

**Knox County Utility Commission**

P.O. Box 1630  
Barbourville, KY 40906  
606-546-5300  
fax 606-546-3099  
email: knoxcoutilility@aol.com

RECEIVED

JAN 22 2020

PUBLIC SERVICE  
COMMISSION

January 21, 2020

Ms Gwen R. Pinson  
Executive Director  
Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

RE: ARF Application - Retail Water Rates

Dear Ms. Pinson:

Enclosed for filing are the original and five (5) copies of Knox County Utility Commission's ARF Application for an adjustment to its water rates and charges. The ARF Application is being filed pursuant to 807 KAR 5:076. This application uses calendar year 2018 as the test year with appropriate adjustments to normalize revenues and expenses.

A copy of this ARF Application has been provided to the Office of Rate Intervention in the Attorney General's Office.

My electronic mail address is knoxcoutilility@aol.com.

Sincerely,

Michelle Stewart, Office Manager



Enclosures

cc: Office of the Attorney General, Rate Intervention

SUBMIT ORIGINAL AND FIVE ADDITIONAL COPIES, UNLESS FILING ELECTRONICALLY

APPLICATION FOR RATE ADJUSTMENT
BEFORE THE PUBLIC SERVICE COMMISSION

For Small Utilities Pursuant to 807 KAR 5:076
(Alternative Rate Filing)

RECEIVED

JAN 22 2020

Knox County Utility Commission

(Name of Utility)

PUBLIC SERVICE COMMISSION

P.O. Box 1630

(Business Mailing Address - Number and Street, or P.O. Box)

Barbourville, KY 40906

(Business Mailing Address - City, State, and Zip)

606-546-5300

(Telephone Number)

BASIC INFORMATION

NAME, TITLE, ADDRESS, TELEPHONE NUMBER and E-MAIL ADDRESS of the person to whom correspondence or communications concerning this application should be directed:

Michelle Stewart, Office Manager

(Name)

P.O. Box 1630

(Address - Number and Street or P.O. Box)

Barbourville, KY 40906

(Address - City, State, Zip)

606-546-5300

(Telephone Number)

knoxcountility@aol.com

(Email Address)

(For each statement below, the Applicant should check either "YES", "NO", or "NOT APPLICABLE" (N/A))

YES NO N/A

- 1. a. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue.
b. Applicant operates two or more divisions that provide different types of utility service. In its immediate past calendar year of operation, Applicant had \$5,000,000 or less in gross annual revenue from the division for which a rate adjustment is sought.
2. a. Applicant has filed an annual report with the Public Service Commission for the past year.
b. Applicant has filed an annual report with the Public Service Commission for the two previous years.
3. Applicant's records are kept separate from other commonly-owned enterprises.

YES NO N/A

4. a. Applicant is a corporation that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- b. Applicant is a limited liability company that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- c. Applicant is a limited partnership that is organized under the laws of the state of \_\_\_\_\_, is authorized to operate in, and is in good standing in the state of Kentucky.
- d. Applicant is a sole proprietorship or partnership.
- e. Applicant is a water district organized pursuant to KRS Chapter 74.
- f. Applicant is a water association organized pursuant to KRS Chapter 273.
5. a. A paper copy of this application has been mailed to Office of Rate Intervention, Office of Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204.
- b. An electronic copy of this application has been electronically mailed to Office of Rate Intervention, Office of Attorney General at rateintervention@ag.ky.gov.
6. a. Applicant has 20 or fewer customers and has mailed written notice of the proposed rate adjustment to each of its customers no later than the date this application was filed with the Public Service Commission. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- b. Applicant has more than 20 customers and has included written notice of the proposed rate adjustment with customer bills that were mailed by the date on which the application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
- c. Applicant has more than 20 customers and has made arrangements to publish notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in its service area, the first publication having been made by the date on which this Application was filed. A copy of this notice is attached to this application. **(Attach a copy of customer notice.)**
7. Applicant requires a rate adjustment for the reasons set forth in the attachment entitled "Reasons for Application." **(Attach completed "Reasons for Application" Attachment.)**

YES NO N/A

8. Applicant proposes to charge the rates that are set forth in the attachment entitled "Current and Proposed Rates." **(Attach completed "Current and Proposed Rates" Attachment.)**
9. Applicant proposes to use its annual report for the immediate past year as the test period to determine the reasonableness of its proposed rates. This annual report is for the 12 months ending December 31, 2018.
10. Applicant has reason to believe that some of the revenue and expense items set forth in its most recent annual report have or will change and proposes to adjust the test period amount of these items to reflect these changes. A statement of the test period amount, expected changes, and reasons for each expected change is set forth in the attachment "Statement of Adjusted Operations." **(Attach a completed copy of appropriate "Statement of Adjusted Operations" Attachment and any invoices, letters, contracts, receipts or other documents that support the expected change in costs.)**
11. Based upon test period operations, and considering any known and measurable adjustments, Applicant requires additional revenues of \$ 240,568 and total revenues from service rates of \$ 1,607,142. The manner in which these amounts were calculated is set forth in "Revenue Requirement Calculation" Attachment. **(Attach a completed "Revenue Requirement Calculation" Attachment.)**
12. As of the **date of the filing of this application**, Applicant had 2,830 +/- customers.
13. A billing analysis of Applicant's current and proposed rates is attached to this application. **(Attach a completed "Billing Analysis" Attachment.)**
14. Applicant's depreciation schedule of utility plant in service is attached. **(Attach a schedule that shows per account group: the asset's original cost, accumulated depreciation balance as of the end of the test period, the useful lives assigned to each asset and resulting depreciation expense.)**
15. a. Applicant has outstanding evidences of indebtedness, such as mortgage agreements, promissory notes, or bonds.
- b. Applicant has attached to this application a copy of each outstanding evidence of indebtedness (e.g., mortgage agreement, promissory note, bond resolution).
- c. Applicant has attached an amortization schedule for each outstanding evidence of indebtedness.

YES NO N/A

- 16. a. Applicant is not required to file state and federal tax returns.
- b. Applicant is required to file state and federal tax returns.
- c. Applicant's most recent state and federal tax returns are attached to this Application.     
(Attach a copy of returns.)
- 17. Approximately       -0-       (Insert dollar amount or percentage of total utility plant) of Applicant's total utility plant was recovered through the sale of real estate lots or other contributions.
- 18. Applicant has attached a completed Statement of Disclosure of Related Party Transactions for each person who 807 KAR 5:076, §4(h) requires to complete such form.

By submitting this application, the Applicant consents to the procedures set forth in 807 KAR 5:076 and waives any right to place its proposed rates into effect earlier than six months from the date on which the application is accepted by the Public Service Commission for filing.

I am authorized by the Applicant to sign and file this application on the Applicant's behalf, have read and completed this application, and to the best of my knowledge all the information contained in this application and its attachments is true and correct.

Signed *Sam Watts*  
Officer of the Company/Authorized Representative

Title Chairman

Date 1-7-2020

COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Before me appeared Sam Watts, who after being duly sworn, stated that he/she had read and completed this application, that he/she is authorized to sign and file this application on behalf of the Applicant, and that to the best of his/her knowledge all the information contained in this application and its attachments is true and correct.

*Michelle Stewart*  
Notary Public

My commission expires: 1-16-2022



**LIST OF ATTACHMENTS**  
**Knox County Utility Commission**

1. Customer Notice of Proposed Rate Adjustment
2. Reasons for Application
3. Current and Proposed Rates
4. Statement of Adjusted Operations and Revenue Requirements Calculation with the following attachments:
  - a. References
  - b. Table A - Depreciation Expense Adjustments
  - c. Table B - Debt Service Schedule
5. Current Billing Analysis
6. Proposed Billing Analysis
7. Depreciation Schedule
8. Outstanding Debt Instrument - KRWFC Bonds
9. Amortization Schedule - KRWFC Bonds
10. Statements of Disclosure of Related Party Transactions
11. Board Resolution

# **Attachment 1**

## CUSTOMER NOTICE

Notice is hereby given that the Knox County Utility Commission expects to file an application with the Kentucky Public Service Commission on or about January 21, 2020, seeking approval of a proposed adjustment to its water rates. The proposed rates shall not become effective until the Public Service Commission has issued an order approving these rates.

### MONTHLY WATER RATES

#### Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. Included in Minimum</u>	<u>Minimum Bills</u>		<u>Dollar</u>	<u>Percent</u>
		<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
5/8 x 3/4 inch	1,000	\$18.68	\$21.97	\$3.29	17.6%
1 inch	5,000	48.20	56.69	8.49	17.6%
2 inch	20,000	158.90	186.89	27.99	17.6%
3 inch	30,000	232.70	273.69	40.99	17.6%
4 inch	50,000	380.30	447.29	66.99	17.6%

#### Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month:</u>	<u>Charge per 1,000 Gals.</u>		<u>Dollar</u>	<u>Percent</u>
	<u>Current</u>	<u>Proposed</u>	<u>Increase</u>	<u>Increase</u>
All usage above minimum	\$7.38	\$8.68	\$1.30	17.6%

If the Public Service Commission approves the proposed rates, then the monthly bill for a residential customer using an average of 4,000 gallons per month will increase from \$40.82 to \$48.01. This is an increase of \$7.19 or 17.6%.

The rates contained in this notice are the rates proposed by Knox County Utility Commission. However, the Public Service Commission may order rates to be charged that differ from these proposed rates. Such action may result in rates for consumers other than the rates shown in this notice.

Knox County Utility Commission has available for inspection at its office the application which it submitted to the Public Service Commission. A person may examine this application at Knox County Utility Commission's office located at 1905 KY 930, Barbourville, KY 40906. You may contact the office at 606-546-5300.

A person may also examine the application at the Public Service Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, 40601, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Public Service Commission's website at <http://psc.ky.gov>. Comments regarding the application may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, PO Box 615, Frankfort, Kentucky, 40602. You may contact the Public Service Commission at 502-564-3940.

A person may submit a timely written request for intervention to the Public Service Commission, PO Box 615, Frankfort, KY, 40602, establishing the grounds for the request including the status and interest of the party. If the Public Service Commission does not receive a written request for intervention within thirty (30) days of the initial publication of this notice, the Public Service Commission may take final action on the application.



## **Attachment 2**

# Reasons for Application

Knox County Utility Commission (“KCUC”) is requesting a 17.6% rate increase for its retail water customers. The rate increase will generate approximately \$240,568 in additional annual revenue. KCUC needs the rate increase for the following reasons:

1. To enable KCUC to pay its annual principal payments on its existing long term debt from water revenues rather than from depreciation reserves;
2. To enable KCUC to meet the requirements set forth in its existing debt instrument;
3. To restore KCUC to a sound financial condition; and
4. To enable KCUC to enhance its financial capacity so it can continue to operate its system in compliance with the federal Safe Drinking Water Act, as amended in 1996, and KRS Chapter 151.

## **Attachment 3**

**CURRENT AND PROPOSED RATES**  
**Knox County Utility Commission**

**Current Rates**

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 18.68
1 inch	5,000	48.20
2 inch	20,000	158.90
3 inch	30,000	232.70
4 inch	50,000	380.30

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
For all usage above minimum	\$ 7.38

**Proposed Rates**

Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 21.97
1 inch	5,000	56.69
2 inch	20,000	186.89
3 inch	30,000	273.69
4 inch	50,000	447.29

Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
For all usage above minimum	\$ 8.68

## **Attachment 4**

**SCHEDULE OF ADJUSTED OPERATIONS**  
**Knox County Utility Commission**

	<u>Test Year</u>	<u>Adjustments</u>	<u>Ref.</u>	<u>Proforma</u>
<u>Operating Revenues</u>				
Unmetered Water Revenue	\$ 106			\$ 106
Total Metered Water Sales	1,349,838	\$ 16,843	a.	1,366,681
Other Water Revenues:				
Forfeited Discounts	-	39,180	b.	39,180
Misc. Service Revenues	-	15,925	b.	15,925
Rental Income	-	1,200	b.	1,200
Other Water Revenues	62,320	(56,305)	b.	6,015
<b>Total Operating Revenues</b>	<b>\$ 1,412,264</b>			<b>\$ 1,429,107</b>
<u>Operating Expenses</u>				
Operation and Maintenance				
Salaries and Wages - Employees	347,281	(4,680)	c.	
		23,033	d.	365,634
Salaries and Wages - Officers	14,400			14,400
Employee Pensions and Benefits	319,181	(85,563)	e.	233,618
Purchased Water	224,486			224,486
Purchased Power	65,110			65,110
Chemicals	89,330			89,330
Contractual Services	27,315			27,315
Transportation Expenses	31,918			31,918
Insurance - General Liability & Other	17,849			17,849
Insurance - Vehicle	8,043			8,043
Insurance - Workers Comp	16,421			16,421
Bad Debt Expense	19,381			19,381
Miscellaneous Expenses	137,189	(10,920)	c.	126,269
<b>Total Operation and Mnt. Expenses</b>	<b>1,317,904</b>			<b>1,239,774</b>
Depreciation Expense	216,760	2,554	f.	219,314
Taxes Other Than Income	29,752	1,762	g.	31,514
<b>Total Operating Expenses</b>	<b>\$ 1,564,416</b>			<b>\$ 1,490,602</b>
<b>Net Utility Operating Income</b>	<b>\$ (152,152)</b>			<b>\$ (61,495)</b>
Gains (Losses) on Disposition of Property	1,325			1,325
<b>Total Utility Operating Income</b>	<b>\$ (150,827)</b>			<b>\$ (60,170)</b>

**REVENUE REQUIREMENTS**

<b>Pro Forma Operating Expenses</b>	<b>\$ 1,490,602</b>
Plus: Avg. Annual Principal and Interest Payments	h. 155,364
Additional Working Capital	i. 31,073
<b>Total Revenue Requirement</b>	<b>1,677,038</b>
Less: Other Operating Revenue	62,320
Gains (Losses) on Disposition of Property	1,325
Interest Income	6,251
<b>Revenue Required From Retail Rates</b>	<b>1,607,142</b>
Less: Revenue from Sales at Present Rates	(1,366,575)
<b>Required Revenue Increase</b>	<b>\$ 240,568</b>
<b>Percent Increase</b>	<b>17.6%</b>

## **Attachment 4a**

## REFERENCES

- a. The Current Billing Analysis results in pro forma sales revenue of \$1,366,681. This indicates an adjustment to Metered Water Sales of \$16,843 is required.
- b. Amounts for Forfeited Discounts, Misc. Service Revenues and Rental Income were reported in the total for Other Water Revenues. To provide more detail these amounts are separated into their respective categories.
- c. During the test year labor and materials for new meter installations were charged to operating expenses. The amount of tap fees collected for these meters can be substituted for the actual installation expenses. Thirty percent of total tap fees is deducted from Salaries and Wages and 70 percent is deducted from Miscellaneous Expenses to cover materials and supplies.
- d. In January 2019 the KCUC board granted a \$1.00 per hour raise in wages to all employees. Based on 2018 hours worked , this will result in a total increase in Salaries and Wages of \$23,033.
- e. Due to GASB reporting requirements for liabilities, the expense reported for the KCUC's retirement plan is \$103,653 more than the actual amount paid to CERS. This amount is deducted. However with the increase in wages and an increase in the contribution rate charged by CERS, total payments for the CERS program are estimated to increase by \$18,090. The net adjustment for retirement plan expense is a deduction of \$85,563.
- f. The PSC typically requires adjustments to a water utility's depreciation expense when asset lives fall outside the ranges recommended by NARUC in its publication titled "Depreciation Practices for Small Utilities". However, the asset lives used in KCUC's depreciation schedule are substantially in accord with those recommendations. Only minor adjustments are required. The most significant changes are to include a full year of depreciation expense for items added during 2018. See Table A.
- g. The increase in wages noted above results in additional payroll taxes of \$1,762.
- h. The annual debt service payments for KCUC's bond issue are shown in Table B. The five year average of these payments is added in the revenue requirement calculation.
- i. The amount shown in Table B for coverage on long term debt is required by KCUC's bond resolutions. This is included in the revenue requirement as Additional Working Capital.



**Attachment 4b**

**Table A**  
**DEPRECIATION EXPENSE ADJUSTMENTS**  
**Knox County Utility Commission**

<u>Asset</u>	<u>Date in Service</u>	<u>Original Cost</u>	<u>Reported Life</u>	<u>Depr. Exp.</u>	<u>Proforma Life</u>	<u>Depr. Exp.</u>	<u>Depreciation Expense Adjustment</u>
<b><u>Sturctures &amp; Improvements</u></b>							
Entire Group	various	\$ 520,949	37.5	\$ 5,374	37.5	\$ 5,374	\$ -
<b><u>Office Furniture &amp; Equipment</u></b>							
Computer/Electronic Equipment	various	32,883	various	3,345	10.0	3,288	(57)
All Other Furniture & Equipment	various	1,307	5 - 10	168	22.5	58	(110)
<b><u>Other Equipment</u></b>							
Water Treatment Equipment	various	31,610	17.5	1,772	27.5	1,149	(622)
Remainder of Group	various	34,282	17.5	1,909	17.5	1,959	50
<b><u>Pumping Equipment</u></b>							
Entire Group	various	206,011	various	7,342	various	7,342	-
<b><u>Meters &amp; Installs</u></b>							
2018 Meter Equipment	2018	45,900	40.0	396	40.0	1,148	752
Remainder of Group	various	388,617	40 - 45	3,702	40 - 45	3,702	-
<b><u>Transmission &amp; Distribution Mains</u></b>							
Entire Group	various	9,886,781	62.5	151,656	62.5	151,656	-
<b><u>New Services</u></b>							
New 2018 Services	2018	12,999	40.0	-	45.0	289	289
Remainder of Group	various	405,705	40.0	10,143	45.0	9,016	(1,127)
<b><u>Hydrants</u></b>							
Entire Group	various	53,816	50.0	902	50.0	902	-
<b><u>Tanks</u></b>							
Entire Group	various	1,148,102	45.0	21,569	45.0	21,569	-
<b><u>Transportation Equipment</u></b>							
New 2018 Purchase	2018	24,458	40.0	102	7.0	3,494	3,392
Remainder of Group	various	59,002	7.0	8,378	7.0	8,378	-
<b>TOTALS</b>				<b>\$ 216,759</b>		<b>\$ 219,325</b>	<b>\$ 2,554</b>

## **Attachment 4c**

**Table B**  
**DEBT SERVICE SCHEDULE**  
**Knox County Utility Commission**  
**CY 2020 - 2024**

	<b><u>Series 2015 B KRWFC Bonds</u></b>		
	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Totals</u></b>
2020	\$ 85,000	\$ 69,244	\$ 154,244
2021	90,000	67,275	157,275
2022	90,000	64,800	154,800
2023	95,000	61,794	156,794
2024	95,000	58,706	153,706
<b>5 Yr. Average</b>			<b>\$ 155,364</b>
<b>Average Principal &amp; Interest</b>			<b>\$ 155,364</b>
<b>Coverage</b>			<b>\$ 31,073</b>

## **Attachment 5**

**BILLING ANALYSIS WITH 2018 USAGE & EXISTING RATES**  
**Knox County Utility Commission**

**SUMMARY**

Meter Size	Gallons Sold	Revenue
5/8 x 3/4 inch	119,788,400	\$ 1,312,085
1 inch	6,153,800	46,954
2 inch	1,714,900	16,358
4 inch	3,675,000	28,367
Totals	131,332,100	\$ 1,403,764
	Less Net Billing Adjustments	(37,083)
Pro Forma Metered Sales Revenue		\$ 1,366,681

**5/8 x 3/4 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 1,000	ALL OVER 1,000	TOTAL
FIRST	1,000	7,376	2,844,900	2,844,900	-	2,844,900
ALL OVER	1,000	25,500	110,856,400	25,500,000	85,356,400	110,856,400
		32,876	113,701,300	28,344,900	85,356,400	113,701,300

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,000	32,876	28,344,900	\$ 18.68	\$ 614,123.68
ALL OVER	1,000		85,356,400	7.38	629,930.23
TOTAL		32,876	113,701,300		\$ 1,244,053.91

**5/8 x 3/4 INCH METERS - 2 On Meter**

	USAGE	BILLS	GALLONS	FIRST 2,000	ALL OVER 2,000	TOTAL
FIRST	2,000	117	124,100	124,100	-	124,100
ALL OVER	2,000	670	4,734,000	1,340,000	3,394,000	4,734,000
		787	4,858,100	1,464,100	3,394,000	4,858,100

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	787	1,464,100	\$ 37.36	\$ 29,402.32
ALL OVER	2,000		3,394,000	7.38	25,047.72
TOTAL		787	4,858,100		\$ 54,450.04

**5/8 x 3/4 INCH METERS - 3 On Meter**

	USAGE	BILLS	GALLONS	FIRST 3,000	ALL OVER 3,000	TOTAL
FIRST	3,000	15	21,700	21,700	-	21,700
ALL OVER	3,000	93	944,900	279,000	665,900	944,900
		108	966,600	300,700	665,900	966,600

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	3,000	108	300,700	\$ 56.04	\$ 6,052.32
ALL OVER	3,000		665,900	7.38	4,914.34
TOTAL		108	966,600		\$ 10,966.66

**5/8 x 3/4 INCH METERS - 5 On Meter**

	USAGE	BILLS	GALLONS	FIRST 5,000	ALL OVER 5,000	TOTAL
FIRST	5,000	-	-	-	-	-
ALL OVER	5,000	12	262,400	60,000	202,400	262,400
		12	262,400	60,000	202,400	262,400

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	12	60,000	\$ 93.40	\$ 1,120.80
ALL OVER	5,000		202,400	7.38	1,493.71
TOTAL		12	262,400		\$ 2,614.51

**1 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 5,000	ALL OVER 5,000	TOTAL
FIRST	5,000	26	68,400	68,400	-	68,400
ALL OVER	5,000	70	6,085,400	350,000	5,735,400	6,085,400
		96	6,153,800	418,400	5,735,400	6,153,800

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	96	418,400	\$ 48.20	\$ 4,627.20
ALL OVER	5,000		5,735,400	7.38	42,327.25
TOTAL		96	6,153,800		\$ 46,954.45

**2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 20,000	ALL OVER 20,000	TOTAL
FIRST	20,000	31	210,300	210,300	-	210,300
ALL OVER	20,000	29	1,504,600	580,000	924,600	1,504,600
		60	1,714,900	790,300	924,600	1,714,900

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	60	790,300	\$ 158.90	\$ 9,534.00
ALL OVER	20,000		924,600	7.38	6,823.55
TOTAL		60	1,714,900		\$ 16,357.55

**4 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 50,000	ALL OVER 50,000	TOTAL
FIRST	50,000	10	368,000	368,000	-	368,000
ALL OVER	50,000	14	3,307,000	700,000	2,607,000	3,307,000
		24	3,675,000	1,068,000	2,607,000	3,675,000

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	50,000	24	1,068,000	\$ 380.30	\$ 9,127.20
ALL OVER	50,000		2,607,000	7.38	19,239.66
TOTAL		24	3,675,000		\$ 28,366.86

## **Attachment 6**



**BILLING ANALYSIS WITH 2018 USAGE & PROPOSED RATES**  
**Knox County Utility Commission**

**SUMMARY**

Meter Size	Gallons Sold	Revenue
5/8 x 3/4 inch	119,788,400	\$ 1,543,193
1 inch	6,153,800	55,226
2 inch	1,714,900	19,239
4 inch	3,675,000	33,364
Totals	131,332,100	\$ 1,651,021
Less Net Billing Adjustments		(43,610)
Projected Metered Sales Revenue		\$ 1,607,411

**5/8 x 3/4 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 1,000	ALL OVER 1,000	TOTAL
FIRST	1,000	7,376	2,844,900	2,844,900	-	2,844,900
ALL OVER	1,000	25,500	110,856,400	25,500,000	85,356,400	110,856,400
		32,876	113,701,300	28,344,900	85,356,400	113,701,300

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	1,000	32,876	28,344,900	\$ 21.97	\$ 722,285.72
ALL OVER	1,000		85,356,400	8.68	740,893.55
TOTAL		32,876	113,701,300		\$ 1,463,179.27

**5/8 x 3/4 INCH METERS - 2 On Meter**

	USAGE	BILLS	GALLONS	FIRST 2,000	ALL OVER 2,000	TOTAL
FIRST	2,000	117	124,100	124,100	-	124,100
ALL OVER	2,000	670	4,734,000	1,340,000	3,394,000	4,734,000
		787	4,858,100	1,464,100	3,394,000	4,858,100

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	2,000	787	1,464,100	\$ 43.94	\$ 34,580.78
ALL OVER	2,000		3,394,000	8.68	29,459.92
TOTAL		787	4,858,100		\$ 64,040.70

**5/8 x 3/4 INCH METERS - 3 On Meter**

	USAGE	BILLS	GALLONS	FIRST 3,000	ALL OVER 3,000	TOTAL
FIRST	3,000	15	21,700	21,700	-	21,700
ALL OVER	3,000	93	944,900	279,000	665,900	944,900
		108	966,600	300,700	665,900	966,600

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	3,000	108	300,700	\$ 65.91	\$ 7,118.28
ALL OVER	3,000		665,900	8.68	5,780.01
TOTAL		108	966,600		\$ 12,898.29

**5/8 x 3/4 INCH METERS - 5 On Meter**

	USAGE	BILLS	GALLONS	FIRST 5,000	ALL OVER 5,000	TOTAL
FIRST	5,000	-	-	-	-	-
ALL OVER	5,000	12	262,400	60,000	202,400	262,400
		12	262,400	60,000	202,400	262,400

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	12	60,000	\$ 109.85	\$ 1,318.20
ALL OVER	5,000		202,400	8.68	1,756.83
TOTAL		12	262,400		\$ 3,075.03

**1 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 5,000	ALL OVER 5,000	TOTAL
FIRST	5,000	26	68,400	68,400	-	68,400
ALL OVER	5,000	70	6,085,400	350,000	5,735,400	6,085,400
		96	6,153,800	418,400	5,735,400	6,153,800

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	5,000	96	418,400	\$ 56.69	\$ 5,442.24
ALL OVER	5,000		5,735,400	8.68	49,783.27
TOTAL		96	6,153,800		\$ 55,225.51

**2 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 20,000	ALL OVER 20,000	TOTAL
FIRST	20,000	31	210,300	210,300	-	210,300
ALL OVER	20,000	29	1,504,600	580,000	924,600	1,504,600
		60	1,714,900	790,300	924,600	1,714,900

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	20,000	60	790,300	\$ 186.89	\$ 11,213.40
ALL OVER	20,000		924,600	8.68	8,025.53
TOTAL		60	1,714,900		\$ 19,238.93

**4 INCH METERS**

	USAGE	BILLS	GALLONS	FIRST 50,000	ALL OVER 50,000	TOTAL
FIRST	50,000	10	368,000	368,000	-	368,000
ALL OVER	50,000	14	3,307,000	700,000	2,607,000	3,307,000
		24	3,675,000	1,068,000	2,607,000	3,675,000

**REVENUE BY RATE INCREMENT**

		BILLS	GALLONS	RATE	REVENUE
FIRST	50,000	24	1,068,000	\$ 447.29	\$ 10,734.96
ALL OVER	50,000		2,607,000	8.68	22,628.76
TOTAL		24	3,675,000		\$ 33,363.72

## **Attachment 7**

## Tax Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 157 - LAND</b>												
88		LAND & RIGHTS	10/31/70	1,213.00	0.00	0.00	0.00	0.00	0.00	1,213.00	Land	0.00
89		LAND & RIGHTS	10/31/70	901.00	0.00	0.00	0.00	0.00	0.00	901.00	Land	0.00
90		LAND & RIGHTS	2/23/95	35,000.00	0.00	0.00	0.00	0.00	0.00	35,000.00	Land	0.00
91		LAND-DWD TANK SITE	7/01/01	5,000.00	0.00	0.00	0.00	0.00	0.00	5,000.00	Land	0.00
92		LAND- RAMSEY BR	9/05/05	2,505.00	0.00	0.00	0.00	0.00	0.00	2,505.00	Land	0.00
		<b>157 - LAND</b>		<b>44,619.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>44,619.00</b>		
<b>Group: 165 - STRUCTURES &amp; IMPR</b>												
152		PLANT & OFFICE BLDG	10/31/70	176,379.00	0.00	0.00	176,379.00	0.00	176,379.00	0.00	S/L	37.50
153		STRUCTURES & IMPR	10/31/97	396.00	0.00	0.00	396.00	0.00	396.00	0.00	S/L	37.50
154		STRUCTURES & IMPR	10/31/73	21,600.00	0.00	0.00	21,600.00	0.00	21,600.00	0.00	S/L	37.50
155		STRUCTURES & IMPR	10/31/74	1,326.00	0.00	0.00	1,273.43	35.36	1,308.79	17.21	S/L	37.50
156		UPSTAIRS IMPR	10/31/88	19,580.00	0.00	0.00	19,580.00	0.00	19,580.00	0.00	S/L	37.50
157		UPSTAIRS RENOVATION	12/31/93	7,855.00	0.00	0.00	6,338.21	209.47	6,547.68	1,307.32	S/L	37.50
158		UPSTAIRS RENOVATION	12/31/94	3,065.00	0.00	0.00	2,543.59	81.73	2,625.32	439.68	S/L	37.50
159		UPSTAIRS RENOVATION	9/30/95	2,360.00	0.00	0.00	1,777.39	62.93	1,840.32	519.68	S/L	37.50
160		IMPROVE INTAKE SYSTEM	9/30/95	6,597.00	0.00	0.00	6,597.00	0.00	6,597.00	0.00	S/L	37.50
161		PLANT FILTER UPGRADE	7/01/97	77,222.00	0.00	0.00	77,222.00	0.00	77,222.00	0.00	S/L	37.50
163		TREAT PLANT ADDITION	10/01/98	3,798.00	0.00	0.00	3,798.00	0.00	3,798.00	0.00	S/L	37.50
164		T PLANT VALVE	1/12/99	229.00	0.00	0.00	229.00	0.00	229.00	0.00	S/L	37.50
165		BORING PIPES	7/01/00	217.00	0.00	0.00	217.00	0.00	217.00	0.00	S/L	37.50
166		TILING OFFICE	4/06/01	1,196.00	0.00	0.00	1,196.00	0.00	1,196.00	0.00	S/L	37.50
167		IMPROVEMENTS	7/01/01	8,676.00	0.00	0.00	8,676.00	0.00	8,676.00	0.00	S/L	37.50
169		FENCING-ARTEMUS TANK	12/31/01	1,642.00	0.00	0.00	1,642.00	0.00	1,642.00	0.00	S/L	37.50
170		SLUDGE POND	3/31/02	34,211.00	0.00	0.00	19,840.83	912.29	20,753.12	13,457.88	S/L	37.50
172		UNNAMED	12/31/04	5,143.00	0.00	0.00	4,011.28	137.15	4,148.43	994.57	S/L	37.50
173		FENCING	8/05/05	30,791.00	0.00	0.00	21,963.84	821.09	22,784.93	8,006.07	S/L	37.50
222		METAL GARAGE	11/01/06	34,650.99	0.00	0.00	16,921.25	924.03	17,845.28	16,805.71	S/L	37.50
223		FILTER MEDIA	8/01/06	5,934.00	0.00	0.00	5,469.17	158.24	5,627.41	306.59	S/L	37.50
238		ENGINEERING FILTER MEDIA (	1/31/07	2,540.26	0.00	0.00	2,214.29	67.74	2,282.03	258.23	S/L	37.50
239		STRUCTURES & IMPROVEMEN	7/01/07	1,231.76	0.00	0.00	1,022.40	32.85	1,055.25	176.51	S/L	37.50
262		STRUCTURES & IMPROVEMEN	6/30/08	6,919.47	0.00	0.00	5,051.23	184.52	5,235.75	1,683.72	S/L	37.50
299		Structures and improvements	6/30/09	34,187.89	0.00	0.00	21,538.38	911.68	22,450.06	11,737.83	S/L	37.50
318		Filter Media in Filter #2	3/12/10	4,532.55	0.00	0.00	2,553.36	120.87	2,674.23	1,858.32	S/L	37.50
319		Replaced line in Moores Creek	3/25/10	2,180.55	0.00	0.00	1,210.23	58.15	1,268.38	912.17	S/L	37.50
320		Valve in Treatment Plant	8/23/10	1,580.49	0.00	0.00	811.33	42.15	853.48	727.01	S/L	37.50
321		Garage Door	4/20/10	925.00	0.00	0.00	289.84	24.67	314.51	610.49	S/L	37.50
322		Table, Chairs, Paint	10/02/10	441.39	0.00	0.00	222.90	11.77	234.67	206.72	S/L	37.50
373		1000 Gallon Delpac Storage Tank	5/09/12	1,601.00	0.00	0.00	555.00	42.69	597.69	1,003.31	S/L	37.50
374		Improvements	5/30/12	2,274.00	0.00	0.00	769.37	60.64	830.01	1,443.99	S/L	37.50
375		Upgrade Electrical Wiring	7/05/12	4,365.56	0.00	0.00	1,440.63	116.41	1,557.04	2,808.52	S/L	37.50
386		Agitator for Mixer	8/03/12	499.35	0.00	0.00	160.65	13.32	173.97	325.38	S/L	37.50
387		Mud Valve - Treatment Plant	9/12/12	690.55	0.00	0.00	216.35	18.41	234.76	455.79	S/L	37.50
415		Aluminum Chemical Spill Block Pa	1/30/13	488.08	0.00	0.00	132.61	13.02	145.63	342.45	S/L	37.50
416		Improvements - Floor Tile in Treatn	7/29/13	834.17	0.00	0.00	184.90	22.24	207.14	627.03	S/L	37.50
433		Sand for Filters	10/31/14	1,620.00	0.00	0.00	156.60	43.20	199.80	1,420.20	S/L	37.50
434		10" Mud Valve	3/26/14	1,107.04	0.00	0.00	171.59	29.52	201.11	905.93	S/L	37.50

## Tax Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 165 - STRUCTURES &amp; IMPR (continued)</b>												
462		Fencing - Stinking Creek	4/30/15	500.00	0.00	0.00	35.55	13.33	48.88	451.12	S/L	37.50
506		Plant & Garage Lighting	6/28/17	6,670.00	0.00	0.00	88.93	177.87	266.80	6,403.20	S/L	37.50
507		Upstairs Lighting, Timer Switch	11/08/17	642.00	0.00	0.00	2.85	17.12	19.97	622.03	S/L	37.50
530		Barbourville Overhead Garage Doo:	11/15/18	2,250.00	0.00c	0.00	0.00	10.00	10.00	2,240.00	S/L	37.50
<b>165 - STRUCTURES &amp; IMPR</b>				<b>520,949.10</b>	<b>0.00c</b>	<b>0.00</b>	<b>436,499.98</b>	<b>5,374.46</b>	<b>441,874.44</b>	<b>79,074.66</b>		
<b>Group: 170 - OFFICE FURNITURE</b>												
203		PRINTER & SUPPLY	9/09/88	322.00	0.00	0.00	322.00	0.00	322.00	0.00	S/L	5.00
204		PAYROLL SOFTWARE	12/11/98	250.00	0.00	0.00	250.00	0.00	250.00	0.00	S/L	3.00
205		COMPAQ HARDWARE	6/11/99	3,460.00	0.00	0.00	3,460.00	0.00	3,460.00	0.00	S/L	5.00
206		UNITED SOFTWARE	6/11/99	5,892.00	0.00	0.00	5,892.00	0.00	5,892.00	0.00	S/L	5.00
207		PAYABLE SOFTWARE	7/01/00	250.00	0.00	0.00	250.00	0.00	250.00	0.00	S/L	5.00
208		OFFICE FURNITURE	7/01/00	475.00	0.00	0.00	475.00	0.00	475.00	0.00	S/L	5.00
209		CELL PHONE 2	7/01/00	161.00	0.00	0.00	161.00	0.00	161.00	0.00	S/L	5.00
210		OFFICE CHAIRS	7/01/00	541.00	0.00	0.00	541.00	0.00	541.00	0.00	S/L	5.00
211		OFFICE FURNITURE	7/01/01	3,000.00	0.00	0.00	3,000.00	0.00	3,000.00	0.00	S/L	5.00
212		WORKING COPIER- CABINET	9/30/03	2,715.00	0.00	0.00	2,715.00	0.00	2,715.00	0.00	S/L	5.00
213		OFFICE SOFTWARE	3/15/05	11,044.00	0.00	0.00	11,044.00	0.00	11,044.00	0.00	S/L	3.00
214		PDA	4/15/05	10,164.00	0.00	0.00	10,164.00	0.00	10,164.00	0.00	S/L	5.00
215		POWER SUPPLY RADISE	12/15/05	127.00	0.00	0.00	127.00	0.00	127.00	0.00	S/L	7.00
240		REFRIGERATOR	7/01/07	468.00	0.00	0.00	468.00	0.00	468.00	0.00	S/L	10.00
241		OFFICE CHAIRS	7/01/07	105.98	0.00	0.00	105.98	0.00	105.98	0.00	S/L	10.00
242		OFFICE STOOLS	7/01/07	179.98	0.00	0.00	179.98	0.00	179.98	0.00	S/L	10.00
263		PANASONIC DP 8016 COPIER/PI	6/30/08	1,785.37	0.00	0.00	1,696.13	89.24	1,785.37	0.00	S/L	10.00
264		FLAT SCREEN MONITOR	3/31/08	95.00	0.00	0.00	95.00	0.00	95.00	0.00	S/L	5.00
300		U Flame Heater 3000 gas	10/31/09	244.98	0.00	0.00	200.08	24.50	224.58	20.40	S/L	10.00
301		Printer	10/31/09	149.99	0.00	0.00	149.99	0.00	149.99	0.00	S/L	5.00
329		2 Drafting Stools	12/01/10	359.98	0.00	0.00	255.00	36.00	291.00	68.98	S/L	10.00
380		2 Itron Alliance Meter Readers	3/31/12	9,905.00	0.00	0.00	8,136.25	1,415.00	9,551.25	353.75	S/L	7.00
382		Dell Laptop	3/15/12	769.72	0.00	0.00	769.72	0.00	769.72	0.00	S/L	5.00
399		Workstation Computer	4/23/13	865.90	0.00	0.00	808.17	57.73	865.90	0.00	S/L	5.00
400		Main Server Computer	5/29/13	886.58	0.00	0.00	812.71	73.87	886.58	0.00	S/L	5.00
404		Receipt Printer for Computer	5/29/13	680.36	0.00	0.00	623.66	56.70	680.36	0.00	S/L	5.00
435		Samsung Copier	10/21/14	3,192.00	0.00	0.00	2,021.60	638.40	2,660.00	532.00	S/L	5.00
463		Dell Laptop	6/01/15	744.63	0.00	0.00	384.73	148.93	533.66	210.97	S/L	5.00
464		Boss Drafting Stool	7/09/15	129.99	0.00	0.00	65.00	26.00	91.00	38.99	S/L	5.00
465		Asus Monitor	6/09/15	113.98	0.00	0.00	58.90	22.80	81.70	32.28	S/L	5.00
466		80,000 BTU Heater for Plant	10/20/15	571.79	0.00	0.00	176.97	81.68	258.65	313.14	S/L	7.00
486		Wireless Cameras	3/14/16	531.05	0.00	0.00	194.72	106.21	300.93	230.12	S/L	5.00
487		Hard Drive (Cameras)	3/23/16	133.99	0.00	0.00	46.90	26.80	73.70	60.29	S/L	5.00
508		Printer	4/25/17	49.00	0.00	0.00	6.53	9.80	16.33	32.67	S/L	5.00
531		United Systems - Itron Mobile Syst	10/15/18	13,995.00	0.00c	0.00	0.00	699.75	699.75	13,295.25	S/L	5.00
<b>170 - OFFICE FURNITURE</b>				<b>74,359.27</b>	<b>0.00c</b>	<b>0.00</b>	<b>55,657.02</b>	<b>3,513.41</b>	<b>59,170.43</b>	<b>15,188.84</b>		

## Tax Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 172 - OTHER EQUIPMENT</b>												
174		CHLORINE ANALYZER	1/01/93	705.00	0.00	0.00	705.00	0.00	705.00	0.00	S/L	17.50
175		LAB PH/ISE METER	6/22/93	1,595.00	0.00	0.00	1,595.00	0.00	1,595.00	0.00	S/L	17.50
176		SPECTROPHOTOMETER	12/16/93	1,613.00	0.00	0.00	1,613.00	0.00	1,613.00	0.00	S/L	17.50
177		EQUIPMENT	6/01/96	7,995.00	0.00	0.00	7,995.00	0.00	7,995.00	0.00	S/L	17.50
178		PIERCE REVERSE MOLE	8/15/98	5,561.00	0.00	0.00	5,561.00	0.00	5,561.00	0.00	S/L	17.50
179		HACH PH MACHINE	12/31/99	750.00	0.00	0.00	750.00	0.00	750.00	0.00	S/L	17.50
180		PLANT MIXER	7/01/00	666.00	0.00	0.00	666.00	0.00	666.00	0.00	S/L	17.50
181		EQUIPMENT	7/01/01	5,838.00	0.00	0.00	5,838.00	0.00	5,838.00	0.00	S/L	17.50
182		EQUIPMENT	7/01/02	18,310.00	0.00	0.00	18,310.00	0.00	18,310.00	0.00	S/L	17.50
183		REGAL CHLORINATOR	7/31/03	1,550.00	0.00	0.00	1,550.00	0.00	1,550.00	0.00	S/L	17.50
184		G-R AIR COMPRESSOR	11/14/03	5,200.00	0.00	0.00	5,200.00	0.00	5,200.00	0.00	S/L	17.50
185		FILTER TROUGHS	11/30/03	604.00	0.00	0.00	604.00	0.00	604.00	0.00	S/L	17.50
186		CONTROLTRON	12/31/04	3,322.00	0.00	0.00	3,322.00	0.00	3,322.00	0.00	S/L	17.50
187		CLORINE EMERG KIT	4/05/05	1,995.00	0.00	0.00	1,995.00	0.00	1,995.00	0.00	S/L	17.50
188		CHART RECORDER 4"	4/15/05	505.00	0.00	0.00	505.00	0.00	505.00	0.00	S/L	17.50
189		HUSKY POWER CUTTER	9/05/05	796.00	0.00	0.00	796.00	0.00	796.00	0.00	S/L	17.50
224		HEATER UNITS	11/01/06	2,062.83	0.00	0.00	1,476.72	117.88	1,594.60	468.23	S/L	17.50
225		PIERCING TOOL FOR BORING M	1/15/06	5,286.87	0.00	0.00	5,286.87	0.00	5,286.87	0.00	S/L	17.50
226		LEAK DETECTORS	7/15/06	1,164.00	0.00	0.00	1,164.00	0.00	1,164.00	0.00	S/L	17.50
227		BACKFLOW PREVENTOR	11/15/06	400.00	0.00	0.00	395.25	4.75	400.00	0.00	S/L	17.50
243		MIXER MOTOR	5/01/07	660.24	0.00	0.00	619.35	37.73	657.08	3.16	S/L	17.50
244		RADIO TOWER ANT	3/01/07	2,658.00	0.00	0.00	2,537.77	120.23	2,658.00	0.00	S/L	17.50
246		TRUCK RADIOS	11/01/07	769.50	0.00	0.00	683.39	43.97	727.36	42.14	S/L	17.50
247		TOOLS	12/01/07	774.89	0.00	0.00	681.73	44.28	726.01	48.88	S/L	17.50
265		28V IMPACT WRENCH	2/15/08	280.99	0.00	0.00	242.54	16.06	258.60	22.39	S/L	17.50
266		4" 7 DAY PRESSURE RECORDER	2/15/08	414.11	0.00	0.00	357.40	23.66	381.06	33.05	S/L	17.50
267		WELDING/CUTTING TORCH O	2/15/08	743.42	0.00	0.00	641.63	42.48	684.11	59.31	S/L	17.50
268		CHLORINATOR/CL2 MONITOR	3/15/08	5,623.16	0.00	0.00	4,806.48	321.32	5,127.80	495.36	S/L	17.50
269		ELECTRODE FOR PH METER	4/15/08	248.95	0.00	0.00	210.76	14.23	224.99	23.96	S/L	17.50
270		ALUMINUM BOAT	4/15/08	200.00	0.00	0.00	169.29	11.43	180.72	19.28	S/L	17.50
271		SENSION 4 PH METER	5/15/08	902.25	0.00	0.00	756.21	51.56	807.77	94.48	S/L	17.50
272		MOBILE RADIO AND ANTENNA	9/15/08	387.25	0.00	0.00	311.68	22.13	333.81	53.44	S/L	17.50
273		MIXER	10/15/08	1,203.94	0.00	0.00	958.84	68.80	1,027.64	176.30	S/L	17.50
302		AMT 3" Solids Handling Pump	10/15/09	863.70	0.00	0.00	601.49	49.35	650.84	212.86	S/L	17.50
303		Rolatape Model 300 Measuring Wh	10/15/09	136.66	0.00	0.00	95.20	7.81	103.01	33.65	S/L	17.50
304		60 gpd LMI B1 Series Chemical	5/15/09	875.66	0.00	0.00	646.35	50.04	696.39	179.27	S/L	17.50
305		4 function valves and tubing	5/15/09	271.29	0.00	0.00	200.24	15.50	215.74	55.55	S/L	17.50
306		Drum pump motor and pump end	3/15/09	698.27	0.00	0.00	527.04	39.90	566.94	131.33	S/L	17.50
307		Husqvarna chainsaw	1/15/09	447.06	0.00	0.00	344.91	25.55	370.46	76.60	S/L	17.50
308		Field camera	3/15/09	94.99	0.00	0.00	94.99	0.00	94.99	0.00	S/L	17.50
328		Gas heater for basement	12/01/10	199.99	0.00	0.00	115.96	11.43	127.39	72.60	S/L	17.50
330		4" Pressure Recorder	8/01/10	441.72	0.00	0.00	270.81	25.24	296.05	145.67	S/L	17.50
331		Drum Pump Motor & Pump End	8/01/10	623.24	0.00	0.00	382.08	35.61	417.69	205.55	S/L	17.50
333		Battery & Kit for Grinder	4/01/10	522.08	0.00	0.00	337.49	29.83	367.32	154.76	S/L	17.50
334		Portable Radio	4/01/10	425.62	0.00	0.00	275.12	24.32	299.44	126.18	S/L	17.50
335		Cub Cadet Riding Lawnmower	4/01/10	1,500.00	0.00	0.00	969.63	85.71	1,055.34	444.66	S/L	17.50
336		Mixing Basin Mixer	3/01/10	818.05	0.00	0.00	535.66	46.75	582.41	235.64	S/L	17.50
337		PH Electrode 5 Pin	3/01/10	260.95	0.00	0.00	170.88	14.91	185.79	75.16	S/L	17.50
338		4" Pressure Recorder	3/01/10	438.59	0.00	0.00	287.17	25.06	312.23	126.36	S/L	17.50

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 172 - OTHER EQUIPMENT (continued)</b>												
339		LMI Chemical Pump	1/01/10	962.00	0.00	0.00	645.91	54.97	700.88	261.12	S/L	17.50
351		5 Pin PH Electrode	1/31/11	254.00	0.00	0.00	185.66	14.51	200.17	53.83	S/L	17.50
352		Radio	2/28/11	456.32	0.00	0.00	428.07	26.08	454.15	2.17	S/L	17.50
353		3 PH 3/4 HP Motor for End Mixer	7/31/11	356.82	0.00	0.00	235.32	20.39	255.71	101.11	S/L	17.50
354		Chemical Pump with Valve & Tubi	7/31/11	1,084.25	0.00	0.00	556.35	61.96	618.31	465.94	S/L	17.50
355		4" Dickson Pressure Recorder	9/30/11	483.15	0.00	0.00	307.15	27.61	334.76	148.39	S/L	17.50
356		Cutoff/Bevel Tool With Charger	10/31/11	260.00	0.00	0.00	162.19	14.86	177.05	82.95	S/L	17.50
357		Speed Reducer for Rapid Mixer	11/30/11	711.36	0.00	0.00	435.28	40.65	475.93	235.43	S/L	17.50
358		4" Dickson Pressure Recorder	11/30/11	449.00	0.00	0.00	274.75	25.66	300.41	148.59	S/L	17.50
359		Motor for End Mixer	11/30/11	320.23	0.00	0.00	195.96	18.30	214.26	105.97	S/L	17.50
360		Motor for Rapid Mixer	12/07/11	263.87	0.00	0.00	161.48	15.08	176.56	87.31	S/L	17.50
379		Rapid Mixer w/ speed reducer	7/06/12	1,047.40	0.00	0.00	553.62	59.85	613.47	433.93	S/L	17.50
381		CL 17 Chlorine Analyzer	2/27/12	4,111.00	0.00	0.00	2,368.71	234.91	2,603.62	1,507.38	S/L	17.50
388		M28 Sawzall Kit w/2 Batteries	1/31/12	420.07	0.00	0.00	247.03	24.00	271.03	149.04	S/L	17.50
389		Milwaukee Impact Wrench Kit	5/31/12	477.21	0.00	0.00	257.92	27.27	285.19	192.02	S/L	17.50
390		Haier Window Air Conditioner	7/26/12	469.00	0.00	0.00	242.32	26.80	269.12	199.88	S/L	17.50
401		Frigidaire Aire Conditioner	5/20/13	499.00	0.00	0.00	198.40	28.51	226.91	272.09	S/L	17.50
402		Husqvarna Weed Trimmer	5/30/13	295.00	0.00	0.00	97.29	16.86	114.15	180.85	S/L	17.50
406		154pc Tools & Socket Sets	7/23/13	206.67	0.00	0.00	64.71	11.81	76.52	130.15	S/L	17.50
408		Husqvarna Riding Mower	8/06/13	1,000.00	0.00	0.00	313.09	57.14	370.23	629.77	S/L	17.50
409		Speed Reducer Rapid Mixer	8/27/13	848.16	0.00	0.00	306.97	48.47	355.44	492.72	S/L	17.50
410		C-Face Reducer for End Mixer	9/26/13	1,010.88	0.00	0.00	353.79	57.76	411.55	599.33	S/L	17.50
411		3" Head for Boring Machine	9/12/13	917.76	0.00	0.00	351.68	55.53	407.21	564.55	S/L	17.50
412		1/3HP Submersible Pump	10/31/13	978.20	0.00	0.00	327.35	55.33	382.68	585.52	S/L	17.50
414		Gas Heater w/Blower for Downstair	12/06/13	229.99	0.00	0.00	75.02	13.14	88.16	141.83	S/L	17.50
436		Scales for Chlorine Cylinders	4/10/14	2,945.00	0.00	0.00	820.41	168.29	988.70	1,956.30	S/L	17.50
437		Hammer Drill	4/04/14	422.13	0.00	0.00	117.59	24.12	141.71	280.42	S/L	17.50
438		LMI Series B Metering Pump	7/16/14	928.52	0.00	0.00	214.45	53.06	267.51	661.01	S/L	17.50
439		Rapid Mix Speed Reducer	12/19/14	874.08	0.00	0.00	149.85	49.95	199.80	674.28	S/L	17.50
440		Mixer Motor	12/17/14	308.86	0.00	0.00	52.95	17.65	70.60	238.26	S/L	17.50
467		Itron FC300	1/15/15	2,900.00	0.00	0.00	497.13	165.71	662.84	2,237.16	S/L	17.50
468		Lawnmower	3/30/15	700.00	0.00	0.00	110.00	40.00	150.00	550.00	S/L	17.50
469		Hach DR 3900 Spectrophotometer	4/28/15	4,136.00	0.00	0.00	630.24	236.34	866.58	3,269.42	S/L	17.50
470		UMS Payment Import Module	3/31/15	945.00	0.00	0.00	148.50	54.00	202.50	742.50	S/L	17.50
471		FC300 Handheld Meter Reader	12/11/15	2,905.92	0.00	0.00	345.94	166.05	511.99	2,393.93	S/L	17.50
485		LMI Chemical Pump	2/16/16	1,395.80	0.00	0.00	146.23	79.76	225.99	1,169.81	S/L	17.50
509		Delpac Pump	8/22/17	317.12	0.00	0.00	6.04	18.12	24.16	292.96	S/L	17.50
510		Radio, Antenna	9/21/17	467.70	0.00	0.00	6.68	26.73	33.41	434.29	S/L	17.50
511		Speed Reducer	9/25/17	1,430.88	0.00	0.00	20.44	81.76	102.20	1,328.68	S/L	17.50
532		Grainger - Speed Reducer	7/03/18	1,207.00	0.00c	0.00	0.00	34.49	34.49	1,172.51	S/L	17.50
<b>172 - OTHER EQUIPMENT</b>				<b>129,442.62</b>	<b>0.00c</b>	<b>0.00</b>	<b>96,772.40</b>	<b>3,681.00</b>	<b>100,453.40</b>	<b>28,989.22</b>		
<b>Group: 172-20 SEWER OTHER EQUIP</b>												
314		Hydrant-Liftstation flush	2/28/09	713.57	0.00	0.00	538.60	40.78	579.38	134.19	S/L	17.50
<b>172-20 SEWER OTHER EQUIP</b>				<b>713.57</b>	<b>0.00c</b>	<b>0.00</b>	<b>538.60</b>	<b>40.78</b>	<b>579.38</b>	<b>134.19</b>		

## Tax Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 175 - PUMPING EQUIPMENT</b>												
190		BROWNS BR PUMP	12/31/94	338.00	0.00	0.00	338.00	0.00	338.00	0.00	S/L	20.00
191		MOTOR 15 HP 300	12/31/94	3,790.00	0.00	0.00	3,790.00	0.00	3,790.00	0.00	S/L	20.00
192		HI SERVICE PUMP	6/01/96	17,320.00	0.00	0.00	17,320.00	0.00	17,320.00	0.00	S/L	20.00
193		BU CREEK PUMP	10/21/98	4,479.00	0.00	0.00	4,479.00	0.00	4,479.00	0.00	S/L	20.00
194		J LINE VERT PUMP	12/21/98	6,223.00	0.00	0.00	6,223.00	0.00	6,223.00	0.00	S/L	20.00
195		PUMP MOTORS	10/12/99	252.00	0.00	0.00	252.00	0.00	252.00	0.00	S/L	20.00
196		PUMP	12/31/99	437.00	0.00	0.00	437.00	0.00	437.00	0.00	S/L	20.00
197		PUMP MOTOR	7/01/00	191.00	0.00	0.00	191.00	0.00	191.00	0.00	S/L	20.00
198		PUMP	7/01/00	341.00	0.00	0.00	341.00	0.00	341.00	0.00	S/L	20.00
199		UNNAMED	12/31/04	11,224.00	0.00	0.00	11,224.00	0.00	11,224.00	0.00	S/L	20.00
200		PORTA PUMPS 2	3/20/05	1,541.00	0.00	0.00	1,541.00	0.00	1,541.00	0.00	S/L	20.00
201		PUMP	4/15/05	3,329.00	0.00	0.00	3,329.00	0.00	3,329.00	0.00	S/L	20.00
202		PUMP- ELECTRICAL WORK	7/05/05	554.00	0.00	0.00	554.00	0.00	554.00	0.00	S/L	20.00
228		RIVER PUMP	5/15/06	4,073.83	0.00	0.00	4,073.83	0.00	4,073.83	0.00	S/L	20.00
245		BACKWASH PUMP	9/01/07	6,234.00	0.00	0.00	5,506.70	311.70	5,818.40	415.60	S/L	20.00
248		92 PUMP STATION ELECTRIC	11/01/07	375.00	0.00	0.00	325.00	18.75	343.75	31.25	S/L	20.00
249		RIVER PUMP	10/01/07	4,045.90	0.00	0.00	3,540.18	202.30	3,742.48	303.42	S/L	20.00
250		1809 PUMP STATION MOTOR	12/01/07	2,013.63	0.00	0.00	1,728.34	100.68	1,829.02	184.61	S/L	20.00
251		FLOURIDE PUMP	12/01/07	1,001.74	0.00	0.00	859.81	50.09	909.90	91.84	S/L	20.00
274		DEHUMIDIFIER	1/15/08	138.44	0.00	0.00	117.64	6.92	124.56	13.88	S/L	20.00
275		RIVER PUMP	1/15/08	510.00	0.00	0.00	433.50	25.50	459.00	51.00	S/L	20.00
276		213JM PACO MOTOR	2/15/08	468.00	0.00	0.00	393.90	23.40	417.30	50.70	S/L	20.00
277		SEAL KIT, WEAR RING KIT & S	3/15/08	337.09	0.00	0.00	280.90	16.85	297.75	39.34	S/L	20.00
278		EXHAUST FAN	3/15/08	120.95	0.00	0.00	100.83	6.05	106.88	14.07	S/L	20.00
279		GATE VALVE W/FLANGE PACK	4/15/08	519.26	0.00	0.00	428.40	25.96	454.36	64.90	S/L	20.00
280		MOTOR HIGH SERVICE PUMP	4/15/08	600.00	0.00	0.00	495.00	30.00	525.00	75.00	S/L	20.00
281		CHICAGO PUMP MODEL CP409	8/15/08	4,675.00	0.00	0.00	3,701.04	233.75	3,934.79	740.21	S/L	20.00
282		15 HORSEPOWER PUMP	10/15/08	977.19	0.00	0.00	757.33	48.86	806.19	171.00	S/L	20.00
283		1 HP DRIVE FOR MIXER	11/15/08	325.26	0.00	0.00	249.38	16.26	265.64	59.62	S/L	20.00
284		10 HP MOTOR	12/15/08	968.33	0.00	0.00	734.31	48.42	782.73	185.60	S/L	20.00
285		HAYES GAP PUMPING STATION	4/15/08	605.00	0.00	0.00	499.13	30.25	529.38	75.62	S/L	20.00
286		1809 PUMP STATION	4/15/08	605.00	0.00	0.00	499.13	30.25	529.38	75.62	S/L	20.00
287		PEERLESS 7.5 HP WATER PUMP	3/17/08	1,364.76	0.00	0.00	1,125.96	68.24	1,194.20	170.56	S/L	20.00
288		HAYES GAP PUMPING STATION	3/31/08	730.13	0.00	0.00	602.35	36.51	638.86	91.27	S/L	20.00
289		ARMATURE AND MOTOR	6/12/08	1,195.00	0.00	0.00	965.96	59.75	1,025.71	169.29	S/L	20.00
309		Chicago pump model CP 4092.5	12/15/09	5,148.00	0.00	0.00	3,389.10	257.40	3,646.50	1,501.50	S/L	20.00
310		10 HP motor for 1809 Pump Station	5/15/09	722.75	0.00	0.00	518.00	36.14	554.14	168.61	S/L	20.00
311		Pumping equipment	6/30/09	2,329.24	0.00	0.00	1,630.44	116.46	1,746.90	582.34	S/L	20.00
323		Electrical Improvements on River P	9/09/10	810.00	0.00	0.00	472.50	40.50	513.00	297.00	S/L	20.00
324		Aurora River Pump Improvements	1/11/10	1,500.00	0.00	0.00	975.00	75.00	1,050.00	450.00	S/L	20.00
325		Aurora River Pump Improvements	11/01/10	2,000.00	0.00	0.00	1,133.33	100.00	1,233.33	766.67	S/L	20.00
326		Motor for Hayes Gap Pump	8/10/10	565.68	0.00	0.00	334.69	28.28	362.97	202.71	S/L	20.00
327		Valves for Hayes Gap Pump	9/14/10	505.61	0.00	0.00	294.93	25.28	320.21	185.40	S/L	20.00
361		Portapump Submersible Pump	10/31/11	854.88	0.00	0.00	514.96	42.74	557.70	297.18	S/L	20.00
362		10HP Baldor Motor - 1809 Pump St	11/01/11	911.69	0.00	0.00	911.69	0.00	911.69	0.00	S/L	20.00
363		Motor for Rapid Mixer	11/30/11	264.17	0.00	0.00	155.99	13.21	169.20	94.97	S/L	20.00
376		High Service Pump	7/16/12	7,872.00	0.00	0.00	3,898.51	393.60	4,292.11	3,579.89	S/L	20.00
377		High Service Pump Motor	5/29/12	680.00	0.00	0.00	352.95	34.00	386.95	293.05	S/L	20.00
378		10HP 460/3PH Submersible Pump	1/17/12	6,552.60	0.00	0.00	3,713.15	327.63	4,040.78	2,511.82	S/L	20.00



**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 175 - PUMPING EQUIPMENT (continued)</b>												
384		Pumping Equipment	7/06/12	1,654.10	0.00	0.00	838.88	82.71	921.59	732.51	S/L	20.00
391		7.5HP 3628 Motor	2/07/12	703.43	0.00	0.00	398.61	35.17	433.78	269.65	S/L	20.00
392		Seal Kit for Hayes Gap Pump Statio	2/07/12	226.89	0.00	0.00	128.55	11.34	139.89	87.00	S/L	20.00
417		Station 92 4" Mueller Steam Check	3/13/13	530.00	0.00	0.00	218.31	26.50	244.81	285.19	S/L	20.00
418		Station 1809 Submersible Water Pu	4/04/13	155.25	0.00	0.00	62.09	7.76	69.85	85.40	S/L	20.00
419		Pumping Equipment	5/07/13	936.80	0.00	0.00	363.57	46.84	410.41	526.39	S/L	20.00
420		Replace Wiring on River Pump	6/27/13	720.00	0.00	0.00	262.29	36.00	298.29	421.71	S/L	20.00
421		Station 92 Mueller Butterfly Valve	4/05/13	249.00	0.00	0.00	99.60	12.45	112.05	136.95	S/L	20.00
422		Station 1809 Timers	12/12/13	1,030.02	0.00	0.00	313.91	51.50	365.41	664.61	S/L	20.00
441		Electrical Improvements - River Pu	8/27/14	100.00	0.00	0.00	18.33	5.00	23.33	76.67	S/L	20.00
442		Electrical Improvements - Hayes G	8/27/14	300.00	0.00	0.00	55.00	15.00	70.00	230.00	S/L	20.00
443		Electrical Improvements - 1809 & 9	9/30/14	600.00	0.00	0.00	105.00	30.00	135.00	465.00	S/L	20.00
445		Timers & Pressure Switches - Haye	3/26/14	761.85	0.00	0.00	195.90	38.09	233.99	527.86	S/L	20.00
446		Timers & Pressure Switches - 1809	3/26/14	761.84	0.00	0.00	195.90	38.09	233.99	527.85	S/L	20.00
447		Solenoid Valve & Sump Pump - Ha	3/18/14	574.02	0.00	0.00	147.60	28.70	176.30	397.72	S/L	20.00
448		Solenoid Valve & Sump Pump - 18	3/18/14	574.01	0.00	0.00	147.60	28.70	176.30	397.71	S/L	20.00
449		Timers - Hayes Gap & Flat Lick	4/10/14	672.70	0.00	0.00	172.99	33.64	206.63	466.07	S/L	20.00
450		Timers - 1809 & 92	4/10/14	672.70	0.00	0.00	172.99	33.64	206.63	466.07	S/L	20.00
451		River Pump Improvements	5/07/14	5,045.04	0.00	0.00	1,093.09	252.25	1,345.34	3,699.70	S/L	20.00
472		Chicago River Pump	3/18/15	7,646.48	0.00	0.00	1,051.38	382.32	1,433.70	6,212.78	S/L	20.00
473		LMI Delpac Pump	10/27/15	1,214.40	0.00	0.00	131.56	60.72	192.28	1,022.12	S/L	20.00
474		River Pump Equipment	11/30/15	22,750.17	0.00	0.00	2,369.81	1,137.51	3,507.32	19,242.85	S/L	20.00
475		Hayes Gap Pump Equipment	9/30/15	2,069.45	0.00	0.00	232.81	103.47	336.28	1,733.17	S/L	20.00
476		Caney Gap Pump Equipment	6/30/15	5,898.97	0.00	0.00	737.37	294.95	1,032.32	4,866.65	S/L	20.00
495		River Pump Improvements	10/08/16	738.60	0.00	0.00	46.16	36.93	83.09	655.51	S/L	20.00
496		Caney Gap Pump Switch on Pump #	3/02/16	862.71	0.00	0.00	79.09	43.14	122.23	740.48	S/L	20.00
497		Caney Gap Pump Zoeller M 53 Sub	4/22/16	155.25	0.00	0.00	12.94	7.76	20.70	134.55	S/L	20.00
498		Caney Gap Pump #1 & #2 Improve	7/14/16	2,428.21	0.00	0.00	182.12	121.41	303.53	2,124.68	S/L	20.00
499		Caney Gap Limit Switch Pump #1	7/20/16	807.50	0.00	0.00	57.20	40.38	97.58	709.92	S/L	20.00
500		Caney Gap Pump Rewind	8/05/16	2,500.00	0.00	0.00	177.08	125.00	302.08	2,197.92	S/L	20.00
501		Caney Gap New Pump #1 & Pump :	9/21/16	7,179.58	0.00	0.00	448.72	358.98	807.70	6,371.88	S/L	20.00
502		Caney Gap Pump #2 Rewind	11/11/16	2,800.39	0.00	0.00	163.36	140.02	303.38	2,497.01	S/L	20.00
503		Hwy 1809 Pump Station Wiring Im	10/08/16	898.96	0.00	0.00	56.19	44.95	101.14	797.82	S/L	20.00
520		River Pump Mixing Basin Motor	9/20/17	512.80	0.00	0.00	6.41	25.64	32.05	480.75	S/L	20.00
521		Caney Gap Peerless Pump C810AM	3/03/17	3,046.23	0.00	0.00	126.93	152.31	279.24	2,766.99	S/L	20.00
522		Hayes Gap Seal Kit	11/28/17	384.57	0.00	0.00	1.60	19.23	20.83	363.74	S/L	20.00
523		Hwy 1809 Seal Kit, Wear Ring Kit,	2/15/17	752.03	0.00	0.00	34.47	37.60	72.07	679.96	S/L	20.00
524		Hwy 1809 Impellor	3/28/17	822.25	0.00	0.00	30.83	41.11	71.94	750.31	S/L	20.00
525		Hwy 1809 2 Impellers	3/16/17	1,772.50	0.00	0.00	66.47	88.63	155.10	1,617.40	S/L	20.00
526		Hwy 92, Laurel Br, Flatlick Electric	11/07/17	2,403.50	0.00	0.00	20.03	120.18	140.21	2,263.29	S/L	20.00
533		Forcht Bank - Pump	3/06/18	229.99	0.00c	0.00	0.00	9.58	9.58	220.41	S/L	20.00
534		Cole Electric - River Pump Rewind	8/02/18	2,750.00	0.00c	0.00	0.00	57.29	57.29	2,692.71	S/L	20.00
535		Cole Electric - River Pump Rewind	8/02/18	2,750.00	0.00c	0.00	0.00	57.29	57.29	2,692.71	S/L	20.00
536		Cole Electric - River Pump Rewind	9/04/01	2,750.00	0.00	0.00	0.00	137.50	137.50	2,612.50	S/L	20.00
537		Cole Electric - River Pump Repair	12/03/18	1,000.00	0.00c	0.00	0.00	4.17	4.17	995.83	S/L	20.00
<b>175 - PUMPING EQUIPMENT</b>				<b>206,011.32</b>	<b>0.00c</b>	<b>0.00</b>	<b>106,755.60</b>	<b>7,342.18</b>	<b>114,097.78</b>	<b>91,913.54</b>		

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 175-20 PUMP EQUIP SEWER</b>												
261		PUMPING EQUIPMENT	7/31/07	648.00	0.00	0.00	337.50	32.40	369.90	278.10	S/L	20.00
296		BIMBLE LIFT STATION	5/15/08	480.00	0.00	0.00	392.00	24.00	416.00	64.00	S/L	20.00
315		Pumping equipment	6/30/09	9,490.26	0.00	0.00	6,643.19	474.51	7,117.70	2,372.56	S/L	20.00
431		Pumping Equipment - Control & In:	6/26/13	665.00	0.00	0.00	242.25	33.25	275.50	389.50	S/L	20.00
432		Pump Bracket & Gasket for Pump #	10/25/13	1,556.12	0.00	0.00	492.78	77.81	570.59	985.53	S/L	20.00
444		Electrical Improvements - Bimble (	8/27/14	710.00	0.00	0.00	130.17	35.50	165.67	544.33	S/L	20.00
477		Bimble Lift Station Pump Equipme	9/30/15	800.00	0.00	0.00	90.00	40.00	130.00	670.00	S/L	20.00
504		Bimble Lift Station New VFD Pumj	2/11/16	6,244.34	0.00	0.00	598.42	312.22	910.64	5,333.70	S/L	20.00
<b>175-20 PUMP EQUIP SEWER</b>				<b>20,593.72</b>	<b>0.00c</b>	<b>0.00</b>	<b>8,926.31</b>	<b>1,029.69</b>	<b>9,956.00</b>	<b>10,637.72</b>		
<b>Group: 180 - METERS &amp; INSTALLS</b>												
1		METER INSTALLATIONS	12/31/80	388.00	0.00	0.00	388.00	0.00	388.00	0.00	S/L	45.00
2		METER INSTALLATIONS	12/31/81	452.00	0.00	0.00	452.00	0.00	452.00	0.00	S/L	45.00
3		METER INSTALLATIONS	12/31/82	901.00	0.00	0.00	901.00	0.00	901.00	0.00	S/L	45.00
4		METER INSTALLATIONS	12/31/83	839.00	0.00	0.00	839.00	0.00	839.00	0.00	S/L	45.00
5		METER INSTALLATIONS	12/31/84	1,329.00	0.00	0.00	1,329.00	0.00	1,329.00	0.00	S/L	45.00
6		METER INSTALLATIONS	12/31/85	1,019.00	0.00	0.00	1,019.00	0.00	1,019.00	0.00	S/L	45.00
7		METER INSTALLATIONS	12/31/86	513.00	0.00	0.00	513.00	0.00	513.00	0.00	S/L	45.00
8		METER INSTALLATIONS	12/31/87	450.00	0.00	0.00	450.00	0.00	450.00	0.00	S/L	45.00
9		METERS	12/31/87	410.00	0.00	0.00	410.00	0.00	410.00	0.00	S/L	40.00
10		METER INSTALL	10/31/88	2,471.00	0.00	0.00	2,471.00	0.00	2,471.00	0.00	S/L	45.00
11		METER INSTALLATIONS	12/31/88	544.00	0.00	0.00	544.00	0.00	544.00	0.00	S/L	45.00
12		METER INSTALL	10/31/89	4,076.00	0.00	0.00	4,076.00	0.00	4,076.00	0.00	S/L	45.00
13		METER INSTALLATIONS	12/31/89	1,540.00	0.00	0.00	1,540.00	0.00	1,540.00	0.00	S/L	45.00
14		METER INSTALL	10/31/90	2,746.00	0.00	0.00	2,746.00	0.00	2,746.00	0.00	S/L	45.00
15		METER INSTALLATIONS	12/31/90	828.00	0.00	0.00	828.00	0.00	828.00	0.00	S/L	45.00
16		METER INSTALLATIONS	7/01/91	25,556.00	0.00	0.00	25,556.00	0.00	25,556.00	0.00	S/L	45.00
17		METERS	7/01/91	1,151.00	0.00	0.00	1,151.00	0.00	1,151.00	0.00	S/L	40.00
18		METERS	10/31/91	2,449.00	0.00	0.00	2,449.00	0.00	2,449.00	0.00	S/L	40.00
19		MASTER METER	12/31/91	1,550.00	0.00	0.00	1,550.00	0.00	1,550.00	0.00	S/L	40.00
20		METER INSTALL	12/31/91	608.00	0.00	0.00	608.00	0.00	608.00	0.00	S/L	45.00
21		METERS	7/01/92	586.00	0.00	0.00	586.00	0.00	586.00	0.00	S/L	40.00
22		METER INSTALLATIONS	12/31/92	3,708.00	0.00	0.00	3,708.00	0.00	3,708.00	0.00	S/L	45.00
23		METER INSTALL	12/31/92	3,211.00	0.00	0.00	3,211.00	0.00	3,211.00	0.00	S/L	45.00
24		METERS	12/31/92	677.00	0.00	0.00	677.00	0.00	677.00	0.00	S/L	40.00
25		METER INSTALLATIONS	7/01/93	1,812.00	0.00	0.00	1,812.00	0.00	1,812.00	0.00	S/L	45.00
26		METERS	7/01/93	298.00	0.00	0.00	298.00	0.00	298.00	0.00	S/L	40.00
27		METER INSTALL	12/31/93	4,482.00	0.00	0.00	4,482.00	0.00	4,482.00	0.00	S/L	45.00
28		METERS	12/31/93	3,708.00	0.00	0.00	3,708.00	0.00	3,708.00	0.00	S/L	40.00
29		METER INSTALLATIONS	7/01/94	4,297.00	0.00	0.00	4,297.00	0.00	4,297.00	0.00	S/L	45.00
30		METERS	7/01/94	645.00	0.00	0.00	645.00	0.00	645.00	0.00	S/L	40.00
31		METER INSTALL	12/31/94	7,307.00	0.00	0.00	7,307.00	0.00	7,307.00	0.00	S/L	45.00
32		METERS	12/31/94	4,387.00	0.00	0.00	4,387.00	0.00	4,387.00	0.00	S/L	40.00
33		METERS	7/01/95	229.00	0.00	0.00	229.00	0.00	229.00	0.00	S/L	40.00
34		MASTER METER-CORBIN	8/01/95	13,000.00	0.00	0.00	13,000.00	0.00	13,000.00	0.00	S/L	40.00
35		METER INSTALLATIONS	9/01/95	114,331.00	0.00	0.00	114,331.00	0.00	114,331.00	0.00	S/L	45.00
36		METER INSTALL	9/30/95	5,613.00	0.00	0.00	5,613.00	0.00	5,613.00	0.00	S/L	45.00

## Tax Asset Detail 1/01/18 - 12/31/18

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 180 - METERS &amp; INSTALLS (continued)</b>												
37		METERS	9/30/95	2,470.00	0.00	0.00	2,470.00	0.00	2,470.00	0.00	S/L	40.00
38		METER INSTALL	12/31/95	2,315.00	0.00	0.00	2,315.00	0.00	2,315.00	0.00	S/L	45.00
39		METERS	7/01/96	2,542.00	0.00	0.00	2,542.00	0.00	2,542.00	0.00	S/L	40.00
40		NEW METERS	6/01/97	2,058.00	0.00	0.00	1,955.45	51.45	2,006.90	51.10	S/L	40.00
41		PRECISION METERS	1/27/98	2,645.00	0.00	0.00	2,645.00	0.00	2,645.00	0.00	S/L	40.00
42		NEW METERS	7/15/98	3,056.00	0.00	0.00	2,751.40	76.40	2,827.80	228.20	S/L	40.00
43		MASTER METER	3/08/99	1,298.00	0.00	0.00	1,298.00	0.00	1,298.00	0.00	S/L	40.00
44		NEW METERS	12/31/99	3,468.00	0.00	0.00	3,468.00	0.00	3,468.00	0.00	S/L	40.00
45		METERS	12/31/99	6,618.00	0.00	0.00	6,618.00	0.00	6,618.00	0.00	S/L	40.00
46		NEW METERS	7/01/00	607.00	0.00	0.00	560.69	15.18	575.87	31.13	S/L	40.00
47		METERS	12/31/00	1,885.00	0.00	0.00	1,816.64	47.13	1,863.77	21.23	S/L	40.00
48		METER INSTALL	7/01/01	9,494.00	0.00	0.00	7,042.24	210.98	7,253.22	2,240.78	S/L	45.00
49		METERS	7/01/01	15,036.00	0.00	0.00	12,405.90	375.90	12,781.80	2,254.20	S/L	40.00
50		NEW METERS	10/31/02	3,000.00	0.00	0.00	2,100.00	75.00	2,175.00	825.00	S/L	40.00
51		COMPOUND 4" METER	3/04/03	1,600.00	0.00	0.00	1,040.00	40.00	1,080.00	520.00	S/L	40.00
52		METERS	4/30/03	2,958.00	0.00	0.00	1,922.95	73.95	1,996.90	961.10	S/L	40.00
53		METERS	9/30/03	3,009.00	0.00	0.00	1,954.74	75.23	2,029.97	979.03	S/L	40.00
54		METERS	12/31/04	3,009.01	0.00	0.00	1,804.74	75.23	1,879.97	1,129.04	S/L	40.00
55		METER	3/15/05	2,435.00	0.00	0.00	1,339.39	60.88	1,400.27	1,034.73	S/L	40.00
56		SENSUA METER	3/15/05	15,000.00	0.00	0.00	8,250.00	375.00	8,625.00	6,375.00	S/L	40.00
57		METER	6/15/05	861.00	0.00	0.00	474.04	21.53	495.57	365.43	S/L	40.00
252		METERS	7/01/07	7,806.43	0.00	0.00	3,512.88	195.16	3,708.04	4,098.39	S/L	40.00
290		METERS	6/30/08	6,375.00	0.00	0.00	2,550.02	159.38	2,709.40	3,665.60	S/L	40.00
312		Meters	6/30/09	5,156.97	0.00	0.00	1,804.93	128.92	1,933.85	3,223.12	S/L	40.00
340		50 Sensus Meters	2/01/10	1,725.00	0.00	0.00	553.45	43.13	596.58	1,128.42	S/L	40.00
341		116 Sensus Water Meters	9/01/10	3,940.00	0.00	0.00	1,149.17	98.50	1,247.67	2,692.33	S/L	40.00
342		Calibration of 6" and 4" Plant Meter	8/01/10	500.00	0.00	0.00	147.92	12.50	160.42	339.58	S/L	40.00
364		100 - 3/4" Sensus Meter	3/31/11	3,450.00	0.00	0.00	1,552.50	86.25	1,638.75	1,811.25	S/L	40.00
365		6" Tigermag EP Meter	6/30/11	2,857.62	0.00	0.00	1,214.48	71.44	1,285.92	1,571.70	S/L	40.00
385		150 Meters	6/30/12	7,148.50	0.00	0.00	1,429.70	178.71	1,608.41	5,540.09	S/L	40.00
403		50 5/8x3/4 Water Meters	6/24/13	2,075.00	0.00	0.00	311.27	51.88	363.15	1,711.85	S/L	40.00
405		New Finished Meter in Plant	7/15/13	243.96	0.00	0.00	36.60	6.10	42.70	201.26	S/L	40.00
407		2 Large Meter Field Test	8/05/13	400.00	0.00	0.00	58.33	10.00	68.33	331.67	S/L	40.00
413		50 5/8x3/4 Water Meters	11/20/13	2,350.00	0.00	0.00	303.54	58.75	362.29	1,987.71	S/L	40.00
452		50 5/8"x3/4" Water Meters	2/17/14	2,350.00	0.00	0.00	274.17	58.75	332.92	2,017.08	S/L	40.00
453		1" Water Meter	5/28/14	126.40	0.00	0.00	13.17	3.16	16.33	110.07	S/L	40.00
454		100 5/8"x3/4" Water Meters	6/26/14	4,700.00	0.00	0.00	470.00	117.50	587.50	4,112.50	S/L	40.00
455		Raw Water Meter	7/28/14	1,810.00	0.00	0.00	173.46	45.25	218.71	1,591.29	S/L	40.00
456		2 Large Meter Field Tests	8/30/14	400.00	0.00	0.00	36.67	10.00	46.67	353.33	S/L	40.00
457		Finished Water Meter	8/20/14	2,902.73	0.00	0.00	266.09	72.57	338.66	2,564.07	S/L	40.00
458		Coal Tipple Meter	9/23/14	441.96	0.00	0.00	38.67	11.05	49.72	392.24	S/L	40.00
478		2 Large Meters Field Test	9/24/15	400.00	0.00	0.00	22.50	10.00	32.50	367.50	S/L	40.00
479		50 Water Meters	8/25/15	2,350.00	0.00	0.00	137.08	58.75	195.83	2,154.17	S/L	40.00
480		1" Meter	6/02/15	266.91	0.00	0.00	17.23	6.67	23.90	243.01	S/L	40.00
481		20 Water Meters	4/23/15	940.00	0.00	0.00	62.67	23.50	86.17	853.83	S/L	40.00
484		50 Water Meters	1/11/16	2,350.00	0.00	0.00	117.50	58.75	176.25	2,173.75	S/L	40.00
488		50 Water Meters	5/23/16	2,350.00	0.00	0.00	93.02	58.75	151.77	2,198.23	S/L	40.00
490		2" Meter	8/04/16	747.55	0.00	0.00	26.48	18.69	45.17	702.38	S/L	40.00
491		2 Large Meters Field Test	8/19/16	400.00	0.00	0.00	13.33	10.00	23.33	376.67	S/L	40.00

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 180 - METERS &amp; INSTALLS (continued)</b>												
492		2 1" Meters	8/16/16	350.00	0.00	0.00	11.67	8.75	20.42	329.58	S/L	40.00
493		50 3/4" Meters & 1 1" Meter	9/13/16	2,525.00	0.00	0.00	84.17	63.13	147.30	2,377.70	S/L	40.00
494		1 2" Meter	9/15/16	557.75	0.00	0.00	18.59	13.94	32.53	525.22	S/L	40.00
512		50 5/8"x3/4" Water Meters	6/29/17	2,400.00	0.00	0.00	30.00	60.00	90.00	2,310.00	S/L	40.00
513		Raw Water Meter	8/22/17	3,232.09	0.00	0.00	26.93	80.80	107.73	3,124.36	S/L	40.00
514		125 5/8"x3/4" Water Meters	8/23/17	5,875.00	0.00	0.00	48.96	146.88	195.84	5,679.16	S/L	40.00
515		2 Large Meter Field Tests	8/24/17	400.00	0.00	0.00	3.33	10.00	13.33	386.67	S/L	40.00
516		50 5/8"x3/4" Water Meters	8/24/17	2,400.00	0.00	0.00	20.00	60.00	80.00	2,320.00	S/L	40.00
517		2 1" Water Meters	10/20/17	358.00	0.00	0.00	1.49	8.95	10.44	347.56	S/L	40.00
518		10 5/8"x3/4" Water Meters	11/14/17	480.00	0.00	0.00	2.00	12.00	14.00	466.00	S/L	40.00
538		Neptune - 50 Water Meters	5/01/18	2,497.50	0.00c	0.00	0.00	41.63	41.63	2,455.87	S/L	40.00
539		United Systems - 192 Kamstrup Me	8/06/18	22,080.00	0.00c	0.00	0.00	230.00	230.00	21,850.00	S/L	40.00
540		Dyer Meter - 2 Large Meter Field T	8/23/18	360.00	0.00c	0.00	0.00	3.00	3.00	357.00	S/L	40.00
541		Neptune - 50 Water Meters	9/12/18	2,497.50	0.00c	0.00	0.00	20.81	20.81	2,476.69	S/L	40.00
542		United Systems - 192 Water Pit Enc	10/02/18	13,911.08	0.00c	0.00	0.00	86.94	86.94	13,824.14	S/L	40.00
543		United Systems - 24 Water Pit Enco	11/06/18	1,746.64	0.00c	0.00	0.00	7.28	7.28	1,739.36	S/L	40.00
544		United Systems - 24 Kamstrup Metc	12/11/18	2,807.51	0.00c	0.00	0.00	5.85	5.85	2,801.66	S/L	40.00
		<b>180 - METERS &amp; INSTALLS</b>		<b>434,517.11</b>	<b>0.00c</b>	<b>0.00</b>	<b>301,519.15</b>	<b>4,097.93</b>	<b>305,617.08</b>	<b>128,900.03</b>		
<b>Group: 181 - TRANS &amp; DIST MAINS</b>												
58		BRUSH CREED EXPANSION	8/31/02	2,173,500.00	0.00	0.00	1,174,777.00	34,776.00	1,209,553.00	963,947.00	S/L	62.50
72		GOODIN BRANCH EXT	3/31/02	14,595.00	0.00	0.00	8,168.76	233.52	8,402.28	6,192.72	S/L	62.50
73		BUCKEYE	10/17/03	8,315.00	0.00	0.00	4,127.52	133.04	4,260.56	4,054.44	S/L	62.50
74		TRACE BRANCH	10/31/03	7,125.00	0.00	0.00	3,536.00	114.00	3,650.00	3,475.00	S/L	62.50
75		LAUREL BRANCH	12/31/03	5,797.00	0.00	0.00	2,829.17	92.75	2,921.92	2,875.08	S/L	62.50
76		GOODIN BRANCH	12/31/03	2,485.00	0.00	0.00	1,211.88	39.76	1,251.64	1,233.36	S/L	62.50
77		BIG CREEK	12/31/03	8,077.00	0.00	0.00	3,941.41	129.23	4,070.64	4,006.36	S/L	62.50
78		EXPANSION	12/30/04	1,514.00	0.00	0.00	708.70	24.22	732.92	781.08	S/L	62.50
79		LINE EXTENSION	12/31/96	11,137.00	0.00	0.00	11,137.00	0.00	11,137.00	0.00	S/L	62.50
80		T RUN BRANCH EXT	8/25/98	4,453.00	0.00	0.00	4,453.00	0.00	4,453.00	0.00	S/L	62.50
81		B/VILLE TIE-IN	10/15/98	10,339.00	0.00	0.00	10,339.00	0.00	10,339.00	0.00	S/L	62.50
82		SHY MUG EXT	10/15/98	11,275.00	0.00	0.00	11,275.00	0.00	11,275.00	0.00	S/L	62.50
83		KNOX LINE EXT	12/31/02	469,800.00	0.00	0.00	257,450.40	7,516.80	264,967.20	204,832.80	S/L	62.50
84		UNNAMED	12/31/04	3,014.00	0.00	0.00	1,726.96	48.22	1,775.18	1,238.82	S/L	62.50
85		BRIAR HILL EXT	3/15/05	611,052.00	0.00	0.00	319,579.89	9,776.83	329,356.72	281,695.28	S/L	62.50
86		PINEVILLE CONNECTION	12/15/05	107,976.00	0.00	0.00	56,471.06	1,727.62	58,198.68	49,777.32	S/L	62.50
87		STINKING CREEK EXPANSION	12/15/05	46,148.00	0.00	0.00	24,135.71	738.37	24,874.08	21,273.92	S/L	62.50
93		TR & DIST MAINS	12/31/71	47,292.00	0.00	0.00	47,292.00	0.00	47,292.00	0.00	S/L	62.50
94		TR & DIST RESERVOIRS	10/31/73	38,084.00	0.00	0.00	38,084.00	0.00	38,084.00	0.00	S/L	62.50
95		TR & DIST RESERVOIRS	10/31/74	298.00	0.00	0.00	291.90	4.77	296.67	1.33	S/L	62.50
96		TR & DIST MAINS	12/31/75	5,743.00	0.00	0.00	5,743.00	0.00	5,743.00	0.00	S/L	62.50
97		TR & DIST MAINS	12/31/76	55.00	0.00	0.00	51.77	0.88	52.65	2.35	S/L	62.50
98		TR & DIST MAINS	12/31/79	2,778.00	0.00	0.00	2,416.68	44.45	2,461.13	316.87	S/L	62.50
99		TR & DIST MAINS	12/31/84	115.00	0.00	0.00	93.13	1.84	94.97	20.03	S/L	62.50
100		TR & DIST MAINS	12/31/85	469.00	0.00	0.00	380.10	7.50	387.60	81.40	S/L	62.50
101		TR & DIST MAINS	12/31/87	2,116.00	0.00	0.00	1,518.72	33.86	1,552.58	563.42	S/L	62.50
102		TR & DIST MAINS	10/31/89	10,000.00	0.00	0.00	10,000.00	0.00	10,000.00	0.00	S/L	62.50

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 181 - TRANS &amp; DIST MAINS (continued)</b>												
103		TR & DIST MAINS	12/31/89	1,944.00	0.00	0.00	1,323.16	31.10	1,354.26	589.74	S/L	62.50
104		TR & DIST MAINS	12/31/90	334,670.00	0.00	0.00	220,011.16	5,354.72	225,365.88	109,304.12	S/L	62.50
105		TR & DIST MAINS	10/31/91	306,697.00	0.00	0.00	222,374.38	4,907.15	227,281.53	79,415.47	S/L	62.50
106		TR & DIST MAINS	12/31/91	600.00	0.00	0.00	404.06	9.60	413.66	186.34	S/L	62.50
107		TR & DIST MAINS	12/31/92	17,333.00	0.00	0.00	11,321.06	277.33	11,598.39	5,734.61	S/L	62.50
108		TR & DIST MAINS	12/31/92	10,748.00	0.00	0.00	6,549.72	171.97	6,721.69	4,026.31	S/L	62.50
109		TR & DIST MAINS	12/31/93	3,667.00	0.00	0.00	2,320.94	58.67	2,379.61	1,287.39	S/L	62.50
110		TR & DIST MAINS	12/31/94	9,292.00	0.00	0.00	5,635.42	148.67	5,784.09	3,507.91	S/L	62.50
111		TR & DIST MAINS	9/01/95	1,289,858.00	0.00	0.00	689,285.00	20,637.73	709,922.73	579,935.27	S/L	62.50
112		TR & DIST MAINS	9/01/95	2,703.00	0.00	0.00	1,483.82	43.25	1,527.07	1,175.93	S/L	62.50
113		TR & DIST MAINS	9/01/95	2,761.00	0.00	0.00	1,516.55	44.18	1,560.73	1,200.27	S/L	62.50
114		TR & DIST MAINS	9/30/95	9,947.00	0.00	0.00	5,789.25	159.15	5,948.40	3,998.60	S/L	62.50
115		MAINS	7/01/96	6,070.00	0.00	0.00	3,210.23	97.12	3,307.35	2,762.65	S/L	62.50
116		TR & DIST MAINS	10/31/95	261,011.00	0.00	0.00	261,011.00	0.00	261,011.00	0.00	S/L	62.50
117		DISTRIG MAINS	7/01/01	1,927.00	0.00	0.00	1,387.64	30.83	1,418.47	508.53	S/L	62.50
118		COTTON BARGO ROAD	4/30/03	1,543.00	0.00	0.00	977.42	24.69	1,002.11	540.89	S/L	62.50
119		TRACE BRANCH CROSSING	9/30/03	6,235.00	0.00	0.00	3,820.03	99.76	3,919.79	2,315.21	S/L	62.50
120		LOGAN BRANCH	9/30/03	3,260.00	0.00	0.00	1,997.48	52.16	2,049.64	1,210.36	S/L	62.50
148		UNNAMED	12/31/04	8,974.00	0.00	0.00	8,974.00	0.00	8,974.00	0.00	S/L	62.50
219		NEW LINES- ROAD FORK	12/16/03	574,565.00	0.00	0.00	208,838.38	9,193.04	218,031.42	356,533.58	S/L	62.50
220		ROAD FORK EXPANSION	3/15/05	40,055.00	0.00	0.00	20,948.39	640.88	21,589.27	18,465.73	S/L	62.50
221		TR & DIST MAINS	12/31/05	28,143.00	0.00	0.00	14,015.22	450.29	14,465.51	13,677.49	S/L	62.50
233		TRANSMISSION AND DISTRIBU	1/15/06	304,574.00	0.00	0.00	83,148.69	4,873.18	88,021.87	216,552.13	S/L	62.50
258		TRANS & DIST WHITLEY	11/30/07	100,000.00	0.00	0.00	22,108.33	1,600.00	24,108.33	75,891.67	S/L	62.50
259		TRANS & DIST KNOX	11/30/07	451,819.19	0.00	0.00	101,696.98	7,229.11	108,926.09	342,893.10	S/L	62.50
292		TRANSMISSION & DIST MAINS	12/31/08	11,586.76	0.00	0.00	2,294.19	185.39	2,479.58	9,107.18	S/L	62.50
293		STINKING POPLAR CREEK EXP	12/31/08	500,983.09	0.00	0.00	99,194.67	8,015.73	107,210.40	393,772.69	S/L	62.50
294		FLAT CREEK/HUBBS HOLLOW,	12/31/08	250,080.10	0.00	0.00	49,515.84	4,001.28	53,517.12	196,562.98	S/L	62.50
316		Trans & Dist Mains	12/31/09	390,847.27	0.00	0.00	67,616.58	6,253.56	73,870.14	316,977.13	S/L	62.50
369		Laurel Branch Pump Station	2/01/11	58,786.47	0.00	0.00	8,577.91	940.58	9,518.49	49,267.98	S/L	62.50
370		Flat Lick Pump Station and Extensi	2/01/11	890,774.86	0.00	0.00	129,978.90	14,252.40	144,231.30	746,543.56	S/L	62.50
371		Stinking Creek Reinforcement Mair	2/01/11	89,327.35	0.00	0.00	13,034.35	1,429.24	14,463.59	74,863.76	S/L	62.50
394		Gravy Branch Line Extension	12/06/12	1,211.57	0.00	0.00	121.27	19.39	140.66	1,070.91	S/L	62.50
395		Stinking Creek Tank	4/26/12	781.90	0.00	0.00	89.66	12.51	102.17	679.73	S/L	62.50
396		Graytown Road Water Lines	11/06/12	467.25	0.00	0.00	47.75	7.48	55.23	412.02	S/L	62.50
397		Flat Lick Tank	4/26/12	6,388.12	0.00	0.00	732.50	102.21	834.71	5,553.41	S/L	62.50
398		SCADA/Telemetry	9/04/12	6,372.80	0.00	0.00	677.63	101.96	779.59	5,593.21	S/L	62.50
423		Doe Gap Branch - Flat Lick Tank &	6/30/13	2,594.99	0.00	0.00	221.87	41.52	263.39	2,331.60	S/L	62.50
424		Doe Gap Branch - Flat Lick Tank &	7/31/13	1,563.10	0.00	0.00	130.39	25.01	155.40	1,407.70	S/L	62.50
425		Turkey Creek Line Relocation	1/31/13	1,026.00	0.00	0.00	98.42	16.42	114.84	911.16	S/L	62.50
426		Main Line Coalport Relocation	3/31/13	311.35	0.00	0.00	28.56	4.98	33.54	277.81	S/L	62.50
427		Line Extensions	6/30/13	850.00	0.00	0.00	72.68	13.60	86.28	763.72	S/L	62.50
428		Sowers/Factory Rd Extension	7/31/13	470.85	0.00	0.00	39.26	7.53	46.79	424.06	S/L	62.50
429		G. Broughton Extension	5/17/13	1,096.07	0.00	0.00	96.00	17.54	113.54	982.53	S/L	62.50
461		Pigeon Roost Project	6/30/15	234,540.96	0.00	0.00	9,381.65	3,752.66	13,134.31	221,406.65	S/L	62.50
483		Jeff's Creek Project	11/30/15	54,772.09	0.00	0.00	1,825.73	876.35	2,702.08	52,070.01	S/L	62.50
<b>181 - TRANS &amp; DIST MAINS</b>				<b>9,886,781.14</b>	<b>0.00c</b>	<b>0.00</b>	<b>4,286,063.88</b>	<b>151,655.58</b>	<b>4,437,719.46</b>	<b>5,449,061.68</b>		

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 181-20 SEWER TRANS LINES</b>												
235		GRAVITY MAIN	5/15/06	229,424.00	0.00	0.00	50,779.17	3,670.78	54,449.95	174,974.05	S/L	62.50
236		FORCE MAIN	5/15/06	300,426.00	0.00	0.00	66,494.30	4,806.82	71,301.12	229,124.88	S/L	62.50
<b>181-20 SEWER TRANS LINES</b>				<b>529,850.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>117,273.47</b>	<b>8,477.60</b>	<b>125,751.07</b>	<b>404,098.93</b>		
<b>Group: 182 - NEW SERVICES</b>												
121		SERVICE INSTALLATIONS	7/01/96	21,619.00	0.00	0.00	21,619.00	0.00	21,619.00	0.00	S/L	40.00
122		SERVICE INSTALLATIONS	3/01/97	2,132.00	0.00	0.00	2,028.30	53.30	2,081.60	50.40	S/L	40.00
123		SERVICE INSTALLATIONS	6/01/97	3,871.00	0.00	0.00	3,681.29	96.78	3,778.07	92.93	S/L	40.00
124		SERVICE INSTALLATIONS	7/01/97	8,815.00	0.00	0.00	8,375.89	220.38	8,596.27	218.73	S/L	40.00
125		SERVICE INSTALLATIONS	7/01/97	3,087.00	0.00	0.00	2,929.69	77.18	3,006.87	80.13	S/L	40.00
126		SERVICE INSTALLATIONS	7/01/97	4,426.00	0.00	0.00	4,202.65	110.65	4,313.30	112.70	S/L	40.00
127		ENGLE HOLLOW	7/01/98	3,070.00	0.00	0.00	2,766.75	76.75	2,843.50	226.50	S/L	40.00
128		OTHER SERVICES	7/01/98	8,085.00	0.00	0.00	7,274.64	202.13	7,476.77	608.23	S/L	40.00
129		ROSIE TROSPER	7/01/98	4,874.00	0.00	0.00	4,388.85	121.85	4,510.70	363.30	S/L	40.00
130		SANDY BRANCH	7/01/98	1,651.00	0.00	0.00	1,488.79	41.28	1,530.07	120.93	S/L	40.00
131		NEW SERVICES	7/15/98	3,303.00	0.00	0.00	2,972.09	82.58	3,054.67	248.33	S/L	40.00
132		NEW SERVICES	12/31/98	6,255.00	0.00	0.00	5,691.89	156.38	5,848.27	406.73	S/L	40.00
133		NEW SERVICES	12/31/99	25,233.00	0.00	0.00	21,873.34	630.83	22,504.17	2,728.83	S/L	40.00
134		NEW SERVICES	7/01/00	8,000.00	0.00	0.00	7,000.00	200.00	7,200.00	800.00	S/L	40.00
135		NEW SERVICES	7/01/01	63,730.00	0.00	0.00	47,799.25	1,593.25	49,392.50	14,337.50	S/L	40.00
136		NEW SERVICES	7/01/02	23,139.00	0.00	0.00	16,081.99	578.48	16,660.47	6,478.53	S/L	40.00
137		NEW SERVICES	7/01/03	22,564.00	0.00	0.00	14,666.10	564.10	15,230.20	7,333.80	S/L	40.00
138		NEW SERVICES	12/31/04	15,609.00	0.00	0.00	9,364.74	390.23	9,754.97	5,854.03	S/L	40.00
232		NEW SERVICES	12/31/06	18,562.99	0.00	0.00	5,104.77	464.07	5,568.84	12,994.15	S/L	40.00
254		NEW SERVICES	12/31/07	29,651.57	0.00	0.00	12,601.93	741.29	13,343.22	16,308.35	S/L	40.00
291		NEW SERVICES	12/31/08	19,902.13	0.00	0.00	7,463.31	497.55	7,960.86	11,941.27	S/L	40.00
317		New Services	12/31/09	12,765.44	0.00	0.00	4,148.77	319.14	4,467.91	8,297.53	S/L	40.00
343		New Services	12/31/10	20,003.00	0.00	0.00	5,500.84	500.08	6,000.92	14,002.08	S/L	40.00
366		New Services	12/31/11	17,348.95	0.00	0.00	3,903.51	433.72	4,337.23	13,011.72	S/L	40.00
393		New Services	12/31/12	14,010.00	0.00	0.00	2,451.75	350.25	2,802.00	11,208.00	S/L	40.00
430		New Services	12/31/13	11,857.37	0.00	0.00	1,482.16	296.43	1,778.59	10,078.78	S/L	40.00
459		1" Water Meter	10/15/14	126.40	0.00	0.00	11.06	3.16	14.22	112.18	S/L	40.00
460		New Services	12/31/14	17,405.77	0.00	0.00	1,305.42	435.14	1,740.56	15,665.21	S/L	40.00
482		New Services	12/31/15	15,928.99	0.00	0.00	796.44	398.22	1,194.66	14,734.33	S/L	40.00
505		New Services	12/31/16	13,593.85	0.00	0.00	339.85	339.85	679.70	12,914.15	S/L	40.00
527		New Services	12/31/17	6,704.29	0.00	0.00	0.00	167.61	167.61	6,536.68	S/L	40.00
546		New Services	12/31/18	12,998.94	0.00c	0.00	0.00	0.00	0.00	12,998.94	S/L	40.00
<b>182 - NEW SERVICES</b>				<b>440,322.69</b>	<b>0.00c</b>	<b>0.00</b>	<b>229,315.06</b>	<b>10,142.66</b>	<b>239,457.72</b>	<b>200,864.97</b>		
<b>Group: 182-20 NEW SERVICE SEWER</b>												
298		NEW SERVICES	6/30/08	94.70	0.00	0.00	31.74	2.37	34.11	60.59	S/L	40.00
<b>182-20 NEW SERVICE SEWER</b>				<b>94.70</b>	<b>0.00c</b>	<b>0.00</b>	<b>31.74</b>	<b>2.37</b>	<b>34.11</b>	<b>60.59</b>		

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 183 - HYDRANTS</b>												
59		HYDRANTS	10/31/78	825.00	0.00	0.00	825.00	0.00	825.00	0.00	S/L	50.00
60		HYDRANTS	12/31/81	1,078.00	0.00	0.00	1,078.00	0.00	1,078.00	0.00	S/L	50.00
61		HYDRANTS	7/06/82	1,819.00	0.00	0.00	1,819.00	0.00	1,819.00	0.00	S/L	50.00
62		HYDRANTS	10/31/86	1,177.00	0.00	0.00	1,177.00	0.00	1,177.00	0.00	S/L	50.00
63		HYDRANTS	12/31/92	41.00	0.00	0.00	41.00	0.00	41.00	0.00	S/L	50.00
64		HYDRANT-POPLAR CREEK	10/14/99	1,056.00	0.00	0.00	1,056.00	0.00	1,056.00	0.00	S/L	50.00
65		HYDRANT-POPLAR CREEK	1/28/02	4,250.00	0.00	0.00	4,218.97	31.03	4,250.00	0.00	S/L	50.00
66		KNOX LINE HYDRANTS	12/31/02	5,200.00	0.00	0.00	4,646.03	104.00	4,750.03	449.97	S/L	50.00
67		GOODIN BRANCH	6/30/03	1,671.00	0.00	0.00	1,380.86	33.42	1,414.28	256.72	S/L	50.00
68		EATON FORK	9/30/03	979.00	0.00	0.00	809.17	19.58	828.75	150.25	S/L	50.00
69		HIGHWAY 223	10/31/03	1,707.00	0.00	0.00	1,411.62	34.14	1,445.76	261.24	S/L	50.00
70		HYDRANTS	3/15/05	25,000.00	0.00	0.00	17,333.03	500.00	17,833.03	7,166.97	S/L	50.00
71		HYDRANTS	12/15/05	2,500.00	0.00	0.00	1,733.03	50.00	1,783.03	716.97	S/L	50.00
255		HYDRANTS	9/30/07	1,598.00	0.00	0.00	868.22	31.96	900.18	697.82	S/L	50.00
367		Fire Hydrant on Stinking Extension:	7/31/11	4,915.35	0.00	0.00	1,414.54	98.31	1,512.85	3,402.50	S/L	50.00
<b>183 - HYDRANTS</b>				<b>53,816.35</b>	<b>0.00c</b>	<b>0.00</b>	<b>39,811.47</b>	<b>902.44</b>	<b>40,713.91</b>	<b>13,102.44</b>		
<b>Group: 184 - TANKS</b>												
150		ARTEMUS TANK	10/31/70	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	S/L	45.00
151		STINKING CR TANK	10/31/70	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	S/L	45.00
162		STORAGE TANK HWY 1809	9/01/98	119,000.00	0.00	0.00	119,000.00	0.00	119,000.00	0.00	S/L	45.00
168		ARTEMUS TANK REF	12/19/01	24,280.00	0.00	0.00	24,280.00	0.00	24,280.00	0.00	S/L	45.00
171		STINKING CR PAINTING	11/14/03	32,228.00	0.00	0.00	32,228.00	0.00	32,228.00	0.00	S/L	45.00
216		TANK- CANEY GAP	12/16/03	187,200.00	0.00	0.00	120,120.00	4,160.00	124,280.00	62,920.00	S/L	45.00
217		ENGINEERING FEES	12/16/03	118,417.00	0.00	0.00	73,270.12	2,631.49	75,901.61	42,515.39	S/L	45.00
218		OTHER COSTS	12/16/03	20,419.00	0.00	0.00	12,633.83	453.76	13,087.59	7,331.41	S/L	45.00
234		TANK - RAMSEY BRANCH	8/15/06	237,774.00	0.00	0.00	115,914.84	5,283.87	121,198.71	116,575.29	S/L	45.00
368		Big Creek Water Tank	2/01/11	174,148.00	0.00	0.00	28,661.87	3,869.96	32,531.83	141,616.17	S/L	45.00
372		Flat Lick Tank	2/01/11	232,636.00	0.00	0.00	38,288.01	5,169.69	43,457.70	189,178.30	S/L	45.00
<b>184 - TANKS</b>				<b>1,148,102.00</b>	<b>0.00c</b>	<b>0.00</b>	<b>566,396.67</b>	<b>21,568.77</b>	<b>587,965.44</b>	<b>560,136.56</b>		
<b>Group: 184-20 SEWER LIFT STATION</b>												
237		LIFT STATION	5/15/06	342,225.00	0.00	0.00	141,453.00	7,605.00	149,058.00	193,167.00	S/L	45.00
297		TRANSDUCER & SENSON	5/15/08	1,970.34	0.00	0.00	788.17	43.79	831.96	1,138.38	S/L	45.00
<b>184-20 SEWER LIFT STATION</b>				<b>344,195.34</b>	<b>0.00c</b>	<b>0.00</b>	<b>142,241.17</b>	<b>7,648.79</b>	<b>149,889.96</b>	<b>194,305.38</b>		
<b>Group: 185 -TRANSPORTATION EQUIP</b>												
139		CASE 580L BACKHOE	7/12/99	49,650.00	0.00	0.00	49,650.00	0.00	49,650.00	0.00	S/L	7.00
142		CASE 580M BACKHOE	3/31/01	57,845.00	0.00	0.00	57,845.00	0.00	57,845.00	0.00	S/L	7.00
143		1988 FORD DUMP	4/02/01	6,750.00	0.00	0.00	6,750.00	0.00	6,750.00	0.00	S/L	7.00
144		1997 JEEP CHEROKEE	1/28/02	4,250.00	0.00	0.00	4,250.00	0.00	4,250.00	0.00	S/L	7.00
145		1996 DODGE 2500	8/04/03	5,225.00	0.00	0.00	5,225.00	0.00	5,225.00	0.00	S/L	7.00
146		1999 DODGE 1500	8/04/03	4,225.00	0.00	0.00	4,225.00	0.00	4,225.00	0.00	S/L	7.00
147	d	1998 DODGE 1500	8/04/03	6,500.00	0.00	0.00	6,500.00	0.00	6,500.00	0.00	S/L	7.00

**Tax Asset Detail 1/01/18 - 12/31/18**

FYE: 12/31/2018

Asset	d t	Property Description	Date In Service	Tax Cost	Sec 179 Exp Current = c	Tax Bonus Amt	Tax Prior Depreciation	Tax Current Depreciation	Tax End Depr	Tax Net Book Value	Tax Method	Tax Period
<b>Group: 185 -TRANSPORTATION EQUIP (continued)</b>												
149		CASE BACKHOE 580 SM	3/05/05	80,350.00	0.00	0.00	80,350.00	0.00	80,350.00	0.00	S/L	7.00
229		2002 FORD F-250 UTILITY TRUC	1/15/06	11,950.00	0.00	0.00	11,950.00	0.00	11,950.00	0.00	S/L	7.00
231		1992 FERREE TRAILER	11/15/06	5,500.00	0.00	0.00	5,500.00	0.00	5,500.00	0.00	S/L	7.00
253		2008 CHEVY COLORADO	11/01/07	12,765.00	0.00	0.00	12,765.00	0.00	12,765.00	0.00	S/L	7.00
260		TRUCK BOXES	6/30/07	220.99	0.00	0.00	220.99	0.00	220.99	0.00	S/L	7.00
295		2008 CHEVY SILVERADO 1500	11/18/08	20,604.01	0.00	0.00	20,604.01	0.00	20,604.01	0.00	S/L	7.00
313		Toolbox	10/15/09	369.99	0.00	0.00	352.83	17.16	369.99	0.00	S/L	7.00
332		Pipe Rack for F150 Ford Truck	7/01/10	693.96	0.00	0.00	609.72	84.24	693.96	0.00	S/L	7.00
383	d	2012 Chevrolet Colorado	1/20/12	19,555.00	0.00	0.00	19,555.00	0.00	19,555.00	0.00	S/L	7.00
489		2016 Dodge Ram 1500	6/15/16	36,027.00	0.00	0.00	8,148.96	5,146.71	13,295.67	22,731.33	S/L	7.00
519		2018 Dodge Ram	11/27/17	21,911.00	0.00	0.00	260.85	3,130.14	3,390.99	18,520.01	S/L	7.00
545		2019 Dodge Ram	11/06/18	24,458.00	0.00c	0.00	0.00	101.91	101.91	24,356.09	S/L	40.00
		<b>185 -TRANSPORTATION EQUIP</b>		<u>368,849.95</u>	<u>0.00c</u>	<u>0.00</u>	<u>294,762.36</u>	<u>8,480.16</u>	<u>303,242.52</u>	<u>65,607.43</u>		
		<b>*Less: Dispositions and Transfers</b>		<u>26,055.00</u>	<u>0.00</u>	<u>0.00</u>	<u>26,055.00</u>	<u>0.00</u>	<u>26,055.00</u>	<u>0.00</u>		
		<b>Net 185 -TRANSPORTATION EQUIP</b>		<u><u>342,794.95</u></u>	<u><u>0.00c</u></u>	<u><u>0.00</u></u>	<u><u>268,707.36</u></u>	<u><u>8,480.16</u></u>	<u><u>277,187.52</u></u>	<u><u>65,607.43</u></u>		
<b>Group: 195 - CIP</b>												
529		Coalstone CIP	12/31/17	15,798.70	0.00	0.00	0.00	0.00	0.00	15,798.70	Memo	0.00
		<b>195 - CIP</b>		<u>15,798.70</u>	<u>0.00c</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>15,798.70</u>		
		<b>Grand Total</b>		<u>14,219,016.58</u>	<u>0.00c</u>	<u>0.00</u>	<u>6,682,564.88</u>	<u>233,957.82</u>	<u>6,916,522.70</u>	<u>7,302,493.88</u>		
		<b>Less: Dispositions and Transfers</b>		<u>26,055.00</u>	<u>0.00</u>	<u>0.00</u>	<u>26,055.00</u>	<u>0.00</u>	<u>26,055.00</u>	<u>0.00</u>		
		<b>Net Grand Total</b>		<u><u>14,192,961.58</u></u>	<u><u>0.00c</u></u>	<u><u>0.00</u></u>	<u><u>6,656,509.88</u></u>	<u><u>233,957.82</u></u>	<u><u>6,890,467.70</u></u>	<u><u>7,302,493.88</u></u>		



## **Attachment 8**

**TRANSCRIPT OF PROCEEDINGS**  
**KNOX COUNTY UTILITY COMMISSION**  
**LOAN IN THE AMOUNT OF \$2,550,000**

**FROM THE**

**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**PUBLIC PROJECTS REFUNDING REVENUE BONDS**  
**(FLEXIBLE TERM PROGRAM)**  
**SERIES 2015B**  
**DATED FEBRUARY 19, 2015**  
**IN THE AMOUNT OF \$11,710,000**

**APPROVING LEGAL OPINION**

**By**

**RUBIN & HAYS**  
Municipal Bond Attorneys  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525

## **TRANSCRIPT OF PROCEEDINGS INDEX**

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Adair County Water District from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

### **ASSISTANCE AGREEMENT AND CLOSING DOCUMENTATION**

- a. Resolution of the Board of Commissioners.
- b. Minutes of Meeting of the Board of Commissioners.
- c. Assistance Agreement.
- d. Supplemental Tax Certificate.
- e. Arbitrage Certificate.
- f. Certificate of Officers.
- g. PSC Application.
- h. PSC Certificate of Public Convenience and Necessity.
- i. Letter of the State Local Debt Officer.
- j. Legal Opinion of Rubin & Hays.
- k. Form 8038-G, Information Return for Tax-Exempt Governmental Obligations.

## RESOLUTION

### RESOLUTION OF THE KNOX COUNTY UTILITY COMMISSION APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT WITH THE KENTUCKY RURAL WATER FINANCE CORPORATION FOR THE PURPOSE OF REFINANCING CERTAIN OBLIGATIONS OF THE COMMISSION.

**WHEREAS**, the Board of Commissioners ("Governing Authority") of the Knox County Utility Commission (the "Commission") previously issued the following outstanding bonds to make improvements and extensions to the Commission's waterworks system (the "System"):

1. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000.
2. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds.
3. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the amount of \$350,000.

(The above-referenced bonds are hereinafter collectively referred to as the "Prior Bonds").

**WHEREAS**, the Governing Authority has determined that it is in the public interest to refinance and currently refund the Prior Bonds to obtain debt service savings for the Commission; and

**WHEREAS**, the Commission desires the Kentucky Rural Water Finance Corporation (the "Corporation") to act as its agency and instrumentality for the purpose of providing monies to refinance and currently refund the outstanding Prior Bonds and has made an application to the Corporation therefore; and

**WHEREAS**, in order to obtain such monies, the Commission is required to enter into an Assistance Agreement with the Corporation;

**NOW, THEREFORE, BE IT RESOLVED** by the Governing Authority of the Knox County Utility Commission as follows:

**1. Authorization of Assistance Agreement and the Obligations Thereunder.** For the purpose of paying the costs, not otherwise provided, to refinance the Prior Bonds, the Commission hereby authorizes and approves the issuance of its obligations pursuant to the Assistance Agreement in the aggregate principal amount of \$2,485,000.00 (subject to adjustment plus or minus ten percent (10%)) (which aggregate principal amount may be adjusted downward in the event that the Chairman determines it is in the Commission's best interest to not refund one

or more of the Prior Bonds) [the "Obligations"], which amount as adjusted shall be the maximum amount of such Obligations to be outstanding at any one time under the Assistance Agreement, issued as fully registered Obligations, in said maturities and terms as more fully provided for in the Assistance Agreement. The Obligations shall bear interest at such rates and shall be payable in such amounts and at such times as specified in the Assistance Agreement, all as agreed upon by the Commission and the Corporation.

**2. Approval and Authorization of Execution of Assistance Agreement.** The Assistance Agreement by and between the Commission and the Corporation in such form as may be approved by the Chairman, is hereby approved, subject to such minor changes, changes of dates, insertions or omissions as may be approved by the Chairman, such approval to be conclusively evidenced by the execution of said Assistance Agreement, in order to effectuate the purposes of this Resolution; and the Chairman, or any other officer of the Commission, is hereby authorized to execute and acknowledge same for and on behalf of the Commission; and the Secretary is authorized to attest same and to affix thereto the corporate seal of the Commission. The Assistance Agreement is hereby ordered to be filed in the office of the Secretary with this Resolution in the official records of the Commission.

**3. Disbursement of Proceeds of Obligations.** The Commission's officers, employees and agents are authorized to carry out the procedures specified in the Assistance Agreement for the refinancing and current refunding of the Prior Bonds and for the payment from time to time of the costs and related expenses associated therewith.

**4. Revenues of the System.** The revenues of the System are determined to be sufficient to pay the principal of and interest on the Obligations, as the same become due and payable; and said revenues, pursuant to the terms of the Assistance Agreement, are hereby pledged to secure all such payments, and in addition, for such other purposes as are more fully specified in the Assistance Agreement.

**5. Chairman and Other Commission Officials to Take Any Other Necessary Action.** Pursuant to the Constitution and Laws of the Commonwealth of Kentucky, the Chairman, Treasurer, Secretary and all other appropriate officials of the Commission are hereby authorized and directed to file any and all applications necessary to obtain approval of the issuance of the Obligations from the Kentucky Public Service Commission and to take any and all further action and to execute and deliver all other documents as may be reasonably necessary to effect the issuance and delivery of the Obligations and the Assistance Agreement.

**6. Severability Clause.** If any section, paragraph, clause or provision of this Resolution shall be ruled by any court of competent jurisdiction to be invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions hereof.

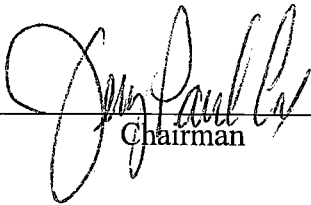
**7. Captions of Clauses.** The captions of this Resolution are for convenience only and are not to be construed as part of this Resolution nor as defining or limiting in any way the scope or intent of the provisions hereof.

8. **Provisions in Conflict Repealed.** All resolutions and orders, or parts thereof, in conflict with the provisions of this Resolution, are, to the extent of such conflict, hereby repealed.

9. **Effective Date of Resolution.** This Resolution shall take effect from and after its adoption and approval.

Adopted on November 6, 2014.

KNOX COUNTY UTILITY  
COMMISSION

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Secretary

**CERTIFICATE**

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Commission; that the foregoing is a full, true and correct copy of a Resolution adopted by the Governing Authority of the Commission at a meeting duly held on November 6, 2014; that said official action appears as a matter of public record in the official records or Journal of the Governing Authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this November 6, 2014.

 \_\_\_\_\_  
Secretary

KNOX COUNTY UTILITY COMMISSION COMMISSIONERS MEETING

November 6, 2014

Meeting was called to order by Chairman Jerry P Cox. Present were Commissioners David Evans and William Brewer. Derrick Poff and Edd Bingham were absent.

Motion was made by William Brewer to approve October minutes. Seconded by David Evans. All in favor

Motion was made by William Brewer to approve September Financial Report. Seconded by Jerry P Cox. All in favor

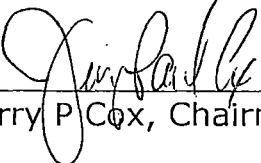
Invoices submitted at meeting were approved.

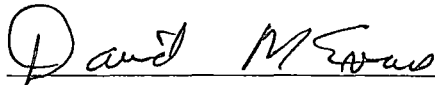
Motion was made by William Brewer to pass the Resolution of the Knox County Utility Commission Approving and authorizing an assistance agreement with the Kentucky Rural Water Finance Corporation for the purpose of refinancing certain obligations of the Commission. Seconded by David Evans. All in favor

Marshall Ramey, Superintendent reported that M&D Contractor was ahead of schedule at 16% complete on the Pigeon Roost project. The Commissioners wanted Marshall to talk to the contractor about the cost of pouring a larger slab of concrete when they did the pump station foundation in order for a block structure to be built later.

Motion was made by William Brewer to give a \$200.00 Christmas bonus to each employee. Seconded by David Evans. All in favor

With no further business meeting was adjourned.

  
Jerry P Cox, Chairman

  
David M Evans, Treasurer

*Absent in Dec meeting*  
William Brewer, Secretary

  
Derrick D Poff, Commissioner

  
Edd Bingham, Commissioner

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**ASSISTANCE AGREEMENT**  
**BETWEEN**  
**KENTUCKY RURAL WATER FINANCE CORPORATION**  
**AND**  
**KNOX COUNTY UTILITY COMMISSION**  
**DATED**  
**FEBRUARY 19, 2015**  
**IN THE AMOUNT OF \$2,550,000**

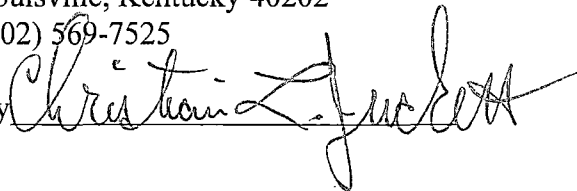
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This document was prepared by:

RUBIN & HAYS  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525

By





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## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of February 19, 2015 (the "Assistance Agreement") by and between the Kentucky Rural Water Finance Corporation, a non-profit agency and instrumentality of various political subdivisions of the Commonwealth of Kentucky duly organized and existing under the laws of the Commonwealth of Kentucky (the "Issuer") and the Knox County Utility Commission, P.O. Box 1630, Barbourville, Kentucky 40906 (the "Governmental Agency"):

### WITNESSETH

WHEREAS, the Issuer has established its Public Projects Flexible Term Program (the "Program") designed to provide financing for the expansion, addition and improvements of public projects for governmental entities under which the Issuer issued, in various series, its Kentucky Rural Water Finance Corporation Multimodal Public Projects Revenue Bonds (Flexible Term Program) (the "Bonds") pursuant to a Trust Indenture dated as of April 4, 2001, as supplemented from time to time (collectively, the "Indenture") between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as trustee (the "Trustee"), the net proceeds of which will be applied for the benefit of such governmental entities by making loans, pursuant to assistance agreements; and

WHEREAS, pursuant to the Indenture, the Issuer has authorized the issuance of the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B (the "Series 2015B Bonds") in the aggregate principal amount of \$11,710,000, pursuant to a Supplemental Trust Indenture No. 60, dated as of February 19, 2015 by and between the Issuer and the Trustee, which Series 2015B Bonds will rank on a parity with the Bonds and the proceeds of which will be used by certain Governmental Agencies to acquire, construct and equip public projects described in various Assistance Agreements by and between the governmental entities and the Issuer; and

WHEREAS, the Governmental Agency has outstanding the following bonds (collectively the "Refunded Bonds"), which bonds were issued by the Governmental Agency to make improvements and extensions to the Governmental Agency's waterworks system (the "System"):

1. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000.
2. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds.
3. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the amount of \$350,000.

WHEREAS, the Governmental Agency has determined that it is necessary and desirable and in the public interest to refund the Refunded Bonds (the "Project"), in order to effect substantial debt service savings, and the Issuer has determined that the Project is a project within

the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Issuer; and

WHEREAS, the Governmental Agency has designated the Issuer as its instrumentality and agency; and

WHEREAS, pursuant to this Assistance Agreement the Governmental Agency will proceed with the Project; and

WHEREAS, it is deemed necessary and advisable for the best interests of the Governmental Agency that it enter into this Assistance Agreement with the Issuer in order to borrow funds (the "Loan") in the amount of \$2,550,000 [the "Obligations"], for the purpose of providing funds for the Project, and to reaffirm the conditions and restrictions under which similar bonds or obligations may be subsequently issued ranking on a parity therewith; and

WHEREAS, under the provisions of Sections 58.010 through 58.140, inclusive, of the Kentucky Revised Statutes, the Governmental Agency is authorized to enter into this Assistance Agreement and to borrow the Obligations to provide such funds for the purpose aforesaid; and

WHEREAS, the Issuer is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained; and

WHEREAS, the Issuer and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the financing of the Project subject to the repayment of the Loan and the Obligations and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

**Section 1. Definitions.**

As used in this Assistance Agreement, unless the context requires otherwise:

"Act" refers to Chapters 58 and 74 of the Kentucky Revised Statutes.

"Assistance Agreement" refers to this Assistance Agreement authorizing the Loan and the Obligations.

"Bond Counsel" refers to Rubin & Hays, Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202, or any other nationally recognized individual or firm in the field of municipal bond law.

"*Bond Legislation of 2000*" or "*2000 Bond Legislation*" refer to the Resolution authorizing the Series 2000 Bonds, duly adopted by the Governing Body on October 3, 2000.

"*Bond Legislation of 2002 (Refunding)*" or "*2002 (Refunding) Bond Legislation*" refer to the Resolution authorizing the Series 2002 Refunding Bonds, duly adopted by the Governing Body on September 3, 2002.

"*Bond Legislation of 2002*" or "*2002 Bond Legislation*" refer to the Resolution authorizing the Series 2002 Bonds, duly adopted by the Governing Body on October 1, 2002.

"*Chairman*" refers to the Chairman of the Commission.

"*Bondowner*", "*Owner*", "*Bondholder*" means and contemplates, unless the context otherwise indicates, the registered owner of one or more of the Bonds at the time issued and outstanding hereunder.

"*Bonds*" refers to the Obligations and any additional Parity Bonds.

"*Certified Public Accountants*" refers to an independent Certified Public Accountant or firm of Certified Public Accountants, duly licensed in Kentucky and knowledgeable about the affairs of the System and/or of other Governmental Agency financial matters.

"*Chairman*" refers to the Chairman of the Governmental Agency.

"*Code*" refers to the United States Internal Revenue Code of 1986, as amended, and any regulations issued thereunder.

"*Compliance Group*" refers to the Compliance Group identified and defined in the Indenture.

"*Engineer*" or "*Independent Consulting Engineer*" refers to an Independent Consulting Engineer or firm of Engineers of excellent national reputation or of recognized excellent reputation in Kentucky in the fields of waterworks and sewer engineering.

"*Fiscal Year*" refers to the annual accounting period of the Governmental Agency, beginning on January 1, and ending on December 31, of each year.

"*Funds*" refers to the Revenue Fund, the Sinking Fund, the Operation and Maintenance Fund, and the Governmental Agency Account.

"*Governing Body*" means the governing body of the Governmental Agency or such other body as shall be the governing body of said Governmental Agency under the laws of Kentucky at any given time.

"*Governmental Agency*" refers to the Knox County Utility Commission, P.O. Box 1630, Barbourville, Kentucky 40906, a statutory organization, formed under the provisions of the Kentucky Revised Statutes, being created pursuant to a merger of the East Knox County Water District and the Dewitt Water District.

"*Governmental Agency Chief Executive*" refers to the Chairman of the Governmental Agency.

"*Governmental Agency Clerk*" refers to the Secretary of the Governing Body.

"*Indenture*" means the Trust Indenture, dated as of April 4, 2001, as originally executed or as it may from time to time be supplemented, modified or amended by any supplemental indenture, including the Supplemental Trust Indenture No. 60, dated February 19, 2015, by and between the Issuer and the Trustee.

"*Interest Payment Date*" shall mean the 1<sup>st</sup> day of each month, commencing April 1, 2015 and continuing through and including January 1, 2039 or until the Loan has been paid in full.

"*Issuer*" refers to the Kentucky Rural Water Finance Corporation, Bowling Green, Kentucky.

"*Obligations*" refers to the Loan authorized by this Assistance Agreement in the principal amount of \$2,550,000, maturing January 1, 2039.

"*Operation and Maintenance Fund*" refers to the "Knox County Utility Commission Operation and Maintenance Fund" described in Section 6 of this Agreement, which be maintained for the benefit of the System.

"*Outstanding Bonds*" refers collectively to all outstanding Obligations and any outstanding Parity Bonds, and does not refer to any bonds that have been defeased.

"*Parity Bonds*" means bonds issued in the future, which will, pursuant to the provisions of this Assistance Agreement, rank on a basis of parity with the Obligations and shall not be deemed to include, nor to prohibit the issuance of, bonds ranking inferior in security to the Obligations.

"*Permitted Investments*" refers to investments of funds on deposit in the various funds created herein and includes:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian. These investments may be accomplished through repurchase agreements reached with sources including but not limited to national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to:

- i. United States Treasury;
- ii. Export-Import Bank of the United States;
- iii. Farmers Home Administration;
- iv. Government National Mortgage Corporation; and
- v. Merchant Marine bonds;

(c) Obligations of any corporation of the United States government, including but not limited to:

- i. Federal Home Loan Mortgage Corporation;
- ii. Federal Farm Credit Banks;
- iii. Bank for Cooperatives;
- iv. Federal Intermediate Credit Banks;
- v. Federal Land Banks;
- vi. Federal Home Loan Banks;
- vii. Federal National Mortgage Association; and
- viii. Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institutions which are insured by the Federal Deposit Insurance Corporation or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by KRS Section 41.240(4);

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated on one (1) of the three (3) highest categories by a nationally recognized rating agency;

(f) Banker's acceptances for banks rated in one (1) of the three (3) highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality of agency thereof, in the United States, and rated in one (1) of the three (3) highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

- i. The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;
- ii. The management company of the investment company shall have been in operation for at least five (5) years; and
- iii. All of the securities in the mutual fund shall be eligible investments under this section.

Investments in the above instruments are subject to the following conditions and limitations:

(a) The amount of money invested at any time by a local government or political subdivision in one (1) or more of the categories of investments authorized by subsection (e), (f), (g), and (i) of this definition shall not exceed twenty percent (20%) of the total amount of money invested by the local government; and

(b) No local government or political subdivision shall purchase any investment authorized herein on a margin basis or through the use of any similar leveraging technique.

"*Program*" refers to the Issuer's Public Projects Flexible Term Program designed to provide financing for the expansion, addition and improvement of public projects for governmental entities.

"*Program Administrator*" refers to the Kentucky Rural Water Association, Inc., Bowling Green, Kentucky.

"*Program Reserve Fund*" refers to the Program Reserve Fund created and established pursuant to Section 4.2 of the Indenture.

"*Project*" refers to financing the cost to currently refund the Refunded Bonds, with the proceeds of the Obligations.

"*Refunded Bonds*" refers to the outstanding Series 2001 Bonds, Series 2002 Refunding Bonds and Series 2002 Bonds.

"*Revenue Fund*" refers to the Knox County Utility Commission Revenue Fund described in Section 6 of this Agreement, which be maintained for the benefit of the System.

"*Secretary*" refers to the appointed Secretary of the Governmental Agency.

"*Series 2000 Bonds*" refer to the outstanding Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000.

"*Series 2002 Bonds*" refer to the outstanding Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the amount of \$350,000.

"*Series 2002 Refunding Bonds*" refer to the outstanding Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds.

"*Sinking Fund*" refers to the Knox County Utility Commission Sinking Fund described in Section 6 of this Agreement, which be maintained for the benefit of the System.

"*System*" refers to the Governmental Agency's waterworks system, together with all future extensions, additions and improvements to said System.

"*Treasurer*" refers to the Treasurer of the Governing Body.

"*Trustee*" refers to Regions Bank, Nashville, Tennessee.

"*U.S. Obligations*" refers to bonds, notes, or Treasury Bills, which are direct obligations of the United States of America or obligations fully guaranteed by the United States of America, including book-entry obligations of the United States Treasury-State and Local Government Series, and Trust Receipts representing an ownership interest in direct obligations of the United States.

## **Section 2. Reaffirmation of Declaration of Waterworks System.**

That all proceedings heretofore taken for the establishment of and the supplying of water service in and to said Governmental Agency as a municipal waterworks system are hereby in all respects ratified and confirmed; and so long as any of the Obligations hereinafter authorized or permitted to be issued remain outstanding, said System shall be owned, controlled, operated and maintained for the security and source of payment of the Obligations. Said System is hereby declared to constitute a public project within the meaning and application of Sections 58.010 to 58.140, inclusive, of the Kentucky Revised Statutes.

## **Section 3. Authorization of Obligations; Place of Payment; Manner of Execution.**

That pursuant to the Constitution and laws of Kentucky, and particularly said Sections 58.010 through 58.140, inclusive of the Kentucky Revised Statutes, the Governmental Agency hereby authorizes the borrowing of \$2,550,000 from the Program, for the purpose of providing funds for the Project.

Said Obligations shall mature in such principal amounts, and shall bear interest as set forth in Exhibit A attached hereto.

The principal of, redemption price, if any, and interest on the Obligations shall be payable in lawful money of the United States of America on the Interest Payment Date to the Trustee for the Program. Such payment shall be made by the Governmental Agency from funds on deposit in the Sinking Fund pursuant to the ACH Debit Direct Payment Method (the "ACH Debit Direct Payment Method") as described and detailed in the ACH Debit Direct Payment



Authorization Form (the "ACH Authorization Form") in a form as provided by the Trustee to the Governmental Agency. The ACH Authorization Form shall be completed, signed and forwarded to the Trustee prior to the Governmental Agency receiving any of the proceeds of the Loan.

Pursuant to the ACH Debit Direct Payment Method, there shall be transferred to the Trustee on or before each Interest Payment Date, from the Sinking Fund, the amounts set forth as sinking fund payments on Exhibit A attached hereto.

In addition, in the event the Issuer is required to withdraw moneys from the Program Reserve Fund established pursuant to the Indenture to pay the principal of and interest on the Obligations and any other payments due under this Assistance Agreement on behalf of the Governmental Agency (the "Reserve Withdrawal"), the Governmental Agency shall pay to the Trustee, each amount set forth as sinking fund payments on Exhibit A attached hereto, pursuant to the ACH Debit Direct Payment Method an amount equal to at least 1/12 of the Reserve Withdrawal, plus accrued interest thereon at the rate equal to the highest rate of interest paid by the investments making up the Program Reserve Fund until such Reserve Withdrawal has been replenished.

#### **Section 4. Redemption.**

(a) *Optional Redemption.* The Obligations maturing on and prior to January 1, 2025 shall not be subject to optional redemption prior to maturity. Subject to the prior written approval of the Compliance Group, the Obligations maturing on or after January 1, 2026, are subject to optional redemption, in whole or in part, by the Governmental Agency prior to their stated maturities, at any time falling on or after January 1, 2025, at a redemption price equal to 100% of the principal amount of the Obligations called for redemption, plus unpaid interest accrued to the date of redemption.

In the event that the Governmental Agency desires to optionally redeem a portion of its Obligations, such redemption shall be in a denomination equal to \$5,000 or any integral multiple thereof.

(b) *Notice of Redemption.* The Governmental Agency shall give the Issuer and the Trustee notice of any redemption by sending at least one such notice by first class United States mail not less than 45 and not more than 90 days prior to the date fixed for redemption.

All of said Obligations as to which the Governmental Agency reserves and exercises the right of redemption and as to which notice as aforesaid shall have been given, and for the retirement of which, upon the terms aforesaid, funds are duly provided, will cease to bear interest on the redemption date.

#### **Section 5. Obligations Payable Out of Gross Revenues.**

All of the Obligations, together with the interest thereon and such additional bonds ranking on a parity therewith heretofore issued and outstanding and that may be hereafter issued and outstanding from time to time under the conditions and restrictions hereinafter set forth, shall be payable out of the Sinking Fund as hereinafter more specifically provided and shall be a valid

claim of the holder thereof only against said fund and the fixed portion or amount of the gross income and revenues of the System of said Governmental Agency pledged to said fund.

**Section 6. Flow of Funds.**

The income and revenues of the System shall be collected, segregated, accounted for, and distributed as follows:

**A. Revenue Fund.** The Governmental Agency covenants and agrees that it will deposit in the Revenue Fund, promptly as received from time to time, all revenues of the System, as same may be extended and improved from time to time. The moneys in the Revenue Fund will be used, disbursed and applied by the Governmental Agency only for the purpose and in the manner and order of priorities specified by this Assistance Agreement, all as permitted by the Act, and in accordance with previous contractual commitments.

**B. Sinking Fund.** There will be transferred from the Revenue Fund and deposited into the Sinking Fund on or before the 20th day of each month, for payment of interest on and principal of the Outstanding Bonds, a sum equal to the total of the following:

- (1) A sum equal to one-sixth (1/6) of the next succeeding interest payment to become due on the Outstanding Bonds then outstanding, plus
- (2) A sum equal to one-twelfth (1/12) of the principal of the Outstanding Bonds maturing on the next succeeding payment date.

Said Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying the principal of and interest on the Outstanding Bonds.

In the event additional Parity Bonds are issued pursuant to the conditions and restrictions hereinafter prescribed, the monthly deposits to the Sinking Fund shall be increased to provide for payment of interest thereon and the principal thereof as the same respectively become due.

If for any reason there should be a failure to pay into the Sinking Fund the full amounts above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System, subject to the aforesaid priorities.

No further payments need to be made into the Sinking Fund if and when the amount held therein and in any other available fund is at least equal to the amount required to retire all Outstanding Bonds and Parity Bonds and paying all interest that will accrue thereon.

**C. Operation and Maintenance Fund.** There shall next be transferred monthly from the Revenue Fund and deposited into said Operation and Maintenance Fund, sums sufficient to meet the current expenses of operating and maintaining the System. The balance maintained in said Operation and Maintenance Fund shall not be in excess of the amount

required to cover anticipated System expenditures for a two-month period pursuant to the Governmental Agency's annual budget.

**D. Surplus Funds.** Subject to the provisions for the disposition of the income and revenues of the System as set forth hereinabove, which provisions are cumulative, and after paying or providing for the payment of debt service on any subordinate obligations, there shall be transferred, within sixty days after the end of each fiscal year, the balance of excess funds in the Revenue Fund on such date, to the Depreciation Fund for application in accordance with the terms of this Assistance Agreement or to the Sinking Fund to be applied to the maximum extent feasible, to the prompt purchase or redemption of Outstanding Bonds.

**Section 7. Disposition of Proceeds of the Obligations; Governmental Agency Account.**

Upon (i) the execution of this Assistance Agreement, (ii) the delivery of this Assistance Agreement to the Trustee, (iii) certification of the Compliance Group that the Loan is to be accepted in the Program, and (iv) upon receipt by the Governmental Agency of the proceeds of the Obligations, the proceeds shall be applied as follows:

(a) *Disposition of the Proceeds.* There shall first be deducted and paid from the proceeds of the Obligations the fees and costs incurred by the Governmental Agency and any other pertinent expenses incident to the issuance, sale and delivery of the Obligations and such other appropriate expenses as may be approved by the Governmental Agency Chief Executive, including but not limited to the Governmental Agency's pro rata share of the Program's fees and expenses.

The balance shall be deposited to the Governmental Agency Account to be used for the Project.

(b) *Governmental Agency Account.* It is hereby acknowledged that a fund entitled "Knox County Utility Commission Governmental Agency Account" (the "Governmental Agency Account") has been created and maintained by the Trustee pursuant to the Indenture; and such amount on deposit in said Governmental Agency Account shall be transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds:

(1) To pay the accrued interest on the Refunded Bonds to and including February 23, 2015; and

(2) To redeem on February 23, 2015 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

Investment income derived from investment of the Governmental Agency Account, which shall be invested in Permitted Investments in accordance with this Assistance Agreement, shall, as received, be deposited in the Governmental Agency Account.

The Trustee shall be obligated to send written notice to the Governmental Agency of the need for investment directions if and whenever funds in excess of \$50,000 shall remain uninvested for a period of more than five days. In the absence of written direction from the Governmental Agency with respect to investment of moneys held in the Governmental Agency Account, the Trustee is hereby directed to invest funds in money market mutual funds of the Trustee or its affiliates that qualify as Permitted Investments under this Assistance Agreement.

No expenditure shall be made from the Governmental Agency Account except for proper and authorized expenses relating to the Project as approved by the Governmental Agency.

After completion of the Project, any balance then remaining on deposit in the Governmental Agency Account shall, subject to any and all applicable legal provisions and applicable arbitrage regulations necessary to assure the exemption of interest on the Obligations from Federal income taxation, upon orders of the Governing Body, be transferred to the Sinking Fund, to be used for the purposes thereof.

#### **Section 8. Arbitrage Limitations.**

(a) The Governmental Agency covenants that neither the proceeds of the Obligations, nor "Non-Exempt Revenues" of the System, as defined below, will be invested in investments which will produce a net adjusted yield in excess of the net interest cost (effective yield) of the Obligations, if such investment would cause such Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code, as amended, and the applicable regulations thereunder; provided, however, that such proceeds and/or revenues may be invested to whatever extent and whenever the Code and/or applicable regulations permit same to be invested without causing the Obligations to be treated as "arbitrage bonds."

(b) "Non-Exempt Revenues" within the meaning of the foregoing shall be deemed to refer to revenues of the System deposited in any of the funds earmarked for or reasonably expected to be used for the payment of debt service on the Obligations, in excess of "Exempt Revenues," which Exempt Revenues are:

(1) amounts deposited in the Sinking Fund for the purpose of paying debt service on any Obligations against the System within thirteen (13) months from the date of deposit; and

(2) amounts deposited in the Depreciation Fund or any similar reserve for replacements, reasonably expected to be used for extensions, additions, improvements or replacements to the System, and not reasonably expected to be used to pay debt service (even if pledged to be used to pay debt service in the event of the unexpected inadequacy of other funds pledged for that purpose).

(c) If, and to the extent that any Non-Exempt Revenues are on deposit and are available for investment by reason of the foregoing, such funds shall be subject to the investment limitations set out in Subsection (a) above.

(d) On the basis of information furnished to the Governmental Agency, on known facts, circumstances and reasonable expectations on the date of enactment of this Assistance Agreement, the Governmental Agency certifies as follows:

(1) That it is not expected or contemplated that the proceeds of the Obligations will be used or invested in any manner which will cause any of the Obligations to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

(2) That it is not expected or contemplated that the Governmental Agency will make any use of the proceeds of the Obligations, which, if such use had been reasonably anticipated on the date of issuance of the Obligations, would have caused the Obligations to be arbitrage bonds.

(3) That it is expected and contemplated that the Governmental Agency will comply with (i) all of the requirements of Section 148 of the Code; and (ii) all of the requirements of the applicable regulations thereunder, to whatever extent is necessary to assure that the Obligations will not be treated as arbitrage bonds.

(4) That it is anticipated that amounts on deposit in the Sinking Fund will be used within 13 months from the date of deposit for the payment of debt service on the outstanding Obligations payable from said Sinking Fund.

(5) That amounts accumulated in the Sinking Fund shall not exceed the limitations set forth in this Assistance Agreement.

(6) That it is not reasonably anticipated that amounts accumulated in the Depreciation Fund will be used for payment of debt service on any bonds payable from the revenues of the System, even though such Depreciation Fund will be so available if necessary to prevent a default in the payment of principal and interest on such bonds.

Prior to or at the time of delivery of the Obligations, the Governmental Agency Chief Executive and/or the Treasurer are authorized to execute the appropriate certification with reference to the matters referred to above, setting out all known and contemplated facts concerning such anticipated investment of the proceeds of the Obligations, including the execution of necessary and/or desirable certifications of the type contemplated by the Code and applicable regulations, as amended, in order to assure that interest on the Obligations will be exempt from all federal income taxes and that the Obligations will not constitute or be treated as arbitrage bonds.

#### **Section 9. Parity Bonds.**

The Obligations shall not be entitled to priority one over the other in the application of the income and revenues of the System, regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations, regardless of the fact they may be actually issued and delivered at different times, and provided further that the lien and security of and for any bonds or obligations hereafter issued that are payable from the income

and revenues of the System, shall, except as set out herein, be subject to the priority of the Obligations as may from time to time be outstanding; provided the Governmental Agency does hereby reserve the right and privilege, of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the Obligations, but only under the conditions specified herein.

(a) The Governmental Agency reserves the right to finance future extensions, additions, and/or improvements to the System by the issuance of one or more additional series of bonds to be secured by a parity lien on and ratably payable from, the revenues of the System pledged to the Obligations, provided:

(1) The facility or facilities to be constructed from the proceeds of the additional parity bonds is or are made a part of the System and its or their revenues are pledged as additional security for the additional parity bonds and Obligations.

(2) The Governmental Agency is in compliance with all covenants and undertakings in connection with all of the bonds then outstanding and payable from the revenues of the System or any part thereof.

(3) The annual net revenues (defined as gross revenues less operating expenses), of the then existing System for the Fiscal Year preceding the year in which such Parity Bonds are to be issued, adjusted as hereinafter provided, shall be certified by an independent Certified Public Accountant to be equal at least one hundred twenty percent (120%) of the average annual debt service requirements for principal and interest on all Outstanding Bonds payable from the revenues of the System, including such requirements of the Obligations, any Parity Bonds then outstanding plus the anticipated debt service requirements of any Parity Bonds then proposed to be issued. The calculation of average annual debt service requirements of principal and interest on the additional Parity Bonds to be issued shall, regardless of whether such additional Parity Bonds are to be serial or term bonds, be determined on the basis of the principal of and interest on such Parity Bonds being payable in approximately equal annual installments.

(4) The "annual net revenues" referred to above may be adjusted for the purpose of the foregoing computations to reflect:

(i) any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional Parity Bonds, and

(ii) any increase in the "annual net revenues" to be realized, within 12 months of the completion of the Project, from the proposed extensions, additions, and/or improvements being financed (in whole or in part) by such additional Parity Bonds; provided all such adjustments shall be based upon and included in a certification of a Certified Public Accountant.

(b) The Governmental Agency hereby covenants and agrees that in the event any additional Parity Bonds are issued, the Governmental Agency shall adjust the monthly amount to

be deposited into the Sinking Fund on the same basis as that prescribed in the provisions establishing such Sinking Fund, to reflect the annual debt service requirements of the additional Parity Bonds.

(c) The Governmental Agency reserves the right to issue parity bonds to refund or refinance any part or all of the Obligations, provided that prior to the issuance of such additional parity bonds for that purpose, there shall have been procured and filed with the Governmental Agency Clerk of the Governmental Agency a statement by a Certified Public Accountant, as defined herein, reciting the opinion based upon necessary investigation that:

(1) after the issuance of such parity bonds, the annual net revenues, as adjusted and defined above, of the then existing system for the fiscal year preceding the date of issuance of such Parity Bonds, after taking into account the revised debt service requirements resulting from the issuance of such Parity Bonds and from the elimination of the Bonds being refunded or refinanced thereby, are equal to not less than 120% of the average annual debt service requirements then scheduled to fall due in any fiscal year thereafter for principal of and interest on all of the then outstanding Bonds payable from the revenues of the System, calculated in the manner specified above; or

(2) in the alternative, that the average annual debt service requirements for the Obligations, any previously issued Parity Bonds and the proposed refunding Parity Bonds, in any year of maturities thereof after the redemption of the Bonds scheduled to be refunded through the issuance of such proposed refunding Parity Bonds, shall not exceed the average annual debt service requirements applicable to the then outstanding Obligations and any previously issued Parity Bonds for any year prior to the issuance of such proposed Parity Bonds and the redemption of the Bonds to be refunded.

#### **Section 10. Rates and Charges for Services of the System.**

While the Obligations remain outstanding and unpaid, the rates for all services of the System rendered by the Governmental Agency to its citizens, corporations, or others requiring the same, shall be reasonable and just, taking into account and consideration the cost and value of said System, the cost of maintaining and operating the same, the proper and necessary allowances for depreciation thereof, and the amounts necessary for the retirement of the Outstanding Bonds and the accruing interest on all such Outstanding Bonds as may be outstanding under the provisions of this Assistance Agreement, and there shall be charged such rates and amounts as shall be adequate to meet all requirements of the provisions of this Assistance Agreement. Prior to the issuance of the Obligations a schedule of rates and charges for the services rendered by the System to all users adequate to meet all requirements of this Assistance Agreement has been established and adopted.

The Governmental Agency covenants that it will not reduce the rates and charges for the services rendered by the System without first filing with the Governmental Agency Clerk a certification of an Independent Consulting Engineer or a Certified Public Accountant that the "annual net revenues" (defined as gross revenues less operating expenses) of the then existing System for the fiscal year preceding the year in which such reduction is proposed, as such annual net revenues are adjusted, after taking into account the projected reduction in annual net

revenues anticipated to result from any such proposed rate decrease, are equal to not less than 120% of the average annual debt service requirements for principal and interest on all of the then outstanding bonds payable from the revenues of the System, calculated in the manner specified in Section 9 hereof.

The Governmental Agency also covenants to cause a report to be filed with the Governing Body within four months after the end of each fiscal year by a Certified Public Accountant, setting forth the precise debt service coverage percentage of the average annual debt service requirements falling due in any fiscal year thereafter for principal of and interest on all of the then Outstanding Bonds payable from the revenues of the System, produced or provided by the net revenues of the System in that fiscal year, calculated in the manner specified in Section 9 hereof; and the Governmental Agency covenants that if and whenever such report so filed shall establish that such coverage of annual net revenues for such year was less than 120% of the average annual debt service requirements, the Governmental Agency shall increase the rates by an amount sufficient, in the opinion of such Certified Public Accountant, to establish the existence of or immediate projection of, such minimum 120% coverage.

**Section 11. All Obligations of this Issue Are Equal.**

The Obligations authorized and permitted to be issued hereunder, and from time to time outstanding, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among the Obligations and any Parity Bonds authorized or permitted to be issued under the provisions of this Assistance Agreement, regardless of the fact that they may be actually issued and delivered at different times.

**Section 12. Defeasance and/or Refunding of Obligations.**

The Governmental Agency reserves the right, at any time, to cause the pledge of the revenues securing the outstanding Obligations to be defeased and released by paying an amount into an escrow fund sufficient, when invested (or sufficient without such investment, as the case may be) in cash and/or U.S. Obligations, to assure the availability in such escrow fund of an adequate amount (a) to call for redemption and to redeem and retire all of such outstanding Obligations, both as to principal and as to interest, on the next or any optional redemption date, including all costs and expenses in connection therewith, and to pay all principal and interest falling due on the outstanding Obligations to and on said date, or (b) to pay all principal and interest requirements on the outstanding Obligations as same mature, without redemption in advance of maturity, the determination of whether to defease under (a) or (b) or both to be made by the Governing Body. Such U.S. Obligations shall have such maturities as to assure that there will be sufficient funds for such purpose. If such defeasance is to be accomplished pursuant to (a), the Governmental Agency shall take all steps necessary to publish the required notice of the redemption of the outstanding Obligations and the applicable redemption date. Upon the proper amount of such investments being placed in escrow and so secured, such revenue pledge shall be automatically fully defeased and released without any further action being necessary.



**Section 13. Contractual Nature of Assistance Agreement.**

The provisions of this Assistance Agreement shall constitute a contract between the Governmental Agency and the Issuer; and after the issuance of any of such Obligations, no change, variation or alteration of any kind in the provisions of this Assistance Agreement shall be made in any manner except as herein or therein provided until such time as all of the Bonds authorized thereby and the interest thereon have been paid or provided for in full, or as otherwise provided herein; provided that the Governing Body may enact legislation for any other purpose not inconsistent with the terms of this Assistance Agreement, and which shall not impair the security of the Issuer and/or for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained herein or in any ordinance or other proceedings pertaining hereto.

**Section 14. Appointment and Duties of Trustee.**

The Trustee is hereby designated as the bond registrar and paying agent with respect to the Obligations.

Its duties as Trustee shall be as follows:

- (a) To register all of the Obligations in the names of the Issuer;
- (b) To cancel and destroy (or remit to the Governmental Agency for destruction, if so requested by the Governmental Agency) all exchanged, matured, retired and redeemed Obligations, and to maintain adequate records relevant thereto;
- (c) To remit, but only to the extent that all required funds are made available to the Trustee by the Governmental Agency, semiannual interest payments directly to the Issuer's accounts for the Program;
- (d) To notify the Issuer of any Obligations to be redeemed and to redeem Obligations prior to their stated maturity upon receiving sufficient funds; and
- (e) To supply the Governmental Agency with a written accounting evidencing the payment of interest on and principal of the Obligations within thirty (30) days following each respective due date.

The Trustee shall be entitled to the advice of counsel and shall be protected for any acts taken by it in good faith in reliance upon such advice. The Trustee shall not be liable for any actions taken in good faith and believed by it to be within its discretion or the power conferred upon it by this Assistance Agreement, or the responsibility for the consequences of any oversight or error in judgment.

The Trustee may at any time resign from its duties set forth in this Assistance Agreement by filing its resignation with the Governmental Agency Clerk and notifying the Issuer. Thereupon, the Issuer shall notify the Governmental Agency of a successor Trustee which shall be an incorporated bank or trust company authorized to transact business in the United States of America. Notwithstanding the foregoing, in the event of the resignation of the Trustee, provision

shall be made for the orderly transition of the books, records and accounts relating to the Obligations to the successor Trustee in order that there will be no delinquencies in the payment of interest or principal due on the Obligations.

**Section 15. Provisions in Conflict Repealed.**

All ordinances, resolutions and orders, or parts thereof, in conflict herewith are, to the extent of such conflict, hereby repealed; and it is hereby specifically ordered and provided that any proceedings heretofore taken for the issuance of other bonds payable or secured in any manner by all or any part of the income and revenues of the System, or any part thereof, and which have not heretofore been issued and delivered, are hereby revoked and rescinded, and none of such other bonds shall be issued and delivered.

**Section 16. Covenant of Governmental Agency to Take All Action Necessary to Assure Compliance with the Internal Revenue Code of 1986.**

In order to assure purchasers of the Obligations that interest thereon will continue to be exempt from federal and Kentucky income taxation (subject to certain exceptions set out below), the Governmental Agency covenants to and with the Issuer that (1) the Governmental Agency will take all actions necessary to comply with the provisions of the Code, (2) the Governmental Agency will take no actions which will violate any of the provisions of the Code, or would cause the Obligations to become "private activity bonds" within the meaning of the Code, (3) none of the proceeds of the Obligations will be used for any purpose which would cause the interest on the Obligations to become subject to federal income taxation, and the Governmental Agency will comply with any and all requirements as to rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations.

The Governmental Agency reserves the right to amend this Assistance Agreement but only with the consent of the Issuer (i) to whatever extent shall, in the opinion of Bond Counsel, be deemed necessary to assure that interest on the Obligations shall be exempt from federal income taxation, and (ii) to whatever extent shall be permissible (without jeopardizing such tax exemption or the security of such owners) to eliminate or reduce any restrictions concerning the investment of the proceeds of these Obligations, or the application of such proceeds or of the revenues of the System. The purchasers of these Obligations are deemed to have relied fully upon these covenants and undertakings on the part of the Governmental Agency as part of the consideration for the purchase of the Obligations. To the extent that the Governmental Agency obtains an opinion of nationally recognized bond counsel to the effect that non-compliance with any of the covenants contained in this Assistance Agreement or referred to in this Assistance Agreement would not subject interest on the Obligations to federal income taxes or Kentucky income taxes, the Governmental Agency shall not be required to comply with such covenants or requirements.

This Assistance Agreement is enacted in contemplation that Bond Counsel will render an opinion as to exemption of principal of the Obligations from Kentucky ad valorem taxation and as to exemption of interest on the Obligations from federal and Kentucky income taxation, based on the assumption by Bond Counsel that the Governmental Agency complies with covenants made by the Governmental Agency with respect to compliance with the provisions of the Code, and based on the assumption of compliance by the Governmental Agency with requirements as

to any required rebate (and reports with reference thereto) to the United States of America of certain investment earnings on the proceeds of the Obligations. The Governmental Agency has been advised that based on the foregoing assumptions of compliance, Bond Counsel is of the opinion that the Obligations are not "arbitrage bonds" within the meaning of Section 148 of the Code.

#### **Section 17. Insurance.**

(a) *Fire and Extended Coverage.* If and to the extent that the System includes structures above ground level, the Governmental Agency shall, upon receipt of the proceeds of the sale of the Obligations, if such insurance is not already in force, procure fire and extended coverage insurance on the insurable portion of all of the facilities of the System, of a kind and in such amounts as would ordinarily be carried by private companies or public bodies engaged in operating a similar utility.

The foregoing fire and extended coverage insurance shall be maintained so long as any of the Obligations are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed eighty percent (80%) of the full insurable value of the damaged facility.

In the event of any damage to or destruction of any part of the System the Governmental Agency shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof.

(b) *Liability Insurance on Facilities.* So long as any of the Obligations are outstanding, the Governmental Agency shall, procure and maintain, public liability insurance relating to the operation of the facilities of the System, with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death; and not less than \$200,000 from claims for damage to property of others which may arise from the Governmental Agency's operations of the System and any other facilities constituting a portion of the System.

(c) *Vehicle Liability Insurance.* If and to the extent that the Governmental Agency owns or operates vehicles in the operation of the System, upon receipt of the proceeds of the Obligations, the Governmental Agency shall, if such insurance is not already in force, procure and maintain, so long as any of the Obligations are outstanding, vehicular public liability insurance with limits of not less than \$200,000 for one person and \$1,000,000 for more than one person involved in one accident, to protect the Governmental Agency from claims for bodily injury and/or death, and not less than \$200,000 against claims for damage to property of others which may arise from the operation of such vehicles by the Governmental Agency.

#### **Section 18. Event of Default; Remedies.**

The following items shall constitute an "Event of Default" on the part of the Governmental Agency:

(a) The failure to pay principal on the Obligations when due and payable, either at maturity or by proceedings for redemption;

(b) The failure to pay any installment of interest on the Obligations when the same shall become due and payable;

(c) The failure of the Governmental Agency to fulfill any of its obligations pursuant to this Assistance Agreement and to cure any such failure within 30 days after receipt of written notice of such failure; and/or

(d) The failure to promptly repair, replace or reconstruct essential facilities of the System after any major damage and/or destruction thereof.

Upon the occurrence of an Event of Default, the Issuer or the Trustee on its behalf, as owner of the Obligations, may enforce and compel the performance of all duties and obligations of the Governmental Agency as set forth herein. Upon the occurrence of an Event of Default, then, upon the filing of suit by the Trustee or the Issuer, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Governmental Agency, with power to charge and collect rates sufficient to provide for the payment of the principal of and interest on the Obligations, and for the payment of operation and maintenance expenses of the System, and to provide and apply the income and revenues in conformity with this Assistance Agreement and with the laws of the Commonwealth of Kentucky.

In addition to and apart from the foregoing, upon the occurrence of an Event of Default, the owner of any of the Obligations may require the Governmental Agency by demand, court order, injunction, or otherwise, to raise all applicable rates charged for services of the System a reasonable amount, consistent with the requirements of this Assistance Agreement.

#### **Section 19. Annual Reports.**

The Governmental Agency hereby agrees to provide or cause to be provided to the Issuer and the Compliance Group audited financial statements prepared in accordance with generally accepted accounting principles (commencing with the fiscal year ended December 31, 2013) and such other financial information and/or operating data as requested by the Issuer or the Compliance Group.

The annual financial information and operating data, including audited financial statements, will be made available on or before 180 days after the end of each fiscal year.

#### **Section 20. Supplemental Assistance Agreement.**

The Governmental Agency may, but only with the consent of the Issuer, execute one or more supplemental Assistance Agreements as shall not be inconsistent with the terms and provisions hereof for any one or more of the following purposes:

(a) to cure any ambiguity or formal defect or omission in this Assistance Agreement;

(b) to subject to the lien and pledge of this Assistance Agreement additional revenues, properties, or collateral which may legally be subjected;

(c) to add to the conditions, limitations and restrictions on the issuance of bonds, other conditions, limitations and restrictions thereafter to be observed;

(d) to add to the covenants and agreements of the Governmental Agency in this Assistance Agreement, other covenants and agreements thereafter to be incurred by the Governmental Agency or to surrender any right or power herein reserved to or conferred upon the Governmental Agency;

(e) to effect the issuance of additional Parity Bonds; and/or

(f) to modify the terms and conditions of this Assistance Agreement at the request of the Issuer in order to assist the Issuer in operating the Program or to maintain any rating the Issuer may have on its Program obligations.

**Section 21. No Remedy Exclusive.**

No remedy herein conferred upon or reserved to the Issuer is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

**Section 22. Waivers.**

In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

**Section 23. Agreement to Pay Attorneys' Fees and Expenses.**

In the event that either party hereto shall become in default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefore to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

**Section 24. Signatures of Officers.**

If any of the officers whose signatures or facsimile signatures appear on this Assistance Agreement or any other document evidencing the Obligations cease to be such officers before delivery of the Obligations, such signatures shall nevertheless be valid for all purposes the same as if such officers had remained in office until delivery, as provided by KRS 58.040 and KRS 61.390.

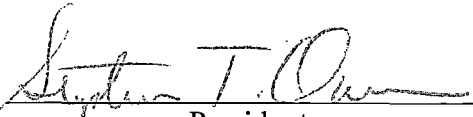
**Section 25. Severability Clause.**

If any section, paragraph, clause or provision of this Assistance Agreement shall be held

invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Knox County Utility Commission has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By   
President

Attest:

By \_\_\_\_\_  
Secretary/Treasurer

KNOX COUNTY UTILITY COMMISSION

By \_\_\_\_\_  
Chairman

Attest:

By \_\_\_\_\_  
Secretary

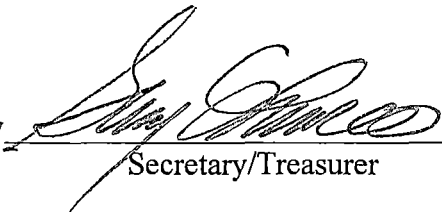
invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Knox County Utility Commission has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By \_\_\_\_\_  
President

Attest:

By  \_\_\_\_\_  
Secretary/Treasurer

KNOX COUNTY UTILITY COMMISSION

By \_\_\_\_\_  
Chairman

Attest:

By \_\_\_\_\_  
Secretary

invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Assistance Agreement.

IN WITNESS WHEREOF, the Kentucky Rural Water Finance Corporation has caused this Assistance Agreement to be signed in its name by its President and attested by its Secretary/Treasurer and the Knox County Utility Commission has caused this Assistance Agreement to be signed in corporate name and by its officer thereunder duly authorized, all as of the day and year first above written.

KENTUCKY RURAL WATER FINANCE CORPORATION

By \_\_\_\_\_  
President

Attest:

By \_\_\_\_\_  
Secretary/Treasurer

KNOX COUNTY UTILITY COMMISSION

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Secretary



**EXHIBIT A**

**Debt Service Schedule**

**KRWFC Flexible Term Program Series 2015 B**  
**Sinking Fund Payment Schedule**

**Borrower:** Knox County Utility Commission  
**Closing Date:** 02/19/15

	Monthly Principal	Monthly Interest	Total Monthly Sinking Fund Payments
4/15-7/15	11,000.00	8,884.69	19,884.69
8/15-1/16	11,000.00	6,581.25	17,581.25
2/16-7/16	8,333.33	6,375.00	14,708.33
8/16-1/17	8,333.33	6,375.00	14,708.33
2/17-7/17	7,916.67	6,187.50	14,104.17
8/17-1/18	7,916.67	6,187.50	14,104.17
2/18-7/18	7,083.33	6,009.38	13,092.71
8/18-1/19	7,083.33	6,009.38	13,092.71
2/19-7/19	7,083.33	5,850.00	12,933.33
8/19-1-20	7,083.33	5,850.00	12,933.33
2/20-7/20	7,500.00	5,690.63	13,190.63
8/20-1/21	7,500.00	5,690.63	13,190.63
2/21-7/21	7,500.00	5,521.88	13,021.88
8/21-1/22	7,500.00	5,521.88	13,021.88
2/22-7/22	7,916.67	5,278.13	13,194.79
8/22-1/23	7,916.67	5,278.13	13,194.79
2/23-7/23	7,916.67	5,020.83	12,937.50
8/23-1/24	7,916.67	5,020.83	12,937.50
2/24-7/24	8,333.33	4,763.54	13,096.88
8/24-1/25	8,333.33	4,763.54	13,096.88
2/25-7/25	8,750.00	4,492.71	13,242.71
8/25-1/26	8,750.00	4,492.71	13,242.71
2/26-7/26	8,750.00	4,208.33	12,958.33
8/26-1/27	8,750.00	4,208.33	12,958.33
2/27-7/27	9,166.67	3,923.96	13,090.63
8/27-1/28	9,166.67	3,923.96	13,090.63
2/28-7/28	9,166.67	3,626.04	12,792.71
8/28-1/29	9,166.67	3,626.04	12,792.71
2/29-7/29	9,583.33	3,328.13	12,911.46
8/29-1/30	9,583.33	3,328.13	12,911.46
2/30-7/30	10,000.00	3,016.67	13,016.67
8/30-2/31	10,000.00	3,016.67	13,016.67
2/31-7/31	10,416.67	2,691.67	13,108.33
8/31-1/32	10,416.67	2,691.67	13,108.33
2/32-7/32	10,416.67	2,353.13	12,769.79
8/32-1/33	10,416.67	2,353.13	12,769.79
2/33-7/33	8,750.00	2,001.56	10,751.56
8/33-1/34	8,750.00	2,001.56	10,751.56
2/34-7/34	9,166.67	1,706.25	10,872.92
8/34-1/35	9,166.67	1,706.25	10,872.92
2/35-7/35	9,583.33	1,385.42	10,968.75
8/35-1/36	9,583.33	1,385.42	10,968.75
2/36-7/36	9,583.33	1,050.00	10,633.33
8/36-1/37	9,583.33	1,050.00	10,633.33
2/37-7/37	10,000.00	714.58	10,714.58
8/37-1/38	10,000.00	714.58	10,714.58
2/38-7/38	10,416.67	364.58	10,781.25
8/38-1/39	10,416.67	364.58	10,781.25
	<u>2,550,000.00</u>	<u>1,101,745.01</u>	<u>3,651,745.01</u>

## SUPPLEMENTAL TAX CERTIFICATE

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

THIS SUPPLEMENTAL TAX CERTIFICATE (the "Supplemental Tax Certificate") is made and entered into as of February 19, 2015 by and between the Kentucky Rural Water Finance Corporation ("KRWFC") and the Knox County Utility Commission (the "District"):

### WITNESSETH:

WHEREAS, the District has agreed, in an Assistance Agreement dated the date hereof (the "Agreement") to borrow \$2,550,000 (the "Loan") pursuant to a Program administered by KRWFC and funded with a portion of the proceeds of the \$11,710,000 Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B that were issued on February 19, 2015 (the "Bonds") by KRWFC pursuant to and secured by a Trust Indenture, dated as of April 4, 2001 between the Issuer and Regions Bank, Nashville, Tennessee (as successor in interest to Fifth Third Bank and The Bank of New York Trust Company, N.A.), as supplemented by a Supplemental Trust Indenture No. 60, dated February 19, 2015 (collectively the "Indenture"), between the Issuer and Regions Bank;

WHEREAS, the District has agreed in the Agreement to use the proceeds of the Loan to finance the current refunding of the following outstanding bonds (the "Refunded Bonds") for the District's waterworks system (the "System"):

- i. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000,
- ii. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds, and
- iii. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original authorized principal amount of \$350,000.

(The refunding of the Refunded Bonds is referred to herein as the "Project").

WHEREAS, it is necessary for the parties hereto to enter into this Supplemental Tax Certificate to ensure that interest paid on the Bonds and on the Loan shall all be and shall all remain excludable from gross income for Federal income purposes, pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and is not and will not become a specific item of tax preference under Section 57(a)(5)(C) of the Code for the federal alternative minimum tax and to comply with the requirements of KRWFC's Tax Certificate (the "Tax Certificate") dated as of April 4, 2001 issued with respect to the Bonds.

NOW, THEREFORE, the parties hereto agree and bind themselves as follows:

ARTICLE I  
DEFINITIONS

*Section 1.01. Definitions.* In addition to words and terms defined elsewhere in this Supplemental Tax Certificate, the Code and Regulations (each as herein defined), the Arbitrage Certificate (as hereinafter defined), the Indenture and the Agreement, the following capitalized words and terms used in this Supplemental Tax Certificate shall have the following meanings, unless some other meaning is plainly intended:

*"Arbitrage Bond"* means any obligation of a Governmental Entity that is treated as an arbitrage bond under Sections 103(b)(2) and 148 of the Code.

*"Arbitrage Certificate"* means the Tax Certificate under Sections 103(b)(2) and 148 of the Internal Revenue Code of 1986, as amended, for the Bonds given by KRWFC, including certifications given with respect thereto by the Financial Advisor, the Underwriter and KRWFC, and for the Loan given by the District.

*"Closing Date"* means the date of this Supplemental Tax Certificate.

*"Cost of Issuance"* means any expenditure incurred in connection with the issuance of the Loan or the District's share of such expenditures relating to the Bonds, including such costs as underwriters' spread, rating agency fees, appraisal costs, attorneys' and accountants' fees and printing costs, but excluding Qualified Guarantee Fees or expenditures incurred in connection with the Project.

*"Disposition Proceeds"* means the amounts, including property, received from the sale, exchange or other disposition of the Project.

*"Federally-Guaranteed"* means having the payment of either the principal of or interest on any portion of the Loan or any loan made with the Proceeds of any portion of the Loan guaranteed, in whole or in part, directly or indirectly, by the United States, or acquiring any Investment Property that is, directly or indirectly federally-insured, except as otherwise permitted by Section 149(b) of the Code.

*"Governmental Entity"* means any State and any political subdivision and agency of any State.

*"Gross Proceeds"* means Sale Proceeds and Replacement Proceeds, determined pursuant to Treas. Regs. §1.148-1(b) and -1(c), all until spent.

*"Investment Proceeds"* means any amounts actually or constructively earned or received from investing the Proceeds in Investment Property.

*"Investment Property"* means any security (as defined in Section 165(g)(2)(A) or (B) of the Code), obligation (including any Tax-Exempt Bond), annuity contract or other investment-type property.

*"Non-Governmental Entity"* means any person or entity, other than a Governmental Entity.

*"Pledged Fund"* means any amount pledged, directly or indirectly, to pay principal of or interest on the Loan and that provides reasonable assurance of such amounts being paid even if the District experiences financial difficulties, including amounts subject to a negative pledge.

*"Private Loan"* means any loan, directly or indirectly, of any of the Proceeds of an obligation of a Governmental Entity to any Non-Governmental Entity.

*"Private Use"* means the use of any Proceeds of the Loan or any facilities financed with such Proceeds by Private Users.

*"Private User"* means any Non-Governmental Entity, other than a natural person not engaged in a trade or business.

*"Rebate Amount"* means the amount determined by KRWFC pursuant to the Tax Certificate.

*"Rebate Payments"* means any payment of the Rebate Amount made to the United States Treasury.

*"Redemption Date"* means the date on which the last of the principal of and interest on the Loan has been paid, whether upon maturity, redemption or acceleration thereof.

*"Replacement Proceeds"* means amounts replaced by Proceeds of the Loan, including any sinking fund, Pledged Fund, restricted gifts (not including qualified endowment funds, pursuant to Treas. Reg. §1.148-6(d)(3)(iii)(C)) or reserve or replacement fund, or other funds that would be available, directly or indirectly, to pay debt service on the Loan, within the meaning of Treas. Reg. §1.148-1(c).

*"Research Agreement"* means an agreement between the District and a Private User under which the District or the Private User uses any portion of the System to carry on research.

*"Sale Proceeds"* means the Loan amount.

*"Service Contract"* means a contract between the District and a Service Provider under which the Service Provider provides services involving any portion or function of a Governmental Facility financed with Governmental Bonds.

*"Service Provider"* means any Private User that provides management or other services.

"State" means any state and possession of the United States and the District of Columbia.

"Treasury Regulation" and "Treas. Reg." means any Regulation, Proposed Regulation or Temporary Regulation, as may be applicable, issued by the United States Treasury Department pursuant to the Code or the 1954 Code, as appropriate.

"Yield" means, pursuant to Treas. Regs. §1.148-4 and -5, that discount rate that, when computing the present value of all payments of principal and interest to be paid on an obligation, produces an amount equal to, in the case of the Loan, the Issue Price and in the case of any Investment Property, the fair market value, as provided in Treas. Reg. §1.148-5(d).

"Yield Reduction Amount" means the amount determined by KRWFC pursuant to the Tax Certificate.

"Yield Reduction Payment" means any payment of the Yield Reduction Amount made to the United States Treasury.

*Section 1.02. Interpretative Rules.* For all purposes of this Supplemental Tax Certificate, except as otherwise expressly provided or unless the context otherwise requires (a) "Supplemental Tax Certificate" means this instrument, as originally executed and as it may from time to time be supplemented or amended pursuant to the applicable provisions hereof; (b) all references in this instrument to designated "Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this instrument as originally executed; (c) the words "herein", "hereof", "hereunder", "herewith" and other words of similar import refer to this Supplemental Tax Certificate as a whole and not to any particular Article, Section or other subdivision; (d) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; (e) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (f) the terms defined elsewhere in this Supplemental Tax Certificate shall have the meanings therein prescribed for them; (g) words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders; (h) the headings used in this Supplemental Tax Certificate are for convenience of reference only and shall not define or limit the provisions hereof.

## ARTICLE II

### COVENANTS, REPRESENTATIONS, ACKNOWLEDGMENTS AND DIRECTIONS

*Section 2.01. Authority and Organization.* (a) The District represents for the benefit of KRWFC that it is a political subdivision of the Commonwealth of Kentucky with the power, among others, to enter into the Agreement in furtherance of its corporate purposes, including financing the cost of the Project.

(b) KRWFC represents for the benefit of the District that (i) KRWFC is duly organized and validly existing under the laws of the Commonwealth of Kentucky; and (ii) KRWFC has full

power and authority to establish a program to enter into loans and assistance agreements with political subdivisions and public agencies of the Commonwealth of Kentucky.

*Section 2.02. Use of Proceeds.* The District represents that:

*(a) Deposit and Use of Proceeds.*

- i. \$2,493,265.19 (Loan proceeds in the amount of \$2,476,472.69, plus transfers from the Refunded Bonds sinking fund in the amount of \$16,792.50) will be used to currently refund the Refunded Bonds;
- ii. \$40,750.00 of the face amount of the Loan will be used on the date hereof to pay costs associated with the making of the Loan; and
- iii. A rounding amount of \$88.96 will be deposited to the Governmental Agency Account (as defined in the Agreement) and used to pay interest on the Loan.

The remaining difference between the face amount of the Loan and the above deposits results from the fact that the Loan is being acquired from the District at a discount from its face amount in the amount of \$32,688.35 (original issue premium of \$3,776.65 less an underwriter's discount of \$36,465.00).

*(b) No Private Use of Proceeds.* No more than 5% of the Proceeds of the Loan will be used for private business use, in accordance with the rules contained in Treas. Reg. 1.141-3. The District expects to use the System for the entire stated term of the Agreement.

*(c) Expectations.* Reserved.

*(d) Use of the System.* The District will own and operate the System during the entire term of the Agreement and will not change the use or ownership of any part of the System during the entire term of the Agreement without the prior written consent of KRWFC.

*(e) Reimbursement Allocations.* Reserved.

*(f) Investment Limitations.* (i) The District will invest the Gross Proceeds of the Loan and any Disposition Proceeds of the Loan under the Investment Agreement unless otherwise authorized in writing by KRWFC.

(ii) If at any time, either the District determines or is informed that the Yield on the investment of moneys held by itself or any other person must be restricted or limited in order to prevent the Bonds from becoming Arbitrage Bonds, the District shall, and shall so instruct any holder of the Sale Proceeds or Investment Proceeds of the Loan, to take such action or actions as may be necessary to restrict or limit the yield on such investments as set forth in, and in accordance with, such instruction.

(g) *Temporary period for amounts in District's Governmental Agency Account.* Reserved.

(h) *Federal Guarantees.* The Gross Proceeds will not be invested in any Investment Property that is Federally-Guaranteed.

(i) *No Transferred Proceeds.* All of the proceeds of the Refunded Bonds have been expended and there are therefore no Transferred Proceeds with respect to the Refunded Bonds.

*Section 2.03. Service Contracts.* The District represents that it will not enter into any Service Contracts or management contracts with respect to the System without the prior written consent of KRWFC and agrees that any Service Contracts or management contracts relating to bond-financed property will comply with the management contract safe harbors of Rev. Proc. 97-13.

*Section 2.04. Research Agreements.* The District represents that it will not enter into any Research Agreements with respect to the System without the prior written consent of KRWFC.

*Section 2.05. Changes in Use or User of System.* The District represents that (a) no part of the System will be sold, or otherwise disposed of without the prior written consent of KRWFC; (b) it will not permit any use of its System by any person or entity other than itself without the prior written consent of KRWFC; (c) any portion of the System consisting of personal property may be sold in the ordinary course of an established governmental program if (i) the weighted average maturity of the portion of the Loan financing the personal property was not greater than one hundred twenty percent (120%) of the reasonably expected actual use of such personal property by the District, (ii) the District expected at the date of the Agreement that the fair market value of the personal property at the time of disposition would not be greater than twenty-five percent (25%) of its cost and (iii) at the time of disposition, the personal property is no longer suitable for the governmental purpose for which it was acquired.

*Section 2.06. Investments.* The District will expend the proceeds of the Loan on the date hereof and does not contemplate investing the Gross Proceeds of the Loan.

*Section 2.07. Loan is a Purpose Obligation of the Bonds.* The Bonds were issued to establish a program to make loans to Governmental Agencies pursuant to assistance agreements and therefore constitute a governmental program for the acquisition of purpose investments. At least 95% of the payments made by the District pursuant to the Agreement will be used to pay principal, interest, or redemption prices on the Bonds, or to pay administrative costs of the Bonds. The District covenants not to acquire the Bonds or other bonds of KRWFC related to the Program. The yield on the Loan to the District does not exceed the yield on the Bonds by more than 1.5 percent.

*Section 2.08. No Abusive Arbitrage Device.* Both KRWFC and the District agree that they will not take any action that will enable KRWFC or the District to take any action that (a) has the effect of enabling KRWFC or the District to exploit the difference between tax-exempt



and taxable interest rates to gain a material financial advantage or (b) overburdens the market for tax-exempt obligations in any manner. The amount of proceeds of the Loan is not reasonably expected to exceed the amount necessary for the District to accomplish the governmental purposes described in the Agreement.

*Section 2.09. Records.* The District represents that proper records and accounts, containing complete and correct entries of all transactions relating to the Agreement, the use of the Gross Proceeds of the Agreement and the expenditures made in connection with the Project, will be maintained. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

*Section 2.10. Payment of Arbitrage Compliance Amounts.* The District represents that all actions necessary to comply with the Yield limitations applicable to investments of the Sale Proceeds and Investment Proceeds of the Loan and the rebate requirements contained in Section 148(f) of the Code and the Treasury Regulations thereunder will be taken. Immediately upon the request of KRWFC, the District will assemble copies of records concerning investments of Gross Proceeds of the Loan, including any amounts held by any provider of a letter of credit or guarantor under a reimbursement or other similar agreement. In particular, the District will provide KRWFC with information that will enable KRWFC to determine if any Rebate Amount is payable. The District will pay any Rebate Payment and any Yield Reduction Payment owed with respect to the Gross Proceeds of the Loan, as determined by KRWFC. The information described in this Section will be retained for at least six (6) years after the Redemption Date.

*Section 2.11. Election to Apply Rebate Exception Separately to the Loan.* The District hereby elects and KRWFC has previously elected to have the spending exceptions of Treas. Reg. 1.148-7 and the small issuer exceptions of Treas. Reg. 1.148-8 applied separately to the Loan.

The applicable beginning date in applying the spending exceptions of Treas. Reg. 1.148-7 is the Closing Date. The spending exceptions include the six month exception described in Treas. Reg. 1.148-7(c), the eighteen month exception described in Treas. Reg. 1.148-7(d), and the two year exception described in Treas. Reg. 1.148-7(e).

*Section 2.12. Information Reporting Requirements.* The District represents that it will timely execute and file any information reports required under Section 149(e) of the Code (Form 8038-G) or as required by KRWFC.

*Section 2.13. Compliance with Supplemental Tax Certificate.* (a) The District may, at any time, employ bond counsel, independent certified public accountants, or other qualified experts acceptable to KRWFC to perform any of the requirements imposed upon the District by this Supplemental Tax Certificate.

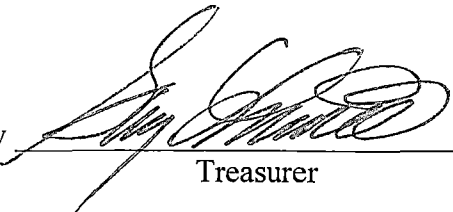
(b) KRWFC and the District agree, to the extent reasonably possible, to comply with any amendments to the Code or any applicable Regulations, effective retroactively, and KRWFC and the District shall take all actions necessary to amend this Supplemental Tax Certificate to comply therewith.

(c) Whenever any action or direction is required of the District hereunder, such action or direction may, or in the absence of any such action or direction shall, be made by KRWFC.

(d) Any restriction or covenant contained in this Supplemental Tax Certificate need not be observed or may be changed if KRWFC and the District receive an opinion of Tax Counsel to the effect that such nonobservance or change will not adversely effect the exclusion of interest on any of the Bonds from gross income for purposes of Federal income taxation.

IN WITNESS WHEREOF, KRWFC and the District have each caused this Supplemental Tax Certificate to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth above.

KENTUCKY RURAL WATER FINANCE CORPORATION

By  \_\_\_\_\_  
Treasurer

KNOX COUNTY UTILITY COMMISSION

By \_\_\_\_\_  
Chairman

(c) Whenever any action or direction is required of the District hereunder, such action or direction may, or in the absence of any such action or direction shall, be made by KRWFC.

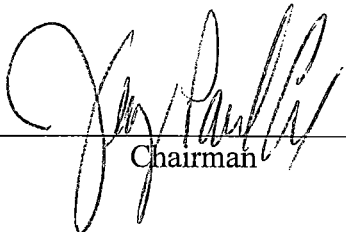
(d) Any restriction or covenant contained in this Supplemental Tax Certificate need not be observed or may be changed if KRWFC and the District receive an opinion of Tax Counsel to the effect that such nonobservance or change will not adversely effect the exclusion of interest on any of the Bonds from gross income for purposes of Federal income taxation.

IN WITNESS WHEREOF, KRWFC and the District have each caused this Supplemental Tax Certificate to be executed in its own name and on its behalf by its duly authorized officers, all as of the date set forth above.

KENTUCKY RURAL WATER FINANCE CORPORATION

By \_\_\_\_\_  
Treasurer

KNOX COUNTY UTILITY COMMISSION

By  \_\_\_\_\_  
Chairman

## ARBITRAGE CERTIFICATE

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

The undersigned officer of the Knox County Utility Commission (the "District") hereby certifies with respect to the loan in the amount of \$2,550,000 (the "Loan") made pursuant to the Assistance Agreement (the "Agreement") by and between the Kentucky Rural Water Finance Corporation ("KRWFC") and the District, derived from the proceeds of the \$11,710,000 Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B (the "Bonds") issued by KRWFC, which Agreement is entered into for the purpose of currently refunding certain obligations of the District, secured by the District's existing waterworks system (the "System") and made as of the date hereof (the "Closing Date"), which is the date of delivery of, and payment for, the Loan, that the following facts, estimates and circumstances regarding the amount and use of all of the Proceeds, as defined in Treas. Reg. §1.148-1(b), issued under the Internal Revenue Code of 1986, as amended (the "Code"), of the Loan are, as of the Closing Date and according to the District's best knowledge, information and belief, reasonably expected to exist or to occur:

**1. Proceeds.** The Proceeds of the Loan consist, and will consist, of the Sale Proceeds and Investment Proceeds, each as defined in Treas. Reg. §1.148-1(b), issued under the Code, and equal the Loan amount.

**2. Purpose of Loan.**

a. The Proceeds of the Loan, together with certain other funds, will be used to provide funds to pay the costs of issuance of the Loan and finance the current refunding of the outstanding (collectively, the "Refunded Bonds"), which constitutes a valid governmental purpose (the "Governmental Purpose"):

i. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000,

ii. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds, and

iii. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original authorized principal amount of \$350,000.

b. The total amount of Proceeds received by the District will not exceed the amount necessary to finance the Governmental Purpose. The Agreement is being entered into at this time in such amount because the Borrower expects to redeem the Refunded Bonds on February 23, 2015.

**3. Yield on the Loan.**

a. The price at which the Loan was sold to the Issuer, which intends to hold the Loan for investment purposes and not for resale to the general public, is equal to the Loan Amount.

b. The Yield on the Loan, as defined in Treas. Reg. §1.148-4, issued under the Code, is 3.2720223%. The term "yield", as used herein, means that yield which, when used in computing the present worth of all payments of principal and interest on an obligation, produces an amount equal to, in the case of the Bonds, the amount actually received by the District as a result of the sale of the Bonds (including any accrued interest).

**4. Application of Proceeds.** All of the Sale Proceeds will be used to pay the cost of the Governmental Purpose, including issuance expenses and any accrued interest to the Closing Date. No amount received as Proceeds of the Loan will be used in a manner not set forth in this section.

**5. Expenditure of Proceeds for the Project.** An amount of the "Net Sales Proceeds" (defined in Treas. Reg. §1.148-1(b) as Sales Proceeds less an amount that is the lesser of five percent (5%) of the Sales Proceeds or \$100,000) of the Loan as specified in the Supplemental Tax Certificate executed by the District and dated of even date herewith will be deposited into the Governmental Agency Account with Regions Bank, Nashville, Tennessee, then transferred to the Rural Development (the "RD") of the Department of Agriculture of the United States of America, the holder of the Refunded Bonds, as may be required:

a. To pay the accrued interest on the Refunded Bonds to and including February 23, 2015; and

b. To redeem on February 23, 2015 at a price equal to 100% of principal amount the Refunded Bonds that as of that date have not been redeemed, retired or otherwise paid, thereby defeasing the pledge of revenues and the property securing the Refunded Bonds.

**6. Investment of Proceeds.**

a. The District has agreed in the Supplemental Tax Certificate executed by the District and dated of even date herewith that it will not invest any of the Proceeds of the Loan without the express consent of KRWFC, and any such investments will be done so that such investment will not cause interest on either the Loan or the Bonds to be includable in the holder's gross income for purposes of federal income taxation or the debt to be treated as "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder.

b. Not more than fifty percent (50%) of the Proceeds of the Loan will be invested in investments that both do not carry out the Governmental Purpose of the Agreement and have a substantially guaranteed yield for at least four (4) years.

c. Amounts deposited in the District's Sinking Fund will be used to pay the principal of and interest on the Loan, and the District reasonably expects that there will be no other funds that will be so used or that will be pledged to payment of the Loan under circumstances such that the holder of the Loan is reasonably assured that such fund will be available for payment of debt service on the Loan. The Sinking Fund is a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Money deposited in the Sinking Fund will be used within thirteen (13) months from the date of deposit for the payment of debt service on the District's outstanding Loan and other parity obligations and, except for an amount equal to not more than the greater of (i) one-twelfth (1/12) of debt service requirements of such Loan and other parity obligations for the then ensuing year or (ii) one year's earnings on the Sinking Fund, the Sinking Fund will be depleted annually through such application for current debt service requirements of the Loan and other parity obligations. Any income earned from the investment of amounts deposited in the Sinking Fund will be retained in the Sinking Fund and expended within one year from the date of receipt.

d. Any unexpended portion of the Proceeds of the Loan, including any amounts in any reasonably required reserve or replacement fund, will be invested in the investment contract described in the Trust Indenture for the Bonds and other than any funds described herein invested during a temporary period permitted under Treas. Regs. §1.148-1 through -11, issued under the Code, if any, or any amounts in any reasonably required reserve or replacement fund, as described in Treas. Reg. §1.148-2(f), no Proceeds of the Loan, or any moneys that may become Replacement Proceeds, as defined in Treas. Reg. §1.148-1(c), of the Loan, in excess of the lesser of (i) five percent (5%) of such Proceeds or (ii) \$100,000, have been invested in "higher yielding investments", as defined in the Code and the Treasury Regulations thereunder.

## **7. General.**

a. The District reasonably expects that neither the project financed with the proceeds of the Refunded Bonds, nor any part thereof, will be sold or otherwise disposed of by the District prior to the final principal maturity date of the Loan.

b. There are no amounts, other than any funds specifically contributed by the District and the Gross Proceeds of the Loan, that are available for the Governmental Purpose and the term of the Loan is not longer than reasonably necessary for the Governmental Purpose.

c. Any Rebate Payments and any Yield Reduction Payments (each as defined in the Supplemental Tax Certificate), owed pursuant to Section 148(f) of the Code, will

be remitted to the United States Treasury as directed by KRWFC, pursuant to the Supplemental Tax Certificate entered into with respect to the Bonds.

d. The District has not employed in connection with the Loan a transaction or series of transactions that attempts to circumvent the provisions of Sections 103(b)(2) and 148 of the Code and the Treasury Regulations thereunder, enabling the District to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage and/or increasing the burden on the market for tax-exempt obligations through actions such as issuing more obligations, issuing obligations sooner or allowing them to remain outstanding longer than would otherwise be necessary for the Governmental Purpose.

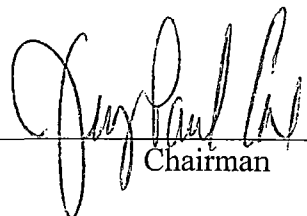
e. KRWFC has never been advised of any listing or contemplated listing by the Internal Revenue Service to the effect that the District's certification with respect to its obligations may not be relied upon and no notice to that effect has been published in the Internal Revenue Bulletin.

f. Certain of the facts, estimates and circumstances contained herein are based upon representations made by KRWFC in the attached certificate, or in other letters and reports that accompany the sundry closing documents related to the sale and delivery of the Loan. The District is not aware of any facts, estimates or circumstances that would cause it to question the accuracy of such representations. To the best of the knowledge, information and belief of the undersigned, who is authorized by the District to sign this certificate on behalf of the District, the above expectations of the District as stated herein are reasonable and there are no other facts, estimates or circumstances that would materially change the foregoing conclusion.

This certificate is being executed and delivered pursuant to Treas. Regs. §1.148-1 through -11 issued under the Code, of which the undersigned, with the advice of counsel, is generally familiar. On the basis of the foregoing, it is, not expected that the proceeds of the Loan will be used in a manner that would cause the Loan or the Bonds to be "arbitrage bonds" under Sections 103(b)(2) and 148 of the Code or the Treasury Regulations thereunder.

Dated as of February 19, 2015.

KNOX COUNTY UTILITY  
COMMISSION

By:  \_\_\_\_\_  
Chairman

**CERTIFICATE OF OFFICERS OF  
KNOX COUNTY UTILITY COMMISSION**



Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

The undersigned officials of the Knox County Utility Commission (the "District") under the Assistance Agreement (the "Agreement") between the District and the Kentucky Rural Water Finance Corporation ("KRWFC"), dated the date hereof, do hereby certify as follows:

1. That they are the duly elected or appointed, qualified and acting incumbents of their respective offices of the District, as set forth after their signatures hereto, and as such are familiar with the books, records and affairs of the District.

2. That the District is a body politic and corporate, validly organized, existing and in good standing under and by virtue of the laws of the Commonwealth of Kentucky with all requisite power and authority to operate a waterworks system (the "System") and to carry on its business as now being conducted.

3. That the below-named persons were on the date or dates of the execution of the Agreement and are on the date of this Certificate the duly elected or appointed and qualified incumbents of the respective offices of the District set forth opposite their names and that the signatures set forth opposite their names are their genuine signatures:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Jerry Cox	Chairman	
William Brewer	Secretary	

4. That included in the transcript of which this Certificate forms a part is a true, correct and complete copy of the resolution duly adopted by the Governing Body of the District on November 6, 2014 (the "Resolution"), authorizing the appropriate officials of the District to execute the Agreement. The Resolution was duly adopted in accordance with all applicable laws.

5. The Resolution duly authorized the current refunding of the following outstanding bonds of the District (the "Refunded Bonds"):

- i. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000,
- ii. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000,



consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds, and

- iii. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original authorized principal amount of \$350,000.

6. The Agreement has been duly authorized, executed and delivered by the District and constitutes a legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms.

7. The representations and warranties of the District made in the Agreement are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof; the Resolution has not been amended or supplemented and is in full force and effect; and the Agreement has been entered into and is in full force and effect.

8. That we are familiar with the provisions of the Agreement, and we hereby certify that at the time of or immediately after the issuance, sale and delivery of the Loan, the proceeds of the Loan authorized by the Agreement were applied or will be applied as itemized in the Distribution of Loan Proceeds Schedule attached hereto as **Exhibit A**, and this certification constitutes the instruction to and authorization of the Trustee to make such payments and deposits specified in said **Exhibit A**.

9. The District is not in default under or in violation of (i) any provisions of applicable law, (ii) the Agreement, or (iii) any indenture, mortgage, lien, agreement, contract, deed, lease, loan agreement, note, bond, order, judgment, decree or other instrument or restriction of any kind or character to which it is a party or by which it or its properties are or may be bound, or to which it or any of its assets is subject, which default would have a material adverse effect on the condition, financial or otherwise, of the District or on the ability of the District to perform its obligations under the Agreement. Neither the execution and delivery of the Agreement nor compliance by the District with the terms, conditions and provisions of the Agreement will conflict with or result in a breach of, or constitute a default under, any of the foregoing.

10. Since the date of the financial information provided to KRWFC, there have not been any material adverse changes in the business, properties, condition (financial or otherwise) or results of operations of the District, whether or not arising from transactions in the ordinary course of business, and since such date, except in the ordinary course of business, the District has not entered into any transaction or incurred any liability material to the financial position of the District.


11. There is no claim, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, or public board or body, pending or, to the best of our knowledge, threatened against or affecting the District wherein an unfavorable decision, ruling or finding would materially adversely affect the business, properties, condition (financial or otherwise) or the results of operations of the District or the ability of the District to perform its obligations under the Agreement.

12. All authorizations, consents and approvals of, notices to, registrations or filings with, or other actions in respect of or by, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the District of the Agreement have been duly obtained, given or taken (and copies thereof have been provided to KRWFC).

13. Any certificate signed by any official of the District and delivered to KRWFC will be deemed to be a representation by the District to KRWFC as to the statements made therein.

WITNESS our hands this February 19, 2015.

KNOX COUNTY UTILITY  
COMMISSION

By  \_\_\_\_\_  
Chairman

Attest:

By  \_\_\_\_\_  
Secretary

**EXHIBIT A**

**DISTRIBUTION OF LOAN PROCEEDS SCHEDULE**

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

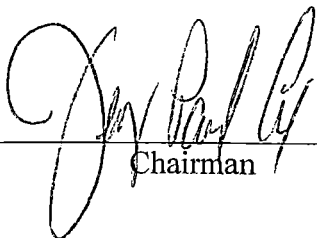
**SOURCES OF FUNDS**

Par Amount of Loan	\$2,550,000.00
Transfer from Refunded Bonds Sinking Fund	16,792.50
Plus Original Issue Premium	<u>3,776.65</u>
<b>Total Sources</b>	<b>\$2,570,569.15</b>

**USES OF FUNDS**

Deposit to Knox County Utility Commission Governmental Agency Account to refund the Refunded Bonds	2,493,265.19
Deposit of rounding proceeds to Knox County Utility Commission Governmental Agency Account	88.96
Underwriter's Discount	36,465.00
Deposit to Costs of Issuance Account	<u>40,750.00</u>
<b>Total Uses</b>	<b>\$2,570,569.15</b>

KNOX COUNTY UTILITY  
COMMISSION

By:  \_\_\_\_\_  
Chairman

Steve L. Beshear  
Governor

Leonard K. Peters  
Secretary  
Energy and Environment Cabinet



Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

David L. Armstrong  
Chairman

James Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

December 22, 2014

**PARTIES OF RECORD**

RE: Case No. **2014-00442**

Knox County Utility Commission  
(Financing)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received December 22, 2014 and has been assigned Case No. 2014-00442. In all future correspondence or filings in connection with this case, please reference the above case number. Public comments and responses to public comments regarding this case may be viewed on the Commission's web site at <http://www.psc.ky.gov>.

All documents submitted to the Commission in this proceeding must comply with the rules of procedure adopted by the Commission found in 807 KAR 5:001. Any deviation from these rules must be submitted in writing to the Commission for consideration as required by 807 KAR 5:001 (22). Additionally, confidential treatment of any material submitted must follow the requirements found in 807 KAR 5:001 (13).

**Pursuant to the 2014 revisions to KRS 278.380, beginning on July 16, 2014, the Commission shall use electronic means to deliver orders. Please ensure a proper email address is included for each person to be included on the Commission's official service list.**

Materials submitted to the Commission which do not comply with the rules of procedure, or that do not have an approved deviation, are subject to rejection by Commission pursuant to 807 KAR 5:001 (3). In order to insure cases are processed in a timely manner and accurate reliable records are created, please make sure that the rules of procedure are followed. Should you have any questions, please contact Linda Faulkner in the Division of Filings at (502)564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

JD/tw

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KNOX COUNTY )  
 UTILITY COMMISSION TO ISSUE )  
 SECURITIES IN THE APPROXIMATE PRINCIPAL )  
 AMOUNT OF \$2,490,000 FOR THE PURPOSE )  
 OF REFUNDING CERTAIN OUTSTANDING ) Case No. 2014-\_\_\_\_\_  
 REVENUE BONDS OF THE DISTRICT )  
 PURSUANT TO THE PROVISIONS OF KRS 278.300 )  
 AND 807 KAR 5:001 )

\*\* \*\*\* \*\*\*\*\* \*\*

APPLICATION

The Applicant, Knox County Utility Commission (the "Utility"), 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") enter an Order authorizing the Utility to issue certain securities in the approximate principal amount of \$2,490,000 (subject to adjustment of up to 10%), for the purpose of refunding certain outstanding waterworks revenue bonds of the Utility. In support of this Application, and in compliance with the rules and regulations of the Commission, the Utility states as follows:

1. The Utility was established pursuant to a Commission approved merger of the East Knox County Water District and the Dewitt Water District in accordance with the provisions of Chapters 74 and 278 of the Kentucky Revised Statutes. The Utility is now, and has been since its inception, regulated by the Commission, and all records and proceedings of the Commission with

reference to the Utility are incorporated in this Application by reference. The Utility does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of the Utility 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 Utility is as follows:

Knox County Utility Commission  
c/o Ms. Carolyn Smith, Assistant Superintendent  
P.O. Box 1630  
Barbourville, Kentucky 40906  
Telephone: (606) 546-5300  
Fax: (606) 546-3099  
Email: [knoxcoutility@aol.com](mailto:knoxcoutility@aol.com)

4. A general description of the Utility's water system property, together with a statement of the original cost, is contained in the Utility's Annual Report for 2013 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. The Utility proposes to borrow funds from the Kentucky Rural Water Finance Corporation ("KRWFC") pursuant to an Assistance Agreement (the "KRWFC Loan"), in the estimated principal amount of \$2,490,000 (subject to adjustment of up to 10%) for the purpose of refunding the outstanding revenue bonds designated as (i) Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original principal amount of \$2,278,000, bearing interest at the rate of 4.50% per annum (the "2000 Bonds"); (ii) Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the original principal amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds, said Series A Bonds bearing interest

at the rate of 4.50% per annum and said Series B Bonds bearing interest at the rate of 5.00% (collectively, the "2002A and B Bonds"); and (iii) Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original principal amount of \$350,000, bearing interest at the rate of 4.50% per annum (the "2002 Bonds") (hereinafter, the 2000 Bonds, 2002A and B Bonds and the 2002 Bonds shall be collectively referred to as the "Prior Bonds"). The Prior Bonds are held by the U.S. Department of Agriculture, acting through Rural Development.

6. The estimated debt service for the KRWFC Loan is shown in **Exhibit A** which is attached hereto and incorporated herein by reference. The debt service schedule and estimated interest rates are subject to change because of market conditions. The final terms and details of the KRWFC Loan may vary from the present assumptions based upon market conditions and other business judgment factors.

7. The KRWFC Loan will provide the Utility with the funds necessary to (i) refund the Prior Bonds; and (iii) pay the fees and expenses incident to the issuance of the KRWFC Loan.

8. The Sources and Uses of Funds to be obtained from the issuance of the KRWFC Loan are detailed as **Exhibit B**, which is attached hereto and incorporated herein by reference.

9. It is anticipated that the proposed refinancing will result in a net present value cashflow savings of approximately \$235,661.78. These savings are shown on the Debt Service Comparison, which is attached hereto and incorporated herein by reference as **Exhibit C**.

10. The final principal amount of the KRWFC Loan will be adjusted based upon final interest rates which will be known on or about the date of sale of the proposed KRWFC Loan. Final financial figures will be submitted to the Commission in a timely manner. The Utility will not issue

the securities if interest rates in the bond market shift to a point where the Utility will not achieve any debt service savings.

11. The Debt Service Schedule of the outstanding Prior Bonds being refunded is set forth in **Exhibit D**.

12. The Utility represents that the KRWFC Loan is in the public interest and is intended to accomplish the purpose of strengthening the financial condition of the Utility by producing substantial debt service savings. This is a lawful object within the corporate purposes of the Utility's utility operations. The KRWFC Loan is necessary, appropriate for, and consistent with the proper performance by the Utility of its service to the public and will not impair its ability to perform that service.

13. The Utility represents that it will, as soon as reasonably possible after the closing of the KRWFC Loan, file with the Commission a statement setting forth the date of issuance of the KRWFC Loan, the price paid, the fees and expenses incurred in the issuance of the KRWFC Loan, and the terms and interest rates of the KRWFC Loan.

14. The detailed Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position and Statement of Cash Flows for the twelve month period ending on December 31, 2013 are attached hereto and incorporated herein by reference as **Exhibit E** respectively.

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

- (i) Section 12(1)(b): The Utility 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 Utility's financial condition have occurred since the end of the twelve (12) month period contained in the Utility's most recent annual report on file with the Commission.

- (ii) Section 12(2)(a), (b) and (c) Stock: The Utility does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: The Utility 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 Utility is contained in the 2013 Annual Report on file with this Commission.
- (v) Section 12(2)(h) Dividends: The Utility has no outstanding stock and therefore pays no dividends.
- (vi) Section 12(2)(i) Financial Statements: See paragraph #14 above.

16. Pursuant to 807 KAR 5:001, Section 18, the Utility hereby responds as follows:

- (i) Section 18(1)(a): The Utility has complied with the requirements of 807 KAR 5:001, Section 14.
- (ii) Section 18(1)(b): A general description of the Utility's property, its field of operation and a statement of original cost of said property and the cost to the Utility is contained in the Utility's 2013 Annual Report on file with this Commission.
- (iii) Section 18(1)(c): The Utility is not issuing any stock as part of this financing. The information concerning the proposed KRWFC Loan is

contained in this Application. The KRWFC Loan will be secured by and payable from the gross revenues of the Utility's water system.


- (iv) Section 18(1)(d): The proceeds of the KRWFC Loan are being used to refund the outstanding Prior Bonds.
  - (v) Section 18(1)(e): No property is being acquired with the proceeds of the KRWFC Loan.
  - (vi) Section 18(1)(f): The details of the refunding of the Prior Bonds are contained in this Application and the Exhibits hereto.
  - (vii) Section 18(1)(g): Written notification of the proposed issuance of the KRWFC Loan is being provided to the State Local Debt Officer.
  - (viii) Section 18(2)(a): See paragraph #15 above.
  - (ix) Section 18(2)(b): The Utility does not have any outstanding trust deeds or mortgages.
  - (x) Section 18(2)(c): No property is being acquired with the proceeds of the KRWFC Loan.
17. No rate adjustment will be necessary.

**WHEREFORE**, the Knox County Utility Commission respectfully requests that the Commission take the following actions:

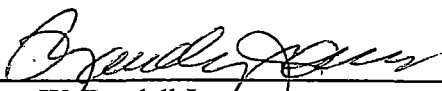
1. Authorize the issuance of the securities requested in the Application;
2. Due to the volatility of the present bond market and in order to achieve substantial interest cost savings to the Utility by taking full advantage of current low interest rates, the Utility requests that the Commission issued its Order on or before **January 29, 2015**; and
3. Process this Application without a formal hearing in order to save time and expense.

The Utility will promptly respond to any information requests by the Commission's staff.

Knox County Utility Commission

By  12/16/14  
Jerry Cox, Chairman  
P.O. Box 1630  
Barbourville, Kentucky 40906  
Phone: (606) 546-5300  
Fax: (606) 546-3099  
Email: [knoxcountility@aol.com](mailto:knoxcountility@aol.com)

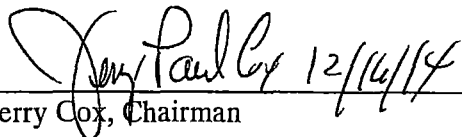
Rubin & Hays

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 Knox County Utility Commission  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)

STATE OF KENTUCKY            )  
  ) SS  
COUNTY OF KNOX            )

The affiant, Jerry Cox, being first duly sworn, states: That he is the Chairman of the Knox County Utility Commission, 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, he believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 16<sup>th</sup> day of December, 2014.

  
\_\_\_\_\_  
Jerry Cox, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Jerry Cox, Chairman of the Knox County Utility Commission, on this the 16<sup>th</sup> day of December, 2014.

My Commission expires: 12-10-17

  
\_\_\_\_\_  
NOTARY PUBLIC

Preliminary

**\$2,490,000**

Knox County Utility Commission  
 Potential Refunding through the  
 Kentucky Rural Water Finance Corporation

**Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
12/04/2014	-	-	-	-	-
08/01/2015	-	-	58,005.75	58,005.75	-
12/31/2015	-	-	-	-	58,005.75
02/01/2016	75,000.00	2.850%	44,055.00	119,055.00	-
08/01/2016	-	-	42,886.25	42,886.25	-
12/31/2016	-	-	-	-	162,041.25
02/01/2017	75,000.00	2.650%	42,886.25	117,886.25	-
08/01/2017	-	-	41,992.50	41,992.50	-
12/31/2017	-	-	-	-	159,978.75
02/01/2018	80,000.00	2.700%	41,992.50	121,992.50	-
08/01/2018	-	-	40,912.50	40,912.50	-
12/31/2018	-	-	-	-	162,905.00
02/01/2019	80,000.00	2.700%	40,912.50	120,912.50	-
08/01/2019	-	-	39,832.50	39,832.50	-
12/31/2019	-	-	-	-	160,745.00
02/01/2020	80,000.00	2.950%	39,832.50	119,632.50	-
08/01/2020	-	-	38,652.50	38,652.50	-
12/31/2020	-	-	-	-	158,485.00
02/01/2021	85,000.00	3.800%	38,652.50	123,652.50	-
08/01/2021	-	-	37,037.50	37,037.50	-
12/31/2021	-	-	-	-	160,690.00
02/01/2022	90,000.00	3.750%	37,037.50	127,037.50	-
08/01/2022	-	-	35,350.00	35,350.00	-
12/31/2022	-	-	-	-	162,387.50
02/01/2023	90,000.00	3.650%	35,350.00	125,350.00	-
08/01/2023	-	-	33,707.50	33,707.50	-
12/31/2023	-	-	-	-	159,057.50
02/01/2024	95,000.00	3.550%	33,707.50	128,707.50	-
08/01/2024	-	-	32,021.25	32,021.25	-
12/31/2024	-	-	-	-	160,728.75
02/01/2025	100,000.00	3.500%	32,021.25	132,021.25	-
08/01/2025	-	-	30,271.25	30,271.25	-
12/31/2025	-	-	-	-	162,292.50
02/01/2026	100,000.00	3.500%	30,271.25	130,271.25	-
08/01/2026	-	-	28,521.25	28,521.25	-
12/31/2026	-	-	-	-	158,792.50
02/01/2027	105,000.00	3.550%	28,521.25	133,521.25	-
08/01/2027	-	-	26,657.50	26,657.50	-
12/31/2027	-	-	-	-	160,178.75
02/01/2028	110,000.00	3.500%	26,657.50	136,657.50	-
08/01/2028	-	-	24,732.50	24,732.50	-
12/31/2028	-	-	-	-	161,390.00
02/01/2029	110,000.00	3.500%	24,732.50	134,732.50	-
08/01/2029	-	-	22,807.50	22,807.50	-
12/31/2029	-	-	-	-	157,540.00
02/01/2030	115,000.00	3.450%	22,807.50	137,807.50	-
08/01/2030	-	-	20,823.75	20,823.75	-
12/31/2030	-	-	-	-	158,631.25
02/01/2031	120,000.00	3.550%	20,823.75	140,823.75	-
08/01/2031	-	-	18,693.75	18,693.75	-
12/31/2031	-	-	-	-	159,517.50
02/01/2032	125,000.00	3.550%	18,693.75	143,693.75	-
08/01/2032	-	-	16,475.00	16,475.00	-
12/31/2032	-	-	-	-	160,168.75
02/01/2033	125,000.00	3.650%	16,475.00	141,475.00	-
08/01/2033	-	-	14,193.75	14,193.75	-
12/31/2033	-	-	-	-	155,668.75
02/01/2034	110,000.00	3.650%	14,193.75	124,193.75	-
08/01/2034	-	-	12,186.25	12,186.25	-
12/31/2034	-	-	-	-	136,380.00
02/01/2035	110,000.00	3.800%	12,186.25	122,186.25	-
08/01/2035	-	-	10,096.25	10,096.25	-
12/31/2035	-	-	-	-	132,282.50
02/01/2036	115,000.00	3.900%	10,096.25	125,096.25	-
08/01/2036	-	-	7,853.75	7,853.75	-
12/31/2036	-	-	-	-	132,950.00
02/01/2037	120,000.00	3.900%	7,853.75	127,853.75	-
08/01/2037	-	-	5,513.75	5,513.75	-
12/31/2037	-	-	-	-	133,367.50
02/01/2038	125,000.00	3.950%	5,513.75	130,513.75	-
08/01/2038	-	-	3,045.00	3,045.00	-
12/31/2038	-	-	-	-	133,558.75
02/01/2039	130,000.00	4.050%	3,045.00	133,045.00	-
08/01/2039	-	-	412.50	412.50	-
12/31/2039	-	-	-	-	133,457.50
02/01/2040	10,000.00	4.100%	412.50	10,412.50	-
08/01/2040	-	-	207.50	207.50	-
12/31/2040	-	-	-	-	10,620.00
02/01/2041	10,000.00	4.150%	207.50	10,207.50	-
12/31/2041	-	-	-	-	10,207.50
<b>Total</b>	<b>\$2,490,000.00</b>	-	<b>\$1,272,028.25</b>	<b>\$3,762,028.25</b>	-

**Yield Statistics**

Bond Year Dollars	\$34,494.25
Average Life	13.853 Years
Average Coupon	3.6876530%
Net Interest Cost (NIC)	3.7583707%
True Interest Cost (TIC)	3.7622605%
Bond Yield for Arbitrage Purposes	3.6164639%
All Inclusive Cost (AIC)	3.9481880%
IRS Form 8038	
Net Interest Cost	3.6717294%
Weighted Average Maturity	13.700 Years

**Raymond James**

Public Finance

Preliminary

**\$2,490,000**

Knox County Utility Commission  
Potential Refunding through the  
Kentucky Rural Water Finance Corporation

## Sources & Uses

Dated 12/04/2014 | Delivered 12/04/2014

### Sources Of Funds

Par Amount of Bonds	\$2,490,000.00
Reoffering Premium	12,956.45
Transfers from Prior Issue Debt Service Funds	99,610.42
<b>Total Sources</b>	<b>\$2,602,566.87</b>

### Uses Of Funds

Total Underwriter's Discount (1.500%)	37,350.00
Costs of Issuance	38,850.00
Deposit to Current Refunding Fund	2,524,372.64
Rounding Amount	1,994.23
<b>Total Uses</b>	<b>\$2,602,566.87</b>

Preliminary

**\$2,490,000**

Knox County Utility Commission  
Potential Refunding through the  
Kentucky Rural Water Finance Corporation

## Debt Service Comparison

Date	Total P+I	Expenses	Net New D/S	Old Net D/S	Savings
12/31/2014	-	-	-	-	-
12/31/2015	58,005.75	450.00	58,455.75	168,160.00	109,704.25
12/31/2016	162,041.25	450.00	162,491.25	168,482.50	5,991.25
12/31/2017	159,978.75	450.00	160,428.75	167,692.50	7,263.75
12/31/2018	162,905.00	450.00	163,355.00	168,767.50	5,412.50
12/31/2019	160,745.00	450.00	161,195.00	167,707.50	6,512.50
12/31/2020	158,485.00	450.00	158,935.00	167,535.00	8,600.00
12/31/2021	160,690.00	450.00	161,140.00	169,182.50	8,042.50
12/31/2022	162,387.50	450.00	162,837.50	167,672.50	4,835.00
12/31/2023	159,057.50	450.00	159,507.50	168,027.50	8,520.00
12/31/2024	160,728.75	450.00	161,178.75	168,202.50	7,023.75
12/31/2025	162,292.50	450.00	162,742.50	168,197.50	5,455.00
12/31/2026	158,792.50	450.00	159,242.50	168,012.50	8,770.00
12/31/2027	160,178.75	450.00	160,628.75	168,625.00	7,996.25
12/31/2028	161,390.00	450.00	161,840.00	168,035.00	6,195.00
12/31/2029	157,540.00	450.00	157,990.00	167,265.00	9,275.00
12/31/2030	158,631.25	450.00	159,081.25	168,270.00	9,188.75
12/31/2031	159,517.50	450.00	159,967.50	168,027.50	8,060.00
12/31/2032	160,168.75	450.00	160,618.75	167,560.00	6,941.25
12/31/2033	155,668.75	450.00	156,118.75	164,912.50	8,793.75
12/31/2034	136,380.00	450.00	136,830.00	143,557.50	6,727.50
12/31/2035	132,282.50	450.00	132,732.50	142,472.50	9,740.00
12/31/2036	132,950.00	450.00	133,400.00	143,162.50	9,762.50
12/31/2037	133,367.50	450.00	133,817.50	143,582.50	9,765.00
12/31/2038	133,558.75	450.00	134,008.75	141,777.50	7,768.75
12/31/2039	133,457.50	450.00	133,907.50	141,747.50	7,840.00
12/31/2040	10,620.00	450.00	11,070.00	19,260.00	8,190.00
12/31/2041	10,207.50	450.00	10,657.50	19,427.50	8,770.00
<b>Total</b>	<b>\$3,762,028.25</b>	<b>\$12,150.00</b>	<b>\$3,774,178.25</b>	<b>\$4,085,322.50</b>	<b>\$311,144.25</b>

### PV Analysis Summary (Net to Net)

Net FV Cashflow Savings	311,144.25
Gross PV Debt Service Savings	243,266.89
Effects of changes in Expenses	(7,605.11)
<b>Net PV Cashflow Savings @ 3.948%(AIC)</b>	<b>235,661.78</b>
Transfers from Prior Issue Debt Service Fund	(99,610.42)
Contingency or Rounding Amount	1,994.23
<b>Net Present Value Benefit</b>	<b>\$138,045.59</b>
Net PV Benefit / \$2,477,000 Refunded Principal	5.573%
Net Future Value Benefit	\$213,528.06
Net PV Benefit / \$2,490,000 Refunding Principal	5.544%
Average Annual Cash Flow Savings	11,523.86

### Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

**Raymond James**

Preliminary

**\$317,000**

Knox County Utility Commission

Loan 90-06

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	10,000.00	-	13,590.00	23,590.00
12/31/2016	11,000.00	-	13,117.50	24,117.50
12/31/2017	11,000.00	-	12,622.50	23,622.50
12/31/2018	12,000.00	-	12,105.00	24,105.00
12/31/2019	12,000.00	-	11,565.00	23,565.00
12/31/2020	13,000.00	-	11,002.50	24,002.50
12/31/2021	14,000.00	-	10,395.00	24,395.00
12/31/2022	14,000.00	-	9,765.00	23,765.00
12/31/2023	15,000.00	-	9,112.50	24,112.50
12/31/2024	16,000.00	-	8,415.00	24,415.00
12/31/2025	17,000.00	-	7,672.50	24,672.50
12/31/2026	17,000.00	-	6,907.50	23,907.50
12/31/2027	19,000.00	-	6,097.50	25,097.50
12/31/2028	19,000.00	-	5,242.50	24,242.50
12/31/2029	20,000.00	-	4,365.00	24,365.00
12/31/2030	21,000.00	-	3,442.50	24,442.50
12/31/2031	22,000.00	-	2,475.00	24,475.00
12/31/2032	23,000.00	-	1,462.50	24,462.50
12/31/2033	21,000.00	4.500%	472.50	21,472.50
<b>Total</b>	<b>\$307,000.00</b>	<b>-</b>	<b>\$149,827.50</b>	<b>\$456,827.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	10.420 Years
Average Coupon	4.500000%
Weighted Average Maturity (Par Basis)	10.420 Years

### Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014



Preliminary

**\$1,911,000**

Knox County Utility Commission

Loan 90-01

### Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+I
12/31/2015	42,000.00	-	83,250.00	125,250.00
12/31/2016	44,000.00	-	81,315.00	125,315.00
12/31/2017	46,000.00	-	79,290.00	125,290.00
12/31/2018	48,000.00	-	77,175.00	125,175.00
12/31/2019	50,000.00	-	74,970.00	124,970.00
12/31/2020	52,000.00	-	72,675.00	124,675.00
12/31/2021	55,000.00	-	70,267.50	125,267.50
12/31/2022	57,000.00	-	67,747.50	124,747.50
12/31/2023	60,000.00	-	65,115.00	125,115.00
12/31/2024	62,000.00	-	62,370.00	124,370.00
12/31/2025	65,000.00	-	59,512.50	124,512.50
12/31/2026	68,000.00	-	56,520.00	124,520.00
12/31/2027	71,000.00	-	53,392.50	124,392.50
12/31/2028	75,000.00	-	50,107.50	125,107.50
12/31/2029	77,000.00	-	46,687.50	123,687.50
12/31/2030	82,000.00	-	43,110.00	125,110.00
12/31/2031	85,000.00	-	39,352.50	124,352.50
12/31/2032	89,000.00	-	35,437.50	124,437.50
12/31/2033	93,000.00	-	31,342.50	124,342.50
12/31/2034	97,000.00	-	27,067.50	124,067.50
12/31/2035	101,000.00	-	22,612.50	123,612.50
12/31/2036	106,000.00	-	17,955.00	123,955.00
12/31/2037	111,000.00	-	13,072.50	124,072.50
12/31/2038	115,000.00	-	7,987.50	122,987.50
12/31/2039	120,000.00	4.500%	2,700.00	122,700.00
<b>Total</b>	<b>\$1,871,000.00</b>	<b>-</b>	<b>\$1,241,032.50</b>	<b>\$3,112,032.50</b>

#### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	14.315 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	14.315 Years

#### Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Preliminary

**\$305,000**

Knox County Utility Commission

Loan 90-08

## Total Refunded Debt Service

Date	Principal	Coupon	Interest	Total P+i
12/31/2015	6,000.00	-	13,320.00	19,320.00
12/31/2016	6,000.00	-	13,050.00	19,050.00
12/31/2017	6,000.00	-	12,780.00	18,780.00
12/31/2018	7,000.00	-	12,487.50	19,487.50
12/31/2019	7,000.00	-	12,172.50	19,172.50
12/31/2020	7,000.00	-	11,857.50	18,857.50
12/31/2021	8,000.00	-	11,520.00	19,520.00
12/31/2022	8,000.00	-	11,160.00	19,160.00
12/31/2023	8,000.00	-	10,800.00	18,800.00
12/31/2024	9,000.00	-	10,417.50	19,417.50
12/31/2025	9,000.00	-	10,012.50	19,012.50
12/31/2026	10,000.00	-	9,585.00	19,585.00
12/31/2027	10,000.00	-	9,135.00	19,135.00
12/31/2028	10,000.00	-	8,685.00	18,685.00
12/31/2029	11,000.00	-	8,212.50	19,212.50
12/31/2030	11,000.00	-	7,717.50	18,717.50
12/31/2031	12,000.00	-	7,200.00	19,200.00
12/31/2032	12,000.00	-	6,660.00	18,660.00
12/31/2033	13,000.00	-	6,097.50	19,097.50
12/31/2034	14,000.00	-	5,490.00	19,490.00
12/31/2035	14,000.00	-	4,860.00	18,860.00
12/31/2036	15,000.00	-	4,207.50	19,207.50
12/31/2037	16,000.00	-	3,510.00	19,510.00
12/31/2038	16,000.00	-	2,790.00	18,790.00
12/31/2039	17,000.00	-	2,047.50	19,047.50
12/31/2040	18,000.00	-	1,260.00	19,260.00
12/31/2041	19,000.00	4.500%	427.50	19,427.50
<b>Total</b>	<b>\$299,000.00</b>	<b>-</b>	<b>\$217,462.50</b>	<b>\$516,462.50</b>

### Yield Statistics

Base date for Avg. Life & Avg. Coupon Calculation	12/04/2014
Average Life	15.737 Years
Average Coupon	4.5000000%
Weighted Average Maturity (Par Basis)	15.737 Years

### Refunding Bond Information

Refunding Dated Date	12/04/2014
Refunding Delivery Date	12/04/2014

Knox County Utility Commission  
 Statements of Net Position  
 December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 646,675	\$ 507,449
Investments	-	107,977
Receivables, less allowance	82,795	83,088
Unbilled accounts receivable	55,740	60,857
Inventories	23,473	24,688
Other current assets	223	207
<b>Total Current Assets</b>	<u>808,906</u>	<u>784,266</u>
<b>Noncurrent assets</b>		
<b>Restricted assets</b>		
Restricted cash and cash equivalents	<u>89,698</u>	<u>92,880</u>
<b>Capital Assets</b>		
Land and improvements	44,619	44,619
Structures and improvements	508,160	506,837
Pumping equipment	131,664	125,822
Meters and meter installation	721,162	704,237
Hydrants	53,816	53,816
Storage tanks	1,148,102	1,148,102
Transmission and distribution plant	10,127,318	10,119,405
Vehicles and other equipment	409,727	403,697
Office equipment	54,898	52,465
Lift stations	344,195	344,195
	<u>13,543,661</u>	<u>13,503,195</u>
Accumulated depreciation	<u>(5,546,108)</u>	<u>(5,075,724)</u>
<b>Net Capital Assets</b>	<u>7,997,553</u>	<u>8,427,471</u>
<b>Other Assets</b>		
Bond issue costs, net of amortization	<u>8,865</u>	<u>9,287</u>
<b>Total Other Assets</b>	<u>8,865</u>	<u>9,287</u>
<b>Total Noncurrent Assets</b>	<u>8,096,116</u>	<u>8,529,638</u>
<b>Total Assets</b>	<u>8,905,022</u>	<u>9,313,904</u>

See accompanying notes to financial statements.

Knox County Utility Commission  
 Statements of Net Position (Continued)  
 December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Liabilities		
Current Liabilities		
Current portion of long-term debt	56,000	52,000
Accounts payable	37,652	27,821
Accrued interest payable	47	47
Accrued salaries and taxes payable	16,171	18,234
Total Current Liabilities	109,870	98,102
Noncurrent Liabilities		
Customer deposits	27,172	28,099
Long-term debt, less current portion	2,477,000	2,533,000
Total Noncurrent Liabilities	2,504,172	2,561,099
Total Liabilities	2,614,042	2,659,201
Net Position		
Net investment in capital assets	5,464,553	5,842,471
Restricted	89,698	92,880
Unrestricted	736,729	719,352
Total Net Position	\$ 6,290,980	\$ 6,654,703

See accompanying notes to financial statements.

Knox County Utility Commission  
 Statements of Revenues, Expenses and Changes in Net Position  
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating Revenues		
Water sales	\$ 1,086,674	\$ 1,119,411
Sewer sales	18,360	14,528
Service charges	15,195	15,825
Tap fees	18,479	22,474
Penalties	30,162	30,185
Other revenues	6,358	8,151
Total Operating Revenues	<u>1,175,228</u>	<u>1,210,574</u>
Operating Expenses		
Salaries and wages	276,661	267,104
Employee benefits	175,401	174,126
Purchased power	209,756	208,563
Utilities	58,945	55,602
Chemicals	57,407	57,384
Repairs and maintenance	32,791	32,123
Contracted services	21,895	26,711
Vehicle and equipment expenses	25,497	25,891
Insurance	31,245	33,687
Sewer treatment	14,916	9,921
Amortization	422	444
Depreciation	470,384	473,756
Bad debt expense, net of recoveries	11,947	13,248
Other operating expenses	44,135	46,932
Total Operating Expenses	<u>1,431,402</u>	<u>1,425,492</u>
Operating Loss	<u>(256,174)</u>	<u>(214,918)</u>
Nonoperating Revenues (Expenses)		
Interest income	4,759	16,641
Federal and state grants	4,158	14,010
Interest expense	(116,466)	(119,708)
Total Nonoperating Revenues (Expenses)	<u>(107,549)</u>	<u>(89,057)</u>
Change in Net Position	(363,723)	(303,975)
Net Position, Beginning of Year	<u>6,654,703</u>	<u>6,958,678</u>
Net Position, End of Year	<u>\$ 6,290,980</u>	<u>\$ 6,654,703</u>

See accompanying notes to financial statements.

Knox County Utility Commission  
 Statements of Cash Flows  
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities		
Receipts from customers	\$ 1,173,353	\$ 1,184,525
Receipts from other activities	6,358	8,151
Payments to employees	(278,724)	(267,318)
Payments to suppliers	(672,905)	(695,645)
Net Cash Provided by Operating Activities	<u>228,082</u>	<u>229,713</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of property, plant and equipment	(40,466)	(100,255)
Principal payments on debt	(52,000)	(113,000)
Interest payments on debt	(116,466)	(119,708)
Federal, state and local grants	4,158	14,010
Net Cash Used by Capital and Related Financing Activities	<u>(204,774)</u>	<u>(318,953)</u>
Cash Flows From Investing Activities		
Interest on cash and investments	4,759	15,943
Proceeds from sale of investments	107,977	-
Net Cash Provided by Investing Activities	<u>112,736</u>	<u>15,943</u>
Net Increase (Decrease) in Cash and Cash Equivalents	136,044	(73,297)
Cash and Cash Equivalents at Beginning of Year	<u>600,329</u>	<u>673,626</u>
Cash and Cash Equivalents at End of Year	<u>\$ 736,373</u>	<u>\$ 600,329</u>
Reconciliation of Cash at End of Year		
Cash and Cash Equivalents	\$ 646,675	\$ 507,449
Restricted Cash and Cash Equivalents	89,698	92,880
Total Cash at End of Year	<u>\$ 736,373</u>	<u>\$ 600,329</u>

See accompanying notes to financial statements.

Knox County Utility Commission  
 Statements of Cash Flows (Continued)  
 For the Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Reconciliation of Operating Loss to Net Cash		
Provided by Operating Activities:		
Operating loss	\$ (256,174)	\$ (214,918)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	470,384	473,756
Amortization	422	444
Loss on retirement of debt	-	1,021
(Increase) Decrease in:		
Accounts receivable	293	(2,544)
Unbilled accounts receivable	5,117	(18,212)
Other receivables	-	3,013
Inventory	1,215	7,214
Prepaid expenses and other assets	(16)	(107)
Increase (Decrease) in:		
Accounts payable	9,831	(19,585)
Customer deposits	(927)	(155)
Accrued expenses	(2,063)	(214)
Net Cash Provided by Operating Activities	<u>\$ 228,082</u>	<u>\$ 229,713</u>

See accompanying notes to financial statements.

COMMONWEALTH OF KENTUCKY

BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

THE APPLICATION OF KNOX COUNTY )  
 UTILITY COMMISSION TO ISSUE )  
 SECURITIES IN THE APPROXIMATE PRINCIPAL )  
 AMOUNT OF \$2,490,000 FOR THE PURPOSE )  
 OF REFUNDING CERTAIN OUTSTANDING ) Case No. 2014-00442  
 REVENUE BONDS OF THE DISTRICT )  
 PURSUANT TO THE PROVISIONS OF KRS 278.300 )  
 AND 807 KAR 5:001 )

\*\*      \*\*\*      \*\*\*\*      \*\*\*\*\*      \*\*\*\*      \*\*\*      \*\*

MOTION TO AMEND APPLICATION

The Applicant, Knox County Utility Commission (the "Utility"), by Counsel, files this Motion to Amend Application pursuant to 807 KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") grant this Motion. In support of this Motion, and in compliance with the rules and regulations of the Commission, the Utility, by Counsel, states as follows:

1. The Utility previously filed an Application requesting approval to issue securities, the proceeds of which will be used to refund certain outstanding high interest rate Bonds of the Utility.
2. The Application listed the outstanding Bonds to be refunded and inadvertently included a series of Bonds that had been previously retired by the Utility. The Bonds that were



mistakenly included are the Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002B, dated December 12, 2002, in the original principal amount of \$92,000, bearing interest at the rate of 5.00% per annum. Accordingly, the defined term "Prior Bonds" on page 3 of the Application should be revised to read "(hereinafter, the 2000 Bonds, the 2002A Bonds and the 2002 Bonds shall be collectively referred to as the "Prior Bonds").


3. The original Application included certain financial schedules in Exhibit D and the Utility, by Counsel, would like to clarify for the Commission, the headings of such schedules. Specifically, the schedule with the heading "\$317,000 - Knox County Utility Commission - Loan 90-06" is the Total Refunded Debt Service for the outstanding Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002A, dated December 12, 2002, in the original principal amount of \$403,000, bearing interest at the rate of 4.50% per annum. The schedule with the heading "\$1,911,000 - Knox County Utility Commission - Loan 90-01" is the Total Refunded Debt Service for the outstanding Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original principal amount of \$2,278,000, bearing interest at the rate of 4.50% per annum. The schedule with the heading "\$305,000 - Knox County Utility Commission - Loan 90-08" is the Total Refunded Debt Service for the outstanding Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original principal amount of \$350,000, bearing interest at the rate of 4.50% per annum.

4. All other facts and circumstances listed in the original Application shall remain the same.

**WHEREFORE**, the Knox County Utility Commission, by Counsel, respectfully requests that the Commission grant the Motion to Amend Application to take the following actions:

1. Delete the reference to the Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002B from the Application, as such Bonds have previously been retired;
2. Revise the definition of “Prior Bonds” on page 3 of the Application to read “(hereinafter, the 2000 Bonds, the 2002A Bonds and the 2002 Bonds shall be collectively referred to as the “Prior Bonds”); and
3. Note in the case file the clarified headings for the schedules filed as Exhibit D in the Application.

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 Knox County Utility Commission  
[wrjones@rubinhays.com](mailto:wrjones@rubinhays.com)

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KNOX COUNTY UTILITY	)	
COMMISSION TO ISSUE SECURITIES IN THE	)	
APPROXIMATE PRINCIPAL AMOUNT OF	)	
\$2,490,000 FOR THE PURPOSE OF REFUNDING	)	CASE NO.
CERTAIN OUTSTANDING REVENUE BONDS	)	2014-00442
OF THE DISTRICT PURSUANT TO THE	)	
PROVISIONS OF KRS 278.300 AND 807 KAR 5:001	)	

ORDER

On December 22, 2014, Knox County Utility Commission ("Knox County") applied to the Commission for approval to enter into an assistance agreement with the Kentucky Rural Water Finance Corporation ("KRWFC") to borrow approximately \$2,490,000, subject to an adjustment of up to 10 percent, to refund existing bond indebtedness. On December 30, 2014, Knox County filed a motion to amend the original Application in order to correct and clarify certain information that was included in the original Application.

Having considered the record and being otherwise sufficiently advised, the Commission finds that:

1. Knox County proposes to execute an assistance agreement with KRWFC to borrow \$2,490,000, subject to an adjustment of up to 10 percent. The proposed loan will have a 26-year term subject to interest rates of up to 4.15 percent.<sup>1</sup>

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<sup>1</sup> Original Application, Exhibit A.

2. Knox County proposes to use the proceeds from the assistance agreement to fully refund the outstanding Waterworks Revenue Bonds Series 2000, 2002, and 2002A that are held by the United States Department of Agriculture Rural Development ("RD") in the amounts of \$1,871,000, \$299,000, and \$307,000,<sup>2</sup> respectively.

3. Knox County estimates that its proposed refinancing will result in total gross savings and net present value savings of \$213,528 and \$138,045, respectively.<sup>3</sup>

4. Knox County will expend \$2,602,567 to refund the outstanding bonds and to pay bond issuance costs.<sup>4</sup>

5. Knox County's proposed loan is for a lawful object within its corporate purpose, is reasonably necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair Knox County's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

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<sup>2</sup> On pages 2-3 of its original Application, Knox County stated that Bond Series 2002B would also be refinanced; however, as noted on pages 1-2 of Knox County's motion to amend the original Application, the 2002B Bonds are fully retired and cannot be refinanced as a part of this proceeding. The outstanding Bond Series that are to be refinanced in this proceeding are identified in Exhibit D of the original Application by their RD loan numbers. The loan numbers are matched to the appropriate Bond Series on page 2 of Knox County's motion to amend its original Application as follows:

Bond Series	Loan No.
2000	90-01
2002	90-08
2002A	90-06

<sup>3</sup> Application, Exhibit C. The utility identifies "gross savings" and "net present value savings" as "net future value benefit" and "net present value benefit," respectively.

<sup>4</sup> Application, Exhibit B. \$37,350 (Total Underwriter's Discount) + \$38,850 (Cost of Issuance) + \$2,524,373 (Deposit to Current Refunding Fund) + \$1,994 (Rounding) = \$2,602,567. The sources of the funds are \$2,490,000 (Par Amount of Bonds) + \$12,957 (Reoffering Premium) + 99,610 (Existing Debt Service Funds) = \$2,602,567.

IT IS THEREFORE ORDERED that:

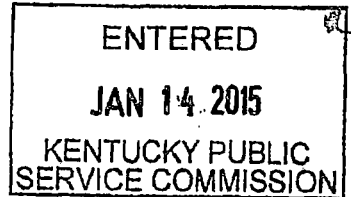
1. Knox County's motion to amend the Application is granted.
2. Knox County is authorized to enter into an agreement with KRWFC to borrow no more than \$2,739,000<sup>5</sup> for the purpose of refunding the outstanding indebtedness, but only under such terms and conditions as will produce both positive gross savings and net present value savings.
3. If the actual terms and conditions of the agreement with KRWFC differ from those set forth in its application, Knox County shall, within 30 days of executing the loan agreement, file with the Commission amortization schedules and work papers showing the actual gross savings and net present value savings that will result from the refinancing.
4. Within 30 days of executing the proposed agreement, Knox County shall file a copy of the executed Assistance Agreement and any documents referenced in the executed Assistance Agreement that Knox County has not previously filed with the Commission.
5. The proceeds from the Assistance Agreement shall be used only for the lawful purposes specified in Knox County's application.
6. Any documents filed pursuant to ordering paragraphs 3 and 4 of this Order shall reference the number of this case and shall be retained in the utility's general correspondence file.

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<sup>5</sup>  $\$2,490,000 \times 110\% = \$2,739,000$ .

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

By the Commission



ATTEST:

  
Executive Director

Carolyn Smith  
Assistant Superintendent  
Knox County Utility Commission  
P. O. Box 1630  
Barbourville, KY 40906

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7535 Telefax (502) 569-7555 www.rubinhays.com

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

March 13, 2015

Ms. Lisa Dale  
Commissioner and State Local Debt Officer  
Department for Local Government  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601-8204

Re: Loans from the Kentucky Rural Water Finance Corporation Public Projects  
Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

Dear Lisa:

I was concerned that you had not received my email from February 16 with notice to the State Local Debt Officer of loans to the following borrowers:


East Laurel Water District  
East Pendleton Water District  
Knox County Utility Commission  
Magoffin County Water District  
Pendleton County Water District  
Wood Creek Water District

For that reason, I have enclosed a copy of my email from February 16 with the information for the referenced borrowers.

Please feel free to call if I can provide you with any additional information or documentation.

Sincerely,

Rubin & Hays

By   
Christian L. Juckett

Enclosures



From: **Christian Juckett** [cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)  
Subject: Re: SLDO Notifications  
Date: February 20, 2015 at 4:07 PM  
To: Dale Lisa [Lisa.Dale@ky.gov](mailto:Lisa.Dale@ky.gov)

Good Afternoon Lisa,

I am sending this email again without attachments just to confirm that you received it.

If you didn't receive the copy with attachments then I will mail them.

Christian

---

Christian L. Juckett  
[cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
502-569-7532  
502-744-8143 (mobile)

On Feb 16, 2015, at 8:43 AM, Christian Juckett <[cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)> wrote:

Good Morning Lisa:

The following borrowers intend to close loans from the Kentucky Rural Water Finance Corporation Flexible Term Program on Thursday, February 19:

East Laurel Water District  
East Pendleton Water District  
Knox County Utility Commission  
Magoffin County Water District  
Pendleton County Water District  
Wood Creek Water District

For that reason, I have attached an electronic copies of notices to Mr. Wilder for each borrower.

Would you please send me a short reply, so that I know you received this email.

Thank you very much for your help.

Cordially,

Christian

---

Christian L. Juckett  
[cljuckett@rubinhays.com](mailto:cljuckett@rubinhays.com)  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
502-569-7532  
502-744-8143 (mobile)

Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B

<[East Laurel SLDO ltr 2015-02-16.pdf](#)><[East Pendleton SLDO ltr 2015-02-16.pdf](#)><[Knox Utilities SLDO ltr 2015-02-16.pdf](#)><[Magoffin SLDO ltr 2015-02-16.pdf](#)><[Pendleton SLDO ltr 2015-02-16.pdf](#)><[Wood Creek SLDO ltr 2015-02-16.pdf](#)>

From: **Christian Juckett** [cjuckett@rubinhays.com](mailto:cjuckett@rubinhays.com)  
Subject: SLDO Notifications  
Date: February 16, 2015 at 8:43 AM  
To: Dale Lisa [Lisa.Dale@ky.gov](mailto:Lisa.Dale@ky.gov)

Good Morning Lisa:

The following borrowers intend to close loans from the Kentucky Rural Water Finance Corporation Flexible Term Program on Thursday, February 19:

East Laurel Water District  
East Pendleton Water District  
Knox County Utility Commission  
Magoffin County Water District  
Pendleton County Water District  
Wood Creek Water District

For that reason, I have attached an electronic copies of notices to Mr. Wilder for each borrower.

Would you please send me a short reply, so that I know you received this email.

Thank you very much for your help.

Cordially,

Christian

---

Christian L. Juckett  
[cjuckett@rubinhays.com](mailto:cjuckett@rubinhays.com)  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
502-569-7532  
502-744-8143 (mobile)

Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B



East Laurel SLDO ltr  
2015-02-16.pdf



East Pendleton SLDO ltr  
2015-02-16.pdf



Knox Utilities SLDO ltr  
2015-02-16.pdf



Magoffin SLDO ltr 2015-  
02-16.pdf



Pendleton SLDO ltr 2015-  
02-16.pdf



Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7535 Telefax (502) 569-7555 www.rubinhays.com

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

February 16, 2015

Hon. Tony Wilder  
Commissioner and State Local Debt Officer  
Department for Local Government  
1024 Capital Center Drive, Suite 340  
Frankfort, Kentucky 40601-8204

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

Dear Mr. Wilder:

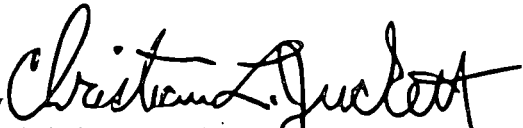
Enclosed is a copy of our proposed approving Legal Opinion, a Local Debt Notification Bond Summary Form, and the Schedule of Principal Maturities and Interest Rates in connection with the above transaction. The Loan proceeds were derived from a public competitive sale on February 5, 2015, by the financial advisor, Raymond James & Associates, Inc., of Lexington, Kentucky, at a price of \$2,517,311.65 (98.718% of par). Regions Bank, Nashville, Tennessee, is acting as Trustee and Paying Agent.

The Loan is dated and the closing is scheduled for February 19, 2015. The Loan (i) matures on January 1, 2039 and (ii) bears interest at the fixed rates set forth in the enclosed Schedule.

We would appreciate your furnishing us your letter that the District has complied with the requirements of KRS 66.045 in the issuance of this Loan.

Sincerely,

Rubin & Hays

By   
Christian L. Juckett

Enclosures

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7535 Telefax (502) 569-7555 www.rubinhays.com

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

February 19, 2015

Kentucky Rural Water Finance Corporation  
3251 Springhollow Avenue  
Bowling Green, Kentucky 42102-1424

Regions Bank  
Corporate Trust Department  
150 Fourth Avenue North, Suite 900  
Nashville, Tennessee 37219

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

We have examined a certified copy of the transcript of proceedings of the Knox County Utility Commission, a political subdivision of the Commonwealth of Kentucky (the "District") relating to the authorization and issuance of its Assistance Agreement, dated as of February 19, 2015, (the "Assistance Agreement") by and between the District and the Kentucky Rural Water Finance Corporation, representing a loan in the aggregate principal amount of \$2,550,000 (the "Loan").

The Loan has been authorized and issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), including particularly Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), in accordance with the Assistance Agreement.

We have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates of officials of the Commonwealth and the District as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:

1. The District is a political subdivision of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth and has the legal right and authority to borrow the Loan.

2. The Assistance Agreement has been duly authorized, executed and delivered by the District and is a valid and binding obligation of the District enforceable in accordance with its terms.

3. The Loan has been duly authorized by the District and is a valid and binding limited and special obligation of the District enforceable in accordance with its terms.

4. The Loan is payable as to principal, premium, if any, and interest from and is secured by a pledge of and a lien on the revenues of the District's System, as defined in the Assistance Agreement.

5. Interest on the Loan is excludable from gross income for federal income tax purposes. In addition, the Loan is not a "private activity bond" as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code").

6. Interest on the Loan is exempt from Kentucky income taxation and the Loan is exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

**LOCAL DEBT NOTIFICATION  
BOND SUMMARY FORM**

Please complete this form and return to the State Local Debt Officer. Include all corresponding bond information and the **principal payment schedule**. Completion of this form along with the payment schedule will insure timely entry into the State Local Debt Report. Thank you in advance for your assistance.

**Name of Entity Issuing Bond:** Knox County Utility Commission, 1905 Ky 930, Barbourville, Kentucky 40906

**County** (Please specify the **County or Counties** in which the **Entity** is located. This is strictly for our filing purposes.) Knox

**Type of Bond:** (please circle one or fill in the blank if type not listed) \_\_\_\_\_

Bond Anticipation Notes	General Obligation	Industrial Revenue
Lease Revenue	Public Corporation	Refunding
<u>Refunding Revenue</u>	Revenue	Special Assessment

**Purpose of the Bond:** current refunding some of the District's Rural Development bonds

**IF REFUNDING**— Please state the name, date and principal amount of original issue(s) being refunded:

1. Knox County Utility Commission Waterworks Refunding and Improvement Revenue Bonds, Series 2000, dated September 27, 2001, in the original authorized principal amount of \$2,278,000
2. Knox County Utility Commission Waterworks Refunding Revenue Bonds, Series 2002, dated December 12, 2002, in the amount of \$495,000, consisting of \$403,000 of Series A Bonds and \$92,000 of Series B Bonds
3. Knox County Utility Commission Waterworks Revenue Bonds, Series 2002, dated December 13, 2002, in the original authorized principal amount of \$350,000

**Is the COUNTY (in which the Entity is located) Obligated?** No.

**Date the Bond was Issued:** February 19, 2015

**Bond Series:** Series 2015B.

**Principal Amount:** \$2,550,000

**Type of Interest (Fixed or Variable):** Fixed.

**Interest Rate:** Please see Schedule attached hereto.

**Date of Initial Payment:** April 1, 2015

**AOC Percent (if applicable):** N/A

**Date of Maturity:** January 1, 2039

**Call Date:** Obligations maturing on or after January 1, 2026 are subject to optional redemption, in whole or in part, by the District, at any time falling on or after January 1, 2025

**Retirement Method:** Revenues of the waterworks system.

**Who is the Financial Advisor (if applicable):** Raymond James & Associates, Inc., Lexington, Ky.

**Who is Trustee/Paying Agent:** Regions Bank, Nashville, Tennessee.

**Who is Bond Counsel:** Rubin & Hays, Louisville, Kentucky.

\$2,550,000

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Knox County Utility Commission

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
02/19/2015	-	-	-	-	-
08/01/2015	-	-	35,538.75	35,538.75	-
12/31/2015	-	-	-	-	35,538.75
02/01/2016	110,000.00	2.250%	39,487.50	149,487.50	-
08/01/2016	-	-	38,250.00	38,250.00	-
12/31/2016	-	-	-	-	187,737.50
02/01/2017	100,000.00	2.250%	38,250.00	138,250.00	-
08/01/2017	-	-	37,125.00	37,125.00	-
12/31/2017	-	-	-	-	175,375.00
02/01/2018	95,000.00	2.250%	37,125.00	132,125.00	-
08/01/2018	-	-	36,056.25	36,056.25	-
12/31/2018	-	-	-	-	168,181.25
02/01/2019	85,000.00	2.250%	36,056.25	121,056.25	-
08/01/2019	-	-	35,100.00	35,100.00	-
12/31/2019	-	-	-	-	156,156.25
02/01/2020	85,000.00	2.250%	35,100.00	120,100.00	-
08/01/2020	-	-	34,143.75	34,143.75	-
12/31/2020	-	-	-	-	154,243.75
02/01/2021	90,000.00	2.250%	34,143.75	124,143.75	-
08/01/2021	-	-	33,131.25	33,131.25	-
12/31/2021	-	-	-	-	157,275.00
02/01/2022	90,000.00	3.250%	33,131.25	123,131.25	-
08/01/2022	-	-	31,668.75	31,668.75	-
12/31/2022	-	-	-	-	154,800.00
02/01/2023	95,000.00	3.250%	31,668.75	126,668.75	-
08/01/2023	-	-	30,125.00	30,125.00	-
12/31/2023	-	-	-	-	156,793.75
02/01/2024	95,000.00	3.250%	30,125.00	125,125.00	-
08/01/2024	-	-	28,581.25	28,581.25	-
12/31/2024	-	-	-	-	153,706.25
02/01/2025	100,000.00	3.250%	28,581.25	128,581.25	-
08/01/2025	-	-	26,956.25	26,956.25	-
12/31/2025	-	-	-	-	155,537.50
02/01/2026	105,000.00	3.250%	26,956.25	131,956.25	-
08/01/2026	-	-	25,250.00	25,250.00	-
12/31/2026	-	-	-	-	157,206.25
02/01/2027	105,000.00	3.250%	25,250.00	130,250.00	-
08/01/2027	-	-	23,543.75	23,543.75	-
12/31/2027	-	-	-	-	153,793.75
02/01/2028	110,000.00	3.250%	23,543.75	133,543.75	-
08/01/2028	-	-	21,756.25	21,756.25	-
12/31/2028	-	-	-	-	155,300.00
02/01/2029	110,000.00	3.250%	21,756.25	131,756.25	-
08/01/2029	-	-	19,968.75	19,968.75	-
12/31/2029	-	-	-	-	151,725.00
02/01/2030	115,000.00	3.250%	19,968.75	134,968.75	-
08/01/2030	-	-	18,100.00	18,100.00	-
12/31/2030	-	-	-	-	153,068.75
02/01/2031	120,000.00	3.250%	18,100.00	138,100.00	-
08/01/2031	-	-	16,150.00	16,150.00	-
12/31/2031	-	-	-	-	154,250.00
02/01/2032	125,000.00	3.250%	16,150.00	141,150.00	-
08/01/2032	-	-	14,118.75	14,118.75	-
12/31/2032	-	-	-	-	155,268.75
02/01/2033	125,000.00	3.375%	14,118.75	139,118.75	-
08/01/2033	-	-	12,009.38	12,009.38	-
12/31/2033	-	-	-	-	151,128.13
02/01/2034	105,000.00	3.375%	12,009.38	117,009.38	-
08/01/2034	-	-	10,237.50	10,237.50	-
12/31/2034	-	-	-	-	127,246.88
02/01/2035	110,000.00	3.500%	10,237.50	120,237.50	-
08/01/2035	-	-	8,312.50	8,312.50	-
12/31/2035	-	-	-	-	128,550.00
02/01/2036	115,000.00	3.500%	8,312.50	123,312.50	-
08/01/2036	-	-	6,300.00	6,300.00	-
12/31/2036	-	-	-	-	129,612.50
02/01/2037	115,000.00	3.500%	6,300.00	121,300.00	-
08/01/2037	-	-	4,287.50	4,287.50	-
12/31/2037	-	-	-	-	125,587.50
02/01/2038	120,000.00	3.500%	4,287.50	124,287.50	-
08/01/2038	-	-	2,187.50	2,187.50	-
12/31/2038	-	-	-	-	126,475.00
02/01/2039	125,000.00	3.500%	2,187.50	127,187.50	-
12/31/2039	-	-	-	-	127,187.50
<b>Total</b>	<b>\$2,550,000.00</b>	<b>-</b>	<b>\$1,101,745.01</b>	<b>\$3,651,745.01</b>	<b>-</b>

Yield Statistics

Bond Year Dollars	\$33,322.50
Average Life	13.068 Years
Average Coupon	3.3063096%
Net Interest Cost (NIC)	3.4044106%
True Interest Cost (TIC)	3.4148689%
Bond Yield for Arbitrage Purposes	3.2262479%
All Inclusive Cost (AIC)	3.5781867%

IRS Form 8038

Net Interest Cost	3.3272764%
Weighted Average Maturity	12.922 Years

Raymond James

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410  
Telephone (502) 569-7535 Telefax (502) 569-7555 www.rubinhays.com

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

February 19, 2015

Kentucky Rural Water Finance Corporation  
3251 Springhollow Avenue  
Bowling Green, Kentucky 42102-1424

Regions Bank  
Corporate Trust Department  
150 Fourth Avenue North, Suite 900  
Nashville, Tennessee 37219

Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

We have examined a certified copy of the transcript of proceedings of the Knox County Utility Commission, a political subdivision of the Commonwealth of Kentucky (the "District") relating to the authorization and issuance of its Assistance Agreement, dated as of February 19, 2015, (the "Assistance Agreement") by and between the District and the Kentucky Rural Water Finance Corporation, representing a loan in the aggregate principal amount of \$2,550,000 (the "Loan").

The Loan has been authorized and issued pursuant to the Constitution and laws of the Commonwealth of Kentucky (the "Commonwealth"), including particularly Chapters 58 and 74 of the Kentucky Revised Statutes (the "Act"), in accordance with the Assistance Agreement.

We have examined such portions of the Constitution, Statutes and laws of the United States, the Constitution, Statutes and laws of the Commonwealth, and such applicable court decisions, regulations, rulings and opinions as we have deemed necessary or relevant for the purposes of the opinions set forth below.

We have also made such investigation as we have deemed necessary for the purposes of such opinions, and relied upon certificates of officials of the Commonwealth and the District as to certain factual matters.

Based upon the foregoing, it is our opinion, under the law existing on the date of this opinion, that:



1. The District is a political subdivision of the Commonwealth, duly organized and validly existing under the laws of the Commonwealth and has the legal right and authority to borrow the Loan.

2. The Assistance Agreement has been duly authorized, executed and delivered by the District and is a valid and binding obligation of the District enforceable in accordance with its terms.

3. The Loan has been duly authorized by the District and is a valid and binding limited and special obligation of the District enforceable in accordance with its terms.

4. The Loan is payable as to principal, premium, if any, and interest from and is secured by a pledge of and a lien on the revenues of the District's System, as defined in the Assistance Agreement.

5. Interest on the Loan is excludable from gross income for federal income tax purposes. In addition, the Loan is not a "private activity bond" as defined in Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code").

6. Interest on the Loan is exempt from Kentucky income taxation and the Loan is exempt from ad valorem taxation by the Commonwealth and any of its political subdivisions.

Our opinion set forth above is subject to the qualification that the enforceability of the Assistance Agreement, the Loan and agreements relating thereto may be limited by bankruptcy, reorganization, moratorium, insolvency, or other similar laws relating to or affecting the enforcement of creditors' rights, and to the exercise of judicial discretion in accordance with general equitable principles.

A handwritten signature in black ink, appearing to read "Ruben Hays". The signature is written in a cursive style with a large, sweeping initial 'R'.

**Information Return for Tax-Exempt Governmental Obligations**

Under Internal Revenue Code section 149(e)  
 See separate instructions.  
 Caution: If the issue price is under \$100,000, use Form 8038-GC.

<b>Part I Reporting Authority</b>		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name <b>Knox County Utility Commission</b>		2 Issuer's employer identification number (EIN) [REDACTED]	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) <b>Christian L. Juckett</b>		3b Telephone number of other person shown on 3a <b>502-569-7525</b>	
4 Number and street (or P.O. box if mail is not delivered to street address) <b>450 South Third Street</b>	Room/suite	5 Report number (For IRS Use Only) <b>3</b>	
6 City, town, or post office, state, and ZIP code <b>Louisville, Kentucky 40202</b>		7 Date of issue <b>02/19/2015</b>	
8 Name of issue <b>Loan from Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B</b>		9 CUSIP number <b>N/A</b>	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) <b>Ms. Carolyn Smith, Assistant Superintendent</b>		10b Telephone number of officer or other employee shown on 10a <b>606-546-5300</b>	

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	2,553,776	65
18 Other. Describe	18		
19 If obligations are TANs or RANs, check only box 19a			<input type="checkbox"/>
If obligations are BANs, check only box 19b			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box			<input type="checkbox"/>

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	01/01/2039	\$ 2,553,776.65	\$ 2,550,000	12.921 years	3.2720 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

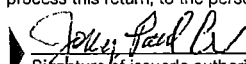
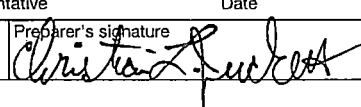
22	Proceeds used for accrued interest	22	0	00
23	Issue price of entire issue (enter amount from line 21, column (b))	23	2,553,776	65
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	77,215	00
25	Proceeds used for credit enhancement	25	0	00
26	Proceeds allocated to reasonably required reserve or replacement fund	26	0	00
27	Proceeds used to currently refund prior issues	27	2,476,472.	69
28	Proceeds used to advance refund prior issues	28	0	00
29	Total (add lines 24 through 28)	29	2,553,687	69
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	88	96

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	See Exhibit A	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	02/23/2015	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	See Exhibit A	

**Part VI Miscellaneous**

<p><b>35</b> Enter the amount of the state volume cap allocated to the issue under section 141(b)(5) . . . . .</p> <p><b>36a</b> Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions) . . . . .</p> <p style="margin-left: 20px;"><b>b</b> Enter the final maturity date of the GIC ▶ _____</p> <p style="margin-left: 20px;"><b>c</b> Enter the name of the GIC provider ▶ _____</p> <p><b>37</b> Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units . . . . .</p> <p><b>38a</b> If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input checked="" type="checkbox"/> and enter the following information:</p> <p style="margin-left: 20px;"><b>b</b> Enter the date of the master pool obligation ▶ <u>02/19/2015</u></p> <p style="margin-left: 20px;"><b>c</b> Enter the EIN of the issuer of the master pool obligation ▶ _____</p> <p style="margin-left: 20px;"><b>d</b> Enter the name of the issuer of the master pool obligation ▶ <u>Kentucky Rural Water Finance Corporation</u></p> <p><b>39</b> If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box . . . . . ▶ <input type="checkbox"/></p> <p><b>40</b> If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>41a</b> If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:</p> <p style="margin-left: 20px;"><b>b</b> Name of hedge provider ▶ _____</p> <p style="margin-left: 20px;"><b>c</b> Type of hedge ▶ _____</p> <p style="margin-left: 20px;"><b>d</b> Term of hedge ▶ _____</p> <p><b>42</b> If the issuer has superintegrated the hedge, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>43</b> If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box . . . . . ▶ <input type="checkbox"/></p> <p><b>44</b> If the issuer has established written procedures to monitor the requirements of section 148, check box . . . . . ▶ <input type="checkbox"/></p> <p><b>45a</b> If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement . . . . . ▶ _____</p> <p style="margin-left: 20px;"><b>b</b> Enter the date the official intent was adopted ▶ _____</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;"><b>35</b></td> <td style="width: 50px; height: 20px;"></td> <td style="width: 30px; height: 20px;"></td> </tr> <tr> <td style="text-align: center;"><b>36a</b></td> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> <tr> <td style="text-align: center;"><b>37</b></td> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> </table>	<b>35</b>			<b>36a</b>			<b>37</b>		
<b>35</b>										
<b>36a</b>										
<b>37</b>										

<b>Signature and Consent</b>	<p>Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.</p>				
	 Signature of issuer's authorized representative	2-19-15 Date	Jerry Cox, Chairman Type or print name and title		
<b>Paid Preparer Use Only</b>	Print/Type preparer's name Christian L. Juckett	Preparer's signature 	Date 2/19/15	Check <input type="checkbox"/> if self-employed	PTIN P01391045
	Firm's name ▶ Rubin & Hays	Firm's EIN ▶ _____			
	Firm's address ▶ 450 South Third Street, Louisville, Ky. 40202	Phone no. 502-569-7525			

**SCHEDULE A**

**Form 8038-G Information Return for Tax-Exempt Governmental Obligations**

**Knox County Utility Commission** EIN: XXXXXXXXXX

**Part V** Description of Refunded Bonds. Complete this part only for refunding bonds.

		<i>2000 Bonds</i>	<i>2002 Bonds</i>	<i>2002A Bonds</i>
31	Enter the remaining weighted average maturity of the bonds to be currently refunded	10.245	15.549	14.143
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	n/a	n/a	n/a
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	02/23/2015	02/23/2015	02/23/2015
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	09/27/2001	12/12/2002	12/13/2002

SENDER COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<p><input checked="" type="checkbox"/> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</p> <p><input checked="" type="checkbox"/> Print your name and address on the reverse so that we can return the card to you.</p> <p><input checked="" type="checkbox"/> Attach this card to the back of the mailpiece, or on the front if space permits.</p>	<p>A. Signature  <input checked="" type="checkbox"/> Agent  <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) C. Date of Delivery</p>
<p>1. Article Addressed to:</p> <p><i>Internal Revenue Service          Denver, Utah 84201</i></p>	<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes          If YES, enter delivery address below: <input type="checkbox"/> No</p> <p><i>4025          MAR 19 2015          DEN, UT</i></p> <p>3. Service Type  <input checked="" type="checkbox"/> Certified Mail® <input type="checkbox"/> Priority Mail Express™  <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> Collect on Delivery</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>
<p>2. Article Number          (Transfer from service label)</p>	<p>7013 2250 0001 6278 2097</p>

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

March 10, 2015

**VIA CERTIFIED MAIL**  
**RETURN RECEIPT #7013 2250 0001 6278 2097**  
Internal Revenue Service Center  
Ogden, Utah 84201

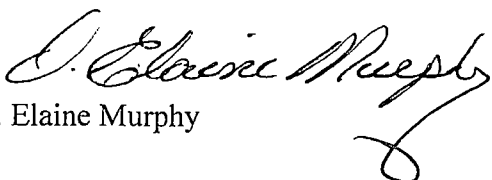
Re: Loan in the amount of \$2,550,000, dated February 19, 2015, to the Knox County Utility Commission from the Kentucky Rural Water Finance Corporation Public Projects Refunding Revenue Bonds (Flexible Term Program), Series 2015B.

Ladies and Gentlemen:

Enclosed is Form 8038G, Information Return for Tax-Exempt Governmental Obligations, which we are requesting to be filed with the Internal Revenue Service for the above-referenced bond issue.

Very truly yours,

Rubin & Hays

By   
O. Elaine Murphy

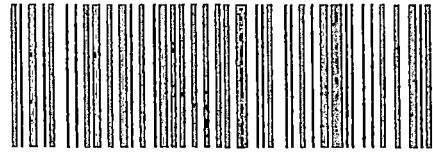
Enclosure

**CERTIFIED MAIL**

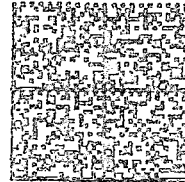
**Rubin & Hays**

ATTORNEYS AT LAW

Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202-1410



7013 2250 0001 6278 2097



042J80114756  
\$6.48  
03/10/15  
Mailed From 40202  
US POSTAGE

VIA CERTIFIED MAIL  
RETURN RECEIPT REQUESTED  
Internal Revenue Service Center  
Ogden, Utah 84201

7101 2250 0001 6278 2097

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**  
*(Domestic Mail Only, No Insurance Coverage Provided)*

For delivery information visit our website at [www.usps.com](http://www.usps.com)

**OFFICIAL USE**

Postage	\$ .48	Postmark Here
Certified Fee	3.30	
Return Receipt Fee (Endorsement Required)	2.70	
Restricted Delivery Fee (Endorsement Required)		
<b>Total Postage &amp; Fees</b>	<b>\$ 6.48</b>	

Sent To **Internal Revenue Service**

Street, Apt. No.,  
or PO Box No.

City, State, ZIP+4  
**Ogden, Utah 84201**

PS Form 3800, August 2006 See Reverse for Instructions

UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

◦ Sender: Please print your name, address, and ZIP+4<sup>®</sup> in this box<sup>◦</sup>

**Ms. O. Elaine Murphy  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202**

*KDOX (C) (KAWFC FT) 2013 (B)*



PLACE STICKER ON REVERSE OF MAILPIECE  
DO NOT REMOVE THIS STICKER

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:  
*Internal Revenue Service  
Darden, Utah 84201*

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature  Agent  
 Addressee  
*X*

B. Received by (*Printed Name*) C. Date of Delivery

D. Is delivery address different from Item 1?  Yes  
If YES, enter delivery address below:  No

3. Service Type  
 Certified Mail®  Priority Mail Express™  
 Registered  Return Receipt for Merchandise  
 Insured Mail  Collect on Delivery

4. Restricted Delivery? (*Extra Fee*)  Yes

2. Article Number  
(*Transfer from service label*)

7013 2250 0001 6278 2097

## **Attachment 9**

**\$2,550,000**

Kentucky Rural Water Finance Corporation  
Public Projects Revenue Bonds, Series 2015 B  
Knox County Utility Commission

### Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Net New D/S
12/31/2015	-	-	35,538.75	35,538.75	35,538.75
12/31/2016	110,000.00	2.250%	77,737.50	187,737.50	187,737.50
12/31/2017	100,000.00	2.250%	75,375.00	175,375.00	175,375.00
12/31/2018	95,000.00	2.250%	73,181.25	168,181.25	168,181.25
12/31/2019	85,000.00	2.250%	71,156.25	156,156.25	156,156.25
12/31/2020	85,000.00	2.250%	69,243.75	154,243.75	154,243.75
12/31/2021	90,000.00	2.250%	67,275.00	157,275.00	157,275.00
12/31/2022	90,000.00	3.250%	64,800.00	154,800.00	154,800.00
12/31/2023	95,000.00	3.250%	61,793.75	156,793.75	156,793.75
12/31/2024	95,000.00	3.250%	58,706.25	153,706.25	153,706.25
12/31/2025	100,000.00	3.250%	55,537.50	155,537.50	155,537.50
12/31/2026	105,000.00	3.250%	52,206.25	157,206.25	157,206.25
12/31/2027	105,000.00	3.250%	48,793.75	153,793.75	153,793.75
12/31/2028	110,000.00	3.250%	45,300.00	155,300.00	155,300.00
12/31/2029	110,000.00	3.250%	41,725.00	151,725.00	151,725.00
12/31/2030	115,000.00	3.250%	38,068.75	153,068.75	153,068.75
12/31/2031	120,000.00	3.250%	34,250.00	154,250.00	154,250.00
12/31/2032	125,000.00	3.250%	30,268.75	155,268.75	155,268.75
12/31/2033	125,000.00	3.375%	26,128.13	151,128.13	151,128.13
12/31/2034	105,000.00	3.375%	22,246.88	127,246.88	127,246.88
12/31/2035	110,000.00	3.500%	18,550.00	128,550.00	128,550.00
12/31/2036	115,000.00	3.500%	14,612.50	129,612.50	129,612.50
12/31/2037	115,000.00	3.500%	10,587.50	125,587.50	125,587.50
12/31/2038	120,000.00	3.500%	6,475.00	126,475.00	126,475.00
12/31/2039	125,000.00	3.500%	2,187.50	127,187.50	127,187.50
<b>Total</b>	<b>\$2,550,000.00</b>	<b>-</b>	<b>\$1,101,745.01</b>	<b>\$3,651,745.01</b>	<b>\$3,651,745.01</b>

**Raymond James**

Public Finance

**Attachment 10**

**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Knox County Utility Commission ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

Name of Related Party (Individual or Business)	Type of Service Provided By Related Party	Amount of Compensation

- Check this box if the Utility has no related party transactions.
- Check box if additional transactions are listed on the supplemental page.
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Sam Watts  
(Print Name)

*Sam Watts*  
(Signed)

Chairman  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Sam Watts  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

I swear or affirm to the best of my knowledge and belief the information set forth below represents all present transactions and those transactions occurring within the past twenty-four (24) months between Knox County Utility Commission ("Utility") and related parties that exceed \$25.00 in value. For the purpose of this statement, "related party transactions" include, all transactions and payments in excess of \$25.00, except regular salary, wages and benefits, made directly to or on behalf of: 1) the Utility's current or former employees; 2) current or former members of the Utility's board of commissioners or board of directors; 3) persons who have a 10 percent or greater ownership interest in the Utility; 4) family members\* of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or 5) a business enterprise in which any current or former Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or a family member of such person has an ownership interest.

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William Brewer  
(Print Name)

William Brewer  
(Signed)

Secretary  
(Position/Office)

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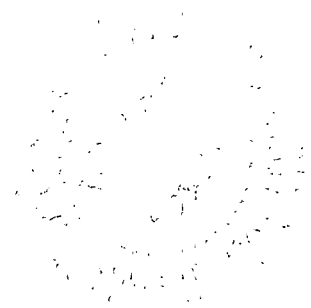
COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by William Brewer  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large





**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Carolyn Smith  
(Print Name)

Carolyn Smith  
(Signed)

Treasurer  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Carolyn Smith  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
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Brian Nelson  
(Print Name)

  
(Signed)

Commissioner  
(Position/Office)

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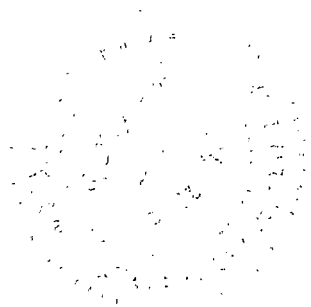
COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Brian Nelson  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
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Ramiro Solis  
(Print Name)

*Ramiro Solis*  
(Signed)

Commissioner  
(Position/Office)

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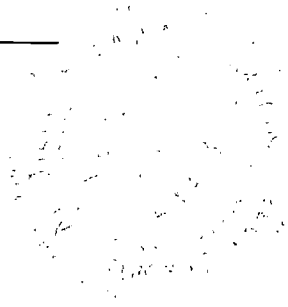
COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Ramiro Solis  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Summer Powers  
(Print Name)

Summer Powers  
(Signed)

Commissioner  
(Position/Office)

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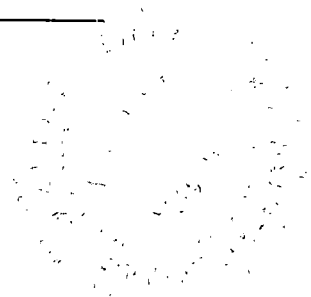
COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Summer Powers  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large





**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Marshall Ramey  
(Print Name)

*Marshall Ramey*  
(Signed)

Superintendent  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Knox

Subscribed and sworn to before me by Marshall Ramey  
(Name)

this 7th day of January, 2020.

Michelle Stewart  
NOTARY PUBLIC  
State-at-Large



**STATEMENT OF DISCLOSURE OF  
RELATED PARTY TRANSACTIONS**

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Michelle Stewart  
(Print Name)

Michelle Stewart  
(Signed)

Office Manager  
(Position/Office)

\* "Family Member" means any person who is the spouse, parent, sibling, child, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandparent, or grandchild of any current Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility; or is a dependent for tax purposes of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility or his or her spouse; or who is a member of the household of any Utility employee, director, commissioner or person with a 10 percent or greater ownership interest in the Utility.

COMMONWEALTH OF KENTUCKY

COUNTY OF Knock

Subscribed and sworn to before me by Christy Hamilton  
(Name)

this 9th day of Jan, 2020.

Christy Hamilton  
NOTARY PUBLIC # 577269  
State-at-Large exp 4-10-2021

**Attachment 11**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KNOX COUNTY UTILITY COMMISSION PROPOSING ADJUSTMENTS TO ITS WATER RATES AND CHARGES AND AUTHORIZING ITS CHAIRMAN TO FILE AN APPLICATION WITH THE PSC SEEKING APPROVAL OF THE PROPOSED RATE ADJUSTMENT**

**WHEREAS**, the Knox County Utility Commission (“Commission”) is a water district created and organized under the provisions of KRS Chapter 74. The Commission is subject to the jurisdiction of the Kentucky Public Service Commission (“PSC”);

**WHEREAS**, prudent financial management dictates that the Commission take appropriate action to adjust its water rates and charges; and

**WHEREAS**, KRS 278.180 and 807 KAR 5:076 provide the legal mechanism for the Commission to propose adjustments to its water rates and charges;

**NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF KNOX COUNTY UTILITY COMMISSION AS FOLLOWS:**

**Section 1.** The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

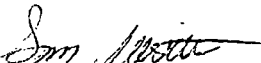
**Section 2.** The Commission proposes to adjust its monthly water rates and charges as set forth in **Appendix A**, which is attached hereto and is incorporated herein by reference as a part of this Resolution. The proposed rates and charges set forth in **Appendix A** are subject to any minor adjustments that may be made by the PSC. The proposed rate adjustment shall not become effective until PSC approval has been obtained.

**Section 3.** The Chairman is hereby authorized and directed to prepare, execute, and file with the PSC, by utilizing the Alternative Rate Adjustment Procedure for Small Utilities set forth in 807 KAR 5:076, an Alternative Rate Filing (“ARF”) Application, Tariff Sheets, and all other documents that may be required by the PSC.

**Section 4.** The Chairman, Office Manager, and all other appropriate Commission Staff are hereby further authorized and directed to take any and all other actions and to execute and deliver any and all other documents as may be reasonably necessary to implement this Resolution.

**Section 5.** This Resolution shall take effect upon its adoption.

**ADOPTED BY THE COMMISSION OF KNOX COUNTY UTILITY COMMISSION** at a meeting held on December 3, 2019, signed by the Chairman, and attested by the Secretary.

  
\_\_\_\_\_  
**CHAIRMAN**

ATTEST:

  
\_\_\_\_\_  
**SECRETARY**

**CERTIFICATION**

I, Secretary of the Knox County Utility Commission (the “Commission”), do hereby certify that the foregoing is a true copy of a Resolution duly adopted by the Commission at a meeting properly held on December 3, 2019, signed by the Chairman of the Commission, attested by me as Secretary, and now in full force and effect.

WITNESS my hand this 3rd day of December, 2019.

  
\_\_\_\_\_  
**SECRETARY**

## APPENDIX A

### **CURRENT AND PROPOSED RATES Knox County Utility Commission**

#### Current Rates

##### Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 18.68
1 inch	5,000	48.20
2 inch	20,000	158.90
3 inch	30,000	232.70
4 inch	50,000	380.30

##### Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
For all usage above minimum	\$ 7.38

#### Proposed Rates

##### Minimum Bills Based on Meter Size

<u>Meter Size</u>	<u>Gals. incl'd. in Minimum</u>	<u>Minimum Monthly Bill</u>
5/8 x 3/4 inch	1,000	\$ 21.97
1 inch	5,000	56.69
2 inch	20,000	186.89
3 inch	30,000	273.69
4 inch	50,000	447.29

##### Rates for Water Usage in Addition to Minimum

<u>No. of Gallons per Month</u>	<u>Charge per 1,000 gals.</u>
For all usage above minimum	\$ 8.68