. 1220'	30	CY	150.00	4,500.00
	8E) Engineering Inspection of 10'-0" Core for Drilled Piers	1	LS	10,000.00	10,000.00
CONSTRUCTION TOTAL					\$870,430.00

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

BID TABULATIONS
WESTERN PULASKI COUNTY WATER DISTRICT
WATER SYSTEM IMPROVEMENTS & REPLACEMENTS
CONTRACT NO. 1
HICKORY NUT WATER STORAGE TANK REPLACEMENT
PULASKI COUNTY, KENTUCKY
BID DATE: DECEMBER 22, 2016 @ 11:00 A.M. LOCAL TIME

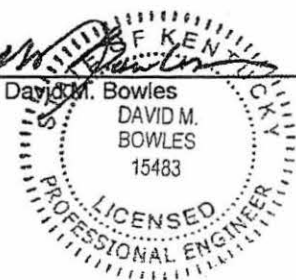
ITEM NO.	DESCRIPTION	QUANTITY	Phoenix Fabricators, Inc. 182 South County Rd. 900 E. Avon, IN 46123		Caldwell Tanks, Inc. P.O. Box 35770 Louisville, KY 40232		Maguire Iron, Inc. P.O. Box 1446 Souix Falls, SD 57101	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID CONTRACT								
1	300,000 Gallon Elevated Water Storage Tank							
	1A) Foundation	1 LS	\$117,100.00	\$117,100.00	\$85,000.00	\$85,000.00	\$144,000.00	\$144,000.00
	1B) Steel Structure	1 LS	485,030.00	485,030.00	473,850.00	473,850.00	359,500.00	359,500.00
	1C) Appurtenances & Accessories	1 LS	1,000.00	1,000.00	17,000.00	17,000.00	200,000.00	200,000.00
	1D) Tank Disinfection	1 LS	1,000.00	1,000.00	2,000.00	2,000.00	500.00	500.00
2	Tank Coating System	1 LS	102,000.00	102,000.00	119,000.00	119,000.00	125,000.00	125,000.00
3	Yard Piping & Appurtenances	1 LS	58,000.00	58,000.00	45,000.00	45,000.00	35,000.00	35,000.00
4	Site Work							
	4A) Site Protection (Temporary Site Fencing)	1 LS	1,000.00	1,000.00	14,000.00	14,000.00	3,000.00	3,000.00
	4B) Site Preparation, Grading, & Excavation	1 LS	10,000.00	10,000.00	8,000.00	8,000.00	9,000.00	9,000.00
	4C) Misc. Site Improvements (Access & Parking Area, Lined Ditches)	1 LS	11,000.00	11,000.00	16,000.00	16,000.00	10,000.00	10,000.00
	4D) Final Site Restoration & Cleanup	1 LS	3,000.00	3,000.00	10,150.00	10,150.00	10,000.00	10,000.00
5	Hickory Nut Water Storage Tank Demolition	1 LS	21,500.00	21,500.00	22,000.00	22,000.00	25,000.00	25,000.00
6	Chain Link Fence	1 LS	9,800.00	9,800.00	10,000.00	10,000.00	12,000.00	12,000.00
7	Erosion & Sedimentation Controls	1 LS	1,000.00	1,000.00	13,000.00	13,000.00	2,000.00	2,000.00
8	Surface Conditions							
	8A) Permanent Casing	60 LF	215.00	12,900.00	215.00	12,900.00	60.00	3,600.00
	8B) Soil Drilling Below Elev. 1220'	60 LF	80.00	4,800.00	80.00	4,800.00	250.00	15,000.00
	8C) Rock Drilling Below Elev. 1220'	60 LF	280.00	16,800.00	280.00	16,800.00	355.00	21,300.00
	8D) Additional Concrete Associated with Additional Drilling Below Elev. 1220'	30 CY	150.00	4,500.00	150.00	4,500.00	150.00	4,500.00
	8E) Engineering Inspection of 10'-0" Core for Drilled Piers	1 LS	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
TOTAL BASE BID				\$870,430.00		\$884,000.00		\$989,400.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, THURSDAY, DECEMBER 22, 2016 AT THE WESTERN PULASKI COUNTY WATER DISTRICT.

BY: 

12/27/16
 DATE

Project No. 1534



RECEIVED

FEB 6 2017

Public Service
Commission

SCALE: 1" = 2,000'

MINTONVILLE
QUADRANGLE

FAUBUSH
QUADRANGLE

Pointer
Branch

NUT Mt Lebanon
Ch

HICKORY

Fall
Branch

**HICKORY NUT RIDGE TANK REPLACEMENT
(REPLACE EXISTING 100,000 GALLON
GROUND STORAGE TANK WITH 300,000
GALLON ELEVATED TANK)
LAT: 37° 07' 32" N
LONG: 84° 48' 10" W**

Siever
Knob
Quarry

Coldweather
Creek

BM 1085
Branch

Creek

Shinbone

Branch

Newhope
Ch
Cem

Cem

Happy

Hollow

CUMBERLAND

STATE OF KENTUCKY
DERON S. BYRNE
23127
LICENSED PROFESSIONAL ENGINEER
9-29-16

WESTERN PULASKI COUNTY WATER DISTRICT
HICKORY NUT RIDGE TANK REPLACEMENT
PULASKI COUNTY, KENTUCKY

M Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY