

CASE

NUMBER:

99-431

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BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 99-431

FILED

MAR 23 2000

RE: SOUTH ANDERSON WATER DISTRICT

**PUBLIC SERVICE
COMMISSION**

Pursuant to notice duly given, the above styled matter came to be heard March 9, 2000, at 10:00 a.m. in the Hearing Room of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky; The Honorable Paul Shapiro presiding.

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BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION
CASE NO. 99-431

RE: SOUTH ANDERSON WATER DISTRICT

APPEARANCES:

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Hearing Officer
PUBLIC SERVICE COMMISSION

Hon. Jim Pinney
Legal Counsel
PUBLIC SERVICE COMMISSION

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1 HEARING OFFICER SHAPIRO:

2 This is a hearing before the Kentucky Public
3 Service Commission in the matter of Reuben
4 Barnette versus South Anderson Water District,
5 Case Number 99-431. My name is Paul Shapiro, I'm
6 a Hearing Examiner for the Public Service
7 Commission and I've been asked by the Commission
8 to conduct the hearing this morning. Is the
9 complainant ready to proceed

10 MR. THOMAS:

11 Yes, we are Mr. Shapiro.

12 HEARING OFFICER SHAPIRO:

13 And is the defendant ready to proceed?

14 MR. EDELMAN:

15 Yes, sir.

16 HEARING OFFICER SHAPIRO:

17 Are there any pre--well, let me get appearance of
18 counsel first for the complaining party?

19 MR. THOMAS:

20 Reginald Thomas for the complainant Reuben
21 Barnette.

22 HEARING OFFICER SHAPIRO:

23 And your address Mr. Thomas?

24

1 MR. THOMAS:

2 My address is Post Office Box 1704, Lexington,
3 Kentucky 40588-1704.

4 HEARING OFFICER SHAPIRO:

5 And for the Water District?

6 MR. EDELMAN:

7 Ray Edelman, Attorney, 150 South Main Street,
8 Lawrenceburg 40342.

9 COURT REPORTER:

10 Would you spell your last name please

11 MR. EDELMAN:

12 E-d-e-l-m-a-n.

13 HEARING OFFICER SHAPIRO:

14 And for the Commission Staff?

15 MR. PINNEY:

16 Jim Pinney appearing for the Commission Staff.

17 COURT REPORTER:

18 Is that P-i-n-n-e-y?

19 MR. PINNEY:

20 Yes, do you need my address?

21 COURT REPORTER:

22 No, I don't think so.

23 HEARING OFFICER SHAPIRO:

24 Are there any preliminary matters that need to be

1 addressed at this time?

2 MR. THOMAS:

3 I don't believe so.

4 MR. EDELMAN:

5 I have a motion that I want to put on the record
6 that--at the appropriate time before we begin,
7 whenever you would like to hear it.

8 HEARING OFFICER SHAPIRO:

9 Well, this would be the time.

10 MR. EDELMAN:

11 Okay. For the record, my name is Ray Edelman, I
12 represent the South Anderson Water District in the
13 matter of Reuben Barnette versus South Anderson
14 Water District, Case Number 99-431 before the
15 Public Service Commission. The Commission entered
16 its Order dated January 7, the year 2000,
17 requiring the parties to complete certain proof
18 and to file certain direct testimony. And
19 pursuant to para--and all of that was done.
20 Pursuant to paragraph 13 of that Order the
21 Commission noted that the complainant bears the
22 burden of proof in this matter. And as such, he
23 should be held to his direct testimony as
24 submitted. Based upon the testimony that is

1 submitted today--prior to commencing this hearing,
2 the complainant has not introduced any evidence,
3 not one scintilla of evidence that indicates that
4 the water district in any fashion has unreasonably
5 excluded him from this particular project. In
6 fact, the only expert that has testified in this
7 action is the water district's engineer, Kent
8 Taylor, who indicates that as in all water
9 district projects a three prong test was used to
10 determine which parts of which roads, and which
11 roads would, in fact, be selected. And that is
12 number of households along each roadway, a
13 combination of the community development block
14 grant qualification, that is low to moderate
15 income versus number of households, and the
16 construction costs. At the time this project was
17 scooped out Willow Creek Road, which is now
18 Aaron-Barnette Road, had a petition which we have
19 filed in the record for users for the first 1.8
20 miles. They had a road captain. These are the
21 individuals, or nine or ten that signed up, Mr.
22 Barnette was not one of them. On his portion of
23 the road, which crosses the creek, which is an
24 additional 1.3 miles, there were two households

1 and one that was vacant for 1.3 miles which,
2 according to Mr. Taylor's testimony, \$51,000 in
3 additional construction cost would require--would
4 entail that additional construction, it would be
5 unreasonable to construct that--to add that to the
6 project. My point is this, we can chase rabbits
7 all day but the real issue here is has Mr.
8 Barnette been unreasonably excluded from the
9 project? He has introduced no evidence to that
10 effect. He is not an engineer, I asked him
11 interrogatories--and I'll be brief and I'll end
12 this soon. I asked him for: "Any documents
13 relating to supporting his position that he should
14 be included in the project." "None at present but
15 will supplement." Nothing came forth. Request
16 number six: "All documents in your possession
17 which will support your position from an
18 engineering standpoint that is practical and
19 efficient to complete a loop along Aaron-Barnette
20 Road." "None at present, will supplement." No
21 engineering evidence. Final request was: "All
22 documents in your possession which support your
23 assertion before the PSC that a reasonable
24 estimate to construct this line will be \$40,000."

1 There is no estimates. So, to go forward at this
2 time, for the record, based upon the testimony
3 that is in the record, just gives the complainant
4 an opportunity to rehabilitate his case. He
5 hasn't proven it yet. That's all I had to say at
6 this point, Your Honor.

7 MR. THOMAS:

8 May we respond, Mr. Shapiro?

9 HEARING OFFICER SHAPIRO:

10 Well, let me just ask a question of Mr. Edelman
11 first. How does the proof differ from what was
12 alleged initially in the complaint? Isn't it
13 pretty consistent? I mean, the proof that Mr.
14 Reuben Barnette submitted?

15 MR. EDELMAN:

16 Well, it depends on what your standard is. If you
17 are going to chase the rabbit of notice, there was
18 plenty of notice. All of these nine or ten people
19 had notice. And my position is that it really is
20 irrelevant. I think he had notice, but whether he
21 did or he didn't it really makes no difference
22 because this has to--this case has to fall on
23 expert testimony, what the reasonable expectation
24 of the district is in terms of scoping out a

1 project and having individuals come back after the
2 project is scooped out and say I'm developing
3 land, I want to sell land, I've sold land, now I
4 should be included in the project.

5 HEARING OFFICER SHAPIRO:

6 Well, what I'm getting at is this, there was a
7 complaint filed by Mr. Barnette. You filed the
8 response, there was proof submitted to the
9 Commission after reviewing the complaint and the
10 response. So, apparently the--they themselves
11 would consider sufficient to raise their question
12 for the Commission to consider at least initially.
13 As far as I can determine from reading the proof,
14 everything is consistent with what--with the
15 pleadings. In other words, his position hasn't
16 changed, he has just supported it with testimony.
17 And your position hasn't changed, you have just
18 supported your with testimony. So, you are asking
19 us now, at this point, after all of the, you know,
20 if after all the pleadings have been presented and
21 after all the proof has been put in in support of
22 those pleadings, to dismiss the complaint based--
23 you are saying that they have not stated a cause
24 of action.

1 MR. EDELMAN:

2 No, I'm saying based upon the pleadings and the
3 expert testimony that we have introduced. They
4 could have hired an engineer to come back and say
5 you didn't appropriately consider the roads. You
6 should have included his road for these reasons.
7 They didn't do that. They have got lay testimony
8 that is unfounded, unsupported and the expert, our
9 expert, is the only one that is testifying. Now,
10 that is cause for the Summary Judgement, Judgement
11 on the Pleadings, and I think, you know, my point
12 is I don't expect you to grant this, but we are
13 going to chase rabbits for three or four hours and
14 we ought not have to do that.

15 HEARING OFFICER SHAPIRO:

16 Well, I'm going to overrule the objection, or deny
17 the motion--I guess it is a motion--and allow the
18 case to proceed on the evidence.

19 MR. EDELMAN:

20 Note my objection please?

21 HEARING OFFICER SHAPIRO:

22 Mr. Thomas, you want to call your first witness

23 MR. THOMAS:

24 Yes, sir, I do, Mr. Shapiro, I'd like to call

1 Reuben Barnette.

2 HEARING OFFICER SHAPIRO:

3 Mr. Barnette, you want to come around please?

4 MR. EDELMAN:

5 Your Honor, as a point of procedure if I could--it
6 is my understanding that direct testimony has been
7 put in the record.

8 HEARING OFFICER SHAPIRO:

9 Right. There will be no--nothing other than--I'm
10 sorry--

11 MR. EDELMAN:

12 Wouldn't he be subject to cross-examination as
13 opposed to additional direct testimony. I don't
14 feel--

15 HEARING OFFICER SHAPIRO:

16 There will not be any--there won't be any
17 additional direct testimony. You understand that
18 don't you Mr. Thomas?

19 MR. THOMAS:

20 I thought I had the right to ask him questions
21 that I'd asked him previously.

22 HEARING OFFICER SHAPIRO:

23 No.

24

1 MR. THOMAS:

2 Are you saying that this--

3 HEARING OFFICER SHAPIRO:

4 That's all--his direct testimony is in the record,
5 all he is going to do is clarify it. You can ask
6 him if that is his testimony and if he stands by
7 his testimony, if there is an additions or changes
8 that needs to be made to correct any errors in the
9 testimony, but other than that--

10 MR. THOMAS:

11 Basically, he will be subject to cross-
12 examination?

13 HEARING OFFICER SHAPIRO:

14 He is just subject to cross-examination. And
15 their witness will be the same.

16 MR. EDELMAN:

17 Thank you.

18 MR. THOMAS:

19 Will there be any redirect following the cross-
20 examination?

21 HEARING OFFICER SHAPIRO:

22 There will be redirect but the redirect will be
23 based upon--the redirect will be limited to what
24 is raised on cross.

1 MR. EDELMAN:

2 Thank you, Your Honor.

3 (WITNESS DULY SWORN)

4 MR. THOMAS:

5 So, just to be clear Mr. Shapiro. All I should
6 ask him is whether he gave his testimony on date
7 certain?

8 HEARING OFFICER SHAPIRO:

9 No, all you have to ask him is whether or not the
10 testimony that has been filed in this proceeding
11 is his testimony and whether or not there are any
12 changes or additions or--I mean, changes or
13 corrections that need to be made to that
14 testimony. Sometimes there are typographical
15 errors, sometimes they will put the wrong date in,
16 things of that nature, but nothing major. This is
17 basically his testimony, he is just going to
18 verify his testimony and then he will be subject
19 to cross, and the same will be true for their
20 witnesses.

21

22 The witness, REUBEN BARNETTE, having first been
23 duly sworn, testified as follows:

24

1 DIRECT EXAMINATION

2 BY MR. THOMAS:

3 Q Reuben, could you state your name for the record,
4 please?

5 A Reuben Barnette.

6 Q Okay. And, Reuben, you have been provided a
7 copy of your testimony that you gave back on
8 February 8, 2000, before Georgene Scrivner
9 will be--when you gave your deposition?

10 A When now?

11 Q On February 8, 2000, you gave your testimony
12 before the court reporter?

13 A Yes.

14 Q You have reviewed that?

15 A Yes.

16 Q Are there any changes or deletions or
17 additions you would like to make to that
18 testimony?

19 A In that part?

20 Q Yes, regarding your testimony that you gave
21 on that date?

22 HEARING OFFICER SHAPIRO:

23 In other words, Mr. Barnette, do you
24 adopt that testimony as your--that

1 testimony as your testimony here today?

2 A Yes, I think it is true.

3 HEARING OFFICER SHAPIRO:

4 And you wish to make it part of the
5 record?

6 MR. THOMAS:

7 Yes, we would like to make it a part of
8 the record.

9 HEARING OFFICER SHAPIRO:

10 Let's mark it, then, for identification
11 as--let's mark it as Barnette Exhibit
12 Number 1. Any objection?

13 MR. EDELMAN:

14 No sir, that's fine.

15 HEARING OFFICER SHAPIRO:

16 So ordered.

17 (EXHIBIT SO MARKED: Barnette Exhibit No. 1)

18 HEARING OFFICER SHAPIRO:

19 Do you have a copy Mr. Barnette?

20 A Yes.

21 MR. THOMAS:

22 You can have his.

23 HEARING OFFICER SHAPIRO:

24 And the witness is now ready for cross-

1 examination.

2

3

CROSS EXAMINATION

4 BY MR. EDELMAN:

5 Q Mr. Barnette, you filed this complaint. My name
6 is Ray Edelman, I represent the South Anderson
7 Water District. I just have a few questions for
8 you. In this matter you initially indicate that
9 you didn't receive--let me just ask you, did you
10 or did you not read the notices that were in the
11 newspaper, Anderson News, regarding this project?

12 A The first notice I read was sometime in the
13 later part of '98 which said they were going
14 to run Willow Creek Road.

15 Q Is that what it said Mr. Barnette?

16 A That's what it said, they was going to run
17 Willow Creek Road.

18 Q Now, are you talking about the exhibit that
19 is attached to your testimony? May I
20 approach the court reporter? I assume this
21 is the exhibit you are talking about Mr.
22 Barnette? Thank you ma'am. Just so there is
23 no misunderstanding, is this the exhibit you
24 are talking about of the notice?

1 A Do you have one blowed up where I can see it
2 better?

3 Q Right.

4 MR. THOMAS:

5 I have one that is blown up, Your Honor,
6 if that would be more helpful to the
7 court.

8 HEARING OFFICER SHAPIRO:

9 Show it to Mr. Edelman.

10 MR. EDELMAN:

11 That might be fine, second exhibit, Your
12 Honor.

13 MR. THOMAS:

14 The affidavit and there is the exhibit.

15 MR. EDELMAN:

16 That's fine.

17 MR. THOMAS:

18 Maybe we can put this up so he can see
19 it Your Honor.

20 A I need to see it over here.

21 HEARING OFFICER SHAPIRO:

22 He needs to see it.

23 Q Reuben, you have got--Mr. Barnette, you have
24 this in front of you, let me do this so you

1 can see it and maybe the Court can see it,
2 that would be--can you see that Reuben?

3 MR. THOMAS:

4 Yes, I'm very familiar with it, so
5 go ahead.

6 Q Okay, now, this notification that you are talking
7 about, what are you telling us it says?

8 A Hand it here where I can see it. It says
9 right here Willow Creek Road.

10 Q Okay, let's read the--if Your Honor would
11 indulge me for a second, let's read what the
12 Notice says, okay. "Public Notification for
13 Informing the Public of Possible Impact to an
14 Important Land Resource. The United States
15 Department of Agriculture, Rural Development
16 is considering an application for financial
17 assistance sponsored by the South Anderson
18 Water District. The specific elements of
19 this proposed action involves the
20 construction of water line extensions
21 comprised of approximately 25,000 linear feet
22 of eight inch water mains, 240,000 linear
23 feet of four inch water mains, 11,000 linear
24 feet of three inch water mains, a pump

1 station and system appurtenances such as gate
2 valves, air release valves, blow-off valves,
3 meters, et cetera." "The following roads and
4 communities will be affected," and it talks
5 about Ballard, Dugansville Road, Hoophole,
6 Puncheon Creek, Searcy School, Fairview, Lick
7 Skillet, Drydock, Anderson City, Buntain
8 School, Kentucky 44 east of Glensboro,
9 Burgin, Cox, Willow Creek, 44 west of
10 Glensboro, Ashby Road, Gilberts Creek,
11 Wooldridge, Rice Road and Fox Creek. It says
12 if additional funds become available the
13 following roads will be considered: Dawson
14 Ferry, Ashby, Bear Creek, Dennis, Burke, Mays
15 Branch and Leathers. It says if implemented
16 the proposed action may impact important
17 farmland and designed flood plan within the
18 corridors or sites--

19 MR. THOMAS:

20 Designated.

21 Q --designated flood plains within the
22 corridors and/or sites of the proposed
23 improvements. The purpose--the purpose of
24 this notice is to inform the public of the

1 impact on the proposed locations of farm land
2 and flood plain. Alternative sites or
3 actions that would avoid these impacts and
4 methods that can be used to reduce these
5 impacts. The proposed action is available
6 for review at the following Rural Development
7 Office, and that is in Shelbyville. Any
8 persons interested in commenting on the
9 proposed action may do so by sending comments
10 within 30 days following the date of this
11 publication to Thomas G. Fern, State
12 Director, 771 Corporate Drive, Suite 200,
13 Lexington, Kentucky. And at the end there is
14 a notice of public need that is going to be
15 held at nine o'clock March 8. Now, Mr.
16 Barnette, what was the purpose of that
17 meeting as indicated in this--as you take it,
18 as I just read it, what was the purpose of
19 that meeting?

20 A That March 8?

21 Q Yes, what was the purpose of the meeting,
22 according to this notice?

23 A I don't know what it was, what business would
24 I have there when they had on there they was

1 going to run Willow Creek Road?

2 Q Where in this notice does it say that South
3 Anderson Water District is going to run water
4 on Willow Creek Road? Show it to me.

5 A Well, I just showed you, what does it mean
6 then?

7 Q I'm asking you where does it say that the
8 South Anderson Water District was going to
9 run water on the Willow Creek Road?

10 A You read it off the top up there, that the
11 following roads was going to be run.

12 Q Show me, just show it to me where it says it
13 is going to be run

14 MR. THOMAS:

15 He has the right to cross-examine him
16 but he has asked him three times and Mr.
17 Barnette has responded three times that
18 it says Willow Creek Road. I mean, I
19 don't know what more he wants my client
20 to say. He has asked and answered the
21 question.

22 Q Well, let's go over it one more time. The
23 beginning says the United States Department
24 of Agriculture Rural Developing is

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considering an application for financial assistance.

HEARING OFFICER SHAPIRO:

Well, I think the witness has testified essentially that he understood that notice to be a notice informing the public that the road will be run--that the line would be run along those areas described or mentioned and one of them was Willow Creek Road. Now, you are asking him where does it say, specifically, and he has told you that he says where it says it on the top. That is what--I take it that is what he understands it to say.

MR. EDELMAN:

Well, as long as you understand, I'm trying--

HEARING OFFICER SHAPIRO:

I understand what you are saying but I understand what he is also--I also understand what he is saying. And he is telling you what his impression of it is.

1 A I'm not no lawyer.

2 HEARING OFFICER SHAPIRO:

3 Well, wait a minute, you just answer
4 questions and you let the lawyers argue
5 among themselves.

6 Q I'll finish up with this then. Will you
7 agree with me, Mr. Barnette, that the plain
8 language of this notice says that the purpose
9 of this notice is to inform the public of
10 this possible result and request comments
11 concerning the impacts of the proposed
12 location of farmland and flood plain to
13 alternation--alternative sites or actions
14 that would avoid these impacts and three
15 methods that could be used to reduce these
16 impacts. Is that not what it says?

17 A Well, I guess that is what it says, but what
18 does it mean? What does that mean, my farm
19 is different than all the rest of them? I
20 don't see no difference in none of them.

21 Q Okay. Well, let me ask you, did you attend
22 that meeting?

23 A No, I didn't attend that meeting.

24 Q Did you attend any meeting regarding the

1 South Anderson Water District in this
2 project?

3 A Not until I hired an attorney.

4 Q Were you aware that your road had a road captain?

5 A Road captain?

6 Q To solicit names of people that were
7 interested in the project in '96 and '97?

8 A I'm not getting what you are saying?

9 Q Were you aware that on Aaron-Barnette Road,
10 Willow Creek, that your road had an
11 individual who was in charge of getting a
12 petition together to see who was interested
13 in water?

14 A I didn't know nothing about it until after I
15 found out they wasn't going to run water all
16 the way through.

17 Q Okay, if I may approach the witness, Your
18 Honor. Do you know Dwight Conway?

19 A Dwight Conway, yes.

20 Q Does he live at 1121 Willow Creek?

21 A He did live on Willow Creek I don't know--I
22 don't know what the address, he don't now.

23 Q Does Rudy Jewel live at 1210 Willow Creek?

24 A Jewel lives on Willow Creek, I don't know the

1 address.

2 Q Does Allen Chambers live at 1282 Willow
3 Creek?

4 A I don't know him.

5 Q Doug Armstrong and Sheila Barnes?

6 A Doug Armstrong?

7 Q 1316 Willow Creek?

8 A Doug Armstrong?

9 Q If you don't know that's fine, I'm not trying
10 to trip you.

11 A Maybe the one you are talking about they
12 might call him Danny but it is the only
13 Armstrong that I know on that road.

14 Q Cathy and Steve Drury?

15 A Yes.

16 Q The Drury's live on Willow Creek?

17 A Yes.

18 Q Mike Tipton?

19 A Mike, yes.

20 Q Now, they all live--the ones you know all
21 live on the first 1.8 miles of Willow Creek
22 that has been included in this project; is
23 that not correct?

24 A Yes.

1 Q Okay. I'd like to show this to Mr. Thomas,
2 we have already introduced this as part of
3 the record in the pleadings, Your Honor, but
4 I'd like to make--this is a list of the sign-
5 ups of individuals on the first 1.8 of Willow
6 Creek that were solicited and petitioned the
7 District for water.

8 MR. THOMAS:

9 Your Honor, I don't have any basic
10 objection to this, but what I think this
11 really is are the people who signed up
12 for the first 1.2 miles on Willow
13 Creek, because I think as we go through
14 this hearing today what Your Honor will
15 find out is that, initially, the water
16 district proposed to only do 1.2 miles
17 of Willow Creek. And at some point
18 between June and today they decided to
19 add in an addition 6/10 of a mile, so I
20 think when the road captain went along
21 the road to look at these addresses,
22 Your Honor, these are only to include
23 the first 1.2 miles. So, I don't have
24 any objection to Ray introducing this

1 but I'm saying it is not for the first
2 1.8 miles, it is really for the first
3 1.2 miles.

4 HEARING OFFICER SHAPIRO:

5 Well, all we think this witness can
6 identify, though, is that these people
7 lived on Willow Creek Road, where they
8 lived and how far down the road they
9 lived, he can't testify, because he
10 doesn't--unless he knows that they live
11 within a certain area. That's all he
12 can do.

13 Q I can ask him. Do any of these individuals
14 live on the 1.3 miles that you are discussing
15 today?

16 A That I'm asking for?

17 Q Yes, sir.

18 A No.

19 Q Okay. Now, your name is not on this list, is
20 it

21 A No. Or you didn't read it off, I ain't
22 looked at it.

23 Q Well, I'll let you look at to make sure.

24

1 HEARING OFFICER SHAPIRO:

2 Do you want to introduce that as an
3 exhibit?

4 MR. EDELMAN:

5 Yes, Your Honor.

6 HEARING OFFICER SHAPIRO:

7 Let's mark it for identification, then,
8 as Defendant's Exhibit 1.

9 MR. EDELMAN:

10 Thank you, Your Honor.

11 Q Mr. Barnette, have you had an opportunity to
12 look at it?

13 A Yes, my name is not on it.

14 Q Do you know--

15 HEARING OFFICER SHAPIRO:

16 Do you want to introduce that?

17 MR. EDELMAN:

18 Yes, Your Honor.

19 HEARING OFFICER SHAPIRO:

20 For the purpose of showing that these
21 are the people--that these people live
22 on Willow Creek Road?

23 MR. EDELMAN:

24 For the purpose they live on Willow

1 Creek Road and Mr.--we will later on
2 support it with testimony, Lynn Hughes
3 testimony supports that those people
4 signed up for the project.

5 HEARING OFFICER SHAPIRO:

6 Okay.

7 MR. EDELMAN:

8 And that Mr. Barnette's name is not on
9 the list.

10 HEARING OFFICER SHAPIRO:

11 At this point all you are offering it
12 for is to show that these people live on
13 Willow Creek Road?

14 MR. EDELMAN:

15 Yes. Once we introduce the engineer's
16 testimony it will be incorporated.

17 HEARING OFFICER SHAPIRO:

18 Let it be introduced for that purpose at
19 this time.

20 (EXHIBIT SO MARKED: Defendant Exhibit No. 1)

21 Q Mr. Barnette, are you aware that there was another
22 hearing held in--regarding the community
23 development block grant money that was advertised
24 in the Anderson News on August 5, 1998?

1 A No, I don't understand that one.

2 Q If I may approach the witness and let him--
3 looks like Mr. Thomas had an affidavit of
4 newspaper gentlemen and this is part of our
5 previously filed proof, Your Honor. Let me
6 let your read that notice of public hearing
7 and ask you if you--you said you haven't read
8 it before so let me give you a second just to
9 review it before I ask you some questions on
10 it.

11 HEARING OFFICER SHAPIRO:

12 Can you read it Mr. Thomas?

13 A This is not the first one that came out that you
14 read a while ago?

15 Q No, sir.

16 A When did this one come out then?

17 HEARING OFFICER SHAPIRO:

18 Well, right now, Mr. Thomas, you just
19 answer the questions. Do you have--have
20 you read that before?

21 MR. THOMAS:

22 Ray, can you tell me where this is in
23 your exhibit? This is Exhibit 2
24 under Kincer?

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MR. EDELMAN:

This is after--this is attached to our answer.

MR. THOMAS:

This is attached to your answer?

Q Reuben, let me help you with that if I can Mr. Barnette. For the record, this is an advertisement that appeared in the Anderson News, certified by Don White August 5, 1998, styled Public Hearing Notice South Anderson Water District Expansion Project. "All interested citizens from Anderson County, Kentucky, the Kentucky Department of Local Government is accepting applications under the 1998 Community Development Block Grant (CDBG) Program. The following information concerning the CDBG Program is available for public inspection. A. Amount of funds available and range of activities that may be undertaken. B. Estimated amount of funds proposed to be used for activities benefiting persons of low to moderate income. C. Plans for minimizing displacement persons as a result of activities assisted with CDBG funds

1 and plans for providing assistance to those
2 persons to be actually displaced with all the
3 CDBG funded activities." And it goes on to
4 say in the end that the county will hold a
5 public hearing prior to the submission of any
6 application. The Public Hearing will be held
7 August 18, 1998, 6:00 in the Anderson County
8 District Courtroom. The purpose of the
9 hearing is to obtain views on housing,
10 economic development, community development
11 needs, review of the proposed activities,
12 review any proposed applications, solicit
13 public comment and inform citizens of
14 technical assistance available to help groups
15 representing low, moderate income persons in
16 developing proposals. And they say that a
17 copy is on file with the County Judge-
18 Executive's office from August 18 through
19 August 25, 1998. So, your testimony is that
20 you didn't read that in the paper?

21 A That is different, no, I didn't.

22 Q Okay, let me ask you.

23 MR. EDELMAN:

24 If may, Your Honor, I'd like to make

1 that Defendant's Exhibit 2.

2 HEARING OFFICER SHAPIRO:

3 He can't identify it. How are you going
4 to identify it?

5 MR. EDELMAN:

6 I'll do it through the engineer.

7 Q Do you--did you go to the meeting?

8 A No.

9 Q So, that meeting held on August 18 that
10 talked about the community development block
11 grant funds, you didn't attend that meeting
12 either?

13 A If I didn't read it, I didn't know they had a
14 meeting, no.

15 Q So that's a yes, you didn't attend the
16 meeting. Did you--were you aware of any
17 other meetings that were held?

18 A No.

19 Q That were advertised in the paper?

20 A Not unless it is on this ad here, and I can't
21 hardly see this ad the way it is read here.
22 That's the only one I've seen in the paper
23 until one come out--the last one come out in
24 2000, I reckon.

1 Q Did you ever call the Water District prior to June
2 of 1999 as you testified to, do you remember ever
3 calling them before June of 1999 inquiring about
4 the project?

5 A No.

6 Q Mr. Barnette, you testified in your
7 deposition, given which is now part of your
8 testimony, that you have developed property
9 in Anderson County; is that correct?

10 A Yes.

11 Q And you developed property on Rice Road; is
12 that not correct?

13 A Yes.

14 Q And you have had a prior dispute with South
15 Anderson Water District; is that not correct?

16 A Yes.

17 Q Okay. And that occurred some four or five
18 years ago?

19 A Yes.

20 Q And you filed a complaint with the Public
21 Service Commission?

22 A Yes.

23 Q And how was that complaint disposed of?

24 A I was refused to give a hearing in front of

1 the Public Service Commission.

2 Q And your complaint was really about you were
3 attempting to get some monies back from the
4 district. You thought they owed you some
5 monies for water lines that you had put in
6 for developing the Rice Road property; is
7 that not correct?

8 A I didn't think, they did. That was it, yes.

9 Q However, the complaint you filed was
10 dismissed by the Public Service Commission?

11 A Not exactly, no.

12 Q What happened?

13 A Well, South Anderson Water District, when I
14 went in front of them to hire them to run the
15 water down to the bottoms where I was making
16 eight lots, they told me of two ways it could
17 be set up where I could draw my money back.
18 And I accepted one of them and when people
19 started hooking on, Allison Walker, Manager
20 of South Anderson Water District, told me one
21 day that a house or two in the bottoms had
22 hooked on, he needed to get with me and pay
23 me for 50 foot of each one of them, and I
24 told him no that wasn't the way it was agreed

1 on. It was agreed on the people outside of
2 the bottoms paying me back so much, not the
3 people in the bottoms where I sold lots. And
4 he disagreed. But I had a contract at home
5 where he signed it, where he got the water
6 commissioners to approve it and he signed it
7 and mailed it to me. And that is the reason
8 I filed a complaint.

9 Q And what was the disposition of that
10 complaint by the Public Service Commission?

11 A They come back and said they didn't know it
12 was going to be a subdivision, that all South
13 Anderson had to pay me for was 50 foot for
14 each hookup, and I've now got 50 of them.

15 Q Now, in your testimony on page 16, Mr.
16 Barnette, Mr. Thomas asked you the question
17 "Do you think that this agreement--" that's
18 talking about the PSC dispute--"had any
19 influence or effect on the decision by South
20 Anderson Water District not to run water
21 lines throughout the entire Willow Creek
22 Road?" And you answered, "I think that's the
23 only reason." Do you still stand by that
24 testimony?

1 A I still stand by that answer.

2 Q How many households in June of '98 or early
3 '98, prior to the time you sold to Mr. and
4 Mrs. Rucker, how many users were there on
5 Willow Creek?

6 A On Willow Creek?

7 Q Well, on your portion, on the 1.3 that we are
8 talking about today, on your portion?
9 Obviously there was you?

10 MR. THOMAS:

11 Mr. Shapiro, I'm going to allow him to
12 ask the question, but he says users, and
13 I'm not sure that is an appropriate
14 term, households, maybe.

15 MR. EDELMAN:

16 We can say households.

17 MR. THOMAS:

18 Households may be more appropriate.

19 HEARING OFFICER SHAPIRO:

20 The witness doesn't understand the
21 question.

22 Q How many households or potential users, how
23 many potential households, including
24 yourself, were on the 1.3 portion of Willow

1 Creek which we are discussing today for
2 inclusion in this project?

3 A In June of '98

4 Q Before you sold to Mr. and Mrs. Rucker and
5 before you sold to the other four or so other
6 individuals the property you were developing?

7 A Four, I reckon. Four and one house that my
8 aunt used to live in, abandoned.

9 Q Who were those four?

10 A It was a trailer on the bottom of the hill
11 that I owned, where my mother-in-law used to
12 live, and we divorced and she moved out, I
13 hadn't got it remodeled.

14 Q So, let me stop you there, so nobody was
15 living in there but there was a trailer you
16 owned on your property?

17 A Yes.

18 Q Where your house sets?

19 A No, not where my house sets.

20 Q Okay. Well, then explain to me on what
21 property?

22 A It's on a different farm where I live, it's
23 on my land, but--

24 Q What other--in addition to those two, what

1 other two are we talking about?

2 A Ray Ellis and Rucker, what's his--I don't
3 remember his first name.

4 Q Are you talking about Mr. Rucker or is there
5 a different individual?

6 A Huh?

7 Q Are you talking about Mr. Rucker that
8 testified in this matter?

9 A No. What do you mean testified?

10 Q Well, that put proof in the record for you, a
11 Mr. and Mrs. Rucker, are we talking about
12 those individuals?

13 A Yes.

14 Q Now, they testified, Mr. Barnette, that they
15 bought in June of '98. Does that sound about
16 right?

17 A Well, no, it don't. No.

18 Q Okay. Now, you are developing out there on
19 Willow Creek, are you not?

20 A I was.

21 Q Well, you sold how many tracts of land out
22 there?

23 A Eight, I think.

24 Q So, you have sold eight tracks of land on Willow

1 Creek?

2 A Seven or eight, I think it is eight.

3 Q Did you hire--have you hired an engineer to
4 take a look at the 1.38--1.3 miles of roadway
5 that we are discussing today to determine the
6 feasibility of running a water line--whether
7 it is feasible to run an extension of water
8 lines in this project?

9 A No.

10 Q Have you sought out any other expert
11 testimony to come before this Commission to
12 tell this Commission that in fact it is
13 feasible, given the numbers that exist in
14 '98, that this 1.3 miles should be included in
15 this extension?

16 A No.

17 Q Have you supplied the Commission any
18 information that would verify that your
19 number of \$40,000 would be the number it
20 would take to construct this additional 1.3
21 miles of water line

22 A I estimated what I thought it would take, I
23 didn't say what it would take. I don't know
24 what it would take, you know, I estimated

1 what I thought it would take.

2 HEARING OFFICER SHAPIRO:

3 But you haven't hired an engineer to
4 tell you?

5 A No, I haven't hired nobody.

6 MR. EDELMAN:

7 I think that's all I have right now Your
8 Honor.

9 HEARING OFFICER SHAPIRO:

10 Any questions?

11 MR. PINNY:

12 I have no questions.

13 HEARING OFFICER SHAPIRO:

14 Any redirect?

15 MR. THOMAS:

16 Yes, Mr. Shapiro.

17

18 REDIRECT EXAMINATION

19 BY MR. THOMAS:

20 Q Mr. Barnette, Mr. Edelman on cross-examination
21 indicated that there were road captains along
22 various projects proposed by the South Anderson
23 Water District. Did a road captain ever come by
24 your house?

1 A No.

2 Q Were you ever told by anyone affiliated with
3 South Anderson Water District that a road
4 captain would be getting in contact with you?

5 A No.

6 Q So, you don't have any knowledge of any road
7 captain going along, coming along Willow
8 Creek Road?

9 A Yes, I do now.

10 Q You do now, but you didn't back in June of
11 '98?

12 A No.

13 Q Or, for that matter, the entire calendar year
14 of 1999?

15 A There was some time--after I found out they
16 wasn't going all the way through the road,
17 then I went to talking to people up and down
18 through there and I found out that they had
19 been down on the other end of Willow Creek
20 Road but not up around home.

21 Q Not to your house?

22 A No.

23 Q Now, for the Commission's own information,
24 what was your understanding in terms of how

1 far they were going to go on Willow Creek
2 Road when you found out that the notice
3 wasn't exactly as indicated, they were only
4 going through part of Willow Creek Road. How
5 far did you find out they were going to go?

6 A One mile and two tenths.

7 Q A mile and two tenths?

8 A Yes.

9 Q By the way, Mr. Shapiro, before I forget,
10 since I already have that exhibit in the
11 record, I'd like to have that blown up copy
12 made a part, formal part of the record,
13 because I think it is really--

14 HEARING OFFICER SHAPIRO:

15 Is it part of his testimony

16 MR. THOMAS:

17 It is part of his testimony, it is
18 already in the record.

19 HEARING OFFICER SHAPIRO:

20 Part of the prefiled testimony?

21 MR. THOMAS:

22 Yes, sir, it was.

23 MR. EDELMAN:

24 I don't have any objection.

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HEARING OFFICER SHAPIRO:

Well, what would be the purpose?

MR. THOMAS:

Well, I mean, I think it just highlights what the wording of the language was in terms of the roads, desire to be part of this project by the South Anderson Water District, I think a clear copy of the actual notice submitted by South Anderson Water District.

MR. EDELMAN:

I'm going to object, Your Honor, I mean desire--it speaks for itself, it says what it says.

HEARING OFFICER SHAPIRO:

Well--

MR. THOMAS:

It's your call Mr. Shapiro.

HEARING OFFICER SHAPIRO:

If you have no objection to it--

MR. EDELMAN:

I don't have any objection, it is the same thing that is attached to his testimony.

1 HEARING OFFICER SHAPIRO:

2 I would just introduce it, I will just
3 let it be a part of the record as a copy
4 of what is already in the record. I
5 mean, there is no sense in having two
6 exhibits that say exactly the same thing
7 and giving it separate numbers. But if
8 you want to leave that as a copy of what
9 is in the record, that will be fine.

10 MR. THOMAS:

11 Okay, thank you Mr. Shapiro.

12 Q So, when you found out, Reuben, that they
13 weren't going to come entirely along Willow
14 Creek Road, you found out they were only
15 going to go 1.2 miles.

16 A Yes.

17 Q Okay. Is it true that you have now been
18 informed that that distance has changed?

19 A Yes.

20 Q And now how far is the South Anderson Water
21 District going to go along Willow Creek road?

22 A I've been told a mile and eight tenths.

23 Q So, there has been a change then from what
24 was initially proposed to what they are going

1 to do now?

2 A Yes.

3 Q Now, on his cross-examination Mr. Edelman
4 provided you with a copy of an August 1998
5 notice promulgated by the South Anderson
6 Water District. Ray, did you--I didn't get a
7 copy of that, do you still have that?

8 MR. EDELMAN:

9 I haven't introduced it yet.

10 MR. THOMAS:

11 Okay, but you made reference to it, may
12 I see it for a minute?

13 MR. EDELMAN:

14 You can look at it, you've got a copy of
15 it, but you are welcome to look at it.

16 MR. THOMAS:

17 Do you have any problems if I show it to
18 Reuben?

19 MR. EDELMAN:

20 No, sir, go ahead.

21 Q Now, I show you that same August 1998 notice that
22 Mr. Edelman showed you and I'll ask you does that
23 notice indicate in any way or any mention of
24 Willow Creek Road or for that matter any roads?

1 A No, I don't see no roads on it.

2 Q Okay. It's just a general notice to the
3 public of the possibility, I'm going to be
4 precise here, of the South Anderson Water
5 District expansion project, but it doesn't
6 indicate any roads on here?

7 A I don't see it, I hadn't noticed it until you
8 said that just now.

9 Q So, since it didn't mention Willow Creek Road
10 specifically, you didn't know whether that notice
11 applied to you or to anyone else? It didn't
12 personally indicate that it was going to affect
13 your property?

14 HEARING OFFICER SHAPIRO:

15 I think the witness has testified that
16 he had never seen that notice; is that
17 right?

18 A Yes, I testified that I didn't see it, so I
19 wouldn't--

20 HEARING OFFICER SHAPIRO:

21 Is that correct, you haven't seen that
22 notice before?

23 A No, I said I don't remember seeing that one.

24 Q Now, I want to go back to another question Mr.

1 Edelman asked, because I think it is very
2 pertinent to this hearing. After you get past the
3 1.2 miles in June of 1998, how many houses were
4 there remaining on Willow Creek Road after that
5 1.2 miles? Mr.--I'm gong to establish that there
6 were at least nine in the 1.2 mile corridor and
7 all the documents submitted by the South Anderson
8 Water District substantiate that. After that 1.2
9 miles in 1998, how many houses were there?
10 A From the mile and two tenths on through?
11 Q Right.
12 A Eleven, not counting the one abandoned.
13 Q Eleven?
14 A Yes.
15 Q Okay. And your testimony is that included in
16 that 11 would have been your house, the
17 Redmon's house, the Elliott's house and the
18 trailer where your mother-in-law lived?
19 A Yes.
20 Q Okay. So, there were 11 houses in that
21 additional--in that 1.9 miles?
22 A 1.8 miles I think.
23 Q 1.8, 1.9 miles, okay.
24 A Yes. There was one more started along about

1 that time but I don't know whether it had
2 started, but there wasn't nobody living there
3 for sure.

4 Q And today how many houses are there after
5 that, going--how many other houses have been
6 added after that 1.2 miles?

7 A It is one more living there and it is one
8 more getting ready to move into in the next
9 two weeks.

10 Q The one more living there would be Tom
11 Redmon's house; is that correct?

12 A Yes.

13 Q And the one more that is getting ready to
14 move there would be the Riddles house; is
15 that right?

16 A Yes.

17 Q That's correct. So, that would make then, if
18 you add those two to eleven, it would make
19 13.

20 MR. EDELMAN

21 I don't have any--I want to object for a
22 second. I don't have any problem with
23 Mr. Thomas leading him a little bit, but
24 I'd like for him to ask him questions

1 about who these individuals are if he
2 knows. I'm not trying to--well, in
3 terms of his asking him one would be the
4 Riddles and one would be the Redmons,
5 and I'd like to know if Mr. Barnette
6 knows who these people are. He didn't
7 seem to know who they were when I was
8 asking questions on the front end of the
9 road. I'm just objecting to the leading
10 a little bit is where I'm coming from.

11 MR. THOMAS:

12 I'll be glad to rephrase my question.

13 HEARING OFFICER SHAPIRO:

14 Have you asked him--where are we--are
15 you objecting to the last question that
16 was asked? Okay, rephrase the question.

17 MR. THOMAS:

18 I'll be glad to rephrase the question.

19 Q You said there are two additional houses, do
20 you know who those two additional houses are
21 Mr. Barnette?

22 A Tom Redmon and Gaines Riddle or how you announce
23 it.

24 Q And that would make a total of 13 as of

1 today, after that 1.2 mile termination by the
2 South Anderson Water District?

3 A Yes.

4 Q Now, finally, Mr. Edelman asked you a
5 question about you being a land developer.
6 And you acknowledged on answering the
7 question that in the past you have sold land
8 on Willow Creek Road?

9 A Yes.

10 Q Are you still selling land on Willow Creek
11 Road Mr. Barnette?

12 A Yes.

13 Q How many lots do you have to be developed?

14 A Two.

15 Q And where are those two located?

16 A Well, I guess the best way I can put it is
17 one is located between a mile--the last mile
18 and two tenths, and then one of them between
19 the six tenths that they added on later.

20 Q So, only one of the lots then is going to be
21 excluded from this project?

22 A Yeah.

23 Q And you have some other lots for sale but
24 they are located on US 62?

1 A Yes.

2 Q And they already have access to city water?

3 A Yes.

4 Q So, as of today, there is only one lot that
5 you have undeveloped for sale that would
6 benefit from this roadway, from going all the
7 way through Willow Creek Road?

8 A Yes.

9 Q Only one lot?

10 A Yeah, six acres.

11 Q And the remaining property is your homestead
12 property; is that correct? The only other
13 property that is on Willow Creek Road would
14 be your homestead property, right?

15 A Yes.

16 Q Where you personally live?

17 A Yes.

18 Q That is not for sale; is that correct?

19 A Not for sale.

20 Q And where your children live?

21 A Yes.

22 MR. THOMAS:

23 I have no further questions, Mr.
24 Shapiro.

1 RE CROSS EXAMINATION

2 BY MR. EDELMAN:

3 Q Sounds like you have been pretty successful
4 selling lots out there on Willow Creek or Aaron-
5 Barnette Road?

6 A I didn't understand you.

7 Q I said it sounds like you have been pretty
8 successful selling lots on Aaron-Barnette
9 Road?

10 A Well, I call it more tracts, not lots.

11 Q Well, what size--would you agree with me that
12 you have been pretty successful selling these
13 tracts?

14 A Yes.

15 Q When did you start selling these tracts?

16 A Probably four years ago, I don't know the
17 exact day, but approximately.

18 Q And just for the record, how many tracts have
19 you sold?

20 A Seven, I reckon.

21 HEARING OFFICER SHAPIRO:

22 Are you talking about Willow Creek Road?

23 MR. EDELMAN:

24 Yes, sir.

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HEARING OFFICER SHAPIRO:

Seven on Willow Creek Road?

A Yeah.

Q And there is one remaining

A One remaining. Well, one--

Q Actually, there is two remaining, one is on the portion where you are requesting to be included in the project and one is already included in what would be in the current project?

A Yes.

MR. EDELMAN

That's all I have right now Your Honor.

HEARING OFFICER SHAPIRO:

Staff, any questions?

MR. PINNY:

No questions.

REDIRECT EXAMINATION

BY MR. THOMAS:

Q In keeping with the rules of evidence, just to follow up on Mr. Edelman's statement. These lots that you sold, Mr. Barnette, you have sold, obviously, without there being city water available to the buyers of these lots; correct?

1 A Right.

2 Q And you have been successful doing that?

3 A Yes.

4 Q So, why do you want water now, Mr. Barnette,
5 why do you want city water now?

6 A Well, anybody wants city water. That is one
7 thing--

8 HEARING OFFICER SHAPIRO:

9 I don't know that this is like follow up
10 from what he covered.

11 MR. THOMAS:

12 Well, let me tell you where I'm going
13 Mr. Shapiro. If he has been successful
14 doing it without city water and he only
15 has one lot for sale, then it stands to
16 reason that the reason that he wants
17 water has to do with something other
18 than his desire to sell lots.

19 HEARING OFFICER SHAPIRO:

20 But he has already testified on his
21 direct testimony that he wants water
22 because--he wants city water because
23 city water is better to use than cistern
24 water. It is cleaner and it tastes

1 better and his little boy liked to drink
2 it.

3 A Well, that's not the only reason.

4 MR. THOMAS:

5 Okay. Then I'll stand by that Mr.
6 Shapiro.

7 MR. EDELMAN:

8 I don't have any further questions.

9 HEARING OFFICER SHAPIRO:

10 Okay, thank you Mr. Thomas, Mr.--I'm going to get
11 you mixed up all day, Mr. Barnette, thank you.
12 Let's take about five minutes.

13 (OFF THE RECORD)

14 HEARING OFFICER SHAPIRO:

15 Call your next witness.

16 MR. THOMAS:

17 Yes, sir, Mr. Shapiro, I'd like to call Tom Redmon
18 to the stand please.

19 (WITNESS DULY SWORN)

20 MR. THOMAS:

21 Mr. Shapiro, before I begin I want to say that I'm
22 having some copies made of the deposition. You
23 see, I thought that those would have been provided
24 to the stenographer, so I'm going to provide when

1 the copies come back a copy of Mr. Redmon's
2 deposition for the stenographer.

3 HEARING OFFICER SHAPIRO:

4 Okay. So you didn't have an extra one for--

5 MR. THOMAS:

6 No, you see, I thought that one had already been
7 provided, so I'm having some additional copies
8 made right now.

9 HEARING OFFICER SHAPIRO:

10 Well, have you got something that he can refer to
11 if he is asked any questions?

12 MR. THOMAS:

13 No, because I gave my original to the Commission
14 Staff, she graciously agreed to make copies for
15 me.

16 MR. EDELMAN:

17 We have an extra copy of all the statements.

18

19 The witness, THOMAS LEE REDMON, having first been
20 duly sworn, testified as follows:

21

DIRECT EXAMINATION

22 BY MR. THOMAS:

23 Q Tom, could you state your name for the record
24 please?

1 A Thomas Lee Redmon.

2 Q And, Tom, you also have been provided a copy of
3 your deposition, I'll just use the term
4 deposition, that you took back on February 8,
5 2000, before the court reporter there in
6 Lawrenceburg, Kentucky?

7 A Yes.

8 Q And, Tom, do you adopt that testimony as you
9 stated on that day?

10 A Yes.

11 MR. THOMAS:

12 I'd like to supplement that if I could
13 by one point.

14 HEARING OFFICER SHAPIRO:

15 The order says that that is the
16 testimony, so I'll hold you to that.
17 You wish to introduce it as--

18 MR. THOMAS:

19 Yes, I would like to introduce that.

20 HEARING OFFICER SHAPIRO:

21 Let's introduce his testimony then as
22 Plaintiff's Exhibit or Barnette Exhibit
23 2.

24 (EXHIBIT SO MARKED: Barnette Exhibit No. 2)

1 HEARING OFFICER SHAPIRO:

2 Is the witness ready for cross-examination?

3 MR. THOMAS:

4 Yes, he is, Your Honor.

5 MR. EDELMAN:

6 No questions.

7 MR. PINNY:

8 No questions.

9 HEARING OFFICER SHAPIRO:

10 Thank you Mr. Redmon. Do you have any questions
11 of the other witnesses that testimony has been
12 introduced?

13 MR. EDELMAN:

14 I don't know who else he is going to have testify?

15 HEARING OFFICER SHAPIRO:

16 Well, I assume it's going to be all of those that
17 have been--

18 MR. THOMAS:

19 Well, let me tell you what my order is going to
20 be. Next I'm going to call Elvis Thompson to the
21 stand, following Mr. Thompson I'm going to call
22 Mr. James Riggle, following Mr. Riggle I'm going
23 to call Ms. Christine Riggle, following Ms. Riggle
24 I'm going to call Lou Defino, following Mr. Defino

1 I'm going to close with John Cunningham.

2 HEARING OFFICER SHAPIRO:

3 Do you have any questions of any of those
4 witnesses?

5 MR. EDELMAN:

6 You know the property owners, I mean, they all say
7 the same thing, I'm not going to--

8 HEARING OFFICER SHAPIRO:

9 I'm not trying to preclude you from asking any
10 questions.

11 MR. EDELMAN:

12 No, I'm not going to ask them any questions, I
13 don't think there is anything to be gained.

14 HEARING OFFICER SHAPIRO:

15 Do you have any questions of any of the property
16 owners?

17 MR. PINNY:

18 No.

19 HEARING OFFICER SHAPIRO:

20 Could we then agree that the property--the
21 testimony of the property owners can be introduced
22 as evidence in this proceeding?

23 MR. EDELMAN:

24 As far as I'm concerned.

1 HEARING OFFICER SHAPIRO:

2 So, that they can be excused.

3 MR. THOMAS:

4 Now, does that include John Cunningham because he
5 is not a property owner, but I do have--

6 HEARING OFFICER SHAPIRO:

7 He is a Realtor.

8 MR. EDELMAN:

9 Why don't we bring John Norman on, the property
10 owners are fine, Your Honor.

11 HEARING OFFICER SHAPIRO:

12 Okay, let's agree then that--what are the names of
13 the witnesses now?

14 MR. THOMAS:

15 Okay, the names of the witnesses in order
16 following Tom Redmon will be Elvis Thompson.

17 HEARING OFFICER SHAPIRO:

18 Okay, just go slow, Elvis Thompson?

19 MR. THOMAS:

20 Yes, Your Honor.

21 HEARING OFFICER SHAPIRO:

22 Okay. Next.

23 MR. THOMAS:

24 Then after Elvis Thompson would be James Riggle,

1 then after James Riggle would be Christine Riggle.

2 HEARING OFFICER SHAPIRO:

3 Okay.

4 MR. THOMAS:

5 Your Honor, I also would like to add to the record
6 Timothy Rucker.

7 HEARING OFFICER SHAPIRO:

8 Wait a minute now, has his testimony been
9 introduced?

10 MR. THOMAS:

11 Yes, I mean, they are all there.

12 HEARING OFFICER SHAPIRO:

13 Okay, Timothy Rucker.

14 MR. THOMAS:

15 Timothy Rucker.

16 HEARING OFFICER SHAPIRO:

17 Will he be the next one after Christine Riggle

18 MR. THOMAS:

19 Yes.

20 HEARING OFFICER SHAPIRO:

21 And who else?

22 MR. THOMAS:

23 Sarah Michelle Rucker.

24

1 HEARING OFFICER SHAPIRO:

2 Sarah Michelle Rucker.

3 MR. THOMAS:

4 Yes, her deposition is in the thing.

5 MR. EDELMAN:

6 Now, it's Scarlet.

7 MR. THOMAS:

8 Scarlet Michelle Rucker.

9 HEARING OFFICER SHAPIRO:

10 Scarlet.

11 MR. EDELMAN:

12 Let me just ask a procedural point here.

13 HEARING OFFICER SHAPIRO:

14 Well, let me get these down first.

15 MR. EDELMAN:

16 Is she here to testify?

17 MR. THOMAS:

18 No, they are not here, they wouldn't be here to
19 testify but their depositions or affidavits are
20 part of the record.

21 MR. EDELMAN:

22 I don't have that in here. They don't hurt, I
23 don't have any problem with it.

24

1 HEARING OFFICER SHAPIRO:

2 If he has no objection, that will be fine.

3 MR. THOMAS:

4 And I'll tell you why--

5 HEARING OFFICER SHAPIRO:

6 Well, that's no--let's--I just want to go through
7 the procedure here right now. Elvis Thompson,
8 James Riggle, Christine Riggle, Timothy Rucker,
9 Scarlet Michelle Rucker and who else?

10 MR. THOMAS:

11 Ray Elliott.

12 HEARING OFFICER SHAPIRO:

13 Ray Elliott.

14 MR. EDELMAN:

15 That's an affidavit, Your Honor.

16 HEARING OFFICER SHAPIRO:

17 That was the affidavit.

18 MR. THOMAS:

19 There are two affidavits, one by Timothy Elliott,
20 and one by--Timothy Rucker and one by Ray Elliott.

21 HEARING OFFICER SHAPIRO:

22 Do you have any--

23 MR. EDELMAN:

24 No objection.

1 HEARING OFFICER SHAPIRO:

2 Ray Elliott and--

3 MR. THOMAS:

4 Lou Defino.

5 HEARING OFFICER SHAPIRO:

6 Lou Defino, his was a deposition.

7 MR. THOMAS:

8 His was by deposition.

9 HEARING OFFICER SHAPIRO:

10 Ray Elliott, Lou Defino, who else?

11 MR. THOMAS:

12 That was it because Mr.--

13 HEARING OFFICER SHAPIRO:

14 Timothy Rucker was an affidavit as well; is that
15 correct?

16 MR. THOMAS:

17 That's correct.

18 HEARING OFFICER SHAPIRO:

19 Okay. Why don't we mark these for identification
20 then as Barnette Exhibits 3, 4--Thompson would be
21 three, James Riggle would be four, Christine
22 Riggle would be five, Timothy Rucker would be six,
23 Sarah Michelle Rucker would be seven, Ray Elliott
24 would be eight and Lou Defino would be nine.

1 MR. THOMAS:

2 Let me go over that again, Tom Redmon would be
3 two; is that correct?

4 HEARING OFFICER SHAPIRO:

5 Tom Redmon was two, and that has been introduced.

6 MR. THOMAS:

7 I want to make sure we have this in order. What
8 about that exhibit about the notice, is that the--

9 HEARING OFFICER SHAPIRO:

10 That was Defendant's Exhibit 2.

11 MR. THOMAS:

12 That was Defendant's Exhibit 2?

13 HEARING OFFICER SHAPIRO:

14 He is the one that introduced it.

15 MR. THOMAS:

16 And Elvis Thompson will be number three; is that
17 correct?

18 HEARING OFFICER SHAPIRO:

19 That's right.

20 MR. EDELMAN:

21 Your Honor, I don't have any objection to Mr.
22 Cunningham's testimony, I'm not going to ask him
23 any questions.

24

1 HEARING OFFICER SHAPIRO:

2 Do you have any questions of Mr. Cunningham?

3 MR. PINNY:

4 No.

5 MR. THOMAS:

6 James Riggle will be four, Christine Riggle will
7 be five, then, Your Honor, I think I said Timothy
8 Rucker was six, is that how you have it?

9 HEARING OFFICER SHAPIRO:

10 Timothy Rucker was six, Sarah--Scarlett Michelle
11 Rucker is seven--

12 MR. THOMAS:

13 Your Honor, I'm having a copy of that made.

14 HEARING OFFICER SHAPIRO:

15 There should be one in that pile, in that group
16 that you were given by Staff. Ray Elliott is
17 eight, Lou Defino is nine, and John Norman
18 Cunningham will be ten. And the record will
19 reflect that the defendant has agreed to the
20 admission of Exhibit 3 through 10 as evidence in
21 this proceeding and has waived cross-examination
22 of the witnesses.

23 (EXHIBITS SO MARKED: Barnette Exhibits Numbered
24 3 through 10)

1 HEARING OFFICER SHAPIRO:

2 Can these witnesses then be excused?

3 MR. EDELMAN:

4 As far as I'm concerned Your Honor.

5 MR. THOMAS:

6 They are, certainly, are excused but they may want
7 to stay Your Honor.

8 HEARING OFFICER SHAPIRO:

9 Right, I understand that. Just so that people who
10 have come here will understand what is going on, I
11 think you need to give--you should be informed of
12 what just happened. And the way this proceeding
13 is being conducted all the testimony that we
14 referred to as direct testimony, that is the
15 testimony that the attorney who called you to
16 testify on his behalf will present it--will put
17 into evidence. That is called direct testimony.
18 And they have agreed--that was filed in advance
19 and the testimony that you gave when you
20 essentially gave the deposition in this
21 proceeding. Now, the parties have agreed that
22 that will be part of the record as evidence and
23 Mr. Edelman has stated that he has no questions to
24 ask these witnesses on cross-examination and Mr.

1 Pinny has also indicated the same. So, your
2 testimony will not be needed here today. Now, we
3 didn't know that before the hearing began so that
4 is why you had to be here, but, now that we know
5 that, you are free to stay if you want to stay but
6 you have been excused and you can leave any time
7 you want to. And that will conclude the case for
8 the petitioner--or complainant. I take it,
9 though, that you will have some questions of Mr.
10 Kincer and Mr. Taylor?

11 MR. THOMAS:

12 Yes, sir, I will.

13 HEARING OFFICER SHAPIRO:

14 Okay, we are not going to get off that easy.

15 MR. EDELMAN:

16 It's at least kind of you to ask.

17 HEARING OFFICER SHAPIRO:

18 Call your first witness.

19 MR. EDELMAN:

20 I just want to renew for the record, before I call
21 Mr. Kincer, I'd just like to renew the motion I
22 made prior to the beginning of this hearing if
23 that would be okay with Mr. Thomas, rather than
24 have to go through that diatribe again.

1 MR. THOMAS:

2 You are certainly free to renew the motion. If
3 Mr. Shapiro would like me to respond to that, I'd
4 be glad to.

5 HEARING OFFICER SHAPIRO:

6 No, the motion is denied.

7 MR. EDELMAN:

8 We call Mr. Kincer.

9 (WITNESS DULY SWORN)

10

11 The witness, BOB KINCER, having first been duly
12 sworn, testified as follows:

13

DIRECT EXAMINATION

14 BY MR. EDELMAN:

15 Q Would you state your name for the record?

16 A Bob Kincer.

17 Q Mr. Kincer, I have handed to the court
18 reporter a copy of your verified testimony
19 that was given in my office in verified form
20 in front of the court reporter on February 2,
21 2000. Do you adopt that testimony as your
22 testimony today in verified form?

23 A Yes. Did you say February 3?

24 Q I believe it was February 3.

1 A Yes, okay. Yes, I do.

2 Q As your direct testimony on behalf of South
3 Anderson Water District?

4 A Yes, sir.

5 Q Along with the attached exhibits?

6 A Yes.

7 MR. EDELMAN:

8 Your Honor, I pass for cross-
9 examination.

10 HEARING OFFICER SHAPIRO:

11 You want to offer this into evidence; is that
12 correct?

13 MR. EDELMAN:

14 Yes, Your Honor, as I guess number two.

15 HEARING OFFICER SHAPIRO:

16 It will be number three.

17 MR. EDELMAN:

18 Number three. We didn't get the other notice in.

19 COURT REPORTER:

20 I just have one.

21 HEARING OFFICER SHAPIRO:

22 Okay, the notice--that will be Defendant's Exhibit
23 Number 2, then, I'm sorry.

24 (EXHIBIT SO MARKED: Defendant Exhibit No. 2)

1 MR. EDELMAN:

2 Thank you.

3 HEARING OFFICER SHAPIRO:

4 Any objection?

5 MR. THOMAS:

6 No, sir.

7 HEARING OFFICER SHAPIRO:

8 The witness is tendered for cross-examination?

9 MR. EDELMAN:

10 Yes, Your Honor.

11 HEARING OFFICER SHAPIRO:

12 Mr. Thomas

13

14

CROSS EXAMINATION

15 BY MR. THOMAS:

16 Q Mr. Kincer, does the South Anderson Water District
17 have a mission?

18 A Yes, sir.

19 Q Could you please tell us what that mission
20 is?

21 A The mission of South Anderson is to serve
22 every household in our boundary as soon as
23 possible but within a feasible range of pay
24 back in the money that we are obligated to

1 make yearly installments on.

2 Q Now, clearly, at some point there was a
3 determination made by South Anderson Water
4 District that you wanted to engage in another
5 expansion, what you call your Phase 5
6 expansion.

7 A Right.

8 Q Now, tell me, Mr. Kincer, how you determined
9 the feasibility of this particular expansion?
10 And I think it was somehow--I want to avoid
11 confusion here, I think we ought to give out
12 some maps.

13 HEARING OFFICER SHAPIRO:

14 Let's mark this map as Plaintiff's
15 Exhibit Number 11.

16 COURT REPORTER:

17 Do you want to make it Plaintiff's
18 Exhibit or Barnette?

19 HEARING OFFICER SHAPIRO:

20 No, he is going to be using it. Well,
21 what did we do?

22 COURT REPORTER:

23 We went through ten on Barnette.
24

1 HEARING OFFICER SHAPIRO:

2 Okay, Barnette 11, mark it as Barnette
3 11.

4 (EXHIBIT SO MARKED: Barnette Exhibit No. 11)

5 Q Now, I'll show you this map, I'm--primarily want
6 Mr. Shapiro to see it but--just so we all can be
7 on the same page here, this is the proposed Phase
8 5 expansion of South Anderson Water?

9 A I would say yes.

10 Q Now, tell me, Mr. Kincer, how South Anderson Water
11 District went about determining the feasibility of
12 that Phase 5 expansion project?

13 A Okay. South Anderson was formed in 1976. At
14 the beginning of that district the Phases
15 One, Two, Three and Four and now we are into
16 Five, all came about by the request of
17 households at the end or at the beginning of
18 a road where the water line would have ended
19 on the previous expansion. And then we take
20 those roads and we determine through the
21 engineer how many houses and how many miles
22 that we are really talking about. We are
23 talking about, probably, 43 miles and 350
24 households. There is times when we have to

1 cut off on a road because of the number of
2 people per mile is not a feasible pay back of
3 our obligation in the loan money that we get.
4 So, somewhere along the way, in this Phase 5
5 project, it was at the request of the people
6 that did not have water to be included and
7 when we put it all down on paper the
8 engineering has to help determine if it is
9 feasible for those roads to be included. For
10 the Commission to understand that Mr.
11 Barnette's road is not the only road in this
12 project that we had to cut back on, there is
13 probably eight to ten others, and Mr. Taylor
14 may have that in his testimony that--what
15 these roads are.

16 Q Well, I'm going to get to Mr. Taylor's
17 testimony but for purposes of the Commission
18 making a ruling here. You are saying that
19 feasibility--tell me if I'm correct--that
20 feasibility, in your opinion as Chairman of
21 the South Anderson Water District, is
22 determined primarily by number of households
23 to be served per mile. That's what you are
24 focusing on primarily?

1 A Yes.

2 Q Okay. And that whether people wanted water is not
3 nearly as important as looking at your ability to
4 reach the most households you can per mile; is
5 that correct Mr. Kincer?

6 A Well, the South Anderson Water Commissioners
7 are responsible to the 1,500 customers that
8 we now serve in addition to the 350 that we
9 plan to put on this project, is that their
10 rates will be reasonable and them using
11 water. You cannot jeopardize rates to the
12 point that they become unreasonable for all
13 of your existing customers. And when you
14 talk about a mile of line and you talk about
15 two or three potential households there is no
16 way that you can justify pay back even when
17 you are talking about 50% grant money and 50%
18 loan money. And our engineering determines
19 that from his report.

20 Q I agree that that makes sense but, again,
21 when you are looking at expanding and you
22 talk about feasibility, I just want to be
23 clear, Mr. Kincer, you are talking about
24 trying to serve the most households per mile

1 that you possibly can. That is going to
2 reduce--that is going to make the rates
3 fairly stable for one thing, correct?

4 A Okay.

5 Q Am I right on that?

6 A Well, yes. We do try to serve as many houses
7 as we can.

8 Q So, when you came up with these lines right
9 here you determined that these lines would
10 reach the most households per mile that made
11 this project feasible; is that your
12 testimony?

13 A The overall number of people per mile, yes,
14 would make the--would make it feasible.

15 Q Well, Mr. Kincer, it is my understanding that
16 each roadway would use a different project;
17 is that correct? There are--you propose 14
18 different projects. Well, let me clarify
19 something first. Is Fox Creek Road in or out
20 of the project? Is Fox Creek Road a part of
21 the Phase 5 expansion?

22 A I'm not sure, that will have to come from the
23 engineer.

24 Q So, you don't know the answer to that

1 question?

2 A Not exactly, no.

3 Q Okay. But I am correct that each project,
4 each roadway, is viewed as a separate
5 project? In other words, Gilberts Creek will
6 be seen as one project, Athens Road will be
7 seen as one project; am I correct on that?

8 A Well, not an individual project. Each road
9 is reviewed for its own credibility of being
10 feasible or not, because you cannot put a
11 road in that has got one house on it for four
12 miles and then expect the other roads to pay
13 higher rates for that purpose.

14 Q So, again, feasibility then for this entire
15 project would be to maximize the most
16 households you could per mile?

17 A I would say yes.

18 Q And, of course, to be reasonable, Mr. Kincer,
19 you are also going to look at cost per mile
20 too, wouldn't you? In other words, you might
21 have ten households per mile but if it is
22 going to cost you an exorbitant amount of
23 money because of the terrain or the rock or
24 the limestone, then that would be a

1 consideration by South Anderson Water
2 District as well, cost per mile would be a
3 consideration as well; correct?

4 A I would say yes.

5 Q Any other significant consideration by the
6 South Anderson Water district other than the
7 density, which would be the customers per
8 mile and the cost, which would be the cost of
9 constructing the water line per mile, are
10 there any other feasible considerations?

11 A I probably did not understand your question.

12 Q Okay. We have established here, for the
13 Commission's purposes, that there are two
14 items that you consider when you talk about
15 feasibility. One, reaching the most
16 households you can per mile and, secondly,
17 taking into consideration what it is going to
18 cost to build those water lines per mile, and
19 I'm asking you are there any other
20 feasibility considerations--are there any
21 other considerations other than those two?

22 A Not that I know of, no.

23 Q Okay. Well, looking at your testimony and,
24 again, I'm not trying to trick you but I want

1 the Commission to be clear. Certainly when
2 you apply for grant money you want to look at
3 whether those households would be grant money
4 eligible; correct?

5 A Yes.

6 Q So, that would be a consideration too, whether you
7 are serving enough low income households to make
8 your ability--a grant money attractive, right?

9 A Yes.

10 Q Because the more grant money you obtain the
11 cheaper the project costs, overall project
12 cost is to you; is that correct

13 A The more grant money you get the more you can
14 expand out in those thinly populated areas.

15 Q So, there have really been three
16 considerations, and I think your testimony
17 bears this out. One, you want to look at the
18 density, that is the customers per mile;
19 secondly, you want to look at what it is
20 going to cost to build that road per mile and
21 then; thirdly, you want to look at am I able
22 to reach enough low income households to make
23 this feasible, those are the three
24 considerations; correct Mr. Kincer?

1 A Yes.

2 Q Now, just a point of information, Mr. Kincer,
3 because I want to be clear on where the
4 project stands. Everything that I've read
5 indicates that your current cost estimate for
6 the project is \$2,205,830. Let me repeat
7 that question for the stenographer. Your
8 projected project cost is \$2,205,830. I got
9 that from your application, CDBG grants and
10 part of your engineering report. Is that
11 still the project cost estimate?

12 A If you are asking me to confirm that, I'd say
13 we have approved that hinged upon our
14 engineering with the qualified ability to
15 make that dollar amount for the project. We
16 have not bid the project yet. We are
17 estimating that that is what it will cost.

18 Q I don't know if this is an exhibit or not.
19 I'm just going to use this information. Now
20 let's see, Mr. Kincer, your funding source
21 here, your projected funding source, and if
22 I'm correct your projected funding source is
23 that you are going to receive \$1,088,000 in
24 loan money from the United States Department

1 of Agriculture, Rural Development Service.
2 You are only going to receive \$93,000 in
3 grant money; is that correct? That says a
4 million but your actual grant money award was
5 \$960,000; is that correct?

6 A It is less than a million, yes.

7 Q But you don't know exactly, you can't testify
8 that it was 960,000, you just know that it is
9 less than a million?

10 A I can say it is 900 plus thousand, I don't
11 have that number with me though.

12 Q And then you are going to receive \$61,000
13 from the Fiscal Court and \$56,000 in tap-on
14 fees to finance this project; is that correct
15 Mr. Kincer? Is that your revenue source for
16 this project?

17 A State that again, I don't think you have got
18 the right numbers.

19 Q Well, that is why I'm asking you the question
20 I want to make sure I've got a right number.
21 You are gong to receive 900,000 plus--that's
22 your testimony--in grant money from Community
23 Development block grant funds?

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MR. EDELMAN:

Your Honor, if I can interject.

A If you are asking me to confirm numbers I--

HEARING OFFICER SHAPIRO:

Okay, wait a minute.

MR. EDELMAN:

Just let me object for a second. He has testified that there is going to be 960,000 of grant money on his direct testimony.

MR. THOMAS:

Well, he said 900,000 plus.

MR. EDELMAN:

Can I finish?

HEARING OFFICER SHAPIRO:

That's his direct testimony though--

MR. EDELMAN:

His direct testimony is in the record, he has testified to that. The--this document is a preliminary engineering report that was used to get the grant money. It was--used a million dollars, that's the max. So, I mean, I have no problem with Mr. Thomas going over this,

1 I just, you know, to the point that we
2 are being repetitive, I'd like to move
3 on.

4 HEARING OFFICER SHAPIRO:

5 What is the point of the question?

6 MR. THOMAS:

7 The point of the question, Your Honor,
8 is to establish, first of all, the
9 amount of money that is coming into the
10 project. I think I need to do that for
11 basis of showing that there is money
12 available for them to complete the
13 remainder of Willow Creek Road. That's
14 where I'm going but I need to establish
15 first how much money is coming into the
16 project.

17 HEARING OFFICER SHAPIRO:

18 Well, he has testified that they are
19 going to get somewhere in excess of
20 \$900,000 for the--

21 A Grant money.

22 HEARING OFFICER SHAPIRO:

23 --grant money, community block grant, he
24 is going to get a little over a million

1 dollars from the Department of
2 Agriculture, so that is essentially a
3 loan. A portion of it is going to come
4 from the Fiscal Court and a portion of
5 it is going to come from the Water
6 District itself though tap-on fees and I
7 guess other revenues that they had. You
8 need to know the exact--you want to know
9 the exact amounts?

10 Q No, no, I take it then that they are consistent
11 that they both equal to about \$2.2 million Mr.
12 Kincer?

13 A That's the estimated project cost.

14 HEARING OFFICER SHAPIRO:

15 But now he has also testified that that
16 is the estimated project cost and that
17 the actual project cost will depend upon
18 how much the contractors bid and who is
19 awarded the successful bid; is that
20 correct?

21 A Yes.

22 Q I'm ready to move on. Now, Mr. Kincer, in your
23 projected cost estimate you have established a
24 contingency of \$167,816.25. Is that still true

1 today; is that your contingency budget,
2 \$167,816.25?

3 A That estimate would have come from the
4 engineering study of what we expect the
5 project to cost, I mean, to be. Again, what
6 the actual construction cost is is going to
7 come from the bids that we are now getting
8 the plans ready to submit for bidding.

9 Q And since this was raised by the Hearing
10 Officer, when do you intend it to go to bid
11 Mr. Kincer?

12 A I'm not sure that that date has been set.
13 Again, that question probably would be more
14 proper to address the engineer that is now
15 working on the plans to submit for bidding.

16 Q I guess what I want to know, Mr. Kincer, if you
17 can answer this question. Does the budget for the
18 Phase 5 expansion still include a contingency line
19 item?

20 A I think that is a requirement, whether it is
21 5% or 10% that there would be a contingency
22 in there to take care of added cost that we
23 run into during the project.

24 Q So, the answer is yes?

1 A Yes.

2 Q Thank you. Now, Mr. Kincer, you determined
3 that you are going to build water lines along
4 these roadways, including Willow Creek Road.
5 And at some point pursuant to federal
6 government and state government regulations
7 you have to give notice of the proposed
8 roadways that you are going to construct
9 water lines; is that not true?

10 A Yes, it is true.

11 Q And you don't deny, do you, Mr. Kincer, that when
12 you promulgated the notice, in fact, there is this
13 affidavit from Mr. White at Anderson News
14 indicating that this is the notification of the
15 South Anderson Water District's informing the
16 public of possible impact to an important land
17 resource. This is a notice that you published;
18 correct?

19 MR. EDELMAN:

20 I'm going to object to the question in
21 the sense that if he knows, that we
22 published or the District published it.
23 I think the face of the document
24 indicates that it was published by the

1 federal government.

2 MR. THOMAS:

3 I think the face of the document, Your
4 Honor--

5 HEARING OFFICER SHAPIRO:

6 Well, wait a minute, wait, wait. Why
7 don't we just ask him who published that
8 notice.

9 Q Who published this notice Mr. Kincer?

10 A Well, it is a requirement that the notice be
11 published. Who took it down to the office of
12 the Anderson News, most likely would have
13 been the Manager of the water district, but
14 it was a stated--this is a federal government
15 requirement.

16 HEARING OFFICER SHAPIRO:

17 Okay, but the question is did the Water
18 District cause that notice to be
19 published or did somebody else cause it
20 to be published?

21 A Well, somebody else would require it to be
22 published.

23 HEARING OFFICER SHAPIRO:

24 I know they required it but who actually

1 caused it to be published? By that I
2 mean, who took it to the newspaper and
3 said we want you to publish this in your
4 next edition?

5 A Okay, I'd say that would be the South
6 Anderson Water District.

7 HEARING OFFICER SHAPIRO:

8 And who prepared that notification; do
9 you know? Was it prepared by--

10 A I'd say the engineer.

11 HEARING OFFICER SHAPIRO:

12 The engineer prepared it?

13 A Yes.

14 HEARING OFFICER SHAPIRO:

15 The engineer for--

16 A For South Anderson.

17 HEARING OFFICER SHAPIRO:

18 South Anderson Water District?

19 A Yes.

20 HEARING OFFICER SHAPIRO:

21 So, the engineer prepared it, and the
22 engineer or someone from--not the
23 engineer--someone from the Water
24 District took it to the newspaper and

1 they published it--to have it published;
2 is that right?

3 A Yes, yes.

4 Q Not to belabor the point, Mr. Kincer, if I could
5 get right to the point. The notice does say that
6 the roads that will be affected include Willow
7 Creek Road, does it not?

8 A I see that on there, yes.

9 Q And there is no road qualification on there, for
10 instance, when you talk about Kentucky 44 East you
11 mention--Kentucky 44 you mention East of
12 Glensboro, you qualify where you are going to
13 construct off of Kentucky 44 East. On US 62 you
14 indicate you are going to do it West of
15 Johnsville.

16 MR. EDELMAN:

17 Objection to the terminology that
18 anything is being constructed. That is
19 not what he said.

20 MR. THOMAS:

21 Your Honor, the notice--I have a right
22 to ask questions about the notice, it
23 speaks for itself and my question is
24 simply that there is no qualifications

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regarding Willow Creek Road.

MR. EDELMAN:

I have no problem with that.

HEARING OFFICER SHAPIRO:

What's that?

MR. EDELMAN:

I have no problem with that, but the problem I have he is--then he goes and says that it says that it will be constructed on Willow Creek Road. And I don't think that is what that notice says nor was it the purpose of that notice to talk about construction.

HEARING OFFICER SHAPIRO:

Well, I think he had--the notice will speak for itself. Let me ask you something. Mr. Kincer, what is it the--the notice says that a project is being considered for certain areas of South Anderson Water District; is that right?

A Yes. This would have been the beginning.

HEARING OFFICER SHAPIRO:

It gives notice of the fact that that project was going to have an impact on

1 important land resources; is that right?

2 A Yes, that would be in that.

3 HEARING OFFICER SHAPIRO:

4 And he basically--or in the second
5 paragraph it describes the areas where
6 that project will be performed. Look at
7 the second paragraph?

8 A Yes, those roads were the roads that were
9 considered for this project, yes.

10 HEARING OFFICER SHAPIRO:

11 And when it considered a list of roads
12 that are being considered for that
13 project it lists Willow Creek Road,
14 which is now Aaron-Barnette Road, right?

15 A Yes.

16 HEARING OFFICER SHAPIRO:

17 And it lists other roads but it
18 designates on those other roads that--it
19 designates in that notice that those--or
20 indicates, rather, in that notice that
21 only portions of those roads will be
22 considered, or are being considered; is
23 that right?

24 A Well, most likely its our water line was

1 already down that road.

2 HEARING OFFICER SHAPIRO:

3 I mean, that's what the notice is
4 saying?

5 A Yes.

6 HEARING OFFICER SHAPIRO:

7 Isn't that correct?

8 A Yes, it is.

9 HEARING OFFICER SHAPIRO:

10 And with respect to Willow Creek Road,
11 it doesn't say anything except Willow
12 Creek Road?

13 A But for the--

14 HEARING OFFICER SHAPIRO:

15 Is that correct?

16 A Yes.

17 MR. EDELMAN:

18 He has a right to explain.

19 A But for the Commission's understanding that these
20 are preliminary studies. The actual number per
21 mile and if we don't kick them out, if we have a
22 road in there that has got two miles and two
23 people on it, if we don't kick it out our lending
24 people will do it for us.

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HEARING OFFICER SHAPIRO:

I understand. I understand that there are some other procedures that are going to follow. But insofar as that notice is concerned, that notice says that the roads that the project is being considered for are the roads that are listed in that notice?

A Yes.

HEARING OFFICER SHAPIRO:

Does that answer your questions?

MR. THOMAS:

Thank you Mr. Shapiro.

Q Mr. Kincer, would you agree with me that an average person reading that notice would believe that the South Anderson Water District was going to construct water lines entirely along Willow Creek Road?

A Knowing what I know of roads that we have to evaluate--

HEARING OFFICER SHAPIRO:

Well, he is asking you what an average person would--if you--what an average person would think about that, what

1 interpretation an average person would
2 give to that notice, not what you would
3 give to that notice knowing what you
4 know about the procedure.

5 A Okay. I'd say it would probably stir up the
6 interest of that person getting back with the
7 water district to understand if it is going
8 to be--get into his house.

9 Q I don't know that that answers my question, so let
10 me ask my question again. Would you not agree,
11 Mr. Kincer, that the average person reading that
12 would believe that the South Anderson Water
13 District was going to construct water lines
14 entirely along Willow Creek Road, not part of the
15 road, all of the road? That's a yes or no
16 question, Mr. Kincer.

17 MR. EDELMAN:

18 He has a right to explain his answer.

19 MR. THOMAS:

20 He can answer yes and explain.

21 HEARING OFFICER SHAPIRO:

22 Just a second, is there an objection, do
23 you have an objection to the question?
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MR. EDELMAN:

I have an objection to the question.

HEARING OFFICER SHAPIRO:

What is the objection?

MR. EDELMAN:

The objection is he is talking about that notice talking about constructing water lines and the notice speaks for itself. The notice--clearly in the notice it talks about the purpose is the impact on farm land. It is not a notice about the scope of the project. And that's an unfair--that is a question that cannot take a yes or no answer to. He needs an opportunity to explain.

HEARING OFFICER SHAPIRO:

He's asking him though--essentially, what he is asking the witness is whether or not a person, an ordinary person living in the South Anderson Water District might read that, the person reading that, rather, that person reading it, rather the person I described reading that would come to the

1 conclusion that a project was being
2 considered that will cover the entire
3 Willow Creek Road. Do you have an
4 opinion as to whether or not a person
5 would reach such a conclusion, yes or
6 no? First of all, do you have an
7 opinion on it?

8 A An average person might assume that--

9 HEARING OFFICER SHAPIRO:

10 Well, do you have an opinion on it, you
11 have an opinion?

12 A Yes.

13 HEARING OFFICER SHAPIRO:

14 Okay, what is your opinion?

15 A Well my opinion is that all roads cannot be--

16 HEARING OFFICER SHAPIRO:

17 No, I want to know what your opinion
18 about what the average person would--
19 what an average person would conclude
20 from this?

21 A An average person probably yes would--that's the
22 best way to get out of that.

23 Q First of all, Mr. Kincer, you did hold the
24 public hearing on March 8 at nine o'clock

1 a.m?

2 A Yes.

3 Q You were there, were you not?

4 A Most likely I was, yes.

5 Q And you will agree with me, Mr. Kincer, that
6 that meeting was not very well attended?

7 A It would have been announced that the meeting
8 was going to be held, the number of people
9 that come is not--we cannot control that.

10 HEARING OFFICER SHAPIRO:

11 Well, the question was was it well
12 attended or not? Let him answer the
13 question.

14 A I'd say yes.

15 HEARING OFFICER SHAPIRO:

16 You say it was well attended?

17 A Yes.

18 HEARING OFFICER SHAPIRO:

19 Okay.

20 Q Your minutes reflect that only, if you
21 exclude Mr. Taylor, only six households
22 showed up for that meeting, if you exclude
23 Mr. Taylor and, of course, exclude yourself
24 and Mr. Washford and the other commissioners

1 and, of course, the Judge-Executive, only six
2 households showed up there. That's what your
3 minutes reflect; would you agree with me
4 there?

5 A Yes.

6 Q Now there has been some dispute, Mr. Kincer,
7 about how long those people who would not
8 receive water on Aaron-Barnette Road would
9 have to wait if they don't get water this
10 time. But you have testified that you engage
11 in expansion project every four to five years
12 and it takes a few years after that to get it
13 developed; is that correct?

14 A That would be proper, yes.

15 Q So, it's fair to say that if they don't get
16 water now in 2000 that they are probably not
17 going to--looking at getting water again
18 until somewhere between 2005 and 2007; is
19 that a fair statement, Mr. Kincer?

20 A Yes, it would be.

21 Q Mr. Edelman, in cross-examining my client talked
22 about road captains. Now, there were road
23 captains for each of these different projects; is
24 that correct Mr. Kincer?

1 A Restate your question please?

2 Q Okay. Were there road captains for each of
3 these different 14 projects

4 A Road tapplings?

5 Q Captains, captains, that is the term that
6 your attorney used?

7 A Okay.

8 Q Road captains, were there road captains, he
9 used that term?

10 A You will have to show me the question and I
11 need more--

12 HEARING OFFICER SHAPIRO:

13 I don't think it is in your testimony,
14 but during the course of the cross-
15 examination of Mr. Barnette mention was
16 made of road captains for each of these
17 roads that the project was scheduled to
18 be conducted over. Do you--are you
19 aware of those--of these people, who
20 they were?

21 A No, not--I'm not familiar with.

22 Q Mr. Kincer, did you have someone go along all
23 of Willow Creek Road to contact every
24 resident on Willow Creek Road in 1998 to find

1 out whether all of those residents on Willow
2 Creek Road wanted water?

3 A People are contacted either by the staff of
4 the water district or by team captains that
5 are located on those roads that we plan to
6 serve.

7 Q I just want to ask you what you know. Do you
8 know if the person who went along Willow
9 Creek Road was told to go--was told to
10 contact everyone who lived on Willow Creek
11 Road?

12 A I do not know that to be a fact, no.

13 Q Now, you have heard Mr. Barnette testify that
14 he was not contacted. You don't have any
15 reason, then, to dispute his testimony since
16 you don't know. He made the--in fact, he may
17 indeed be telling the truth that he was not
18 contacted about whether he wanted water?

19 A What are you asking me?

20 Q My question is Mr. Barnette may indeed be
21 telling the truth that he was not contacted
22 by any official of South Anderson Water
23 District regarding his interest in water?

24 A I'm not going to dispute whether he is

1 telling the truth or not. I didn't ask him
2 the question.

3 HEARING OFFICER SHAPIRO:

4 The fact is you don't know whether they
5 went up there and talked to everybody do
6 you?

7 A No, I do not, no.

8 HEARING OFFICER SHAPIRO:

9 So, if he says that he wasn't--that he
10 was never contacted, you have no reason
11 to question that?

12 A No.

13 Q Mr. Kincer, you don't deny that some of these
14 water lines that are going to be constructed
15 are going to serve non-Anderson Countians?

16 A I'd say there is potential of our water district
17 with an agreement with adjoining counties that if
18 one of us go down our county road and the other
19 side of the road is Mercer County, Washington
20 County, that it is proper for that district upon
21 an agreement with that county to push under the
22 road to serve a house that is in the other county
23 during either a project or after a project is
24 over, if those people request water.

1 Q And that is indeed what is going to happen
2 here, Mr. Kincer, that some of these water
3 lines are going to serve non-Anderson County
4 residents. That's going to happen here;
5 isn't that correct Mr. Kincer?

6 A It has the potential and it is proper to do
7 that.

8 Q Now, we are here today, Mr. Kincer, but back
9 in June Mr. Barnette did come to you and ask
10 you to modify your construction plan and
11 include his part of the road, did he not?

12 A He did come to the water district and request
13 that we serve that road, yes.

14 Q In fact, that was submitted on behalf of Mr.
15 Barnette in June of last year saying let's
16 modify this proposal to include my road, was
17 it not?

18 A I'm--it probably would be.

19 MR. THOMAS:

20 Mr. Shapiro, I would like to introduce
21 this. I have marked it as Plaintiff's
22 Exhibit 2, but I don't know how you want
23 to designate it.
24

1 HEARING OFFICER SHAPIRO:

2 Well, probably, unless this witness can
3 identify it, I don't know how you can--

4 MR. THOMAS:

5 Well, he just said--

6 HEARING OFFICER SHAPIRO:

7 He said probably, have you ever seen
8 this document?

9 A No, I haven't and I asked my attorney to look
10 at it.

11 HEARING OFFICER SHAPIRO:

12 Well, I'm asking you whether you have
13 ever seen it?

14 A The meeting that Mr. Barnette came to--

15 HEARING OFFICER SHAPIRO:

16 Let's talk about this document.

17 A No, I do not; no, I cannot.

18 HEARING OFFICER SHAPIRO:

19 I don't see how this witness can
20 identify this for the record.

21 Q A meeting did take place, though, in July to
22 discuss Mr. Barnette's proposal to modify
23 your construction plan to include all of
24 Willow Creek Road; correct? You were at that

1 meeting, were you not Mr. Kincer?

2 A Yes.

3 Q In July of '99?

4 A Uh-huh.

5 Q Is that correct?

6 A When Mr. Barnette came to that meeting the
7 reason he came was, and he made the statement
8 in front of our commissioners, that he wanted
9 the water line down his road so he could sell
10 lots from his land and make money. That was
11 statements that was made at that meeting.
12 And we felt like it was not necessary to hold
13 up water to 350 houses for one individual
14 request that was not included in the project
15 due to not being feasible.

16 Q Mr. Kincer, certainly, certainly you have
17 seen this. That is--these are the minutes
18 for the South Anderson Water District meeting
19 in August of 1999 where you deny Mr.
20 Barnette's request. You are familiar with
21 that document?

22 A This was the meeting that you attended.

23 Q Yes, I was there as well?

24 A Okay. Would you restate your question

1 referring to these minutes?

2 Q You are familiar with those minutes?

3 A Yes.

4 MR. THOMAS:

5 Your Honor, I'd like to introduce this
6 as 2--

7 HEARING OFFICER SHAPIRO:

8 Well, that would be Barnette Exhibit 12.
9 No objection?

10 MR. EDELMAN:

11 No objection.

12 HEARING OFFICER SHAPIRO:

13 Okay. Give it to the reporter as
14 Barnette Exhibit 12. That's minutes of
15 a meeting--what meeting?

16 MR. EDELMAN:

17 August 19, 1999, Board meeting.

18 (EXHIBIT SO MARKED: Barnette Exhibit No. 12)

19 Q Now, sometime after you initially formulated your
20 proposal, Mr. Kincer, you did modify your list of
21 water construction on Willow Creek Road; did you
22 not?

23 A If you will come a little closer, I do have a
24 hearing problem.

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HEARING OFFICER SHAPIRO:

You need to stay close to your microphone because that's where the court reporter picks up.

Q Sometimes between June and now, though, Mr. Kincer, you have indeed modified the list of construction that you are going to perform, you being South Anderson Water District, let me be precise, that South Anderson Water District is going to perform on Willow Creek Road?

A I'm not familiar that we modified in that time. We did have a plan to serve water down certain roads and as long as it is feasible I don't know why we would have modified unless it came, you know, through the engineer.

HEARING OFFICER SHAPIRO:

Isn't it a fact, though, that the initial plan was for 1.2 miles down the Willow Creek Road and then it was later changed to 1.8 miles down Willow Creek Road?

A That's possible, yes.

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MR. EDELMAN:

Not to add--he may not be able to explain but Mr. Taylor can.

HEARING OFFICER SHAPIRO:

Is Mr. Taylor a better witness to talk about this?

A Yes.

MR. EDELMAN:

He can explain that deviation Your Honor.

Q One other question, Mr. Kincer, well, a couple of them, but one other topic. You know, we have not talked about health issues at this hearing. But I received some documentation regarding my discovery and I'm not clear. In the CDBG grant, if you turn to page 46, on page 46 of the CDBG grant.

MR. EDELMAN:

Yes, I don't think he prepared that, Mr. Taylor prepared that document, to the extent he knows, Mr. Thomas, you know.

MR. THOMAS:

Well, let me ask and if he doesn't know then Mr. Taylor is going to be the next witness.

1 HEARING OFFICER SHAPIRO:

2 Don't speculate on anything, just tell
3 us what you know and if you don't know--
4 if you don't know we can ask Mr. Taylor
5 later.

6 Q The CDBG grant has alphabetical listings for
7 the projects and Willow Creek Road has been
8 designated as I. Now, on page 11 I've been
9 told that indications that there is pneumonia
10 bacteria present--really meant L, which was
11 Rice Road not I, which is Willow Creek Road.
12 But then you come on page 46 again it
13 indicates I, including they mean I this time
14 because there is an L down there as well.
15 And that also indicates area shows evidence
16 of pneumonia bacteria in water supplies for
17 Willow Creek Road. Is this an accurate
18 statement of your application, Mr. Kincer, or
19 is this also incorrect? Should this I also
20 have been L?

21 A I would refer that question to our engineer,
22 Mr. Taylor. So, I'm not familiar of why
23 those are that way, but I'm sure he could
24 probably address that in his questions.

1 Q Mr. Kincer, one final question. South Anderson
2 Water District proposes to serve nine households
3 over 1.2 miles in 1998. Since that time there
4 have been 12 households, the fact there is going
5 to be 12 households that are built or inhabited
6 since that initial determination over the
7 remaining 1.2 miles. Why did South Anderson Water
8 District make a decision to only include half of
9 those households and not the other half? If you
10 are going to modify the proposal, why just include
11 six of the 12 and not the remaining six?

12 A The South Anderson would have to justify the
13 number of tap-ons per mile or what for the
14 dollars that we are going to borrow with the
15 ability to pay back. They will not loan
16 money on land that has--whether it is sold or
17 people saying they will put water meters in
18 if the houses are not there. And they was
19 not there in 1998 when we put the project
20 together. So, what happened after '98 is not
21 a part of this project and we elected to not
22 delay the people and even take a chance on
23 losing the grant money that we had by holding
24 this up for another six months. So,

1 basically, our review is what we did in 1998
2 to be included in the Phase 5 project.

3 Q I'm not trying to be disrespectful, Mr.
4 Kincer, but I don't think you answered my
5 question. Because, clearly, you have already
6 established that you did modify the proposal
7 some because you have gone from 1.2 to 1.8.
8 So, my question again, sir, again is since
9 you have indicated--since you have already
10 indicated a willingness to modify the
11 proposal and pick up six of the households,
12 why didn't you pick up the other six?

13 A I'd say we did not modify.

14 MR. THOMAS:

15 I have no further questions, Your Honor.

16 MR. PINNY:

17 I have just a few questions probably to the shock
18 and consternation of most people here.

19

20 CROSS EXAMINATION

21 BY MR. PINNY:

22 Q Good afternoon, Mr. Kincer, it is now afternoon so
23 I can say that correctly. I wanted to remind
24 everybody here that my role here is neutral, I

1 don't take sides, I'm just here to make sure that
2 the record is complete and sufficient as possible
3 so the Commission can make a full and wisely
4 advised decision. So, I just have one or two
5 questions to ask you.

6 A Okay.

7 Q The first is in regard to, I guess, the
8 timing of the notices that were published in
9 the paper and the applications that were
10 submitted for grants and loans. Which was
11 completed first, were the applications sent
12 in for the grants and loans before the
13 hearings were posted, the notice for hearings
14 posted and--or whether the notices were
15 posted for the possible water extension?

16 A The notices would have been by schedule.

17 Q Okay.

18 A Which is what we follow.

19 Q After you had submitted the grants, the
20 applications?

21 A Uh-huh.

22 Q Now, do those applications contain plans for
23 the expansion? I suppose they did, didn't
24 they?

1 A If you are meaning--

2 Q At least a projected plan for the Phase 5
3 expansion when you sent in the applications
4 for the grants and loans?

5 A I'm really sorry, I don't think I'm getting
6 all of your question.

7 Q Well, okay, when you apply--this may have
8 been in your testimony but I want to
9 elucidate it, because I'm not that bright.
10 If--when you apply for a grant or for a loan
11 do you provide the people to whom you are
12 applying with a plan of your expansion or at
13 least a rough plan of what you will be doing,
14 the number of people to whom you will be
15 hooking up and, roughly, where it will be?

16 A That would be probably in the preliminary
17 engineering.

18 Q It would be, like, it would be preliminary
19 and not necessarily something set in stone?

20 A Yes.

21 Q And that usually, typically would be included in
22 that application and that application would be
23 filed prior to the notices printed in the paper?

24 A Yes.

1 MR. PINNY:

2 Okay. I have no further questions.

3 HEARING OFFICER SHAPIRO:

4 Any redirect?

5 MR. EDELMAN:

6 I've got a few questions. I know its lunch time.

7 HEARING OFFICER SHAPIRO:

8 That's okay, let's get through this witness and
9 then we will take a lunch break.

10

11

REDIRECT EXAMINATION

12 BY MR. EDELMAN:

13 Q Mr. Kincer, lot has been made out of this notice
14 that was put in the paper. But if you know, and
15 you may not and if you don't just say you don't
16 and we will ask Mr. Taylor, because he will,
17 because he put a lot of this together. But other
18 roads that were in this notice that Mr. Thomas
19 talked to such as Tanner, Ashby, Glensboro, Searcy
20 School Road, Hungry Run Road, Dugansville Road,
21 Lick Skillet Road, Cox and Gilberts Creek, were
22 they not also only partially included in this
23 project?

24 A Yes, those roads were in the eight to ten

1 that I said was also like Willow Creek.

2 Q So, if one was trying to give the impression
3 to this Commission that Willow Creek is the
4 only road on that notice that was only
5 partially--was only going to be partially
6 included in this project, would that be
7 correct or incorrect

8 A Restate it please, I don't want to answer--

9 Q If one was trying to give this Commission the
10 impression that that notice where Willow
11 Creek is mentioned and also these other roads
12 are mentioned that are partially--going to
13 have partial completion of water lines, would
14 it be unfair to--would it be an unfair
15 statement to say that in that notice that
16 Willow Creek is going to be the only road
17 that is going to have partial construction
18 done on it?

19 A That would be unfair, yes.

20 Q And why is that?

21 A Well, because in realistic those other roads
22 were cut off partly because of the lack of
23 funds, as well as Willow Creek was.

24 Q And what considerations were taken into

1 account by the District when those roads were
2 judged?

3 A Houses, number of houses per mile or number
4 of houses in the length of the line whatever
5 it would take.

6 Q Has this District tried to treat Mr. Barnette
7 any differently than any of the other
8 individuals that are not included in this
9 project that actually filed petitions with
10 the District to be included?

11 A No, no, we have not.

12 MR. EDELMAN:

13 That's all I have.

14 HEARING OFFICER SHAPIRO:

15 Mr. Thomas, any recross?

16 MR. THOMAS:

17 I have one question, Your Honor.

18 HEARING OFFICER SHAPIRO:

19 Okay. Hold it strictly to what was raised the
20 first time.

21 MR. THOMAS:

22 All right, that's consistent with the rules of
23 evidence.

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RE-CROSS EXAMINATION

BY MR. THOMAS:

Q Mr. Edelman talked about feasibility and I just want to be clear again when you talk about feasibility. You didn't treat Mr. Barnette any differently, you just looked at three things, you looked at number of households per mile, cost of the construction per mile, and the low income-- number of low income households?

A I think I've already answered that.

HEARING OFFICER SHAPIRO:

Yes, how is this any different than what he has testified to before? Is that it?

MR. THOMAS:

That's it.

HEARING OFFICER SHAPIRO:

Thank you Mr. Kincer. We will be in recess until 1:30.

(OFF THE RECORD)

HEARING OFFICER SHAPIRO:

Back on the record. Mr. Edelman, you want to call your next witness?

MR. EDELMAN:

Thank you, I call Mr. Ken Taylor.

1 HEARING OFFICER SHAPIRO:

2 Mr. Taylor?

3 MR. EDELMAN:

4 T-a-y-l-o-r, engineer for the District.

5 (WITNESS DULY SWORN)

6

7 The witness, KEN TAYLOR, having first been duly
8 sworn, testified as follows:

9

DIRECT EXAMINATION

10 BY MR. EDELMAN:

11 Q State your name for the record please?

12 A Ken Taylor.

13 Q And where are you employed Mr. Taylor?

14 A Engineering firm of Kenviron, Inc.

15 Q You have previously given verified testimony
16 in the form of a deposition on February 3,
17 2000; is that correct?

18 A Yes, it is.

19 Q Do you adopt--you have had an opportunity to
20 view that?

21 A Yes, I have.

22 Q Do you adopt that testimony as your testimony
23 on direct today?

24 A I do.

1 MR. EDELMAN:

2 I've provided the reporter with a copy.

3 HEARING OFFICER SHAPIRO:

4 You wish to offer that into evidence?

5 MR. EDELMAN:

6 I guess that is offered into evidence as
7 Defendant's--are we on three or four?

8 HEARING OFFICER SHAPIRO:

9 Four, Defendant's 4.

10 COURT REPORTER:

11 What was three?

12 HEARING OFFICER SHAPIRO:

13 Three was the testimony of Mr. Kincer.
14 Wait a minute, maybe I'm wrong. The
15 Notice was Defendant's Exhibit 1, Mr.
16 Kincer was two, I'm sorry, you are
17 right, this is three.

18 (EXHIBIT SO MARKED: Defendant Exhibit No. 3)

19 HEARING OFFICER SHAPIRO:

20 Is he tendered for cross-examination?

21 MR. EDELMAN:

22 Yes, sir.

23 HEARING OFFICER SHAPIRO:

24 Mr. Thomas?

1 MR. THOMAS:

2 Thank you Mr. Shapiro.

3

4

CROSS EXAMINATION

5 BY MR. THOMAS:

6 Q Mr. Taylor, my first question to you is simply is
7 Fox Creek Road in or out of the project?

8 A It is in the project, it is being funded
9 solely with Rural Development money with no
10 CDBG money.

11 Q So, Fox Creek Road then is being funded with
12 loan money?

13 A Correct.

14 Q Okay. And as you testified in direct
15 examination, the reason it is in the project
16 is because it fit nicely with the project?
17 Those are your words?

18 A Yes, I assume that is probably what I said.

19 Q Now, just to clear up some confusion from Mr.
20 Kincer's testimony, the initial application
21 that was submitted on behalf of South
22 Anderson Water District only had Willow Creek
23 going 1.2 miles; is that correct?

24 A In the description and in the original cost

1 estimates that were done it was 1.2 miles,
2 correct.

3 Q That's just--

4 HEARING OFFICER SHAPIRO:

5 Could I get you to hold that microphone
6 if you are going to walk around?

7 MR. THOMAS:

8 Yes, sir.

9 HEARING OFFICER SHAPIRO:

10 The reason is that the court reporter
11 picks up different tracks for different
12 microphones and--you can walk around,
13 you just need to hold the microphone.

14 Q The initial application had 1.2 miles?

15 A That was in the description, yes.

16 Q And that was in the application for the CDBG
17 money, correct?

18 A Both the CDBG and the Rural Development.

19 Q And then sometimes between June of '99 and
20 today, that length has changed now to 1.8
21 miles; is that correct?

22 A Correct.

23 Q Okay.

24 A Reason--would you like me to explain why?

- 1 Q Mr. Shapiro will tell you that once you answer my
2 question you certainly have a right to explain.
- 3 A Okay. In going through, when we started the
4 process where you were requesting changes and
5 so forth, and having to respond to those
6 questions and so forth, in looking at who was
7 interviewed for the CDBG eligibility, it
8 included those people that lived in that
9 other 6/10 of a mile. And those were
10 prepared by the grant writer who is Brian
11 Kirby. That was not anything that I was
12 involved in, but in order to determine the
13 eligibility of that road they had interviewed
14 everybody down through Mr. Wells, who is the
15 last house on that 6/10 of a mile.
- 16 Q That's 1402 Willow Creek Road?
- 17 A Could be, I don't know, he is the last one on
18 the right there before you come back over the
19 creek and start the 1.3 miles. So, since
20 they were used in the eligibility, they had
21 to be included in the project.
- 22 Q And that modification, if you will, Mr.
23 Taylor, has not upset or deterred the South
24 Anderson Water District from going forward

1 with this project, has it?

2 A Ate into the contingency money.

3 Q By \$28,000?

4 A There about, probably, that's the estimate,
5 yes. Based--well, that's the estimate based
6 on the numbers that were used in the total
7 project.

8 Q And you will agree with me that that would
9 still leave \$140,000 of contingency money
10 still available?

11 A No.

12 Q Why do you disagree with that?

13 A The budget numbers that you were looking at
14 earlier, that you were displaying, were based
15 on the full million dollar CDBG funding
16 application which did not get funded to that
17 level. So, those monies that are in between
18 would have had to come out of the contingency
19 money.

20 Q Is there a contingency budget in the project
21 now Mr. Taylor?

22 A There is still some contingency fund, yes.

23 Q How much contingency funds are there?

24 A Again, we have not redone the budget since

1 the preliminary budget. Once we take bids--
2 well, actually, I guess even before we do
3 bids we will have to update the entire
4 estimate on the entire project and present
5 that to Rural Development when we ask for
6 authorization to bid the project.

7 Q Okay.

8 A But at this point that has not been done.

9 Q Okay. But your contingency budget did state
10 \$167,800?

11 A Yes, when it started, I think. I will agree
12 with you without going back and looking at
13 the exact numbers.

14 Q Now, you would agree with Mr. Kincer's
15 testimony on one respect, that is the
16 feasibility criteria consists of three
17 things: One, the density, the number of
18 households per mile; two, the cost of doing
19 the project; and, three, the eligibility--I
20 mean, a sufficient number of low income
21 households to make--to become CDBG eligible.
22 Those are the only three criteria that you
23 were concerned with?

24 A No, not that I would be concerned with. I

1 would also look at how it fits with what the
2 project is doing. You know, if you start--
3 and this one is scattered out pretty well
4 already, but there--how it fits in with the
5 rest of the district's facilities and that
6 kind of thing. And often that will get back
7 into a cost consideration also.

8 Q So, then, you are really changing your answer
9 then, aren't you, Mr. Taylor, from what you
10 told Mr. Edelman and Ray, if you want to
11 follow me I'm on page 49, questions 170
12 through 172. If you look at your testimony
13 there you say, "The selection of the roads in
14 the project that we discussed earlier were a
15 combination of CDBG qualification per
16 household income and for household numbers
17 along each roadway?" Question. Your answer,
18 "And construction costs, yes." Mr. Edelman:
19 "And construction costs along the roadway?
20 Uh-huh, affirmative. Were they the sole
21 considerations? Those three, yes.

22 A And again--

23 Q Wait a minute, let me finish first. So, are
24 you changing your answer now saying there are

1 other considerations Mr. Taylor?

2 A As I ended up the other part of it, that it
3 figures out in the cost considerations too,
4 but I mean it is not just a straight cost
5 number necessarily.

6 Q Well, that's what Mr. Shapiro and I want to
7 know today, what other considerations are
8 there besides density, besides cost and
9 besides low income numbers, what other
10 considerations are there?

11 A Well, again, how it fits with the rest of the
12 District's facilities and, again, that will
13 get into the--it is not just the cost of that
14 road but that may cause other cost in the
15 rest of the facilities. If you can't serve
16 along that road because you don't have enough
17 pressure to serve along that road, then you
18 have to look at the other parts of the
19 system, too.

20 Q When you say pressure, are you speaking from
21 an engineering standpoint?

22 A Yes, uh-huh.

23 Q Okay. Well, let me ask you this, do you have
24 any reason to believe that you wouldn't have

- 1 adequate pressure to complete the remaining
2 1.3 miles of Willow Creek Road?
- 3 A No, now there is adequate pressure on Willow
4 Creek Road.
- 5 Q So, that would not be a consideration then?
- 6 A Correct.
- 7 Q Okay. Any other considerations other than
8 the three we have already mentioned, I'm not
9 going to repeat those, and hydraulic pressure
10 considerations?
- 11 A No, that's--well, obviously, if the District
12 what other facilities they have in that area,
13 but then again that is cost--a cost figure.
- 14 Q So, that would be a cost figure?
- 15 A Yes.
- 16 Q No other considerations other than those
17 four?
- 18 A Not from my standpoint.
- 19 Q Mr. Taylor, have you ever traveled all of
20 these roadways, have you taken the time to go
21 through all of these roadways, every one of
22 them?
- 23 A Yes.
- 24 Q So, you have been down Lick Skillet Road?

- 1 A Yes.
- 2 Q Okay. Would you not agree with me that when
3 you travel down Lick Skillet Road today that
4 you have got to travel about 1.5 miles before
5 you get to the first household?
- 6 A From the Fairview side?
- 7 Q Well, from coming in--I guess you come in off
8 of 62, you come in off 62--
- 9 A We are not coming into it from that
10 direction, we are coming in to it from
11 Fairview.
- 12 Q Okay. You are coming in from Fairview and
13 going up?
- 14 A Yes, we are not going all the way across that
15 road.
- 16 Q But you are connected to 62, are you not?
- 17 A No. No, it doesn't go all the way across, it
18 only goes what, 1.3 miles or so.
- 19 Q And so, you are spending monies on 1.3 miles
20 of Lick Skillet Road?
- 21 A I think that is the number, yes.
- 22 Q Now, how many households are you getting on
23 Lick Skillet Road? Would eight be correct?
- 24 A Is that--I--

1 Q You prepared this map, Mr. Taylor,--

2 A I know.

3 Q --you'd be most familiar with it?

4 A Yes, but that's not going to help because it
5 has the whole--there is 74 in that area of
6 those interconnected roads, there are 74
7 potentially, or users that we are
8 anticipating in that area.

9 Q My question is, if you know the answer, then
10 answer; if you don't, don't. On Lick Skillet
11 Road, the 1.3 miles you say on Lick Skillet Road,
12 how many households are there on that road?

13 A In the portion that we are serving my
14 recollection is eight to nine, somewhere in
15 that--

16 Q And would you agree with me that of those
17 eight to nine that eight of them are
18 Washington County households?

19 A Of the original ones when the project was put
20 together there was one house in Anderson
21 County and I think the rest of them are in
22 Washington. And since that time there has
23 been another one built in Anderson County.

24 Q So, of the cost of this project you are going

1 to spend monies for 1.3 miles of roadway but
2 you are only going to serve two Anderson
3 County residents?

4 A Correct.

5 Q And you also indicated in the rest of the project
6 that there are three other Washington County
7 facilities that may be served, two residences and
8 one church in that Fairview area?

9 A In that Fairview area there are, yes.

10 Q Now, I have another question about Rice Road.
11 You are going to go down Rice Road as well,
12 correct, as part of the project?

13 A Correct.

14 Q Okay. And there are not many households you
15 are going to pick up on Rice Road, are there?

16 A There is about six as I recall, five or six.

17 Q In interrogatories provided to me by Mr.
18 Edelman as part of this record, Mr. Shapiro,
19 you say six.

20 A Okay. I don't remember exactly how many is
21 on each road, but that sounds correct, in
22 that area.

23 Q Now, let me ask you about Cox Road because
24 I'm not clear about that either, Mr. Shapiro.

1 A Okay.

2 Q You said you are going to pick up nine
3 households on Cox Road and you verify in your
4 answers to my interrogatories that there are
5 nine households. Now, is that--are the six
6 in Mercer County included in that nine?

7 A Yes.

8 Q Okay. So, only three Anderson County
9 households in the Cox Road project?

10 A Correct, there are three between the end of
11 the line where we are at now and the county
12 line we intend to go to.

13 Q Now, I show you these answers of defendant,
14 South Anderson Water District, the
15 complainant's first set of interrogatories
16 and request for production of documents.
17 This was provided to me by Mr. Edelman. Did
18 you assist Mr. Edelman in answering these?

19 A Yes, I did, yes.

20 Q Okay. So, you have seen this document?

21 A Yes.

22 Q Okay, and I'm particularly going to
23 interrogatory number ten where I ask about
24 each project information regarding the length

1 of water lines to be built along each
2 roadway, the number of customers to be
3 served, the per capita income of residents
4 along each roadway, the total cost of
5 construction. And you provided these
6 figures--

7 A Yes.

8 Q --to Mr. Edelman, is that correct, for each
9 of the 14 projects, is that correct?

10 A Yes.

11 Q Now, I took those figures, your figures Mr.
12 Taylor, your figures, and using your figures,
13 Mr. Taylor, I prepared a chart of density and
14 cost per customer, those being two key
15 considerations that you said that you used to
16 determine the feasibility of the project.
17 And what I noted, Mr. Taylor, upon doing that
18 that if you looked at Willow Creek in its
19 entirety, and Mr. Edelman has a copy of this
20 as does the--Mr. Shapiro. Willow Creek still
21 has a better density, Mr. Taylor, using your
22 numbers, than four of the other projects you
23 propose to do. It has a better density, the
24 entire Willow Creek Road than US Highway 127

1 bypass and Anderson County Drydock State Road
2 44 project, than Rice Road and Fox Creek
3 Road. Using all of Willow Creek, the
4 feasibility criteria that both you and Mr.
5 Kincer say that's what we look at more than
6 anything else--

7 MR. EDELMAN:

8 Is there a question here or are we just
9 going to just--

10 MR. THOMAS:

11 There is a question.

12 MR. EDELMAN:

13 All right.

14 Q Would you not agree that based upon your
15 numbers the entire Willow Creek Road has a
16 better density than those four projects?

17 A With the numbers you used, yes. With the
18 numbers that were used in '98, I'd have to go
19 back and calculate again, because you have
20 used a number for people that are out there
21 now that weren't there in '98 when we put the
22 project together.

23 Q And in terms of cost per customer that you
24 looked at Willow Creek Road in the entirety,

1 using your numbers that you provided today,
2 that it would be cheaper, be cheaper, for
3 South Anderson Water District to construct
4 water lines along the entire Willow Creek
5 road than three other roads that is proposed
6 to use?

7 A Again, based on the numbers that you have
8 shown with the 21, which I assume--and,
9 again, I don't know who--I don't know how you
10 derived the 21 number.

11 Q Well, I used your numbers, to answer your
12 question, I just used your numbers. You
13 indicated that there were 15 households that
14 you were going to use--

15 A Well, again, not on Willow Creek you didn't
16 because the 21 number is not a number I
17 generated.

18 Q Okay, but--

19 A I don't dispute the rest of them.

20 Q But let's look at that. If you look on those
21 answers to interrogatories, if you do a
22 complete loop of Willow Creek,--

23 A Okay.

24 Q --you've got 21 meter settings, okay. That's

1 what you used, 21 meter settings. If you
2 look at--

3 A Oh, okay.

4 Q If you look at what you are going to do on
5 each project, you have got 15.

6 A That was based on when I went back out and
7 looked at it again right before--this is
8 where the 21 came from, not the number that
9 was in '98.

10 Q Okay, that's the number I used. That's where
11 the 21 came from.

12 A Okay, I'll go along with that, yes,

13 Q Those are real numbers.

14 A Like I say, I went out and recoun--in January
15 recounted the houses that are there now.

16 Q So, my question, my second question to you or next
17 question to you is this. Using your numbers that
18 you provided to me today, would you not agree that
19 if you did Willow Creek in its entirety that it
20 would be a better project than--from a cost per
21 customer standpoint--than Burgin Road, Rice Road,
22 Fox Creek Road?

23 A Assuming your chart is put together
24 correctly, yes, I'd say--and I agree--I

1 assume you got my numbers correctly off of
2 there, in which case I agree with you.

3 Q I'll be glad to give you as much time--

4 A I understand.

5 Q --as you want make sure that your numbers on
6 this chart match my numbers here.

7 A I don't dispute that they do. But, I mean,
8 I've still got to qualify what I say because
9 I didn't put those together.

10 Q But you put the numbers together, you admit
11 that.

12 A These numbers are my numbers, yes.

13 Q And you won't dispute that these numbers here
14 are the numbers that I show here?

15 A I don't dispute that, no.

16 Q That's all I'm asking.

17 MR. THOMAS:

18 Your Honor, I'd like to introduce this
19 as Applicant's Exhibit 6 under my
20 testimony. This will be Claimant's
21 Exhibit Number 13.

22 MR. EDELMAN:

23 I'm going to object to the introduction
24 of this. I think he had an opportunity

1 to supply the exhibits prior to the
2 hearing date. He hasn't done that, this
3 is the first time we've ever seen this.
4 It is my understanding that those should
5 have been exchanged before hand. I
6 asked him for this information in
7 interrogatories and never got it.

8 MR. THOMAS:

9 Your Honor, may I respond Mr. Shapiro?

10 HEARING OFFICER SHAPIRO:

11 Yes, wait just a second, go ahead.

12 MR. EDELMAN:

13 That's it.

14 HEARING OFFICER SHAPIRO:

15 Go ahead.

16 MR. THOMAS:

17 Your Honor, these numbers strictly came
18 from his, as Mr. Taylor has already
19 indicated, from his information. I
20 didn't have this information, I just
21 basically have taken his information, he
22 had this information. So, I haven't
23 done anything that he hadn't already had
24 knowledge of.

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HEARING OFFICER SHAPIRO:

Well, I'm going to sustain the objection, but I think in all fairness that if it is based on testimony and evidence in the record that it can be reproduced for purposes of argument.

MR. EDELMAN:

And I'm not--one of the problems with this is that Mr. Taylor has not had a chance to go over the calculations and determine if they are correct. That is one of the problems.

HEARING OFFICER SHAPIRO:

I'm going to sustain the objection, but I think that you can use--if it is--

MR. EDELMAN:

I don't have any problem arguing the figures.

HEARING OFFICER SHAPIRO:

--if it is derived from evidence that is in the record then, obviously, you can use that in making your argument when you prepare your brief. You see the distinction I'm making?

1 MR. THOMAS:

2 I understand Mr. Shapiro.

3 Q Mr. Taylor, under your numbers again, you
4 still intend--it is still the intent of South
5 Anderson Water District to do projects such
6 as Rice Road and Fox Creek Road even though
7 those have considerably lower densities than
8 doing all of Willow Creek Road and at a
9 higher cost?

10 A Those were in the approved project and that
11 is what we are supposed to do per the
12 funding.

13 Q So, the--so it is your testimony that South
14 Anderson Water District is willing, for
15 instance, Fox Creek Road, to borrow \$77,400
16 for a distance of 4.4 miles and at a cost of
17 \$9,675 as opposed to spending an additional
18 \$51,000 to finish Willow Creek? That's what
19 you intend to do?

20 A Again, that was in what was in the approved
21 funding. I've not compared them back to what
22 you--the rest of Willow Creek because that
23 wasn't in the funding package. But, yes,
24 that's what we intend to do.

1 Q Your testimony, Mr. Taylor, is that that is
2 feasible from a distant standpoint to do Fox
3 Creek and Rice Road?

4 A Again, taking in the whole--the eligibility--

5 Q That's not my question Mr. Taylor, yes, or
6 no?

7 MR. EDELMAN:

8 Can he answer the question?

9 HEARING OFFICER SHAPIRO:

10 Wait a minute. What was the question?

11 Repeat your question.

12 Q Thank you Mr. Shapiro. Your testimony today is
13 that it is feasible from a distance standpoint to
14 do Rice Road and Fox Creek Road?

15 A In with this project, yes.

16 Q And your testimony is today that it is
17 feasible from a cost per customer standpoint
18 to do Rice Road and Fox Creek Road?

19 A In with this project.

20 Q And your testimony is today that it is
21 feasible for the South Anderson Water
22 District to borrow money to do Fox Creek Road
23 and Rice Road?

24 A In with this project, yes.

1 Q And your testimony is today that it is not
2 feasible under the criteria of density per
3 customer, density per mile, excuse me, cost per
4 customer and low income households not to finish
5 Willow Creek Road? That's your testimony?

6 A It is not feasible to do it on its own and it
7 wasn't included in the original scope of the
8 project.

9 Q Why isn't it feasible, Mr. Taylor, why isn't
10 it feasible?

11 A The funding would have to come from some
12 other entity, they would have to go out and
13 borrow the money from a bank or someone. I
14 mean, we have already tied up the funding
15 from Rural Development and we can't amend the
16 CDBG application to get more grant money.

17 Q Mr. Taylor, why wouldn't it make more sense
18 if those--if the only three considerations
19 that you and Mr. Kincer have indicated are
20 density per mile, cost per customer and low
21 income households, why wouldn't it be a
22 better use of the South Anderson Water
23 District dollars to do the Willow Creek Road
24 entirely than Burgin Road, US Highway 127,

1 Anderson County, Rice Road and Fox Creek
2 Road, since the Willow Creek Road in its
3 entirety has better numbers? If those are
4 the only three criteria why--

5 A Had it been put in the original project it
6 would have. You know, with the 21 numbers
7 that is there now versus what was there at
8 the time we put the project together.

9 Q To move on, Mr. Taylor, there is no dispute
10 that since the initial project you have
11 already modified Willow Creek Road some and
12 gone from 1.2 miles to 1.8 miles.

13 A In order to pick up the rest of the
14 residences that were used in the CDBG
15 eligibility. So, those households were
16 actually in the original project in '98
17 because they were counted in the eligibility
18 which was put together, again, by the grant
19 writer and not me.

20 Q I want to follow up on that point just a
21 minute, Mr. Taylor. Mr. Taylor, there has
22 been some reference made by the attorney for
23 South Anderson Water District about road
24 captains. Are you familiar with that term?

- 1 A Yes.
- 2 Q Each of these projects had a road captain; is
3 that correct?
- 4 A I'm not sure whether they did or not, I
5 wasn't involved in that portion of it.
- 6 Q So, you don't know whether Willow Creek Road
7 had a road captain or not?
- 8 A That one, I understand there was a lady that
9 was in charge of getting the--the lady that
10 turned in the original petition was in charge
11 of getting the interviews for CDBG and so
12 forth.
- 13 Q Do you know if that, and I'll just use the
14 term road captain, do you know if that road
15 captain for Willow Creek went up and talked
16 to Mr. Barnett?
- 17 A I again was not involved in that portion of
18 it, but I don't dispute his word at all that
19 she didn't.
- 20 Q Mr. Taylor, you said you have been on Willow
21 Creek Road; is that correct?
- 22 A Correct.
- 23 Q And, Mr. Taylor, you would agree that from where
24 you are going to stop there is that 1.3 mile

1 incomplete portion that is not going to be served
2 presently?

3 A Correct.

4 Q Would you agree with me, Mr. Taylor, that it
5 wouldn't take a whole lot of time for someone
6 to go and visit those households and see
7 whether they would be interested in water or
8 not. We are not talking an inordinate use of
9 time are we?

10 A Depends on how busy the person was but, no,
11 it wouldn't take that long.

12 Q I mean, reasonably--it wouldn't take long to
13 go over to those six households and ask them
14 do they want water or not would it, Mr.
15 Taylor, would it?

16 A No.

17 Q Mr. Taylor, I want to talk about the health
18 concerns for a minute because we really
19 haven't touched on that at all during this
20 hearing. And I mentioned that in my
21 complaint as one of the key issues here for
22 Mr. Shapiro and the Commission Staff to
23 consider. In the answers to interrogatories
24 which you have you sent me some information

1 that says that the CDBG application was
2 incorrect and, in fact, that what looked like
3 an I was an L, and indicated that pneumonia
4 bacteria really meant was for Rice Road.
5 A That letter is in the response. What we did
6 was pass your information on the grant
7 writer, Brian Kirby, and that was his
8 response. Again, I didn't put that
9 application together so I can't answer for--
10 Q So, you couldn't answer whether--would you
11 turn to page 46 of the application, it again
12 shows for I, area shows evidence of pneumonia
13 bacteria in water supply, I being the Willow
14 Creek Road project. You couldn't answer that
15 question; is that correct?
16 A Correct. Again Mr. Kirby is the one that put
17 the CDBG application together for the county
18 and not myself.
19 Q Mr. Taylor, are you aware, going back to Rice
20 Road again, are you aware that the first two
21 houses on Rice road already have water,
22 access to water from South Anderson Water
23 District?
24 A I'm assuming you are talking about off the 62

1 side?

2 Q That's correct.

3 A If you will look at the map we are not duplicating
4 that service, that is a two inch line that comes
5 off 62 and we are coming off the four inch line on
6 the other side of Salt River.

7 Q Just a few more questions, Mr. Taylor. Mr.
8 Taylor, you certainly would agree that by
9 stopping at the 1.8 miles on Willow Creek
10 Road that there is going to be some water run
11 off there? You are going to have to, I
12 think, the term you used was install a blow
13 off valve.

14 A Any dead end line has to have a blow off on
15 the end of it to flush it.

16 Q And what is that--from an engineering
17 standpoint, what does that blow off valve do?

18 A It's just an outlet on the end of the line so
19 that you can open it up and increase the
20 velocities in the line and scour out the line
21 periodically to keep sediments and so forth
22 from building up in it. Or if there is a
23 leak on the line then you need to--in
24 repairing it if you need to blow it off at

1 the end to get the bad water out of it.

2 Q Okay. Now, if you did a complete loop, and I
3 was just looking at the information you
4 provided me, provided for me, if you do a
5 complete loop on Willow Creek Road, would you
6 still need a blow off valve?

7 A I probably still would put one down there. I
8 may not put it in that estimate but in a low
9 spot like that where you went back up the
10 hill you would still need one there for leaks
11 and that kind of thing.

12 Q And, Mr. Taylor, you have indicated that it
13 will cost an additional \$51,725 to complete
14 the loop on Willow Creek?

15 HEARING OFFICER SHAPIRO:

16 What did you say it was?

17 MR. THOMAS:

18 \$51,725.03.

19 A I assume that is the difference in the two
20 numbers from the estimate with what we are
21 proposing to do versus the estimate for the
22 entire loop, it would appear to be about
23 right, but without setting here calculating
24 it out without a calculator--

1 Q And if you look at \$167,800 contingency,
2 there certainly would be more--even if you
3 want to add in Rice Road and Fox Creek Road
4 and Burgin Road, even to do the projects that
5 you have already stated, there certainly
6 would be enough money in the contingency to
7 complete the loop?

8 A At this point we don't know. Again, we
9 didn't get total funding and that estimate
10 was prepared in '98 or whatever. Since then
11 we have experienced some cost increases and
12 so forth and that's what that money is there
13 to cover. So, again, without redoing the
14 whole budget, I don't know how much
15 contingency money we have.

16 Q You could have more since you haven't done
17 the budget, you could have more, correct?

18 A Could have, I don't anticipate that.

19 Q You don't know, it could be more or less?

20 A Yes.

21 Q But right now the best we can work on is
22 \$167,800?

23 A Less what the difference in the funding was.
24 We know that that money is not there because

1 we never got any--we never got funded to the
2 full million CDBG.

3 Q As I understand your testimony, Mr. Taylor, I want
4 to be clear, there is not going to--you are not
5 going to make a loop around Lick Skillet Road, you
6 are not going to attach--

7 A We are not going all the way through to 62,
8 correct. In the future we probably will, that
9 makes a good loop through the southern end of the
10 system, but at this point, no.

11 Q And the future of this project would be about five
12 to seven years of your next phase, it is going to
13 be about five to seven years out, right?

14 A That has historically been what it has been
15 over there. My understanding is, though,
16 that Alton Water and Sewer District at this
17 point is finishing up what their--the service
18 in their district. And if that is the case,
19 then we wouldn't have to wait until next time
20 for eligibility for CDBG, which might speed
21 the process up again, you know, it might or
22 might not.

23 MR. THOMAS:

24 I have no further questions for Mr.

1 Taylor.

2 HEARING OFFICER SHAPIRO:

3 Before I turn you over to Mr. Pinny, let me just
4 ask you a couple of questions.

5 A Okay.

6 HEARING OFFICER SHAPIRO:

7 Well, maybe a few more than a couple, but there
8 has been some mention here about the health
9 report, I guess it was, what significance would
10 that have in a project of this nature where the
11 residents apparently rely upon cisterns for their
12 water supply, cisterns and bottled water for their
13 --in case of cisterns they are actually relying
14 upon water, according to the testimony I read,
15 that is hauled in there from, I assume, a water
16 station. Why would that be a significant factor
17 in this kind of a project?

18 A In order to qualify on the CDBG and you have
19 to not only show a low to moderate income,
20 you have to show the need. And abatement of
21 health hazards and, also, on Rural
22 Development, that is part of their scoring
23 process too, for funding. You have to--it is
24 not just a matter of wanting the water, there

1 has to be a need for it.

2 HEARING OFFICER SHAPIRO:

3 I know, but where would there be a problem? I
4 mean, the water, I assume, that they are buying,
5 they are buying it from a water station it is
6 treated water. It may be--

7 A But most people who use cisterns augment that
8 by rainwater and their cisterns may or may
9 not be water tight. There may be actually
10 seepage into them, in a lot of cases there
11 is, in or out, depending on how--

12 HEARING OFFICER SHAPIRO:

13 So, that would be where the factor would come into
14 play?

15 A Yes, uh-huh. And, again, I'm not sure where
16 that one--that particular one came from, but
17 if you go out and take samples from cisterns
18 in often cases they are contaminated because
19 they--

20 HEARING OFFICER SHAPIRO:

21 To rely upon water.

22 A --roof water and so forth that gets into
23 them, too.

24

1 HEARING OFFICER SHAPIRO:

2 As I understand what your testimony here today,
3 what you are telling the Commission is the reason
4 that this--there are several reasons why this
5 project didn't include the entire road, but one of
6 the reasons is that when you put the project
7 together in 1998 the section of the road that Mr.
8 Barnett lives on only had three residential
9 structures on it and one of those was vacant; is
10 that right?

11 A Correct.

12 HEARING OFFICER SHAPIRO:

13 So, therefore, the density--there was not a great
14 deal of density in that particular area. When you
15 added the 6/10 of a mile, how many houses did that
16 add to the road?

17 A Four, I think, maybe five.

18 HEARING OFFICER SHAPIRO:

19 Five. So, if you added the 6/10--

20 A Well, again, part of what we had there was
21 already being used in the house count that
22 Mr. Wells and what the road captain was
23 coming in and telling him, user-wise, and so
24 forth, he was already included in that. They

1 had already done the interviews for the low
2 to moderate income and actually had
3 interviewed some of the other ones, too.

4 HEARING OFFICER SHAPIRO:

5 But the reason you went back and looked at it, one
6 of the reasons you went back and looked at the
7 6/10 of a mile was you needed to get more--
8 apparently, you needed to get--for them to include
9 these people because of their low income?

10 A Well, at that point--until we went back and
11 looked at it I didn't have a list of the
12 houses that they had interviewed. I didn't
13 get that until January.

14 HEARING OFFICER SHAPIRO:

15 So because it was included in the interviews to
16 qualify for the CDBG that is the reason you went
17 on.

18 A Yes.

19 HEARING OFFICER SHAPIRO:

20 I understand that.

21 A The CDBG interviews were portions of that
22 application or the tabulation thereof, not
23 the interviews themselves because they are
24 confidential, but the tabulation of those

1 interviews are part of the CDBG funding
2 application that was advertised in '98.

3 HEARING OFFICER SHAPIRO:

4 If, in fact, though, the 21--I think there are 21
5 houses now along this entire stretch; is that
6 right?

7 A Correct.

8 HEARING OFFICER SHAPIRO:

9 Whereas, before there were fewer houses?

10 A Correct.

11 HEARING OFFICER SHAPIRO:

12 They added, like, 10 or 11 houses?

13 A I don't think it was that many, well what we
14 show in the part that we are talking about
15 funding right now is 15 and, so, there has
16 been--and, again, now these are not--I guess
17 maybe that is something I need to back up and
18 explain, too. In doing this you don't use
19 total house numbers, very rarely will you get
20 100% participation in a project. There is
21 going to be somebody out there that doesn't
22 want the water, you know, that has got a good
23 well or doesn't want another bill for
24 whatever, you know, some people don't like

1 the taste of city water. So, generally what
2 we use is about 75% to 80% of the house count
3 or the petition count.

4 HEARING OFFICER SHAPIRO:

5 Well, how many houses are there along the Willow
6 Creek Road expansion area?

7 A Well, what I used based on the petitions and
8 the interview, CDBG interview, list was 15 on
9 what we are--on the 1.8 we are going to run.

10 HEARING OFFICER SHAPIRO:

11 All right. And then 15 homes there but you say
12 that--

13 A No, there is more than 15, there is probably
14 --again, I don't know whether all of them
15 signed the petition or not.

16 HEARING OFFICER SHAPIRO:

17 So, there are 15 homes--

18 A That I use from an economic feasibility and a
19 construction cost estimating standpoint.

20 HEARING OFFICER SHAPIRO:

21 That's the number of homes you expect to sign up.

22 A Right.

23 HEARING OFFICER SHAPIRO:

24 Since that time there have been apparently six

1 more homes added?

2 A Well, again, the 21 number includes the two
3 houses that were occupied, the one that is up
4 there between Mr. Barnett and 62. I don't
5 think anybody is going to move back into that
6 one, so we didn't include it, but that 21
7 number also includes those two that were
8 there back in '98.

9 HEARING OFFICER SHAPIRO:

10 If you had--if those people had requested service
11 and you were applying the feasibility standards
12 that you have testified about, the three standards
13 that Mr. Thomas has talked about, would that
14 entire road have qualified for the project?

15 A Probably. You know, again, I don't know
16 about the income surveys, I don't know how
17 close they were because that is not
18 something--

19 HEARING OFFICER SHAPIRO:

20 But if the income survey wasn't sufficient then
21 would you make up the difference with borrowed
22 money?

23 A It might have been included as Fox Creek was,
24 as a Rural Development only for the rest of

1 the road, yeah.

2 HEARING OFFICER SHAPIRO:

3 And Fox Creek is just a rural development, you
4 call that rural development?

5 A Right. There--in order to qualify for CDBG
6 you have to have 50--over 50% low to moderate
7 income houses on that road and it didn't
8 qualify.

9 HEARING OFFICER SHAPIRO:

10 I think there is some testimony in the record,
11 too, I suspect already, but do you know how many
12 of the six additional houses on the expansion
13 area--beyond the current expansion area, or the
14 area that is in issue today, how many of those six
15 additional houses are new construction?

16 A Well, again, at the point when we looked at
17 it there were only three houses, so--

18 HEARING OFFICER SHAPIRO:

19 I mean, since then?

20 A I mean, we included six more off of that and
21 two of them, or that one of the three we did
22 not anticipate using, so four of them would
23 be new construction.

24

1 HEARING OFFICER SHAPIRO:

2 Four would be new construction?

3 A Uh-huh.

4 HEARING OFFICER SHAPIRO:

5 Mr. Pinny?

6 MR. PINNY:

7 I have no questions at this time.

8 HEARING OFFICER SHAPIRO:

9 Any redirect?

10 MR. EDELMAN:

11 Yes, just a few questions.

12

13 REDIRECT EXAMINATION

14 BY MR. EDELMAN:

15 Q Just so I'm clear, in 1998, Mr. Taylor, this
16 project was--what actually happened, was there
17 notification given, what happened in 1998 to
18 trigger the CDBG application?

19 A Okay. We started looking at the project
20 actually in '95 or whatever, but Alton--only
21 one entity in the county or only--a county
22 can only have one application or one CDBG
23 project going at a time. Cities within the
24 county can also apply, so, I mean, they are

1 ineligible. But the county itself can only,
2 Fiscal Court can only have one. So, at that
3 point Alton Water and Sewer District had a
4 project going on so we had to wait until it
5 was getting cleared out before South Anderson
6 was eligible to put in another application or
7 actually the county to put in an application
8 for South Anderson. So, at that point the
9 county contracted with the grant writer to
10 prepare the application. We put together the
11 petitions and so forth that had been
12 submitted to the district. The CDBG
13 application was prepared by Mr. Kirby. As
14 part of that application process, you have to
15 have public meetings and that is what
16 occurred in '98 was the public meeting to
17 discuss the scope of the project as proposed
18 in '98.

19 HEARING OFFICER SHAPIRO:

20 Is that the public meeting that you said
21 you had in '98, was that the meeting
22 that the notice that has been--

23 A Not the big picture notice, no.

24 Q I'm going to hand you a document I showed Mr.

1 Thomas and we discussed earlier with Mr.
2 Barnett which was--one of the documents is
3 the Certification of Don White as Editor of
4 the Anderson News that was published in the
5 August 5, 1998, Anderson News; is that
6 correct?

7 A Correct.

8 Q And the other is a copy of the notification
9 that went to all interested citizens of
10 Anderson County regarding CDBG application;
11 is that correct?

12 A Repeat please.

13 Q The second is the notice that was published
14 in the newspaper that went to all interested
15 Anderson County citizens advising them of
16 this CDBG application process; is that
17 correct?

18 A Correct.

19 Q And what else did that application--what else
20 did that notification advise all interested
21 citizens of Anderson County of at the bottom?

22 A A copy of the CDBG application will be on
23 file at the County Judge-Executive's Office
24 for citizen review and comment during regular

1 business hours from August 18 through August
2 25, 1998. Comments on the proposed
3 application may be submitted to the attention
4 of the County Judge-Executive until August
5 28, 1998.

6 Q Did it contemplate a public hearing being
7 held?

8 A Yes.

9 Q And did it indicate a public hearing being
10 held within the context of the notice?

11 A The notice indicates the county will hold a
12 public hearing prior to submission of any
13 application. A public hearing will be held
14 on August 18, 1998, at six--or five p.m., I
15 can't tell for sure which, at the Anderson
16 County Courthouse.

17 MR. EDELMAN:

18 If there is no objection I'd like to
19 introduce that as Defendant's Exhibit
20 next numerical, four maybe; is that
21 right?

22 HEARING OFFICER SHAPIRO:

23 Is this the same notice that was
24 attached to the answer?

1 would do in this hearing earlier, especially
2 regarding the questions of Mr. Kincer that
3 you have an opinion. If a person was
4 interested in water--in a water project, do
5 you have an opinion on as to whether a
6 reasonable person if they would read that
7 whether they would attend such a meeting?

8 A If they had not had contact before, I would
9 think that they would contact someone to
10 insure that they were involved. That was the
11 reason for the people that showed up at the
12 other public meeting.

13 Q How many water projects have you been
14 involved in?

15 A Several different--this is the second major
16 expansion with South Anderson, but I also
17 deal with several other water districts and
18 cities.

19 Q Does talk about water spread pretty rapidly
20 in your experience?

21 A Usually, we don't have to do a whole lot of
22 public notices or a whole lot of
23 notifications, that is pretty well taken care
24 of by the individuals wanting water.

1 Q Does it surprise you that Mr. Barnett, and he
2 testified today the first he heard that his
3 portion of the road was not involved in the
4 project was June of 1999, does that surprise
5 you?

6 A It would surprise me. I would have thought
7 that by talking with his neighbors and so
8 forth, he would have realized that they were
9 involved in the water project and he wasn't.
10 Again, that is--

11 Q Let's talk about some other roads. Are there
12 other roads that were in a similar state as
13 Aaron-Barnett Road; that is, a judgement had
14 to be made pursuant to these factors that
15 only a portion of the road be included in the
16 project?

17 A Yes, several of the roads that are in the
18 project we're not doing the entire road.

19 Q Are there roads that are in from a density
20 standpoint and a construction cost
21 standpoint, are there roads that if there
22 were contingency funds available that would
23 be taken before Aaron-Barnett Road?

24 A Yes.

1 Q Well, could you give the Commission an idea
2 of which roads they might be?

3 A If you will look on the public notice that
4 was run in the paper there are--

5 Q Let me get you a copy.

6 A In order to speed the process, if there are
7 any contingency funds left at the end of the
8 initial scope of the project, Rural
9 Development likes for you to include in this
10 notice, which is for environmental purposes,
11 additional roads that would be run with
12 contingency monies so that the environmental
13 portion of their work can be done on those at
14 the same time and won't have to go back
15 through the process again when you get to the
16 end of the original scope of the project.
17 So, they ask you to add additional roads and
18 in this case we added the six roads listed in
19 the notice, Dawson Ferry Road, Bear Creek
20 Road, Dennis Road, Ashby Road, Burke Road and
21 Mays Branch Leathers Road. Under the normal
22 scenario those would be the ones that would
23 be added next.

24 Q Now, so there is not any misunderstanding,

1 those were based upon 1998 criteria; is that
2 correct?

3 A Correct.

4 Q Not 1999-2000 criteria which we have heard a
5 lot of talk about today?

6 A Those were roads that the district had been
7 approached by people on those roads about
8 getting water.

9 Q If the Commission were to order the district
10 to include Mr. Barnett and his portion of the
11 1.3 portion or the western part of Aaron-
12 Barnett Road, where would the funding come
13 from?

14 A I guess depending on how the order was
15 worded, I mean, if it were intended to come
16 out of the contingency funds, if there were
17 contingency monies left, then I guess that is
18 where it would come from. But, again, if it
19 were to be included as part of the initial
20 project I think you would have to go out and
21 borrow additional money to do it, some other
22 source.

23 Q Could that affect the rate structure?

24 A It would some, I mean, it would be additional

1 loan that would have to be paid back. The
2 way it is set up, I mean, it would be spread
3 over everybody.

4 Q Would it be equitable, in your opinion as an
5 engineer who has been involved in these
6 projects, for the Commission to order that
7 Mr. Barnett be taken--the Aaron-Barnett Road
8 be included to the exclusion of these other
9 eight or nine roads?

10 A I don't think so.

11 Q Are they pretty much on a similar setting as
12 he is?

13 A Yes, I think so. I mean, I haven't gone back
14 out and checked those again, a couple of them
15 we went straight off the petitions and I
16 didn't go look at them because they weren't
17 in the original funding package.

18 Q Were there roads you actually got petitions
19 on that you had to turn down?

20 A Yes.

21 Q Some of those roads were--which ones were
22 they?

23 A Again, part of Ashby Road, we went out so far
24 and stopped where it got sparsely populated

1 again. Sea Road that goes from Fairview Road
2 over--under Bluegrass Parkway--well, I guess
3 it actually goes over Bluegrass Parkway. We
4 didn't include it because of the cost of
5 going across the Parkway.

6 Q These contingency funds that we talked about,
7 how does that work when you make your
8 application with Rural Development? Is it a
9 requirement that so much of the money be held
10 in contingency? Maybe you could explain to
11 the Commission exactly how that works?

12 A Well, you go through and figure out what the
13 construction cost estimate is, then a lot of
14 the other numbers are based on percentages of
15 that, engineering fee, inspection fee, legal
16 fees and so forth. There is--most of the
17 contracts that have involved Rural
18 Development have a percentage you get paid on
19 of the construction. I guess in the legal
20 fees it is percentage of the entire project.
21 Then after you develop that cost estimate,
22 depending on who the engineer is, they will
23 either put the contingency in the
24 construction funds or they will put it as a

1 line item. Some funding agencies don't like
2 to really add percentages on to it, they add
3 it at the end, depends on who is doing it.
4 But you never go to construction at the same
5 time that you put the things together so
6 there is always some change from that
7 standpoint. And then, again, it is, you
8 know, when you put the application together
9 it is preliminary.

10 Q You're not going to argue that in your preliminary
11 engineering report, that was prepared some time in
12 1998--

13 A Correct.

14 Q --that you preliminarily put in the number
15 \$167,816 of contingency fund?

16 A Without thumbing back and finding the
17 application, if that came off the preliminary
18 engineer's report, that's the correct number.

19 Q You also testified that was based upon a 100%
20 CDBG grant of funding of \$1,000,000?

21 A Correct.

22 Q And there was only how much funding that
23 occurred?

24 A Nine hundred forty-three thousand or nine

1 hundred sixty-three thousand, somewhere in
2 that area.

3 Q Nine hundred sixty I think is pretty close to
4 being accurate, so there is--that would reduce
5 that contingency fund about \$40,000 wouldn't it?

6 A Yes.

7 Q Since 1998, what has your experience been
8 with bidding projects relative to the cost of
9 pipe and cost of construction over the last
10 six months to one year?

11 A If you have noticed the, and I'm sure you all
12 have, the cost of gasoline in the last little
13 bit, that has kind of a dual effect on water
14 line construction in that PVC pipe prices
15 having the same base material will kind of
16 mirror the cost of gasoline. It fluctuates
17 about as quickly as the gasoline will. Also,
18 that--then, again, the contractors equipment
19 and so forth, fuel cost for that has gone up
20 as well as everything else. So--

21 Q Could those costs very easily eat into a 120
22 of \$125,000 contingency fund?

23 A Very quickly.

24 Q To the extent of what?

1 A In that size project it could get well into
2 half of it, at least, I would think. And
3 then again, you know, that is also there to
4 cover any other things like the extension of
5 the other 6/10. So, until we put the whole
6 project together there is a number of other
7 items that could eat into it.

8 Q So, to sit here and say to the Commission
9 that there is going to be a contingency fund
10 available would just be pie in the sky at
11 this point in time; is that correct?

12 A Correct.

13 Q You couldn't do it with any certainty?

14 A Not to nearly that dollar figure, no. I
15 think there is probably some contingency
16 money left but not nearly that figure.

17 Q In 19--and I just have a couple of last questions
18 here. When the project was scooped out and put
19 together and the advertisements were put in the
20 paper, who was predominantly, after all of the
21 information was gathered, who predominantly was in
22 charge of putting the project together and making
23 it work?

24 A Well, I would have been the one that did the

1 economic feasibility as far as pay back on
2 the loans and that kind of thing.

3 Q Was there any consideration, other than pure
4 what is going to make this project go
5 consideration, given to exclude Mr. Barnett's
6 portion of Aaron-Barnett Road on your behalf,
7 or any other road?

8 A Not that I'm aware of. Certainly, I had no
9 other influences and, to my knowledge, no one
10 else did either.

11 Q Would it have been prudent from an
12 engineering standpoint or from the district's
13 standpoint to have included Mr. Barnett's
14 road as the facts stood in 1998 when these
15 surveys and the project was scooped out,
16 would it have been prudent to have included
17 his portion of the road in the project?

18 A No.

19 Q Under any scenario, Mr. Taylor, as you know
20 the facts would be in 1998--

21 A Not as I know the facts to be, no.

22 MR. EDELMAN:

23 That's all I have.
24

1 HEARING OFFICER SHAPIRO:

2 Anything else?

3 MR. THOMAS:

4 Yes, I have several questions, Mr. Shapiro.

5

6

RE CROSS EXAMINATION

7 BY MR. THOMAS:

8 Q Mr. Taylor, there is still one nagging question
9 that I have and I can't seem to get an answer from
10 Mr. Kincer nor you, so let me ask this question
11 one more time. Why wasn't Mr. Barnett contacted
12 by either the road captain or by Mr. Kirby or by
13 someone? Why wasn't he con--if you are going down
14 Willow Creek Road why wasn't he at least
15 contacted?

16 A I would assume that, again, I wasn't in
17 charge of making any of the contacts but
18 whoever the--you know, Mr. Kirby wouldn't
19 have--he didn't go out there and go door to
20 door. Whoever was doing the CDBG interviews
21 got to that point and--well, even at that
22 point we would have preliminarily scooped the
23 thing out to where that last part of the road
24 wouldn't have been included because of the

1 house count. The house count would have been
2 done beforehand.

3 Q Well, did you scope it out, using your term,
4 did you scope it out, Mr. Taylor, to include
5 1.2 miles or to include 1.8 miles?

6 A What we did was went out and counted the
7 houses along the entire length of the road
8 and took intervals of, you know, however many
9 were in this section and the next section and
10 so forth, compared that back to the petition
11 that we had on file from that road and it
12 said 1.2 miles, the petition did. So, that
13 is where the 1.2 came from.

14 Q But, apparently, according to your testimony
15 today, your testimony today, apparently, at
16 some point even though you scooped it out to
17 1.2 miles somebody, someone working for Mr.
18 Kirby, I gather, went farther than that and
19 did 1.8 miles. And my question is if they
20 went further than 1.2 miles and did 1.8
21 miles, then why not go the rest of the way
22 and do everybody else on Willow Creek Road?

23 A Because they weren't included in the eligibility.

24 Q If Mr. Barnett did not know, Mr. Taylor,

1 authorizations?

2 A Correct.

3 HEARING OFFICER SHAPIRO:

4 One from CDBG and you are getting one
5 from Rural Development.

6 A Rural Development.

7 HEARING OFFICER SHAPIRO:

8 And then you would be just substituting
9 Rural Development for the Anderson
10 County Bank, I guess.

11 A Yes, or just--on the funding lines you would
12 add an extra line there and indicate where it
13 is coming from. Then you would have to go
14 back and reflect that back through the
15 economic feasibility and that kind of thing.

16 HEARING OFFICER SHAPIRO:

17 Now, are the--is it--so the CDBG money,
18 that applies to the entire project even
19 though it is only going to be funding a
20 portion of it, right?

21 A Well, CDBG is a little bit different. The
22 roads like Fox Creek we have to show how that
23 is reflected in the project but it doesn't
24 have to meet the same standards as the CDBG.

1 HEARING OFFICER SHAPIRO:

2 Well, let's assume, then, that instead
3 of going back--well, let's assume, then,
4 that you are going to use the--you want
5 to use the CDBG money that you already
6 have but you have some other projects
7 out there or other portions of this
8 overall project which you are not going
9 to be using CDBG money and you decide to
10 modify those alone, I think one of the
11 roads like Fox Creek is not using any
12 CDBG money?

13 A Right.

14 HEARING OFFICER SHAPIRO:

15 So, you decide to eliminate Fox Creek
16 and you will substitute Willow Creek?

17 A CDBG really doesn't care what you do with Fox
18 Creek because it wasn't eligible for their
19 funding to begin with nor was it figured into
20 their eligibility criteria.

21 HEARING OFFICER SHAPIRO:

22 So, if you decide that, for example, you
23 are not going--you are going to
24 eliminate Fox Creek, you would not have

1 to go back to CDBG?

2 A Correct.

3 HEARING OFFICER SHAPIRO:

4 You would just have to go back to
5 Farmers Home and say, look, we don't
6 want to do Fox Creek we want to do some
7 other road, what is that one you have?

8 MR. EDELMAN:

9 Lick Skillet Road.

10 HEARING OFFICER SHAPIRO:

11 Lick Skillet Road from top to bottom.
12 And we decided to do Lick Skillet Road
13 in its entirety and that we are going to
14 do away with Fox Creek, you would have
15 to get approval from Farmers Home,
16 right?

17 A Correct.

18 HEARING OFFICER SHAPIRO:

19 So, you would have to resubmit your
20 application to Farmers Home but you
21 would not have to do anything to CDBG--
22 with the--as far as the application of
23 CDBG?

24 A Correct.

1 HEARING OFFICER SHAPIRO:

2 Right now if you were going to one of
3 the roads where you were going to
4 eliminate one of the roads where you had
5 both CDBG money and Rural Development
6 money like Willow Creek, then you have
7 to go back to both agencies?

8 A Correct.

9 HEARING OFFICER SHAPIRO:

10 Okay. Now, what would--at this point so
11 what you are saying--is it what you are
12 saying in your testimony that if you
13 decide to go back, if you decide to
14 modify your application so that your
15 own--you have to go back to Rural
16 Development, you don't know whether or
17 not you--funds would be available at
18 this time?

19 A Well, backing up to the CDBG project--

20 HEARING OFFICER SHAPIRO:

21 Well, let's talk about Rural
22 Development?

23 A Well, but it's going to affect where you go
24 with the rest of it. The CDBG grant

1 agreement that the county has with Local
2 Government stipulates a time frame that it is
3 supposed to be spent in. Okay? That is for
4 the whole project, it's not--well, the whole
5 project excluding Fox Creek. So, if we added
6 something that was going to affect the Rural
7 Development part that would push it back
8 then, in effect, we would be pushing back the
9 CDBG portion because we could not do one
10 without the other.

11 HEARING OFFICER SHAPIRO:

12 So, you would have to get an extension
13 from then as well?

14 A Yes.

15 HEARING OFFICER SHAPIRO:

16 And when you go to get the extension you
17 are not--are you--you are not guaranteed
18 that the money will be there?

19 A Correct.

20 HEARING OFFICER SHAPIRO:

21 So, that's why you talk about
22 jeopardizing the money,--

23 A Correct.

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HEARING OFFICER SHAPIRO:

--because if you go to ask for anything that is going to change the current conditions, there is a chance that you might not get the money?

A Correct.

HEARING OFFICER SHAPIRO:

Now, let me ask you about the entire project. As I understand from what you told us today, you have been the engineer on several of these projects for South Anderson; is that right?

A This is the second major expansion for them. I was engineer on Phase 4 as well as this one.

HEARING OFFICER SHAPIRO:

Okay, just Phase 4 and Phase 5, and I assume that they are probably looking at a Phase 6 somewhere down the road?

A Correct.

HEARING OFFICER SHAPIRO:

Because--and when they start thinking about a project, according to your testimony and Mr. Kincer's testimony,

1 they look at their records and they look
2 to see who has filed, I think you said,
3 petitions for water--

4 A Correct.

5 HEARING OFFICER SHAPIRO:

6 --and just try to determine where the
7 need is I assume; is that right?

8 A Yes.

9 HEARING OFFICER SHAPIRO:

10 Okay. Nothing is filed at that point,
11 you just simply look--do they consult
12 with you at that point?

13 A Generally we start--they will consult with us
14 and we go out and, like I say, drive the
15 roads and confirm that the petitions are
16 correct as far as generally the number of
17 users. Generally, you will find that there
18 are more mileage--

19 HEARING OFFICER SHAPIRO:

20 Well, the question is are they
21 consulting with you?

22 A Yes.

23 HEARING OFFICER SHAPIRO:

24 And then you and they in some sort of

1 collaborative effort put together a
2 preliminary plan of some sort. It is
3 nothing official but you get some idea
4 of where you want to go with your next
5 phase?

6 A Correct.

7 HEARING OFFICER SHAPIRO:

8 And then you go out as the engineer and
9 you do some more detail work and then--
10 is that right?

11 A Correct.

12 HEARING OFFICER SHAPIRO:

13 And then you come back and what do you
14 do at that point?

15 A Generally, they will have a list of roads
16 with petitions and then I will come back in
17 and I'll say, Sea Road goes under Bluegrass
18 Parkway, we would have to bore the Parkway,
19 that is, you know, that's a significant cost
20 item.

21 HEARING OFFICER SHAPIRO:

22 So you sit down and you try to put a
23 package together?

24 a Yes.

1 HEARING OFFICER SHAPIRO:

2 Just a rough manner, I assume?

3 A Yes.

4 HEARING OFFICER SHAPIRO:

5 Nothing detailed at that point; is that
6 right?

7 A Correct.

8 HEARING OFFICER SHAPIRO:

9 After you do that, what do you do? Is
10 that when you put together the
11 application?

12 A Then you would start the application process
13 because you would have to determine which of
14 those roads, then, were eligible for CDBG and
15 which weren't if you are going for CDBG
16 funding.

17 HEARING OFFICER SHAPIRO:

18 So, then you put an application
19 together. When do you give notice of
20 what you are doing to the public, the
21 first notice?

22 A The notice generally isn't given until the--
23 used to be there was two public hearings
24 required by CDBG but now there is only the

1 one. Usually, that is at the point where the
2 application has been put together, pretty
3 much.

4 HEARING OFFICER SHAPIRO:

5 It's put together but not filed?

6 A But not filed.

7 HEARING OFFICER SHAPIRO:

8 Do you have any hearings with reference
9 to the loan application?

10 A You have a public meeting in there somewhere,
11 again, but I think it was at the end--but not
12 prior to submission of the application
13 necessarily. There is no requirement that
14 you do.

15 HEARING OFFICER SHAPIRO:

16 Rural Development doesn't require that?

17 A Not prior to the submission of the
18 application.

19 HEARING OFFICER SHAPIRO:

20 So, the notice that you were talking
21 about in your testimony today, this
22 afternoon, the last notice that has been
23 introduced as Exhibit--that's
24 Defendant's Exhibit 4, is that the

1 notice that is given when the
2 application has been prepared but has
3 not been filed?

4 A Correct.

5 HEARING OFFICER SHAPIRO:

6 And that is notice of a hearing of some
7 sort to, I guess, get information?

8 A Well, to get--solicit public input into the
9 application, is it what the people of
10 Anderson County wants to submit on or do they
11 want to submit on another section of road or
12 do they want to submit on the park?

13 HEARING OFFICER SHAPIRO:

14 Okay. So, is it at that meeting that
15 you decide--rather is it at that meeting
16 that you discuss for the first time with
17 the public what the Water District is
18 contemplating?

19 A Generally that is the first meeting that is
20 discussed.

21 HEARING OFFICER SHAPIRO:

22 And you solicit comments from the public
23 and I assume that there are times when
24 you take those comments and maybe change

1 the application to reflect some changes
2 in attitudes as a result of the meeting,
3 would that be a fair statement?

4 A Yes.

5 HEARING OFFICER SHAPIRO:

6 So its not--it is after that meeting
7 that the final decision is made on what
8 the application is going to be for, the
9 scope of the project?

10 A Yes.

11 HEARING OFFICER SHAPIRO:

12 And it's then that the application is
13 submitted?

14 A Yes.

15 HEARING OFFICER SHAPIRO:

16 Okay. Now, after the application is
17 submitted you wait for its approval by
18 both agencies?

19 A Yes.

20 HEARING OFFICER SHAPIRO:

21 In this case, of course, the Fiscal
22 Court has to submit the one to CDBG?

23 A Yes.

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HEARING OFFICER SHAPIRO:

The Water District is not getting the money, the Fiscal Court is getting the money and they are giving it to the Water District?

A Correct.

HEARING OFFICER SHAPIRO:

Now, after those applications are approved and you are advised how much money you can receive, is that when you publish notice of the second meeting?

A The one that is in the other exhibit?

HEARING OFFICER SHAPIRO:

Yes.

A That meeting comes out of the Rural Development requirements on their application process which-- yes, it is not normally done until after they have started looking at your application.

HEARING OFFICER SHAPIRO:

Now, who--when is that--is that meeting held before or after the application is approved?

A It can be held either time in that it's tied to the environmental aspects which have to be

1 done before they will give you their letter
2 of--well, which I guess really is their
3 approval of it, is the letter of conditions.
4 But it could be done before the application
5 itself was actually submitted, as long as it
6 addressed all the roads that you were going
7 to have included in your project.

8 HEARING OFFICER SHAPIRO:

9 Is that something that you as an
10 engineer set up to comply with their
11 requirements or is it something that
12 they tell you to do?

13 A They give you the blank format for it and you
14 plug in the distances and the roads and that
15 kind of thing, but the rest of the wording,
16 as far as prime farm land and all of that
17 kind of thing, is off of their requirements.
18 Again, they will give you a--

19 HEARING OFFICER SHAPIRO:

20 Okay. But that is--I understand that,
21 but you filed your application, you
22 haven't given that second notice yet.
23 Do they tell you when to give that
24 second notice or do you do that on your

1 own?

2 A Well, they gave it to us and told us that
3 they were considering the application and we
4 needed to go ahead and run it.

5 HEARING OFFICER SHAPIRO:

6 Okay. So, they told you when to go
7 ahead and do it?

8 A Yes.

9 HEARING OFFICER SHAPIRO:

10 And it is after that--and it is after
11 you do that that you proceed on with
12 the--well, I guess getting the rest of
13 the application put in process and
14 authorization for the loan; is that
15 right?

16 A Well, again, all of that is already turned in
17 to them at that point when you get to this,
18 generally.

19 HEARING OFFICER SHAPIRO:

20 That's already been turned in?

21 A Yes.

22 HEARING OFFICER SHAPIRO:

23 That's the application?

24 A Right.

1 HEARING OFFICER SHAPIRO:

2 But you haven't got anything back from
3 them saying the application has been
4 approved?

5 A Right. You get a letter that says it is
6 eligible for consideration and then at that
7 point you go ahead and do the environmental
8 and--

9 HEARING OFFICER SHAPIRO:

10 Okay. So, when they say--when they tell
11 you you are eligible then you issue the
12 second notice and it is after the second
13 notice has been issued and the hearing
14 has been held that you get the--what you
15 call a letter of conditions.

16 A Letter of conditions.

17 HEARING OFFICER SHAPIRO:

18 And the letter of conditions tells you--
19 essentially tells you that you have been
20 approved for the loan and this is what
21 you have to do to complete the process?

22 A Proceed, correct.

23 HEARING OFFICER SHAPIRO:

24 And if you were to modify the

1 application you would have to go through
2 this whole process all over again, as
3 far as the Rural Development is
4 concerned?

5 A Not the whole process, you would have to go
6 back and make sure that all of the
7 environmental, you know, any--well, you would
8 have to go back and include it in state
9 clearing house comments and all those other
10 things that are involved in getting to the
11 point where they say it is eligible. But you
12 wouldn't have to start back at square one,
13 you would be amending an existing
14 application. Also, they probably have four
15 times as many applications as they have
16 funds, three to four.

17 HEARING OFFICER SHAPIRO:

18 All right. Thank you Mr. Taylor. Any
19 other questions of this witness?

20 MR. THOMAS:

21 Your Honor, I was going to ask about the
22 contingency. I was going to ask about
23 the contingency.
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HEARING OFFICER SHAPIRO:

What are you going to ask about--I think we beat the contingency to death.

MR. THOMAS:

Well, okay. Well, he testified on redirect that he thought this project would eat into one half of the contingency. I wanted to ask him if there would still be one half--there would still be more than enough money to complete the project under the contingency funds.

HEARING OFFICER SHAPIRO:

To complete what project?

MR. THOMAS:

The remainder of Willow Creek.

HEARING OFFICER SHAPIRO:

He says he doesn't know how much money is going to be in the contingency fund, I mean, how could you say there is anything--I mean, that is his testimony. Isn't that right, you don't know how much will be there?

A I don't--yes, I feel like that there will

1 still be some contingency money, I threw out
2 a number 50% or whatever but, again, until
3 we redo the budget there may not be any. I
4 mean, that is just my gut until we redo--

5 HEARING OFFICER SHAPIRO:

6 It is your opinion--it is your feeling
7 at this point that 50% of the
8 contingency will be remaining, now 50%
9 of what, is it the 167,000 or--

10 A No.

11 HEARING OFFICER SHAPIRO:

12 Or is it the 100--

13 A One hundred twenty thousand, 50% of the
14 120,000 or thereabouts, yes.

15 HEARING OFFICER SHAPIRO:

16 About \$60,000?

17 A Yes. And again I may be--until we put a pencil to
18 it, that's just--

19 HEARING OFFICER SHAPIRO:

20 Speculation?

21 A Uh-huh. And even at that point until we bid
22 it, it is still only speculation.

23 HEARING OFFICER SHAPIRO:

24 What else have you got?

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MR. THOMAS:

That was it.

HEARING OFFICER SHAPIRO:

Let's take about five minutes and then we will wrap this thing up.

(OFF THE RECORD)

HEARING OFFICER SHAPIRO:

Okay. In an off the record discussion it was agreed that the parties would waive closing arguments in favor of briefs. It was also agreed that they would be allowed ten days after the filing of the initial briefs to file reply briefs. Initial briefs having been covered by procedural order and they are due 15 days after the transcript is filed. There being nothing further, then, this hearing is adjourned.

(OFF THE RECORD)

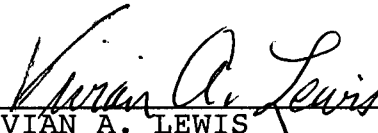
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CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF FRANKLIN)

I, VIVIAN A. LEWIS, a Notary Public in and for the state and county aforesaid, do hereby certify that the foregoing testimony was taken by me at the time and place and for the purpose previously stated in the caption; that the witnesses were duly sworn before giving testimony; that said testimony was first taken down in shorthand by me and later transcribed, under my direction, and that the foregoing is, to the best of my ability, a true, correct and complete record of all testimony in the above styled cause of action.

WITNESS my hand and seal of office at Frankfort, Kentucky, on this the 21st day of March, 2000.



VIVIAN A. LEWIS
Notary Public
Kentucky State-at-Large

My commission expires: 7-23-01

Vivian A. Lewis

COURT REPORTER - PUBLIC STENOGRAPHER
101 COUNTRY LANE
FRANKFORT, KENTUCKY 40601

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To purchase a copy of this transcript, please call the phone number listed on the bottom of the cover sheet.

March 6

opportunity to shadow Campbellsville University students throughout the morning. At noon, lunch will be served, followed by a meeting with representatives from the Office of Admissions and Office of Financial Aid at 1 p.m.

For more information, contact the Office of Admissions at 1 University Drive, Campbellsville, KY 42718-2799. Persons who are interested may also call (502) 789-5290



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BIDS FOR TELEPHONE SERVICE

The Anderson County Board of Education is accepting sealed bids for telephone services, video distribution, and media retrieval until Friday, March 5, 1999 at 2:00 p.m. at 103 North Main Street, Lawrenceburg, Kentucky 40342. Specifications may be picked up at the above address. Questions should be directed to Charlotte Wright at 502-839-2527. The Anderson County Board of Education has the right to reject any or all bids or any part thereof.

PUBLIC NOTIFICATION FOR INFORMING THE PUBLIC OF POSSIBLE IMPACT TO AN IMPORTANT LAND RESOURCE

The United States Department of Agriculture, Rural Development (RD) is considering an application for financial assistance sponsored by the South Anderson Water District. The specific elements of this proposed action involves the construction of water line extensions comprised of approximately 25,000 linear feet of 8" Water Mains, 240,000 linear feet of 4" Water Mains, 11,000 linear feet of 3" Water Mains, a pump station and system appurtenances such as gate valves, air release valves, blow-off valves, meters, etc.

The following roads and communities will be affected by this project: Ballard, Dugansville Road, Hoophole, Puncheon Creek Road, Searcy School Road, Fairview, Lick Skillet Road, KY Hwy. 1291, Drydock, Anderson City, Buntain School Road, KY 44 east of Glensboro, US 62 west of Johnsonville, KY Hwy. 248, KY Hwy. 3358 (Tanner Road), Burgin Road, US 127 Bypass from Sidney to US 127, Cox Road, Willow Creek Road, KY Hwy. 44 west of Glensboro, Ashby Road, Gilberts Creek Road, Woodridge Road, Rice Road and Fox Creek Road.

If ADDITIONAL FUNDS become available the following roads will be considered:

1. Dawson Ferry Road
2. Bear Creek Road
3. Dennis Road
4. Ashby Road (Off. of KY Hwy. 248)
5. Burke Road
6. Mays Branch/Leathers Road

If implemented, the proposed action may impact important farmland and designated flood plain within the corridors and/or sites of the proposed improvements. The purpose of this notice is to inform the public of this possible result and to request comments concerning (1) the impacts of the proposed location of farmland and flood plain, (2) alternative sites or actions that would avoid these impacts, and (3) methods that could be used to reduce these impacts.

The proposed action is available for review at the following RD Office:

RD District Office

P.O. Box 1227

Shelbyville, KY 40066-1227

Any persons interested in commenting on the proposed action may do so by sending such comments within 30 days following the date of this publication to Thomas G. Fern, State Director, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503.

Federal law prohibits discrimination on the grounds of race, color, national origin, religion, age, handicap and sex in this program.

NOTICE OF PUBLIC MEETING SOUTH ANDERSON WATER DISTRICT

9:00 A.M. E.S.T. MARCH 8, 1999 at 246 Court Street

A public meeting will take place at 9:00 a.m. E.S.T. on March 8, 1999 at South Anderson Water District, 246 Court Street

FILED

MAR 23 2000

PUBLIC SERVICE
COMMISSION

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION

CASE NO. 99-431

RE: SOUTH ANDERSON WATER DISTRICT

Pursuant to notice duly given, the above styled matter came to be heard March 9, 2000, at 10:00 a.m. in the Hearing Room of the Kentucky Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky; The Honorable Paul Shapiro presiding.

C O P Y

VIVIAN A. LEWIS
COURT REPORTER - PUBLIC STENOGRAPHER
101 COUNTRY LANE
FRANKFORT, KENTUCKY 40601
(502) 695-1373

BEFORE THE
KENTUCKY PUBLIC SERVICE COMMISSION
CASE NO. 99-431

RE: SOUTH ANDERSON WATER DISTRICT

APPEARANCES:

Hon. Paul Shapiro
Hearing Officer
PUBLIC SERVICE COMMISSION

Hon. Jim Pinney
Legal Counsel
PUBLIC SERVICE COMMISSION

Hon. Reginald Thomas
Post Office Box 1704
Lexington, Kentucky 40588-1704
COUNSEL FOR PLAINTIFF

Hon. Ray Edelman
150 South Main Street
Lawrenceburg, Kentucky 40342

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1 HEARING OFFICER SHAPIRO:

2 This is a hearing before the Kentucky Public
3 Service Commission in the matter of Reuben
4 Barnette versus South Anderson Water District,
5 Case Number 99-431. My name is Paul Shapiro, I'm
6 a Hearing Examiner for the Public Service
7 Commission and I've been asked by the Commission
8 to conduct the hearing this morning. Is the
9 complainant ready to proceed

10 MR. THOMAS:

11 Yes, we are Mr. Shapiro.

12 HEARING OFFICER SHAPIRO:

13 And is the defendant ready to proceed?

14 MR. EDELMAN:

15 Yes, sir.

16 HEARING OFFICER SHAPIRO:

17 Are there any pre--well, let me get appearance of
18 counsel first for the complaining party?

19 MR. THOMAS:

20 Reginald Thomas for the complainant Reuben
21 Barnette.

22 HEARING OFFICER SHAPIRO:

23 And your address Mr. Thomas?

24

1 MR. THOMAS:

2 My address is Post Office Box 1704, Lexington,
3 Kentucky 40588-1704.

4 HEARING OFFICER SHAPIRO:

5 And for the Water District?

6 MR. EDELMAN:

7 Ray Edelman, Attorney, 150 South Main Street,
8 Lawrenceburg 40342.

9 COURT REPORTER:

10 Would you spell your last name please

11 MR. EDELMAN:

12 E-d-e-l-m-a-n.

13 HEARING OFFICER SHAPIRO:

14 And for the Commission Staff?

15 MR. PINNEY:

16 Jim Pinney appearing for the Commission Staff.

17 COURT REPORTER:

18 Is that P-i-n-n-e-y?

19 MR. PINNEY:

20 Yes, do you need my address?

21 COURT REPORTER:

22 No, I don't think so.

23 HEARING OFFICER SHAPIRO:

24 Are there any preliminary matters that need to be

1 addressed at this time?

2 MR. THOMAS:

3 I don't believe so.

4 MR. EDELMAN:

5 I have a motion that I want to put on the record
6 that--at the appropriate time before we begin,
7 whenever you would like to hear it.

8 HEARING OFFICER SHAPIRO:

9 Well, this would be the time.

10 MR. EDELMAN:

11 Okay. For the record, my name is Ray Edelman, I
12 represent the South Anderson Water District in the
13 matter of Reuben Barnette versus South Anderson
14 Water District, Case Number 99-431 before the
15 Public Service Commission. The Commission entered
16 its Order dated January 7, the year 2000,
17 requiring the parties to complete certain proof
18 and to file certain direct testimony. And
19 pursuant to para--and all of that was done.
20 Pursuant to paragraph 13 of that Order the
21 Commission noted that the complainant bears the
22 burden of proof in this matter. And as such, he
23 should be held to his direct testimony as
24 submitted. Based upon the testimony that is

1 submitted today--prior to commencing this hearing,
2 the complainant has not introduced any evidence,
3 not one scintilla of evidence that indicates that
4 the water district in any fashion has unreasonably
5 excluded him from this particular project. In
6 fact, the only expert that has testified in this
7 action is the water district's engineer, Kent
8 Taylor, who indicates that as in all water
9 district projects a three prong test was used to
10 determine which parts of which roads, and which
11 roads would, in fact, be selected. And that is
12 number of households along each roadway, a
13 combination of the community development block
14 grant qualification, that is low to moderate
15 income versus number of households, and the
16 construction costs. At the time this project was
17 scooped out Willow Creek Road, which is now
18 Aaron-Barnette Road, had a petition which we have
19 filed in the record for users for the first 1.8
20 miles. They had a road captain. These are the
21 individuals, or nine or ten that signed up, Mr.
22 Barnette was not one of them. On his portion of
23 the road, which crosses the creek, which is an
24 additional 1.3 miles, there were two households

1 and one that was vacant for 1.3 miles which,
2 according to Mr. Taylor's testimony, \$51,000 in
3 additional construction cost would require--would
4 entail that additional construction, it would be
5 unreasonable to construct that--to add that to the
6 project. My point is this, we can chase rabbits
7 all day but the real issue here is has Mr.
8 Barnette been unreasonably excluded from the
9 project? He has introduced no evidence to that
10 effect. He is not an engineer, I asked him
11 interrogatories--and I'll be brief and I'll end
12 this soon. I asked him for: "Any documents
13 relating to supporting his position that he should
14 be included in the project." "None at present but
15 will supplement." Nothing came forth. Request
16 number six: "All documents in your possession
17 which will support your position from an
18 engineering standpoint that is practical and
19 efficient to complete a loop along Aaron-Barnette
20 Road." "None at present, will supplement." No
21 engineering evidence. Final request was: "All
22 documents in your possession which support your
23 assertion before the PSC that a reasonable
24 estimate to construct this line will be \$40,000."

1 There is no estimates. So, to go forward at this
2 time, for the record, based upon the testimony
3 that is in the record, just gives the complainant
4 an opportunity to rehabilitate his case. He
5 hasn't proven it yet. That's all I had to say at
6 this point, Your Honor.

7 MR. THOMAS:

8 May we respond, Mr. Shapiro?

9 HEARING OFFICER SHAPIRO:

10 Well, let me just ask a question of Mr. Edelman
11 first. How does the proof differ from what was
12 alleged initially in the complaint? Isn't it
13 pretty consistent? I mean, the proof that Mr.
14 Reuben Barnette submitted?

15 MR. EDELMAN:

16 Well, it depends on what your standard is. If you
17 are going to chase the rabbit of notice, there was
18 plenty of notice. All of these nine or ten people
19 had notice. And my position is that it really is
20 irrelevant. I think he had notice, but whether he
21 did or he didn't it really makes no difference
22 because this has to--this case has to fall on
23 expert testimony, what the reasonable expectation
24 of the district is in terms of scoping out a

1 project and having individuals come back after the
2 project is scooped out and say I'm developing
3 land, I want to sell land, I've sold land, now I
4 should be included in the project.

5 HEARING OFFICER SHAPIRO:

6 Well, what I'm getting at is this, there was a
7 complaint filed by Mr. Barnette. You filed the
8 response, there was proof submitted to the
9 Commission after reviewing the complaint and the
10 response. So, apparently the--they themselves
11 would consider sufficient to raise their question
12 for the Commission to consider at least initially.
13 As far as I can determine from reading the proof,
14 everything is consistent with what--with the
15 pleadings. In other words, his position hasn't
16 changed, he has just supported it with testimony.
17 And your position hasn't changed, you have just
18 supported your with testimony. So, you are asking
19 us now, at this point, after all of the, you know,
20 if after all the pleadings have been presented and
21 after all the proof has been put in in support of
22 those pleadings, to dismiss the complaint based--
23 you are saying that they have not stated a cause
24 of action.

1 MR. EDELMAN:

2 No, I'm saying based upon the pleadings and the
3 expert testimony that we have introduced. They
4 could have hired an engineer to come back and say
5 you didn't appropriately consider the roads. You
6 should have included his road for these reasons.
7 They didn't do that. They have got lay testimony
8 that is unfounded, unsupported and the expert, our
9 expert, is the only one that is testifying. Now,
10 that is cause for the Summary Judgement, Judgement
11 on the Pleadings, and I think, you know, my point
12 is I don't expect you to grant this, but we are
13 going to chase rabbits for three or four hours and
14 we ought not have to do that.

15 HEARING OFFICER SHAPIRO:

16 Well, I'm going to overrule the objection, or deny
17 the motion--I guess it is a motion--and allow the
18 case to proceed on the evidence.

19 MR. EDELMAN:

20 Note my objection please?

21 HEARING OFFICER SHAPIRO:

22 Mr. Thomas, you want to call your first witness

23 MR. THOMAS:

24 Yes, sir, I do, Mr. Shapiro, I'd like to call

1 Reuben Barnette.

2 HEARING OFFICER SHAPIRO:

3 Mr. Barnette, you want to come around please?

4 MR. EDELMAN:

5 Your Honor, as a point of procedure if I could--it
6 is my understanding that direct testimony has been
7 put in the record.

8 HEARING OFFICER SHAPIRO:

9 Right. There will be no--nothing other than--I'm
10 sorry--

11 MR. EDELMAN:

12 Wouldn't he be subject to cross-examination as
13 opposed to additional direct testimony. I don't
14 feel--

15 HEARING OFFICER SHAPIRO:

16 There will not be any--there won't be any
17 additional direct testimony. You understand that
18 don't you Mr. Thomas?

19 MR. THOMAS:

20 I thought I had the right to ask him questions
21 that I'd asked him previously.

22 HEARING OFFICER SHAPIRO:

23 No.

24

1 MR. THOMAS:

2 Are you saying that this--

3 HEARING OFFICER SHAPIRO:

4 That's all--his direct testimony is in the record,
5 all he is going to do is clarify it. You can ask
6 him if that is his testimony and if he stands by
7 his testimony, if there is an additions or changes
8 that needs to be made to correct any errors in the
9 testimony, but other than that--

10 MR. THOMAS:

11 Basically, he will be subject to cross-
12 examination?

13 HEARING OFFICER SHAPIRO:

14 He is just subject to cross-examination. And
15 their witness will be the same.

16 MR. EDELMAN:

17 Thank you.

18 MR. THOMAS:

19 Will there be any redirect following the cross-
20 examination?

21 HEARING OFFICER SHAPIRO:

22 There will be redirect but the redirect will be
23 based upon--the redirect will be limited to what
24 is raised on cross.

1 MR. EDELMAN:

2 Thank you, Your Honor.

3 (WITNESS DULY SWORN)

4 MR. THOMAS:

5 So, just to be clear Mr. Shapiro. All I should
6 ask him is whether he gave his testimony on date
7 certain?

8 HEARING OFFICER SHAPIRO:

9 No, all you have to ask him is whether or not the
10 testimony that has been filed in this proceeding
11 is his testimony and whether or not there are any
12 changes or additions or--I mean, changes or
13 corrections that need to be made to that
14 testimony. Sometimes there are typographical
15 errors, sometimes they will put the wrong date in,
16 things of that nature, but nothing major. This is
17 basically his testimony, he is just going to
18 verify his testimony and then he will be subject
19 to cross, and the same will be true for their
20 witnesses.

21

22 The witness, REUBEN BARNETTE, having first been
23 duly sworn, testified as follows:

24

1 DIRECT EXAMINATION

2 BY MR. THOMAS:

3 Q Reuben, could you state your name for the record,
4 please?

5 A Reuben Barnette.

6 Q Okay. And, Reuben, you have been provided a
7 copy of your testimony that you gave back on
8 February 8, 2000, before Georgene Scrivner
9 will be--when you gave your deposition?

10 A When now?

11 Q On February 8, 2000, you gave your testimony
12 before the court reporter?

13 A Yes.

14 Q You have reviewed that?

15 A Yes.

16 Q Are there any changes or deletions or
17 additions you would like to make to that
18 testimony?

19 A In that part?

20 Q Yes, regarding your testimony that you gave
21 on that date?

22 HEARING OFFICER SHAPIRO:

23 In other words, Mr. Barnette, do you
24 adopt that testimony as your--that

1 testimony as your testimony here today?

2 A Yes, I think it is true.

3 HEARING OFFICER SHAPIRO:

4 And you wish to make it part of the
5 record?

6 MR. THOMAS:

7 Yes, we would like to make it a part of
8 the record.

9 HEARING OFFICER SHAPIRO:

10 Let's mark it, then, for identification
11 as--let's mark it as Barnette Exhibit
12 Number 1. Any objection?

13 MR. EDELMAN:

14 No sir, that's fine.

15 HEARING OFFICER SHAPIRO:

16 So ordered.

17 (EXHIBIT SO MARKED: Barnette Exhibit No. 1)

18 HEARING OFFICER SHAPIRO:

19 Do you have a copy Mr. Barnette?

20 A Yes.

21 MR. THOMAS:

22 You can have his.

23 HEARING OFFICER SHAPIRO:

24 And the witness is now ready for cross-

1 examination.

2

3

CROSS EXAMINATION

4 BY MR. EDELMAN:

5 Q Mr. Barnette, you filed this complaint. My name
6 is Ray Edelman, I represent the South Anderson
7 Water District. I just have a few questions for
8 you. In this matter you initially indicate that
9 you didn't receive--let me just ask you, did you
10 or did you not read the notices that were in the
11 newspaper, Anderson News, regarding this project?

12 A The first notice I read was sometime in the
13 later part of '98 which said they were going
14 to run Willow Creek Road.

15 Q Is that what it said Mr. Barnette?

16 A That's what it said, they was going to run
17 Willow Creek Road.

18 Q Now, are you talking about the exhibit that
19 is attached to your testimony? May I
20 approach the court reporter? I assume this
21 is the exhibit you are talking about Mr.
22 Barnette? Thank you ma'am. Just so there is
23 no misunderstanding, is this the exhibit you
24 are talking about of the notice?

1 A Do you have one blowed up where I can see it
2 better?

3 Q Right.

4 MR. THOMAS:

5 I have one that is blown up, Your Honor,
6 if that would be more helpful to the
7 court.

8 HEARING OFFICER SHAPIRO:

9 Show it to Mr. Edelman.

10 MR. EDELMAN:

11 That might be fine, second exhibit, Your
12 Honor.

13 MR. THOMAS:

14 The affidavit and there is the exhibit.

15 MR. EDELMAN:

16 That's fine.

17 MR. THOMAS:

18 Maybe we can put this up so he can see
19 it Your Honor.

20 A I need to see it over here.

21 HEARING OFFICER SHAPIRO:

22 He needs to see it.

23 Q Reuben, you have got--Mr. Barnette, you have
24 this in front of you, let me do this so you

1 can see it and maybe the Court can see it,
2 that would be--can you see that Reuben?

3 MR. THOMAS:

4 Yes, I'm very familiar with it, so
5 go ahead.

6 Q Okay, now, this notification that you are talking
7 about, what are you telling us it says?

8 A Hand it here where I can see it. It says
9 right here Willow Creek Road.

10 Q Okay, let's read the--if Your Honor would
11 indulge me for a second, let's read what the
12 Notice says, okay. "Public Notification for
13 Informing the Public of Possible Impact to an
14 Important Land Resource. The United States
15 Department of Agriculture, Rural Development
16 is considering an application for financial
17 assistance sponsored by the South Anderson
18 Water District. The specific elements of
19 this proposed action involves the
20 construction of water line extensions
21 comprised of approximately 25,000 linear feet
22 of eight inch water mains, 240,000 linear
23 feet of four inch water mains, 11,000 linear
24 feet of three inch water mains, a pump

1 station and system appurtenances such as gate
2 valves, air release valves, blow-off valves,
3 meters, et cetera." "The following roads and
4 communities will be affected," and it talks
5 about Ballard, Dugansville Road, Hoophole,
6 Puncheon Creek, Searcy School, Fairview, Lick
7 Skillet, Drydock, Anderson City, Buntain
8 School, Kentucky 44 east of Glensboro,
9 Burgin, Cox, Willow Creek, 44 west of
10 Glensboro, Ashby Road, Gilberts Creek,
11 Wooldridge, Rice Road and Fox Creek. It says
12 if additional funds become available the
13 following roads will be considered: Dawson
14 Ferry, Ashby, Bear Creek, Dennis, Burke, Mays
15 Branch and Leathers. It says if implemented
16 the proposed action may impact important
17 farmland and designed flood plan within the
18 corridors or sites--

19 MR. THOMAS:

20 Designated.

21 Q --designated flood plains within the
22 corridors and/or sites of the proposed
23 improvements. The purpose--the purpose of
24 this notice is to inform the public of the

1 impact on the proposed locations of farm land
2 and flood plain. Alternative sites or
3 actions that would avoid these impacts and
4 methods that can be used to reduce these
5 impacts. The proposed action is available
6 for review at the following Rural Development
7 Office, and that is in Shelbyville. Any
8 persons interested in commenting on the
9 proposed action may do so by sending comments
10 within 30 days following the date of this
11 publication to Thomas G. Fern, State
12 Director, 771 Corporate Drive, Suite 200,
13 Lexington, Kentucky. And at the end there is
14 a notice of public need that is going to be
15 held at nine o'clock March 8. Now, Mr.
16 Barnette, what was the purpose of that
17 meeting as indicated in this--as you take it,
18 as I just read it, what was the purpose of
19 that meeting?
20 A That March 8?
21 Q Yes, what was the purpose of the meeting,
22 according to this notice?
23 A I don't know what it was, what business would
24 I have there when they had on there they was

1 going to run Willow Creek Road?

2 Q Where in this notice does it say that South
3 Anderson Water District is going to run water
4 on Willow Creek Road? Show it to me.

5 A Well, I just showed you, what does it mean
6 then?

7 Q I'm asking you where does it say that the
8 South Anderson Water District was going to
9 run water on the Willow Creek Road?

10 A You read it off the top up there, that the
11 following roads was going to be run.

12 Q Show me, just show it to me where it says it
13 is going to be run

14 MR. THOMAS:

15 He has the right to cross-examine him
16 but he has asked him three times and Mr.
17 Barnette has responded three times that
18 it says Willow Creek Road. I mean, I
19 don't know what more he wants my client
20 to say. He has asked and answered the
21 question.

22 Q Well, let's go over it one more time. The
23 beginning says the United States Department
24 of Agriculture Rural Developing is

1 considering an application for financial
2 assistance.

3 HEARING OFFICER SHAPIRO:

4 Well, I think the witness has testified
5 essentially that he understood that
6 notice to be a notice informing the
7 public that the road will be run--that
8 the line would be run along those areas
9 described or mentioned and one of them
10 was Willow Creek Road. Now, you are
11 asking him where does it say,
12 specifically, and he has told you that
13 he says where it says it on the top.
14 That is what--I take it that is what he
15 understands it to say.

16 MR. EDELMAN:

17 Well, as long as you understand, I'm
18 trying--

19 HEARING OFFICER SHAPIRO:

20 I understand what you are saying but I
21 understand what he is also--I also
22 understand what he is saying. And he is
23 telling you what his impression of it
24 is.

1 A I'm not no lawyer.

2 HEARING OFFICER SHAPIRO:

3 Well, wait a minute, you just answer
4 questions and you let the lawyers argue
5 among themselves.

6 Q I'll finish up with this then. Will you
7 agree with me, Mr. Barnette, that the plain
8 language of this notice says that the purpose
9 of this notice is to inform the public of
10 this possible result and request comments
11 concerning the impacts of the proposed
12 location of farmland and flood plain to
13 alternation--alternative sites or actions
14 that would avoid these impacts and three
15 methods that could be used to reduce these
16 impacts. Is that not what it says?

17 A Well, I guess that is what it says, but what
18 does it mean? What does that mean, my farm
19 is different than all the rest of them? I
20 don't see no difference in none of them.

21 Q Okay. Well, let me ask you, did you attend
22 that meeting?

23 A No, I didn't attend that meeting.

24 Q Did you attend any meeting regarding the

1 South Anderson Water District in this
2 project?

3 A Not until I hired an attorney.

4 Q Were you aware that your road had a road captain?

5 A Road captain?

6 Q To solicit names of people that were
7 interested in the project in '96 and '97?

8 A I'm not getting what you are saying?

9 Q Were you aware that on Aaron-Barnette Road,
10 Willow Creek, that your road had an
11 individual who was in charge of getting a
12 petition together to see who was interested
13 in water?

14 A I didn't know nothing about it until after I
15 found out they wasn't going to run water all
16 the way through.

17 Q Okay, if I may approach the witness, Your
18 Honor. Do you know Dwight Conway?

19 A Dwight Conway, yes.

20 Q Does he live at 1121 Willow Creek?

21 A He did live on Willow Creek I don't know--I
22 don't know what the address, he don't now.

23 Q Does Rudy Jewel live at 1210 Willow Creek?

24 A Jewel lives on Willow Creek, I don't know the

1 address.

2 Q Does Allen Chambers live at 1282 Willow
3 Creek?

4 A I don't know him.

5 Q Doug Armstrong and Sheila Barnes?

6 A Doug Armstrong?

7 Q 1316 Willow Creek?

8 A Doug Armstrong?

9 Q If you don't know that's fine, I'm not trying
10 to trip you.

11 A Maybe the one you are talking about they
12 might call him Danny but it is the only
13 Armstrong that I know on that road.

14 Q Cathy and Steve Drury?

15 A Yes.

16 Q The Drury's live on Willow Creek?

17 A Yes.

18 Q Mike Tipton?

19 A Mike, yes.

20 Q Now, they all live--the ones you know all
21 live on the first 1.8 miles of Willow Creek
22 that has been included in this project; is
23 that not correct?

24 A Yes.

1 Q Okay. I'd like to show this to Mr. Thomas,
2 we have already introduced this as part of
3 the record in the pleadings, Your Honor, but
4 I'd like to make--this is a list of the sign-
5 ups of individuals on the first 1.8 of Willow
6 Creek that were solicited and petitioned the
7 District for water.

8 MR. THOMAS:

9 Your Honor, I don't have any basic
10 objection to this, but what I think this
11 really is are the people who signed up
12 for the first 1.2 miles on Willow
13 Creek, because I think as we go through
14 this hearing today what Your Honor will
15 find out is that, initially, the water
16 district proposed to only do 1.2 miles
17 of Willow Creek. And at some point
18 between June and today they decided to
19 add in an addition 6/10 of a mile, so I
20 think when the road captain went along
21 the road to look at these addresses,
22 Your Honor, these are only to include
23 the first 1.2 miles. So, I don't have
24 any objection to Ray introducing this

1 but I'm saying it is not for the first
2 1.8 miles, it is really for the first
3 1.2 miles.

4 HEARING OFFICER SHAPIRO:

5 Well, all we think this witness can
6 identify, though, is that these people
7 lived on Willow Creek Road, where they
8 lived and how far down the road they
9 lived, he can't testify, because he
10 doesn't--unless he knows that they live
11 within a certain area. That's all he
12 can do.

13 Q I can ask him. Do any of these individuals
14 live on the 1.3 miles that you are discussing
15 today?

16 A That I'm asking for?

17 Q Yes, sir.

18 A No.

19 Q Okay. Now, your name is not on this list, is
20 it

21 A No. Or you didn't read it off, I ain't
22 looked at it.

23 Q Well, I'll let you look at to make sure.

24

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HEARING OFFICER SHAPIRO:

Do you want to introduce that as an exhibit?

MR. EDELMAN:

Yes, Your Honor.

HEARING OFFICER SHAPIRO:

Let's mark it for identification, then, as Defendant's Exhibit 1.

MR. EDELMAN:

Thank you, Your Honor.

Q Mr. Barnette, have you had an opportunity to look at it?

A Yes, my name is not on it.

Q Do you know--

HEARING OFFICER SHAPIRO:

Do you want to introduce that?

MR. EDELMAN:

Yes, Your Honor.

HEARING OFFICER SHAPIRO:

For the purpose of showing that these are the people--that these people live on Willow Creek Road?

MR. EDELMAN:

For the purpose they live on Willow

1 Creek Road and Mr.--we will later on
2 support it with testimony, Lynn Hughes
3 testimony supports that those people
4 signed up for the project.

5 HEARING OFFICER SHAPIRO:

6 Okay.

7 MR. EDELMAN:

8 And that Mr. Barnette's name is not on
9 the list.

10 HEARING OFFICER SHAPIRO:

11 At this point all you are offering it
12 for is to show that these people live on
13 Willow Creek Road?

14 MR. EDELMAN:

15 Yes. Once we introduce the engineer's
16 testimony it will be incorporated.

17 HEARING OFFICER SHAPIRO:

18 Let it be introduced for that purpose at
19 this time.

20 (EXHIBIT SO MARKED: Defendant Exhibit No. 1)

21 Q Mr. Barnette, are you aware that there was another
22 hearing held in--regarding the community
23 development block grant money that was advertised
24 in the Anderson News on August 5, 1998?

1 A No, I don't understand that one.
2 Q If I may approach the witness and let him--
3 looks like Mr. Thomas had an affidavit of
4 newspaper gentlemen and this is part of our
5 previously filed proof, Your Honor. Let me
6 let your read that notice of public hearing
7 and ask you if you--you said you haven't read
8 it before so let me give you a second just to
9 review it before I ask you some questions on
10 it.

11 HEARING OFFICER SHAPIRO:

12 Can you read it Mr. Thomas?

13 A This is not the first one that came out that you
14 read a while ago?

15 Q No, sir.

16 A When did this one come out then?

17 HEARING OFFICER SHAPIRO:

18 Well, right now, Mr. Thomas, you just
19 answer the questions. Do you have--have
20 you read that before?

21 MR. THOMAS:

22 Ray, can you tell me where this is in
23 your exhibit? This is Exhibit 2
24 under Kincer?

1 MR. EDELMAN:

2 This is after--this is attached to our
3 answer.

4 MR. THOMAS:

5 This is attached to your answer?

6 Q Reuben, let me help you with that if I can
7 Mr. Barnette. For the record, this is an
8 advertisement that appeared in the Anderson
9 News, certified by Don White August 5, 1998,
10 styled Public Hearing Notice South Anderson
11 Water District Expansion Project. "All
12 interested citizens from Anderson County,
13 Kentucky, the Kentucky Department of Local
14 Government is accepting applications under
15 the 1998 Community Development Block Grant
16 (CDBG) Program. The following information
17 concerning the CDBG Program is available for
18 public inspection. A. Amount of funds
19 available and range of activities that may be
20 undertaken. B. Estimated amount of funds
21 proposed to be used for activities benefiting
22 persons of low to moderate income. C. Plans
23 for minimizing displacement persons as a
24 result of activities assisted with CDBG funds

1 and plans for providing assistance to those
2 persons to be actually displaced with all the
3 CDBG funded activities." And it goes on to
4 say in the end that the county will hold a
5 public hearing prior to the submission of any
6 application. The Public Hearing will be held
7 August 18, 1998, 6:00 in the Anderson County
8 District Courtroom. The purpose of the
9 hearing is to obtain views on housing,
10 economic development, community development
11 needs, review of the proposed activities,
12 review any proposed applications, solicit
13 public comment and inform citizens of
14 technical assistance available to help groups
15 representing low, moderate income persons in
16 developing proposals. And they say that a
17 copy is on file with the County Judge-
18 Executive's office from August 18 through
19 August 25, 1998. So, your testimony is that
20 you didn't read that in the paper?

21 A That is different, no, I didn't.

22 Q Okay, let me ask you.

23 MR. EDELMAN:

24 If may, Your Honor, I'd like to make

1 that Defendant's Exhibit 2.

2 HEARING OFFICER SHAPIRO:

3 He can't identify it. How are you going
4 to identify it?

5 MR. EDELMAN:

6 I'll do it through the engineer.

7 Q Do you--did you go to the meeting?

8 A No.

9 Q So, that meeting held on August 18 that
10 talked about the community development block
11 grant funds, you didn't attend that meeting
12 either?

13 A If I didn't read it, I didn't know they had a
14 meeting, no.

15 Q So that's a yes, you didn't attend the
16 meeting. Did you--were you aware of any
17 other meetings that were held?

18 A No.

19 Q That were advertised in the paper?

20 A Not unless it is on this ad here, and I can't
21 hardly see this ad the way it is read here.
22 That's the only one I've seen in the paper
23 until one come out--the last one come out in
24 2000, I reckon.

1 Q Did you ever call the Water District prior to June
2 of 1999 as you testified to, do you remember ever
3 calling them before June of 1999 inquiring about
4 the project?

5 A No.

6 Q Mr. Barnette, you testified in your
7 deposition, given which is now part of your
8 testimony, that you have developed property
9 in Anderson County; is that correct?

10 A Yes.

11 Q And you developed property on Rice Road; is
12 that not correct?

13 A Yes.

14 Q And you have had a prior dispute with South
15 Anderson Water District; is that not correct?

16 A Yes.

17 Q Okay. And that occurred some four or five
18 years ago?

19 A Yes.

20 Q And you filed a complaint with the Public
21 Service Commission?

22 A Yes.

23 Q And how was that complaint disposed of?

24 A I was refused to give a hearing in front of

1

the Public Service Commission.

2 Q

And your complaint was really about you were

3

attempting to get some monies back from the

4

district. You thought they owed you some

5

monies for water lines that you had put in

6

for developing the Rice Road property; is

7

that not correct?

8 A

I didn't think, they did. That was it, yes.

9 Q

However, the complaint you filed was

10

dismissed by the Public Service Commission?

11 A

Not exactly, no.

12 Q

What happened?

13 A

Well, South Anderson Water District, when I

14

went in front of them to hire them to run the

15

water down to the bottoms where I was making

16

eight lots, they told me of two ways it could

17

be set up where I could draw my money back.

18

And I accepted one of them and when people

19

started hooking on, Allison Walker, Manager

20

of South Anderson Water District, told me one

21

day that a house or two in the bottoms had

22

hooked on, he needed to get with me and pay

23

me for 50 foot of each one of them, and I

24

told him no that wasn't the way it was agreed

1 on. It was agreed on the people outside of
2 the bottoms paying me back so much, not the
3 people in the bottoms where I sold lots. And
4 he disagreed. But I had a contract at home
5 where he signed it, where he got the water
6 commissioners to approve it and he signed it
7 and mailed it to me. And that is the reason
8 I filed a complaint.

9 Q And what was the disposition of that
10 complaint by the Public Service Commission?

11 A They come back and said they didn't know it
12 was going to be a subdivision, that all South
13 Anderson had to pay me for was 50 foot for
14 each hookup, and I've now got 50 of them.

15 Q Now, in your testimony on page 16, Mr.
16 Barnette, Mr. Thomas asked you the question
17 "Do you think that this agreement--" that's
18 talking about the PSC dispute--"had any
19 influence or effect on the decision by South
20 Anderson Water District not to run water
21 lines throughout the entire Willow Creek
22 Road?" And you answered, "I think that's the
23 only reason." Do you still stand by that
24 testimony?

1 A I still stand by that answer.

2 Q How many households in June of '98 or early
3 '98, prior to the time you sold to Mr. and
4 Mrs. Rucker, how many users were there on
5 Willow Creek?

6 A On Willow Creek?

7 Q Well, on your portion, on the 1.3 that we are
8 talking about today, on your portion?
9 Obviously there was you?

10 MR. THOMAS:

11 Mr. Shapiro, I'm going to allow him to
12 ask the question, but he says users, and
13 I'm not sure that is an appropriate
14 term, households, maybe.

15 MR. EDELMAN:

16 We can say households.

17 MR. THOMAS:

18 Households may be more appropriate.

19 HEARING OFFICER SHAPIRO:

20 The witness doesn't understand the
21 question.

22 Q How many households or potential users, how
23 many potential households, including
24 yourself, were on the 1.3 portion of Willow

1 Creek which we are discussing today for
2 inclusion in this project?

3 A In June of '98

4 Q Before you sold to Mr. and Mrs. Rucker and
5 before you sold to the other four or so other
6 individuals the property you were developing?

7 A Four, I reckon. Four and one house that my
8 aunt used to live in, abandoned.

9 Q Who were those four?

10 A It was a trailer on the bottom of the hill
11 that I owned, where my mother-in-law used to
12 live, and we divorced and she moved out, I
13 hadn't got it remodeled.

14 Q So, let me stop you there, so nobody was
15 living in there but there was a trailer you
16 owned on your property?

17 A Yes.

18 Q Where your house sets?

19 A No, not where my house sets.

20 Q Okay. Well, then explain to me on what
21 property?

22 A It's on a different farm where I live, it's
23 on my land, but--

24 Q What other--in addition to those two, what

1 other two are we talking about?

2 A Ray Ellis and Rucker, what's his--I don't
3 remember his first name.

4 Q Are you talking about Mr. Rucker or is there
5 a different individual?

6 A Huh?

7 Q Are you talking about Mr. Rucker that
8 testified in this matter?

9 A No. What do you mean testified?

10 Q Well, that put proof in the record for you, a
11 Mr. and Mrs. Rucker, are we talking about
12 those individuals?

13 A Yes.

14 Q Now, they testified, Mr. Barnette, that they
15 bought in June of '98. Does that sound about
16 right?

17 A Well, no, it don't. No.

18 Q Okay. Now, you are developing out there on
19 Willow Creek, are you not?

20 A I was.

21 Q Well, you sold how many tracts of land out
22 there?

23 A Eight, I think.

24 Q So, you have sold eight tracks of land on Willow

1 Creek?

2 A Seven or eight, I think it is eight.

3 Q Did you hire--have you hired an engineer to
4 take a look at the 1.38--1.3 miles of roadway
5 that we are discussing today to determine the
6 feasibility of running a water line--whether
7 it is feasible to run an extension of water
8 lines in this project?

9 A No.

10 Q Have you sought out any other expert
11 testimony to come before this Commission to
12 tell this Commission that in fact it is
13 feasible, given the numbers that exist in
14 '98, that this 1.3 miles should be included in
15 this extension?

16 A No.

17 Q Have you supplied the Commission any
18 information that would verify that your
19 number of \$40,000 would be the number it
20 would take to construct this additional 1.3
21 miles of water line

22 A I estimated what I thought it would take, I
23 didn't say what it would take. I don't know
24 what it would take, you know, I estimated

1 what I thought it would take.

2 HEARING OFFICER SHAPIRO:

3 But you haven't hired an engineer to
4 tell you?

5 A No, I haven't hired nobody.

6 MR. EDELMAN:

7 I think that's all I have right now Your
8 Honor.

9 HEARING OFFICER SHAPIRO:

10 Any questions?

11 MR. PINNY:

12 I have no questions.

13 HEARING OFFICER SHAPIRO:

14 Any redirect?

15 MR. THOMAS:

16 Yes, Mr. Shapiro.

17

18 REDIRECT EXAMINATION

19 BY MR. THOMAS:

20 Q Mr. Barnette, Mr. Edelman on cross-examination
21 indicated that there were road captains along
22 various projects proposed by the South Anderson
23 Water District. Did a road captain ever come by
24 your house?

1 A No.

2 Q Were you ever told by anyone affiliated with
3 South Anderson Water District that a road
4 captain would be getting in contact with you?

5 A No.

6 Q So, you don't have any knowledge of any road
7 captain going along, coming along Willow
8 Creek Road?

9 A Yes, I do now.

10 Q You do now, but you didn't back in June of
11 '98?

12 A No.

13 Q Or, for that matter, the entire calendar year
14 of 1999?

15 A There was some time--after I found out they
16 wasn't going all the way through the road,
17 then I went to talking to people up and down
18 through there and I found out that they had
19 been down on the other end of Willow Creek
20 Road but not up around home.

21 Q Not to your house?

22 A No.

23 Q Now, for the Commission's own information,
24 what was your understanding in terms of how

1 far they were going to go on Willow Creek
2 Road when you found out that the notice
3 wasn't exactly as indicated, they were only
4 going through part of Willow Creek Road. How
5 far did you find out they were going to go?

6 A One mile and two tenths.

7 Q A mile and two tenths?

8 A Yes.

9 Q By the way, Mr. Shapiro, before I forget,
10 since I already have that exhibit in the
11 record, I'd like to have that blown up copy
12 made a part, formal part of the record,
13 because I think it is really--

14 HEARING OFFICER SHAPIRO:

15 Is it part of his testimony

16 MR. THOMAS:

17 It is part of his testimony, it is
18 already in the record.

19 HEARING OFFICER SHAPIRO:

20 Part of the prefiled testimony?

21 MR. THOMAS:

22 Yes, sir, it was.

23 MR. EDELMAN:

24 I don't have any objection.

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HEARING OFFICER SHAPIRO:

Well, what would be the purpose?

MR. THOMAS:

Well, I mean, I think it just highlights what the wording of the language was in terms of the roads, desire to be part of this project by the South Anderson Water District, I think a clear copy of the actual notice submitted by South Anderson Water District.

MR. EDELMAN:

I'm going to object, Your Honor, I mean desire--it speaks for itself, it says what it says.

HEARING OFFICER SHAPIRO:

Well--

MR. THOMAS:

It's your call Mr. Shapiro.

HEARING OFFICER SHAPIRO:

If you have no objection to it--

MR. EDELMAN:

I don't have any objection, it is the same thing that is attached to his testimony.

1 HEARING OFFICER SHAPIRO:

2 I would just introduce it, I will just
3 let it be a part of the record as a copy
4 of what is already in the record. I
5 mean, there is no sense in having two
6 exhibits that say exactly the same thing
7 and giving it separate numbers. But if
8 you want to leave that as a copy of what
9 is in the record, that will be fine.

10 MR. THOMAS:

11 Okay, thank you Mr. Shapiro.

12 Q So, when you found out, Reuben, that they
13 weren't going to come entirely along Willow
14 Creek Road, you found out they were only
15 going to go 1.2 miles.

16 A Yes.

17 Q Okay. Is it true that you have now been
18 informed that that distance has changed?

19 A Yes.

20 Q And now how far is the South Anderson Water
21 District going to go along Willow Creek road?

22 A I've been told a mile and eight tenths.

23 Q So, there has been a change then from what
24 was initially proposed to what they are going

1 to do now?

2 A Yes.

3 Q Now, on his cross-examination Mr. Edelman
4 provided you with a copy of an August 1998
5 notice promulgated by the South Anderson
6 Water District. Ray, did you--I didn't get a
7 copy of that, do you still have that?

8 MR. EDELMAN:

9 I haven't introduced it yet.

10 MR. THOMAS:

11 Okay, but you made reference to it, may
12 I see it for a minute?

13 MR. EDELMAN:

14 You can look at it, you've got a copy of
15 it, but you are welcome to look at it.

16 MR. THOMAS:

17 Do you have any problems if I show it to
18 Reuben?

19 MR. EDELMAN:

20 No, sir, go ahead.

21 Q Now, I show you that same August 1998 notice that
22 Mr. Edelman showed you and I'll ask you does that
23 notice indicate in any way or any mention of
24 Willow Creek Road or for that matter any roads?

1 A No, I don't see no roads on it.

2 Q Okay. It's just a general notice to the
3 public of the possibility, I'm going to be
4 precise here, of the South Anderson Water
5 District expansion project, but it doesn't
6 indicate any roads on here?

7 A I don't see it, I hadn't noticed it until you
8 said that just now.

9 Q So, since it didn't mention Willow Creek Road
10 specifically, you didn't know whether that notice
11 applied to you or to anyone else? It didn't
12 personally indicate that it was going to affect
13 your property?

14 HEARING OFFICER SHAPIRO:

15 I think the witness has testified that
16 he had never seen that notice; is that
17 right?

18 A Yes, I testified that I didn't see it, so I
19 wouldn't--

20 HEARING OFFICER SHAPIRO:

21 Is that correct, you haven't seen that
22 notice before?

23 A No, I said I don't remember seeing that one.

24 Q Now, I want to go back to another question Mr.

1 Edelman asked, because I think it is very
2 pertinent to this hearing. After you get past the
3 1.2 miles in June of 1998, how many houses were
4 there remaining on Willow Creek Road after that
5 1.2 miles? Mr.--I'm going to establish that there
6 were at least nine in the 1.2 mile corridor and
7 all the documents submitted by the South Anderson
8 Water District substantiate that. After that 1.2
9 miles in 1998, how many houses were there?
10 A From the mile and two tenths on through?
11 Q Right.
12 A Eleven, not counting the one abandoned.
13 Q Eleven?
14 A Yes.
15 Q Okay. And your testimony is that included in
16 that 11 would have been your house, the
17 Redmon's house, the Elliott's house and the
18 trailer where your mother-in-law lived?
19 A Yes.
20 Q Okay. So, there were 11 houses in that
21 additional--in that 1.9 miles?
22 A 1.8 miles I think.
23 Q 1.8, 1.9 miles, okay.
24 A Yes. There was one more started along about

1 that time but I don't know whether it had
2 started, but there wasn't nobody living there
3 for sure.

4 Q And today how many houses are there after
5 that, going--how many other houses have been
6 added after that 1.2 miles?

7 A It is one more living there and it is one
8 more getting ready to move into in the next
9 two weeks.

10 Q The one more living there would be Tom
11 Redmon's house; is that correct?

12 A Yes.

13 Q And the one more that is getting ready to
14 move there would be the Riddles house; is
15 that right?

16 A Yes.

17 Q That's correct. So, that would make then, if
18 you add those two to eleven, it would make
19 13.

20 MR. EDELMAN

21 I don't have any--I want to object for a
22 second. I don't have any problem with
23 Mr. Thomas leading him a little bit, but
24 I'd like for him to ask him questions

1 about who these individuals are if he
2 knows. I'm not trying to--well, in
3 terms of his asking him one would be the
4 Riddles and one would be the Redmons,
5 and I'd like to know if Mr. Barnette
6 knows who these people are. He didn't
7 seem to know who they were when I was
8 asking questions on the front end of the
9 road. I'm just objecting to the leading
10 a little bit is where I'm coming from.

11 MR. THOMAS:

12 I'll be glad to rephrase my question.

13 HEARING OFFICER SHAPIRO:

14 Have you asked him--where are we--are
15 you objecting to the last question that
16 was asked? Okay, rephrase the question.

17 MR. THOMAS:

18 I'll be glad to rephrase the question.

19 Q You said there are two additional houses, do
20 you know who those two additional houses are
21 Mr. Barnette?

22 A Tom Redmon and Gaines Riddle or how you announce
23 it.

24 Q And that would make a total of 13 as of

1 today, after that 1.2 mile termination by the
2 South Anderson Water District?

3 A Yes.

4 Q Now, finally, Mr. Edelman asked you a
5 question about you being a land developer.
6 And you acknowledged on answering the
7 question that in the past you have sold land
8 on Willow Creek Road?

9 A Yes.

10 Q Are you still selling land on Willow Creek
11 Road Mr. Barnette?

12 A Yes.

13 Q How many lots do you have to be developed?

14 A Two.

15 Q And where are those two located?

16 A Well, I guess the best way I can put it is
17 one is located between a mile--the last mile
18 and two tenths, and then one of them between
19 the six tenths that they added on later.

20 Q So, only one of the lots then is going to be
21 excluded from this project?

22 A Yeah.

23 Q And you have some other lots for sale but
24 they are located on US 62?

- 1 A Yes.
- 2 Q And they already have access to city water?
- 3 A Yes.
- 4 Q So, as of today, there is only one lot that
- 5 you have undeveloped for sale that would
- 6 benefit from this roadway, from going all the
- 7 way through Willow Creek Road?
- 8 A Yes.
- 9 Q Only one lot?
- 10 A Yeah, six acres.
- 11 Q And the remaining property is your homestead
- 12 property; is that correct? The only other
- 13 property that is on Willow Creek Road would
- 14 be your homestead property, right?
- 15 A Yes.
- 16 Q Where you personally live?
- 17 A Yes.
- 18 Q That is not for sale; is that correct?
- 19 A Not for sale.
- 20 Q And where your children live?
- 21 A Yes.

22 MR. THOMAS:

23 I have no further questions, Mr.
24 Shapiro.

RECROSS EXAMINATION

1

2 BY MR. EDELMAN:

3 Q Sounds like you have been pretty successful
4 selling lots out there on Willow Creek or Aaron-
5 Barnette Road?

6 A I didn't understand you.

7 Q I said it sounds like you have been pretty
8 successful selling lots on Aaron-Barnette
9 Road?

10 A Well, I call it more tracts, not lots.

11 Q Well, what size--would you agree with me that
12 you have been pretty successful selling these
13 tracts?

14 A Yes.

15 Q When did you start selling these tracts?

16 A Probably four years ago, I don't know the
17 exact day, but approximately.

18 Q And just for the record, how many tracts have
19 you sold?

20 A Seven, I reckon.

21 HEARING OFFICER SHAPIRO:

22 Are you talking about Willow Creek Road?

23 MR. EDELMAN:

24 Yes, sir.

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HEARING OFFICER SHAPIRO:

Seven on Willow Creek Road?

A Yeah.

Q And there is one remaining

A One remaining. Well, one--

Q Actually, there is two remaining, one is on the portion where you are requesting to be included in the project and one is already included in what would be in the current project?

A Yes.

MR. EDELMAN

That's all I have right now Your Honor.

HEARING OFFICER SHAPIRO:

Staff, any questions?

MR. PINNY:

No questions.

REDIRECT EXAMINATION

BY MR. THOMAS:

Q In keeping with the rules of evidence, just to follow up on Mr. Edelman's statement. These lots that you sold, Mr. Barnette, you have sold, obviously, without there being city water available to the buyers of these lots; correct?

1 A Right.

2 Q And you have been successful doing that?

3 A Yes.

4 Q So, why do you want water now, Mr. Barnette,
5 why do you want city water now?

6 A Well, anybody wants city water. That is one
7 thing--

8 HEARING OFFICER SHAPIRO:

9 I don't know that this is like follow up
10 from what he covered.

11 MR. THOMAS:

12 Well, let me tell you where I'm going
13 Mr. Shapiro. If he has been successful
14 doing it without city water and he only
15 has one lot for sale, then it stands to
16 reason that the reason that he wants
17 water has to do with something other
18 than his desire to sell lots.

19 HEARING OFFICER SHAPIRO:

20 But he has already testified on his
21 direct testimony that he wants water
22 because--he wants city water because
23 city water is better to use than cistern
24 water. It is cleaner and it tastes

1 better and his little boy liked to drink
2 it.

3 A Well, that's not the only reason.

4 MR. THOMAS:

5 Okay. Then I'll stand by that Mr.
6 Shapiro.

7 MR. EDELMAN:

8 I don't have any further questions.

9 HEARING OFFICER SHAPIRO:

10 Okay, thank you Mr. Thomas, Mr.--I'm going to get
11 you mixed up all day, Mr. Barnette, thank you.
12 Let's take about five minutes.

13 (OFF THE RECORD)

14 HEARING OFFICER SHAPIRO:

15 Call your next witness.

16 MR. THOMAS:

17 Yes, sir, Mr. Shapiro, I'd like to call Tom Redmon
18 to the stand please.

19 (WITNESS DULY SWORN)

20 MR. THOMAS:

21 Mr. Shapiro, before I begin I want to say that I'm
22 having some copies made of the deposition. You
23 see, I thought that those would have been provided
24 to the stenographer, so I'm going to provide when

1 the copies come back a copy of Mr. Redmon's
2 deposition for the stenographer.

3 HEARING OFFICER SHAPIRO:

4 Okay. So you didn't have an extra one for--

5 MR. THOMAS:

6 No, you see, I thought that one had already been
7 provided, so I'm having some additional copies
8 made right now.

9 HEARING OFFICER SHAPIRO:

10 Well, have you got something that he can refer to
11 if he is asked any questions?

12 MR. THOMAS:

13 No, because I gave my original to the Commission
14 Staff, she graciously agreed to make copies for
15 me.

16 MR. EDELMAN:

17 We have an extra copy of all the statements.

18

19 The witness, THOMAS LEE REDMON, having first been
20 duly sworn, testified as follows:

21

DIRECT EXAMINATION

22 BY MR. THOMAS:

23 Q Tom, could you state your name for the record
24 please?

1 A Thomas Lee Redmon.

2 Q And, Tom, you also have been provided a copy of
3 your deposition, I'll just use the term
4 deposition, that you took back on February 8,
5 2000, before the court reporter there in
6 Lawrenceburg, Kentucky?

7 A Yes.

8 Q And, Tom, do you adopt that testimony as you
9 stated on that day?

10 A Yes.

11 MR. THOMAS:

12 I'd like to supplement that if I could
13 by one point.

14 HEARING OFFICER SHAPIRO:

15 The order says that that is the
16 testimony, so I'll hold you to that.
17 You wish to introduce it as--

18 MR. THOMAS:

19 Yes, I would like to introduce that.

20 HEARING OFFICER SHAPIRO:

21 Let's introduce his testimony then as
22 Plaintiff's Exhibit or Barnette Exhibit
23 2.

24 (EXHIBIT SO MARKED: Barnette Exhibit No. 2)

1 HEARING OFFICER SHAPIRO:

2 Is the witness ready for cross-examination?

3 MR. THOMAS:

4 Yes, he is, Your Honor.

5 MR. EDELMAN:

6 No questions.

7 MR. PINNY:

8 No questions.

9 HEARING OFFICER SHAPIRO:

10 Thank you Mr. Redmon. Do you have any questions
11 of the other witnesses that testimony has been
12 introduced?

13 MR. EDELMAN:

14 I don't know who else he is going to have testify?

15 HEARING OFFICER SHAPIRO:

16 Well, I assume it's going to be all of those that
17 have been--

18 MR. THOMAS:

19 Well, let me tell you what my order is going to
20 be. Next I'm going to call Elvis Thompson to the
21 stand, following Mr. Thompson I'm going to call
22 Mr. James Riggle, following Mr. Riggle I'm going
23 to call Ms. Christine Riggle, following Ms. Riggle
24 I'm going to call Lou Defino, following Mr. Defino

1 I'm going to close with John Cunningham.

2 HEARING OFFICER SHAPIRO:

3 Do you have any questions of any of those
4 witnesses?

5 MR. EDELMAN:

6 You know the property owners, I mean, they all say
7 the same thing, I'm not going to--

8 HEARING OFFICER SHAPIRO:

9 I'm not trying to preclude you from asking any
10 questions.

11 MR. EDELMAN:

12 No, I'm not going to ask them any questions, I
13 don't think there is anything to be gained.

14 HEARING OFFICER SHAPIRO:

15 Do you have any questions of any of the property
16 owners?

17 MR. PINNY:

18 No.

19 HEARING OFFICER SHAPIRO:

20 Could we then agree that the property--the
21 testimony of the property owners can be introduced
22 as evidence in this proceeding?

23 MR. EDELMAN:

24 As far as I'm concerned.

1 HEARING OFFICER SHAPIRO:

2 So, that they can be excused.

3 MR. THOMAS:

4 Now, does that include John Cunningham because he
5 is not a property owner, but I do have--

6 HEARING OFFICER SHAPIRO:

7 He is a Realtor.

8 MR. EDELMAN:

9 Why don't we bring John Norman on, the property
10 owners are fine, Your Honor.

11 HEARING OFFICER SHAPIRO:

12 Okay, let's agree then that--what are the names of
13 the witnesses now?

14 MR. THOMAS:

15 Okay, the names of the witnesses in order
16 following Tom Redmon will be Elvis Thompson.

17 HEARING OFFICER SHAPIRO:

18 Okay, just go slow, Elvis Thompson?

19 MR. THOMAS:

20 Yes, Your Honor.

21 HEARING OFFICER SHAPIRO:

22 Okay. Next.

23 MR. THOMAS:

24 Then after Elvis Thompson would be James Riggle,

1 then after James Riggle would be Christine Riggle.

2 HEARING OFFICER SHAPIRO:

3 Okay.

4 MR. THOMAS:

5 Your Honor, I also would like to add to the record
6 Timothy Rucker.

7 HEARING OFFICER SHAPIRO:

8 Wait a minute now, has his testimony been
9 introduced?

10 MR. THOMAS:

11 Yes, I mean, they are all there.

12 HEARING OFFICER SHAPIRO:

13 Okay, Timothy Rucker.

14 MR. THOMAS:

15 Timothy Rucker.

16 HEARING OFFICER SHAPIRO:

17 Will he be the next one after Christine Riggle

18 MR. THOMAS:

19 Yes.

20 HEARING OFFICER SHAPIRO:

21 And who else?

22 MR. THOMAS:

23 Sarah Michelle Rucker.

24

1 HEARING OFFICER SHAPIRO:

2 Sarah Michelle Rucker.

3 MR. THOMAS:

4 Yes, her deposition is in the thing.

5 MR. EDELMAN:

6 Now, it's Scarlet.

7 MR. THOMAS:

8 Scarlet Michelle Rucker.

9 HEARING OFFICER SHAPIRO:

10 Scarlet.

11 MR. EDELMAN:

12 Let me just ask a procedural point here.

13 HEARING OFFICER SHAPIRO:

14 Well, let me get these down first.

15 MR. EDELMAN:

16 Is she here to testify?

17 MR. THOMAS:

18 No, they are not here, they wouldn't be here to
19 testify but their depositions or affidavits are
20 part of the record.

21 MR. EDELMAN:

22 I don't have that in here. They don't hurt, I
23 don't have any problem with it.

24

1 HEARING OFFICER SHAPIRO:

2 If he has no objection, that will be fine.

3 MR. THOMAS:

4 And I'll tell you why--

5 HEARING OFFICER SHAPIRO:

6 Well, that's no--let's--I just want to go through
7 the procedure here right now. Elvis Thompson,
8 James Riggle, Christine Riggle, Timothy Rucker,
9 Scarlet Michelle Rucker and who else?

10 MR. THOMAS:

11 Ray Elliott.

12 HEARING OFFICER SHAPIRO:

13 Ray Elliott.

14 MR. EDELMAN:

15 That's an affidavit, Your Honor.

16 HEARING OFFICER SHAPIRO:

17 That was the affidavit.

18 MR. THOMAS:

19 There are two affidavits, one by Timothy Elliott,
20 and one by--Timothy Rucker and one by Ray Elliott.

21 HEARING OFFICER SHAPIRO:

22 Do you have any--

23 MR. EDELMAN:

24 No objection.

1 HEARING OFFICER SHAPIRO:

2 Ray Elliott and--

3 MR. THOMAS:

4 Lou Defino.

5 HEARING OFFICER SHAPIRO:

6 Lou Defino, his was a deposition.

7 MR. THOMAS:

8 His was by deposition.

9 HEARING OFFICER SHAPIRO:

10 Ray Elliott, Lou Defino, who else?

11 MR. THOMAS:

12 That was it because Mr.--

13 HEARING OFFICER SHAPIRO:

14 Timothy Rucker was an affidavit as well; is that
15 correct?

16 MR. THOMAS:

17 That's correct.

18 HEARING OFFICER SHAPIRO:

19 Okay. Why don't we mark these for identification
20 then as Barnette Exhibits 3, 4--Thompson would be
21 three, James Riggle would be four, Christine
22 Riggle would be five, Timothy Rucker would be six,
23 Sarah Michelle Rucker would be seven, Ray Elliott
24 would be eight and Lou Defino would be nine.

1 MR. THOMAS:

2 Let me go over that again, Tom Redmon would be
3 two; is that correct?

4 HEARING OFFICER SHAPIRO:

5 Tom Redmon was two, and that has been introduced.

6 MR. THOMAS:

7 I want to make sure we have this in order. What
8 about that exhibit about the notice, is that the--

9 HEARING OFFICER SHAPIRO:

10 That was Defendant's Exhibit 2.

11 MR. THOMAS:

12 That was Defendant's Exhibit 2?

13 HEARING OFFICER SHAPIRO:

14 He is the one that introduced it.

15 MR. THOMAS:

16 And Elvis Thompson will be number three; is that
17 correct?

18 HEARING OFFICER SHAPIRO:

19 That's right.

20 MR. EDELMAN:

21 Your Honor, I don't have any objection to Mr.
22 Cunningham's testimony, I'm not going to ask him
23 any questions.

24

1 HEARING OFFICER SHAPIRO:

2 Do you have any questions of Mr. Cunningham?

3 MR. PINNY:

4 No.

5 MR. THOMAS:

6 James Riggle will be four, Christine Riggle will
7 be five, then, Your Honor, I think I said Timothy
8 Rucker was six, is that how you have it?

9 HEARING OFFICER SHAPIRO:

10 Timothy Rucker was six, Sarah--Scarlett Michelle
11 Rucker is seven--

12 MR. THOMAS:

13 Your Honor, I'm having a copy of that made.

14 HEARING OFFICER SHAPIRO:

15 There should be one in that pile, in that group
16 that you were given by Staff. Ray Elliott is
17 eight, Lou Defino is nine, and John Norman
18 Cunningham will be ten. And the record will
19 reflect that the defendant has agreed to the
20 admission of Exhibit 3 through 10 as evidence in
21 this proceeding and has waived cross-examination
22 of the witnesses.

23 (EXHIBITS SO MARKED: Barnette Exhibits Numbered
24 3 through 10)

1 HEARING OFFICER SHAPIRO:

2 Can these witnesses then be excused?

3 MR. EDELMAN:

4 As far as I'm concerned Your Honor.

5 MR. THOMAS:

6 They are, certainly, are excused but they may want
7 to stay Your Honor.

8 HEARING OFFICER SHAPIRO:

9 Right, I understand that. Just so that people who
10 have come here will understand what is going on, I
11 think you need to give--you should be informed of
12 what just happened. And the way this proceeding
13 is being conducted all the testimony that we
14 referred to as direct testimony, that is the
15 testimony that the attorney who called you to
16 testify on his behalf will present it--will put
17 into evidence. That is called direct testimony.
18 And they have agreed--that was filed in advance
19 and the testimony that you gave when you
20 essentially gave the deposition in this
21 proceeding. Now, the parties have agreed that
22 that will be part of the record as evidence and
23 Mr. Edelman has stated that he has no questions to
24 ask these witnesses on cross-examination and Mr.

1 Pinny has also indicated the same. So, your
2 testimony will not be needed here today. Now, we
3 didn't know that before the hearing began so that
4 is why you had to be here, but, now that we know
5 that, you are free to stay if you want to stay but
6 you have been excused and you can leave any time
7 you want to. And that will conclude the case for
8 the petitioner--or complainant. I take it,
9 though, that you will have some questions of Mr.
10 Kincer and Mr. Taylor?

11 MR. THOMAS:

12 Yes, sir, I will.

13 HEARING OFFICER SHAPIRO:

14 Okay, we are not going to get off that easy.

15 MR. EDELMAN:

16 It's at least kind of you to ask.

17 HEARING OFFICER SHAPIRO:

18 Call your first witness.

19 MR. EDELMAN:

20 I just want to renew for the record, before I call
21 Mr. Kincer, I'd just like to renew the motion I
22 made prior to the beginning of this hearing if
23 that would be okay with Mr. Thomas, rather than
24 have to go through that diatribe again.

1 MR. THOMAS:

2 You are certainly free to renew the motion. If
3 Mr. Shapiro would like me to respond to that, I'd
4 be glad to.

5 HEARING OFFICER SHAPIRO:

6 No, the motion is denied.

7 MR. EDELMAN:

8 We call Mr. Kincer.

9 (WITNESS DULY SWORN)

10

11 The witness, BOB KINCER, having first been duly
12 sworn, testified as follows:

13 DIRECT EXAMINATION

14 BY MR. EDELMAN:

15 Q Would you state your name for the record?

16 A Bob Kincer.

17 Q Mr. Kincer, I have handed to the court
18 reporter a copy of your verified testimony
19 that was given in my office in verified form
20 in front of the court reporter on February 2,
21 2000. Do you adopt that testimony as your
22 testimony today in verified form?

23 A Yes. Did you say February 3?

24 Q I believe it was February 3.

1 A Yes, okay. Yes, I do.

2 Q As your direct testimony on behalf of South
3 Anderson Water District?

4 A Yes, sir.

5 Q Along with the attached exhibits?

6 A Yes.

7 MR. EDELMAN:

8 Your Honor, I pass for cross-
9 examination.

10 HEARING OFFICER SHAPIRO:

11 You want to offer this into evidence; is that
12 correct?

13 MR. EDELMAN:

14 Yes, Your Honor, as I guess number two.

15 HEARING OFFICER SHAPIRO:

16 It will be number three.

17 MR. EDELMAN:

18 Number three. We didn't get the other notice in.

19 COURT REPORTER:

20 I just have one.

21 HEARING OFFICER SHAPIRO:

22 Okay, the notice--that will be Defendant's Exhibit
23 Number 2, then, I'm sorry.

24 (EXHIBIT SO MARKED: Defendant Exhibit No. 2)

1 MR. EDELMAN:

2 Thank you.

3 HEARING OFFICER SHAPIRO:

4 Any objection?

5 MR. THOMAS:

6 No, sir.

7 HEARING OFFICER SHAPIRO:

8 The witness is tendered for cross-examination?

9 MR. EDELMAN:

10 Yes, Your Honor.

11 HEARING OFFICER SHAPIRO:

12 Mr. Thomas

13

14

CROSS EXAMINATION

15 BY MR. THOMAS:

16 Q Mr. Kincer, does the South Anderson Water District
17 have a mission?

18 A Yes, sir.

19 Q Could you please tell us what that mission
20 is?

21 A The mission of South Anderson is to serve
22 every household in our boundary as soon as
23 possible but within a feasible range of pay
24 back in the money that we are obligated to

1 make yearly installments on.

2 Q Now, clearly, at some point there was a
3 determination made by South Anderson Water
4 District that you wanted to engage in another
5 expansion, what you call your Phase 5
6 expansion.

7 A Right.

8 Q Now, tell me, Mr. Kincer, how you determined
9 the feasibility of this particular expansion?
10 And I think it was somehow--I want to avoid
11 confusion here, I think we ought to give out
12 some maps.

13 HEARING OFFICER SHAPIRO:

14 Let's mark this map as Plaintiff's
15 Exhibit Number 11.

16 COURT REPORTER:

17 Do you want to make it Plaintiff's
18 Exhibit or Barnette?

19 HEARING OFFICER SHAPIRO:

20 No, he is going to be using it. Well,
21 what did we do?

22 COURT REPORTER:

23 We went through ten on Barnette.
24

1 HEARING OFFICER SHAPIRO:

2 Okay, Barnette 11, mark it as Barnette
3 11.

4 (EXHIBIT SO MARKED: Barnette Exhibit No. 11)

5 Q Now, I'll show you this map, I'm--primarily want
6 Mr. Shapiro to see it but--just so we all can be
7 on the same page here, this is the proposed Phase
8 5 expansion of South Anderson Water?

9 A I would say yes.

10 Q Now, tell me, Mr. Kincer, how South Anderson Water
11 District went about determining the feasibility of
12 that Phase 5 expansion project?

13 A Okay. South Anderson was formed in 1976. At
14 the beginning of that district the Phases
15 One, Two, Three and Four and now we are into
16 Five, all came about by the request of
17 households at the end or at the beginning of
18 a road where the water line would have ended
19 on the previous expansion. And then we take
20 those roads and we determine through the
21 engineer how many houses and how many miles
22 that we are really talking about. We are
23 talking about, probably, 43 miles and 350
24 households. There is times when we have to

1 cut off on a road because of the number of
2 people per mile is not a feasible pay back of
3 our obligation in the loan money that we get.
4 So, somewhere along the way, in this Phase 5
5 project, it was at the request of the people
6 that did not have water to be included and
7 when we put it all down on paper the
8 engineering has to help determine if it is
9 feasible for those roads to be included. For
10 the Commission to understand that Mr.
11 Barnette's road is not the only road in this
12 project that we had to cut back on, there is
13 probably eight to ten others, and Mr. Taylor
14 may have that in his testimony that--what
15 these roads are.

16 Q Well, I'm going to get to Mr. Taylor's
17 testimony but for purposes of the Commission
18 making a ruling here. You are saying that
19 feasibility--tell me if I'm correct--that
20 feasibility, in your opinion as Chairman of
21 the South Anderson Water District, is
22 determined primarily by number of households
23 to be served per mile. That's what you are
24 focusing on primarily?

1 A Yes.

2 Q Okay. And that whether people wanted water is not
3 nearly as important as looking at your ability to
4 reach the most households you can per mile; is
5 that correct Mr. Kincer?

6 A Well, the South Anderson Water Commissioners
7 are responsible to the 1,500 customers that
8 we now serve in addition to the 350 that we
9 plan to put on this project, is that their
10 rates will be reasonable and them using
11 water. You cannot jeopardize rates to the
12 point that they become unreasonable for all
13 of your existing customers. And when you
14 talk about a mile of line and you talk about
15 two or three potential households there is no
16 way that you can justify pay back even when
17 you are talking about 50% grant money and 50%
18 loan money. And our engineering determines
19 that from his report.

20 Q I agree that that makes sense but, again,
21 when you are looking at expanding and you
22 talk about feasibility, I just want to be
23 clear, Mr. Kincer, you are talking about
24 trying to serve the most households per mile

1 that you possibly can. That is going to
2 reduce--that is going to make the rates
3 fairly stable for one thing, correct?

4 A Okay.

5 Q Am I right on that?

6 A Well, yes. We do try to serve as many houses
7 as we can.

8 Q So, when you came up with these lines right
9 here you determined that these lines would
10 reach the most households per mile that made
11 this project feasible; is that your
12 testimony?

13 A The overall number of people per mile, yes,
14 would make the--would make it feasible.

15 Q Well, Mr. Kincer, it is my understanding that
16 each roadway would use a different project;
17 is that correct? There are--you propose 14
18 different projects. Well, let me clarify
19 something first. Is Fox Creek Road in or out
20 of the project? Is Fox Creek Road a part of
21 the Phase 5 expansion?

22 A I'm not sure, that will have to come from the
23 engineer.

24 Q So, you don't know the answer to that

1 question?

2 A Not exactly, no.

3 Q Okay. But I am correct that each project,
4 each roadway, is viewed as a separate
5 project? In other words, Gilberts Creek will
6 be seen as one project, Athens Road will be
7 seen as one project; am I correct on that?

8 A Well, not an individual project. Each road
9 is reviewed for its own credibility of being
10 feasible or not, because you cannot put a
11 road in that has got one house on it for four
12 miles and then expect the other roads to pay
13 higher rates for that purpose.

14 Q So, again, feasibility then for this entire
15 project would be to maximize the most
16 households you could per mile?

17 A I would say yes.

18 Q And, of course, to be reasonable, Mr. Kincer,
19 you are also going to look at cost per mile
20 too, wouldn't you? In other words, you might
21 have ten households per mile but if it is
22 going to cost you an exorbitant amount of
23 money because of the terrain or the rock or
24 the limestone, then that would be a

1 consideration by South Anderson Water
2 District as well, cost per mile would be a
3 consideration as well; correct?

4 A I would say yes.

5 Q Any other significant consideration by the
6 South Anderson Water district other than the
7 density, which would be the customers per
8 mile and the cost, which would be the cost of
9 constructing the water line per mile, are
10 there any other feasible considerations?

11 A I probably did not understand your question.

12 Q Okay. We have established here, for the
13 Commission's purposes, that there are two
14 items that you consider when you talk about
15 feasibility. One, reaching the most
16 households you can per mile and, secondly,
17 taking into consideration what it is going to
18 cost to build those water lines per mile, and
19 I'm asking you are there any other
20 feasibility considerations--are there any
21 other considerations other than those two?

22 A Not that I know of, no.

23 Q Okay. Well, looking at your testimony and,
24 again, I'm not trying to trick you but I want

1 the Commission to be clear. Certainly when
2 you apply for grant money you want to look at
3 whether those households would be grant money
4 eligible; correct?

5 A Yes.

6 Q So, that would be a consideration too, whether you
7 are serving enough low income households to make
8 your ability--a grant money attractive, right?

9 A Yes.

10 Q Because the more grant money you obtain the
11 cheaper the project costs, overall project
12 cost is to you; is that correct

13 A The more grant money you get the more you can
14 expand out in those thinly populated areas.

15 Q So, there have really been three
16 considerations, and I think your testimony
17 bears this out. One, you want to look at the
18 density, that is the customers per mile;
19 secondly, you want to look at what it is
20 going to cost to build that road per mile and
21 then; thirdly, you want to look at am I able
22 to reach enough low income households to make
23 this feasible, those are the three
24 considerations; correct Mr. Kincer?

1 A Yes.

2 Q Now, just a point of information, Mr. Kincer,
3 because I want to be clear on where the
4 project stands. Everything that I've read
5 indicates that your current cost estimate for
6 the project is \$2,205,830. Let me repeat
7 that question for the stenographer. Your
8 projected project cost is \$2,205,830. I got
9 that from your application, CDBG grants and
10 part of your engineering report. Is that
11 still the project cost estimate?

12 A If you are asking me to confirm that, I'd say
13 we have approved that hinged upon our
14 engineering with the qualified ability to
15 make that dollar amount for the project. We
16 have not bid the project yet. We are
17 estimating that that is what it will cost.

18 Q I don't know if this is an exhibit or not.
19 I'm just going to use this information. Now
20 let's see, Mr. Kincer, your funding source
21 here, your projected funding source, and if
22 I'm correct your projected funding source is
23 that you are going to receive \$1,088,000 in
24 loan money from the United States Department

1 of Agriculture, Rural Development Service.
2 You are only going to receive \$93,000 in
3 grant money; is that correct? That says a
4 million but your actual grant money award was
5 \$960,000; is that correct?
6 A It is less than a million, yes.
7 Q But you don't know exactly, you can't testify
8 that it was 960,000, you just know that it is
9 less than a million?
10 A I can say it is 900 plus thousand, I don't
11 have that number with me though.
12 Q And then you are going to receive \$61,000
13 from the Fiscal Court and \$56,000 in tap-on
14 fees to finance this project; is that correct
15 Mr. Kincer? Is that your revenue source for
16 this project?
17 A State that again, I don't think you have got
18 the right numbers.
19 Q Well, that is why I'm asking you the question
20 I want to make sure I've got a right number.
21 You are going to receive 900,000 plus--that's
22 your testimony--in grant money from Community
23 Development block grant funds?
24

1 MR. EDELMAN:

2 Your Honor, if I can interject.

3 A If you are asking me to confirm numbers I--

4 HEARING OFFICER SHAPIRO:

5 Okay, wait a minute.

6 MR. EDELMAN:

7 Just let me object for a second. He has
8 testified that there is going to be
9 960,000 of grant money on his direct
10 testimony.

11 MR. THOMAS:

12 Well, he said 900,000 plus.

13 MR. EDELMAN:

14 Can I finish?

15 HEARING OFFICER SHAPIRO:

16 That's his direct testimony though--

17 MR. EDELMAN:

18 His direct testimony is in the record,
19 he has testified to that. The--this
20 document is a preliminary engineering
21 report that was used to get the grant
22 money. It was--used a million dollars,
23 that's the max. So, I mean, I have no
24 problem with Mr. Thomas going over this,

1 I just, you know, to the point that we
2 are being repetitive, I'd like to move
3 on.

4 HEARING OFFICER SHAPIRO:

5 What is the point of the question?

6 MR. THOMAS:

7 The point of the question, Your Honor,
8 is to establish, first of all, the
9 amount of money that is coming into the
10 project. I think I need to do that for
11 basis of showing that there is money
12 available for them to complete the
13 remainder of Willow Creek Road. That's
14 where I'm going but I need to establish
15 first how much money is coming into the
16 project.

17 HEARING OFFICER SHAPIRO:

18 Well, he has testified that they are
19 going to get somewhere in excess of
20 \$900,000 for the--

21 A Grant money.

22 HEARING OFFICER SHAPIRO:

23 --grant money, community block grant, he
24 is going to get a little over a million

1 dollars from the Department of
2 Agriculture, so that is essentially a
3 loan. A portion of it is going to come
4 from the Fiscal Court and a portion of
5 it is going to come from the Water
6 District itself though tap-on fees and I
7 guess other revenues that they had. You
8 need to know the exact--you want to know
9 the exact amounts?

10 Q No, no, I take it then that they are consistent
11 that they both equal to about \$2.2 million Mr.
12 Kincer?

13 A That's the estimated project cost.

14 HEARING OFFICER SHAPIRO:

15 But now he has also testified that that
16 is the estimated project cost and that
17 the actual project cost will depend upon
18 how much the contractors bid and who is
19 awarded the successful bid; is that
20 correct?

21 A Yes.

22 Q I'm ready to move on. Now, Mr. Kincer, in your
23 projected cost estimate you have established a
24 contingency of \$167,816.25. Is that still true

1 today; is that your contingency budget,
2 \$167,816.25?

3 A That estimate would have come from the
4 engineering study of what we expect the
5 project to cost, I mean, to be. Again, what
6 the actual construction cost is is going to
7 come from the bids that we are now getting
8 the plans ready to submit for bidding.

9 Q And since this was raised by the Hearing
10 Officer, when do you intend it to go to bid
11 Mr. Kincer?

12 A I'm not sure that that date has been set.
13 Again, that question probably would be more
14 proper to address the engineer that is now
15 working on the plans to submit for bidding.

16 Q I guess what I want to know, Mr. Kincer, if you
17 can answer this question. Does the budget for the
18 Phase 5 expansion still include a contingency line
19 item?

20 A I think that is a requirement, whether it is
21 5% or 10% that there would be a contingency
22 in there to take care of added cost that we
23 run into during the project.

24 Q So, the answer is yes?

1 A Yes.

2 Q Thank you. Now, Mr. Kincer, you determined
3 that you are going to build water lines along
4 these roadways, including Willow Creek Road.
5 And at some point pursuant to federal
6 government and state government regulations
7 you have to give notice of the proposed
8 roadways that you are going to construct
9 water lines; is that not true?

10 A Yes, it is true.

11 Q And you don't deny, do you, Mr. Kincer, that when
12 you promulgated the notice, in fact, there is this
13 affidavit from Mr. White at Anderson News
14 indicating that this is the notification of the
15 South Anderson Water District's informing the
16 public of possible impact to an important land
17 resource. This is a notice that you published;
18 correct?

19 MR. EDELMAN:

20 I'm going to object to the question in
21 the sense that if he knows, that we
22 published or the District published it.
23 I think the face of the document
24 indicates that it was published by the

1 federal government.

2 MR. THOMAS:

3 I think the face of the document, Your
4 Honor--

5 HEARING OFFICER SHAPIRO:

6 Well, wait a minute, wait, wait. Why
7 don't we just ask him who published that
8 notice.

9 Q Who published this notice Mr. Kincer?

10 A Well, it is a requirement that the notice be
11 published. Who took it down to the office of
12 the Anderson News, most likely would have
13 been the Manager of the water district, but
14 it was a stated--this is a federal government
15 requirement.

16 HEARING OFFICER SHAPIRO:

17 Okay, but the question is did the Water
18 District cause that notice to be
19 published or did somebody else cause it
20 to be published?

21 A Well, somebody else would require it to be
22 published.

23 HEARING OFFICER SHAPIRO:

24 I know they required it but who actually

1 caused it to be published? By that I
2 mean, who took it to the newspaper and
3 said we want you to publish this in your
4 next edition?

5 A Okay, I'd say that would be the South
6 Anderson Water District.

7 HEARING OFFICER SHAPIRO:

8 And who prepared that notification; do
9 you know? Was it prepared by--

10 A I'd say the engineer.

11 HEARING OFFICER SHAPIRO:

12 The engineer prepared it?

13 A Yes.

14 HEARING OFFICER SHAPIRO:

15 The engineer for--

16 A For South Anderson.

17 HEARING OFFICER SHAPIRO:

18 South Anderson Water District?

19 A Yes.

20 HEARING OFFICER SHAPIRO:

21 So, the engineer prepared it, and the
22 engineer or someone from--not the
23 engineer--someone from the Water
24 District took it to the newspaper and

1 they published it--to have it published;
2 is that right?

3 A Yes, yes.

4 Q Not to belabor the point, Mr. Kincer, if I could
5 get right to the point. The notice does say that
6 the roads that will be affected include Willow
7 Creek Road, does it not?

8 A I see that on there, yes.

9 Q And there is no road qualification on there, for
10 instance, when you talk about Kentucky 44 East you
11 mention--Kentucky 44 you mention East of
12 Glensboro, you qualify where you are going to
13 construct off of Kentucky 44 East. On US 62 you
14 indicate you are going to do it West of
15 Johnsville.

16 MR. EDELMAN:

17 Objection to the terminology that
18 anything is being constructed. That is
19 not what he said.

20 MR. THOMAS:

21 Your Honor, the notice--I have a right
22 to ask questions about the notice, it
23 speaks for itself and my question is
24 simply that there is no qualifications

1 regarding Willow Creek Road.

2 MR. EDELMAN:

3 I have no problem with that.

4 HEARING OFFICER SHAPIRO:

5 What's that?

6 MR. EDELMAN:

7 I have no problem with that, but the
8 problem I have he is--then he goes and
9 says that it says that it will be
10 constructed on Willow Creek Road. And I
11 don't think that is what that notice
12 says nor was it the purpose of that
13 notice to talk about construction.

14 HEARING OFFICER SHAPIRO:

15 Well, I think he had--the notice will
16 speak for itself. Let me ask you
17 something. Mr. Kincer, what is it the--
18 the notice says that a project is being
19 considered for certain areas of South
20 Anderson Water District; is that right?

21 A Yes. This would have been the beginning.

22 HEARING OFFICER SHAPIRO:

23 It gives notice of the fact that that
24 project was going to have an impact on

1 important land resources; is that right?

2 A Yes, that would be in that.

3 HEARING OFFICER SHAPIRO:

4 And he basically--or in the second
5 paragraph it describes the areas where
6 that project will be performed. Look at
7 the second paragraph?

8 A Yes, those roads were the roads that were
9 considered for this project, yes.

10 HEARING OFFICER SHAPIRO:

11 And when it considered a list of roads
12 that are being considered for that
13 project it lists Willow Creek Road,
14 which is now Aaron-Barnette Road, right?

15 A Yes.

16 HEARING OFFICER SHAPIRO:

17 And it lists other roads but it
18 designates on those other roads that--it
19 designates in that notice that those--or
20 indicates, rather, in that notice that
21 only portions of those roads will be
22 considered, or are being considered; is
23 that right?

24 A Well, most likely its our water line was

1 already down that road.

2 HEARING OFFICER SHAPIRO:

3 I mean, that's what the notice is
4 saying?

5 A Yes.

6 HEARING OFFICER SHAPIRO:

7 Isn't that correct?

8 A Yes, it is.

9 HEARING OFFICER SHAPIRO:

10 And with respect to Willow Creek Road,
11 it doesn't say anything except Willow
12 Creek Road?

13 A But for the--

14 HEARING OFFICER SHAPIRO:

15 Is that correct?

16 A Yes.

17 MR. EDELMAN:

18 He has a right to explain.

19 A But for the Commission's understanding that these
20 are preliminary studies. The actual number per
21 mile and if we don't kick them out, if we have a
22 road in there that has got two miles and two
23 people on it, if we don't kick it out our lending
24 people will do it for us.

1 HEARING OFFICER SHAPIRO:

2 I understand. I understand that there
3 are some other procedures that are going
4 to follow. But insofar as that notice
5 is concerned, that notice says that the
6 roads that the project is being
7 considered for are the roads that are
8 listed in that notice?

9 A Yes.

10 HEARING OFFICER SHAPIRO:

11 Does that answer your questions?

12 MR. THOMAS:

13 Thank you Mr. Shapiro.

14 Q Mr. Kincer, would you agree with me that an
15 average person reading that notice would believe
16 that the South Anderson Water District was going
17 to construct water lines entirely along Willow
18 Creek Road?

19 A Knowing what I know of roads that we have to
20 evaluate--

21 HEARING OFFICER SHAPIRO:

22 Well, he is asking you what an average
23 person would--if you--what an average
24 person would think about that, what

1 interpretation an average person would
2 give to that notice, not what you would
3 give to that notice knowing what you
4 know about the procedure.

5 A Okay. I'd say it would probably stir up the
6 interest of that person getting back with the
7 water district to understand if it is going
8 to be--get into his house.

9 Q I don't know that that answers my question, so let
10 me ask my question again. Would you not agree,
11 Mr. Kincer, that the average person reading that
12 would believe that the South Anderson Water
13 District was going to construct water lines
14 entirely along Willow Creek Road, not part of the
15 road, all of the road? That's a yes or no
16 question, Mr. Kincer.

17 MR. EDELMAN:

18 He has a right to explain his answer.

19 MR. THOMAS:

20 He can answer yes and explain.

21 HEARING OFFICER SHAPIRO:

22 Just a second, is there an objection, do
23 you have an objection to the question?
24

1 MR. EDELMAN:

2 I have an objection to the question.

3 HEARING OFFICER SHAPIRO:

4 What is the objection?

5 MR. EDELMAN:

6 The objection is he is talking about
7 that notice talking about constructing
8 water lines and the notice speaks for
9 itself. The notice--clearly in the
10 notice it talks about the purpose is the
11 impact on farm land. It is not a notice
12 about the scope of the project. And
13 that's an unfair--that is a question
14 that cannot take a yes or no answer to.
15 He needs an opportunity to explain.

16 HEARING OFFICER SHAPIRO:

17 He's asking him though--essentially,
18 what he is asking the witness is whether
19 or not a person, an ordinary person
20 living in the South Anderson Water
21 District might read that, the person
22 reading that, rather, that person
23 reading it, rather the person I
24 described reading that would come to the

1 conclusion that a project was being
2 considered that will cover the entire
3 Willow Creek Road. Do you have an
4 opinion as to whether or not a person
5 would reach such a conclusion, yes or
6 no? First of all, do you have an
7 opinion on it?

8 A An average person might assume that--

9 HEARING OFFICER SHAPIRO:

10 Well, do you have an opinion on it, you
11 have an opinion?

12 A Yes.

13 HEARING OFFICER SHAPIRO:

14 Okay, what is your opinion?

15 A Well my opinion is that all roads cannot be--

16 HEARING OFFICER SHAPIRO:

17 No, I want to know what your opinion
18 about what the average person would--
19 what an average person would conclude
20 from this?

21 A An average person probably yes would--that's the
22 best way to get out of that.

23 Q First of all, Mr. Kincer, you did hold the
24 public hearing on March 8 at nine o'clock

1 a.m?

2 A Yes.

3 Q You were there, were you not?

4 A Most likely I was, yes.

5 Q And you will agree with me, Mr. Kincer, that
6 that meeting was not very well attended?

7 A It would have been announced that the meeting
8 was going to be held, the number of people
9 that come is not--we cannot control that.

10 HEARING OFFICER SHAPIRO:

11 Well, the question was was it well
12 attended or not? Let him answer the
13 question.

14 A I'd say yes.

15 HEARING OFFICER SHAPIRO:

16 You say it was well attended?

17 A Yes.

18 HEARING OFFICER SHAPIRO:

19 Okay.

20 Q Your minutes reflect that only, if you
21 exclude Mr. Taylor, only six households
22 showed up for that meeting, if you exclude
23 Mr. Taylor and, of course, exclude yourself
24 and Mr. Washford and the other commissioners

1 and, of course, the Judge-Executive, only six
2 households showed up there. That's what your
3 minutes reflect; would you agree with me
4 there?

5 A Yes.

6 Q Now there has been some dispute, Mr. Kincer,
7 about how long those people who would not
8 receive water on Aaron-Barnette Road would
9 have to wait if they don't get water this
10 time. But you have testified that you engage
11 in expansion project every four to five years
12 and it takes a few years after that to get it
13 developed; is that correct?

14 A That would be proper, yes.

15 Q So, it's fair to say that if they don't get
16 water now in 2000 that they are probably not
17 going to--looking at getting water again
18 until somewhere between 2005 and 2007; is
19 that a fair statement, Mr. Kincer?

20 A Yes, it would be.

21 Q Mr. Edelman, in cross-examining my client talked
22 about road captains. Now, there were road
23 captains for each of these different projects; is
24 that correct Mr. Kincer?

1 A Restate your question please?

2 Q Okay. Were there road captains for each of
3 these different 14 projects

4 A Road tappings?

5 Q Captains, captains, that is the term that
6 your attorney used?

7 A Okay.

8 Q Road captains, were there road captains, he
9 used that term?

10 A You will have to show me the question and I
11 need more--

12 HEARING OFFICER SHAPIRO:

13 I don't think it is in your testimony,
14 but during the course of the cross-
15 examination of Mr. Barnette mention was
16 made of road captains for each of these
17 roads that the project was scheduled to
18 be conducted over. Do you--are you
19 aware of those--of these people, who
20 they were?

21 A No, not--I'm not familiar with.

22 Q Mr. Kincer, did you have someone go along all
23 of Willow Creek Road to contact every
24 resident on Willow Creek Road in 1998 to find

1 out whether all of those residents on Willow
2 Creek Road wanted water?

3 A People are contacted either by the staff of
4 the water district or by team captains that
5 are located on those roads that we plan to
6 serve.

7 Q I just want to ask you what you know. Do you
8 know if the person who went along Willow
9 Creek Road was told to go--was told to
10 contact everyone who lived on Willow Creek
11 Road?

12 A I do not know that to be a fact, no.

13 Q Now, you have heard Mr. Barnette testify that
14 he was not contacted. You don't have any
15 reason, then, to dispute his testimony since
16 you don't know. He made the--in fact, he may
17 indeed be telling the truth that he was not
18 contacted about whether he wanted water?

19 A What are you asking me?

20 Q My question is Mr. Barnette may indeed be
21 telling the truth that he was not contacted
22 by any official of South Anderson Water
23 District regarding his interest in water?

24 A I'm not going to dispute whether he is

1 telling the truth or not. I didn't ask him
2 the question.

3 HEARING OFFICER SHAPIRO:

4 The fact is you don't know whether they
5 went up there and talked to everybody do
6 you?

7 A No, I do not, no.

8 HEARING OFFICER SHAPIRO:

9 So, if he says that he wasn't--that he
10 was never contacted, you have no reason
11 to question that?

12 A No.

13 Q Mr. Kincer, you don't deny that some of these
14 water lines that are going to be constructed
15 are going to serve non-Anderson Countians?

16 A I'd say there is potential of our water district
17 with an agreement with adjoining counties that if
18 one of us go down our county road and the other
19 side of the road is Mercer County, Washington
20 County, that it is proper for that district upon
21 an agreement with that county to push under the
22 road to serve a house that is in the other county
23 during either a project or after a project is
24 over, if those people request water.

1 Q And that is indeed what is going to happen
2 here, Mr. Kincer, that some of these water
3 lines are going to serve non-Anderson County
4 residents. That's going to happen here;
5 isn't that correct Mr. Kincer?

6 A It has the potential and it is proper to do
7 that.

8 Q Now, we are here today, Mr. Kincer, but back
9 in June Mr. Barnette did come to you and ask
10 you to modify your construction plan and
11 include his part of the road, did he not?

12 A He did come to the water district and request
13 that we serve that road, yes.

14 Q In fact, that was submitted on behalf of Mr.
15 Barnette in June of last year saying let's
16 modify this proposal to include my road, was
17 it not?

18 A I'm--it probably would be.

19 MR. THOMAS:

20 Mr. Shapiro, I would like to introduce
21 this. I have marked it as Plaintiff's
22 Exhibit 2, but I don't know how you want
23 to designate it.

24

1 HEARING OFFICER SHAPIRO:

2 Well, probably, unless this witness can
3 identify it, I don't know how you can--

4 MR. THOMAS:

5 Well, he just said--

6 HEARING OFFICER SHAPIRO:

7 He said probably, have you ever seen
8 this document?

9 A No, I haven't and I asked my attorney to look
10 at it.

11 HEARING OFFICER SHAPIRO:

12 Well, I'm asking you whether you have
13 ever seen it?

14 A The meeting that Mr. Barnette came to--

15 HEARING OFFICER SHAPIRO:

16 Let's talk about this document.

17 A No, I do not; no, I cannot.

18 HEARING OFFICER SHAPIRO:

19 I don't see how this witness can
20 identify this for the record.

21 Q A meeting did take place, though, in July to
22 discuss Mr. Barnette's proposal to modify
23 your construction plan to include all of
24 Willow Creek Road; correct? You were at that

1 meeting, were you not Mr. Kincer?
2 A Yes.
3 Q In July of '99?
4 A Uh-huh.
5 Q Is that correct?
6 A When Mr. Barnette came to that meeting the
7 reason he came was, and he made the statement
8 in front of our commissioners, that he wanted
9 the water line down his road so he could sell
10 lots from his land and make money. That was
11 statements that was made at that meeting.
12 And we felt like it was not necessary to hold
13 up water to 350 houses for one individual
14 request that was not included in the project
15 due to not being feasible.
16 Q Mr. Kincer, certainly, certainly you have
17 seen this. That is--these are the minutes
18 for the South Anderson Water District meeting
19 in August of 1999 where you deny Mr.
20 Barnette's request. You are familiar with
21 that document?
22 A This was the meeting that you attended.
23 Q Yes, I was there as well?
24 A Okay. Would you restate your question

1 referring to these minutes?

2 Q You are familiar with those minutes?

3 A Yes.

4 MR. THOMAS:

5 Your Honor, I'd like to introduce this
6 as 2--

7 HEARING OFFICER SHAPIRO:

8 Well, that would be Barnette Exhibit 12.
9 No objection?

10 MR. EDELMAN:

11 No objection.

12 HEARING OFFICER SHAPIRO:

13 Okay. Give it to the reporter as
14 Barnette Exhibit 12. That's minutes of
15 a meeting--what meeting?

16 MR. EDELMAN:

17 August 19, 1999, Board meeting.

18 (EXHIBIT SO MARKED: Barnette Exhibit No. 12)

19 Q Now, sometime after you initially formulated your
20 proposal, Mr. Kincer, you did modify your list of
21 water construction on Willow Creek Road; did you
22 not?

23 A If you will come a little closer, I do have a
24 hearing problem.

1 HEARING OFFICER SHAPIRO:

2 You need to stay close to your
3 microphone because that's where the
4 court reporter picks up.

5 Q Sometimes between June and now, though, Mr.
6 Kincer, you have indeed modified the list of
7 construction that you are going to perform,
8 you being South Anderson Water District, let
9 me be precise, that South Anderson Water
10 District is going to perform on Willow Creek
11 Road?

12 A I'm not familiar that we modified in that
13 time. We did have a plan to serve water down
14 certain roads and as long as it is feasible I
15 don't know why we would have modified unless
16 it came, you know, through the engineer.

17 HEARING OFFICER SHAPIRO:

18 Isn't it a fact, though, that the
19 initial plan was for 1.2 miles down the
20 Willow Creek Road and then it was later
21 changed to 1.8 miles down Willow Creek
22 Road?

23 A That's possible, yes.

24

1 MR. EDELMAN:

2 Not to add--he may not be able to
3 explain but Mr. Taylor can.

4 HEARING OFFICER SHAPIRO:

5 Is Mr. Taylor a better witness to talk
6 about this?

7 A Yes.

8 MR. EDELMAN:

9 He can explain that deviation Your
10 Honor.

11 Q One other question, Mr. Kincer, well, a couple of
12 them, but one other topic. You know, we have not
13 talked about health issues at this hearing. But I
14 received some documentation regarding my discovery
15 and I'm not clear. In the CDBG grant, if you turn
16 to page 46, on page 46 of the CDBG grant.

17 MR. EDELMAN:

18 Yes, I don't think he prepared that, Mr.
19 Taylor prepared that document, to the
20 extent he knows, Mr. Thomas, you know.

21 MR. THOMAS:

22 Well, let me ask and if he doesn't know
23 then Mr. Taylor is going to be the next
24 witness.

1 HEARING OFFICER SHAPIRO:

2 Don't speculate on anything, just tell
3 us what you know and if you don't know--
4 if you don't know we can ask Mr. Taylor
5 later.

6 Q The CDBG grant has alphabetical listings for
7 the projects and Willow Creek Road has been
8 designated as I. Now, on page 11 I've been
9 told that indications that there is pneumonia
10 bacteria present--really meant L, which was
11 Rice Road not I, which is Willow Creek Road.
12 But then you come on page 46 again it
13 indicates I, including they mean I this time
14 because there is an L down there as well.
15 And that also indicates area shows evidence
16 of pneumonia bacteria in water supplies for
17 Willow Creek Road. Is this an accurate
18 statement of your application, Mr. Kincer, or
19 is this also incorrect? Should this I also
20 have been L?

21 A I would refer that question to our engineer,
22 Mr. Taylor. So, I'm not familiar of why
23 those are that way, but I'm sure he could
24 probably address that in his questions.

1 Q Mr. Kincer, one final question. South Anderson
2 Water District proposes to serve nine households
3 over 1.2 miles in 1998. Since that time there
4 have been 12 households, the fact there is going
5 to be 12 households that are built or inhabited
6 since that initial determination over the
7 remaining 1.2 miles. Why did South Anderson Water
8 District make a decision to only include half of
9 those households and not the other half? If you
10 are going to modify the proposal, why just include
11 six of the 12 and not the remaining six?

12 A The South Anderson would have to justify the
13 number of tap-ons per mile or what for the
14 dollars that we are going to borrow with the
15 ability to pay back. They will not loan
16 money on land that has--whether it is sold or
17 people saying they will put water meters in
18 if the houses are not there. And they was
19 not there in 1998 when we put the project
20 together. So, what happened after '98 is not
21 a part of this project and we elected to not
22 delay the people and even take a chance on
23 losing the grant money that we had by holding
24 this up for another six months. So,

1 basically, our review is what we did in 1998
2 to be included in the Phase 5 project.

3 Q I'm not trying to be disrespectful, Mr.
4 Kincer, but I don't think you answered my
5 question. Because, clearly, you have already
6 established that you did modify the proposal
7 some because you have gone from 1.2 to 1.8.
8 So, my question again, sir, again is since
9 you have indicated--since you have already
10 indicated a willingness to modify the
11 proposal and pick up six of the households,
12 why didn't you pick up the other six?

13 A I'd say we did not modify.

14 MR. THOMAS:

15 I have no further questions, Your Honor.

16 MR. PINNY:

17 I have just a few questions probably to the shock
18 and consternation of most people here.

19

20 CROSS EXAMINATION

21 BY MR. PINNY:

22 Q Good afternoon, Mr. Kincer, it is now afternoon so
23 I can say that correctly. I wanted to remind
24 everybody here that my role here is neutral, I

1 don't take sides, I'm just here to make sure that
2 the record is complete and sufficient as possible
3 so the Commission can make a full and wisely
4 advised decision. So, I just have one or two
5 questions to ask you.

6 A Okay.

7 Q The first is in regard to, I guess, the
8 timing of the notices that were published in
9 the paper and the applications that were
10 submitted for grants and loans. Which was
11 completed first, were the applications sent
12 in for the grants and loans before the
13 hearings were posted, the notice for hearings
14 posted and--or whether the notices were
15 posted for the possible water extension?

16 A The notices would have been by schedule.

17 Q Okay.

18 A Which is what we follow.

19 Q After you had submitted the grants, the
20 applications?

21 A Uh-huh.

22 Q Now, do those applications contain plans for
23 the expansion? I suppose they did, didn't
24 they?

- 1 A If you are meaning--
- 2 Q At least a projected plan for the Phase 5
3 expansion when you sent in the applications
4 for the grants and loans?
- 5 A I'm really sorry, I don't think I'm getting
6 all of your question.
- 7 Q Well, okay, when you apply--this may have
8 been in your testimony but I want to
9 elucidate it, because I'm not that bright.
10 If--when you apply for a grant or for a loan
11 do you provide the people to whom you are
12 applying with a plan of your expansion or at
13 least a rough plan of what you will be doing,
14 the number of people to whom you will be
15 hooking up and, roughly, where it will be?
- 16 A That would be probably in the preliminary
17 engineering.
- 18 Q It would be, like, it would be preliminary
19 and not necessarily something set in stone?
- 20 A Yes.
- 21 Q And that usually, typically would be included in
22 that application and that application would be
23 filed prior to the notices printed in the paper?
- 24 A Yes.

1 MR. PINNY:

2 Okay. I have no further questions.

3 HEARING OFFICER SHAPIRO:

4 Any redirect?

5 MR. EDELMAN:

6 I've got a few questions. I know its lunch time.

7 HEARING OFFICER SHAPIRO:

8 That's okay, let's get through this witness and
9 then we will take a lunch break.

10

11 REDIRECT EXAMINATION

12 BY MR. EDELMAN:

13 Q Mr. Kincer, lot has been made out of this notice
14 that was put in the paper. But if you know, and
15 you may not and if you don't just say you don't
16 and we will ask Mr. Taylor, because he will,
17 because he put a lot of this together. But other
18 roads that were in this notice that Mr. Thomas
19 talked to such as Tanner, Ashby, Glensboro, Searcy
20 School Road, Hungry Run Road, Dugansville Road,
21 Lick Skillet Road, Cox and Gilberts Creek, were
22 they not also only partially included in this
23 project?

24 A Yes, those roads were in the eight to ten

1 that I said was also like Willow Creek.

2 Q So, if one was trying to give the impression
3 to this Commission that Willow Creek is the
4 only road on that notice that was only
5 partially--was only going to be partially
6 included in this project, would that be
7 correct or incorrect

8 A Restate it please, I don't want to answer--

9 Q If one was trying to give this Commission the
10 impression that that notice where Willow
11 Creek is mentioned and also these other roads
12 are mentioned that are partially--going to
13 have partial completion of water lines, would
14 it be unfair to--would it be an unfair
15 statement to say that in that notice that
16 Willow Creek is going to be the only road
17 that is going to have partial construction
18 done on it?

19 A That would be unfair, yes.

20 Q And why is that?

21 A Well, because in realistic those other roads
22 were cut off partly because of the lack of
23 funds, as well as Willow Creek was.

24 Q And what considerations were taken into

1 account by the District when those roads were
2 judged?

3 A Houses, number of houses per mile or number
4 of houses in the length of the line whatever
5 it would take.

6 Q Has this District tried to treat Mr. Barnette
7 any differently than any of the other
8 individuals that are not included in this
9 project that actually filed petitions with
10 the District to be included?

11 A No, no, we have not.

12 MR. EDELMAN:

13 That's all I have.

14 HEARING OFFICER SHAPIRO:

15 Mr. Thomas, any recross?

16 MR. THOMAS:

17 I have one question, Your Honor.

18 HEARING OFFICER SHAPIRO:

19 Okay. Hold it strictly to what was raised the
20 first time.

21 MR. THOMAS:

22 All right, that's consistent with the rules of
23 evidence.

24

1 HEARING OFFICER SHAPIRO:

2 Mr. Taylor?

3 MR. EDELMAN:

4 T-a-y-l-o-r, engineer for the District.

5 (WITNESS DULY SWORN)

6

7 The witness, KEN TAYLOR, having first been duly
8 sworn, testified as follows:

9

DIRECT EXAMINATION

10 BY MR. EDELMAN:

11 Q State your name for the record please?

12 A Ken Taylor.

13 Q And where are you employed Mr. Taylor?

14 A Engineering firm of Kenvirons, Inc.

15 Q You have previously given verified testimony
16 in the form of a deposition on February 3,
17 2000; is that correct?

18 A Yes, it is.

19 Q Do you adopt--you have had an opportunity to
20 view that?

21 A Yes, I have.

22 Q Do you adopt that testimony as your testimony
23 on direct today?

24 A I do.

1 MR. EDELMAN:

2 I've provided the reporter with a copy.

3 HEARING OFFICER SHAPIRO:

4 You wish to offer that into evidence?

5 MR. EDELMAN:

6 I guess that is offered into evidence as

7 Defendant's--are we on three or four?

8 HEARING OFFICER SHAPIRO:

9 Four, Defendant's 4.

10 COURT REPORTER:

11 What was three?

12 HEARING OFFICER SHAPIRO:

13 Three was the testimony of Mr. Kincer.

14 Wait a minute, maybe I'm wrong. The

15 Notice was Defendant's Exhibit 1, Mr.

16 Kincer was two, I'm sorry, you are

17 right, this is three.

18 (EXHIBIT SO MARKED: Defendant Exhibit No. 3)

19 HEARING OFFICER SHAPIRO:

20 Is he tendered for cross-examination?

21 MR. EDELMAN:

22 Yes, sir.

23 HEARING OFFICER SHAPIRO:

24 Mr. Thomas?

1 MR. THOMAS:

2 Thank you Mr. Shapiro.

3

4

CROSS EXAMINATION

5 BY MR. THOMAS:

6 Q Mr. Taylor, my first question to you is simply is
7 Fox Creek Road in or out of the project?

8 A It is in the project, it is being funded
9 solely with Rural Development money with no
10 CDBG money.

11 Q So, Fox Creek Road then is being funded with
12 loan money?

13 A Correct.

14 Q Okay. And as you testified in direct
15 examination, the reason it is in the project
16 is because it fit nicely with the project?
17 Those are your words?

18 A Yes, I assume that is probably what I said.

19 Q Now, just to clear up some confusion from Mr.
20 Kincer's testimony, the initial application
21 that was submitted on behalf of South
22 Anderson Water District only had Willow Creek
23 going 1.2 miles; is that correct?

24 A In the description and in the original cost

1 estimates that were done it was 1.2 miles,
2 correct.

3 Q That's just--

4 HEARING OFFICER SHAPIRO:

5 Could I get you to hold that microphone
6 if you are going to walk around?

7 MR. THOMAS:

8 Yes, sir.

9 HEARING OFFICER SHAPIRO:

10 The reason is that the court reporter
11 picks up different tracks for different
12 microphones and--you can walk around,
13 you just need to hold the microphone.

14 Q The initial application had 1.2 miles?

15 A That was in the description, yes.

16 Q And that was in the application for the CDBG
17 money, correct?

18 A Both the CDBG and the Rural Development.

19 Q And then sometimes between June of '99 and
20 today, that length has changed now to 1.8
21 miles; is that correct?

22 A Correct.

23 Q Okay.

24 A Reason--would you like me to explain why?

1 Q Mr. Shapiro will tell you that once you answer my
2 question you certainly have a right to explain.

3 A Okay. In going through, when we started the
4 process where you were requesting changes and
5 so forth, and having to respond to those
6 questions and so forth, in looking at who was
7 interviewed for the CDBG eligibility, it
8 included those people that lived in that
9 other 6/10 of a mile. And those were
10 prepared by the grant writer who is Brian
11 Kirby. That was not anything that I was
12 involved in, but in order to determine the
13 eligibility of that road they had interviewed
14 everybody down through Mr. Wells, who is the
15 last house on that 6/10 of a mile.

16 Q That's 1402 Willow Creek Road?

17 A Could be, I don't know, he is the last one on
18 the right there before you come back over the
19 creek and start the 1.3 miles. So, since
20 they were used in the eligibility, they had
21 to be included in the project.

22 Q And that modification, if you will, Mr.
23 Taylor, has not upset or deterred the South
24 Anderson Water District from going forward

1 with this project, has it?

2 A Ate into the contingency money.

3 Q By \$28,000?

4 A There about, probably, that's the estimate,
5 yes. Based--well, that's the estimate based
6 on the numbers that were used in the total
7 project.

8 Q And you will agree with me that that would
9 still leave \$140,000 of contingency money
10 still available?

11 A No.

12 Q Why do you disagree with that?

13 A The budget numbers that you were looking at
14 earlier, that you were displaying, were based
15 on the full million dollar CDBG funding
16 application which did not get funded to that
17 level. So, those monies that are in between
18 would have had to come out of the contingency
19 money.

20 Q Is there a contingency budget in the project
21 now Mr. Taylor?

22 A There is still some contingency fund, yes.

23 Q How much contingency funds are there?

24 A Again, we have not redone the budget since

1 the preliminary budget. Once we take bids--
2 well, actually, I guess even before we do
3 bids we will have to update the entire
4 estimate on the entire project and present
5 that to Rural Development when we ask for
6 authorization to bid the project.

7 Q Okay.

8 A But at this point that has not been done.

9 Q Okay. But your contingency budget did state
10 \$167,800?

11 A Yes, when it started, I think. I will agree
12 with you without going back and looking at
13 the exact numbers.

14 Q Now, you would agree with Mr. Kincer's
15 testimony on one respect, that is the
16 feasibility criteria consists of three
17 things: One, the density, the number of
18 households per mile; two, the cost of doing
19 the project; and, three, the eligibility--I
20 mean, a sufficient number of low income
21 households to make--to become CDBG eligible.
22 Those are the only three criteria that you
23 were concerned with?

24 A No, not that I would be concerned with. I

1 would also look at how it fits with what the
2 project is doing. You know, if you start--
3 and this one is scattered out pretty well
4 already, but there--how it fits in with the
5 rest of the district's facilities and that
6 kind of thing. And often that will get back
7 into a cost consideration also.

8 Q So, then, you are really changing your answer
9 then, aren't you, Mr. Taylor, from what you
10 told Mr. Edelman and Ray, if you want to
11 follow me I'm on page 49, questions 170
12 through 172. If you look at your testimony
13 there you say, "The selection of the roads in
14 the project that we discussed earlier were a
15 combination of CDBG qualification per
16 household income and for household numbers
17 along each roadway?" Question. Your answer,
18 "And construction costs, yes." Mr. Edelman:
19 "And construction costs along the roadway?
20 Uh-huh, affirmative. Were they the sole
21 considerations? Those three, yes.

22 A And again--

23 Q Wait a minute, let me finish first. So, are
24 you changing your answer now saying there are

1 other considerations Mr. Taylor?

2 A As I ended up the other part of it, that it
3 figures out in the cost considerations too,
4 but I mean it is not just a straight cost
5 number necessarily.

6 Q Well, that's what Mr. Shapiro and I want to
7 know today, what other considerations are
8 there besides density, besides cost and
9 besides low income numbers, what other
10 considerations are there?

11 A Well, again, how it fits with the rest of the
12 District's facilities and, again, that will
13 get into the--it is not just the cost of that
14 road but that may cause other cost in the
15 rest of the facilities. If you can't serve
16 along that road because you don't have enough
17 pressure to serve along that road, then you
18 have to look at the other parts of the
19 system, too.

20 Q When you say pressure, are you speaking from
21 an engineering standpoint?

22 A Yes, uh-huh.

23 Q Okay. Well, let me ask you this, do you have
24 any reason to believe that you wouldn't have

1 adequate pressure to complete the remaining
2 1.3 miles of Willow Creek Road?

3 A No, now there is adequate pressure on Willow
4 Creek Road.

5 Q So, that would not be a consideration then?

6 A Correct.

7 Q Okay. Any other considerations other than
8 the three we have already mentioned, I'm not
9 going to repeat those, and hydraulic pressure
10 considerations?

11 A No, that's--well, obviously, if the District
12 what other facilities they have in that area,
13 but then again that is cost--a cost figure.

14 Q So, that would be a cost figure?

15 A Yes.

16 Q No other considerations other than those
17 four?

18 A Not from my standpoint.

19 Q Mr. Taylor, have you ever traveled all of
20 these roadways, have you taken the time to go
21 through all of these roadways, every one of
22 them?

23 A Yes.

24 Q So, you have been down Lick Skillet Road?

- 1 A Yes.
- 2 Q Okay. Would you not agree with me that when
3 you travel down Lick Skillet Road today that
4 you have got to travel about 1.5 miles before
5 you get to the first household?
- 6 A From the Fairview side?
- 7 Q Well, from coming in--I guess you come in off
8 of 62, you come in off 62--
- 9 A We are not coming into it from that
10 direction, we are coming in to it from
11 Fairview.
- 12 Q Okay. You are coming in from Fairview and
13 going up?
- 14 A Yes, we are not going all the way across that
15 road.
- 16 Q But you are connected to 62, are you not?
- 17 A No. No, it doesn't go all the way across, it
18 only goes what, 1.3 miles or so.
- 19 Q And so, you are spending monies on 1.3 miles
20 of Lick Skillet Road?
- 21 A I think that is the number, yes.
- 22 Q Now, how many households are you getting on
23 Lick Skillet Road? Would eight be correct?
- 24 A Is that--I--

1 Q You prepared this map, Mr. Taylor,--

2 A I know.

3 Q --you'd be most familiar with it?

4 A Yes, but that's not going to help because it
5 has the whole--there is 74 in that area of
6 those interconnected roads, there are 74
7 potentially, or users that we are
8 anticipating in that area.

9 Q My question is, if you know the answer, then
10 answer; if you don't, don't. On Lick Skillet
11 Road, the 1.3 miles you say on Lick Skillet Road,
12 how many households are there on that road?

13 A In the portion that we are serving my
14 recollection is eight to nine, somewhere in
15 that--

16 Q And would you agree with me that of those
17 eight to nine that eight of them are
18 Washington County households?

19 A Of the original ones when the project was put
20 together there was one house in Anderson
21 County and I think the rest of them are in
22 Washington. And since that time there has
23 been another one built in Anderson County.

24 Q So, of the cost of this project you are going

- 1 to spend monies for 1.3 miles of roadway but
2 you are only going to serve two Anderson
3 County residents?
- 4 A Correct.
- 5 Q And you also indicated in the rest of the project
6 that there are three other Washington County
7 facilities that may be served, two residences and
8 one church in that Fairview area?
- 9 A In that Fairview area there are, yes.
- 10 Q Now, I have another question about Rice Road.
11 You are going to go down Rice Road as well,
12 correct, as part of the project?
- 13 A Correct.
- 14 Q Okay. And there are not many households you
15 are going to pick up on Rice Road, are there?
- 16 A There is about six as I recall, five or six.
- 17 Q In interrogatories provided to me by Mr.
18 Edelman as part of this record, Mr. Shapiro,
19 you say six.
- 20 A Okay. I don't remember exactly how many is
21 on each road, but that sounds correct, in
22 that area.
- 23 Q Now, let me ask you about Cox Road because
24 I'm not clear about that either, Mr. Shapiro.

1 A Okay.

2 Q You said you are going to pick up nine
3 households on Cox Road and you verify in your
4 answers to my interrogatories that there are
5 nine households. Now, is that--are the six
6 in Mercer County included in that nine?

7 A Yes.

8 Q Okay. So, only three Anderson County
9 households in the Cox Road project?

10 A Correct, there are three between the end of
11 the line where we are at now and the county
12 line we intend to go to.

13 Q Now, I show you these answers of defendant,
14 South Anderson Water District, the
15 complainant's first set of interrogatories
16 and request for production of documents.
17 This was provided to me by Mr. Edelman. Did
18 you assist Mr. Edelman in answering these?

19 A Yes, I did, yes.

20 Q Okay. So, you have seen this document?

21 A Yes.

22 Q Okay, and I'm particularly going to
23 interrogatory number ten where I ask about
24 each project information regarding the length

1 of water lines to be built along each
2 roadway, the number of customers to be
3 served, the per capita income of residents
4 along each roadway, the total cost of
5 construction. And you provided these
6 figures--

7 A Yes.

8 Q --to Mr. Edelman, is that correct, for each
9 of the 14 projects, is that correct?

10 A Yes.

11 Q Now, I took those figures, your figures Mr.
12 Taylor, your figures, and using your figures,
13 Mr. Taylor, I prepared a chart of density and
14 cost per customer, those being two key
15 considerations that you said that you used to
16 determine the feasibility of the project.
17 And what I noted, Mr. Taylor, upon doing that
18 that if you looked at Willow Creek in its
19 entirety, and Mr. Edelman has a copy of this
20 as does the--Mr. Shapiro. Willow Creek still
21 has a better density, Mr. Taylor, using your
22 numbers, than four of the other projects you
23 propose to do. It has a better density, the
24 entire Willow Creek Road than US Highway 127

1 bypass and Anderson County Drydock State Road
2 44 project, than Rice Road and Fox Creek
3 Road. Using all of Willow Creek, the
4 feasibility criteria that both you and Mr.
5 Kincer say that's what we look at more than
6 anything else--

7 MR. EDELMAN:

8 Is there a question here or are we just
9 going to just--

10 MR. THOMAS:

11 There is a question.

12 MR. EDELMAN:

13 All right.

14 Q Would you not agree that based upon your
15 numbers the entire Willow Creek Road has a
16 better density than those four projects?

17 A With the numbers you used, yes. With the
18 numbers that were used in '98, I'd have to go
19 back and calculate again, because you have
20 used a number for people that are out there
21 now that weren't there in '98 when we put the
22 project together.

23 Q And in terms of cost per customer that you
24 looked at Willow Creek Road in the entirety,

1 using your numbers that you provided today,
2 that it would be cheaper, be cheaper, for
3 South Anderson Water District to construct
4 water lines along the entire Willow Creek
5 road than three other roads that is proposed
6 to use?

7 A Again, based on the numbers that you have
8 shown with the 21, which I assume--and,
9 again, I don't know who--I don't know how you
10 derived the 21 number.

11 Q Well, I used your numbers, to answer your
12 question, I just used your numbers. You
13 indicated that there were 15 households that
14 you were going to use--

15 A Well, again, not on Willow Creek you didn't
16 because the 21 number is not a number I
17 generated.

18 Q Okay, but--

19 A I don't dispute the rest of them.

20 Q But let's look at that. If you look on those
21 answers to interrogatories, if you do a
22 complete loop of Willow Creek,--

23 A Okay.

24 Q --you've got 21 meter settings, okay. That's

1 what you used, 21 meter settings. If you
2 look at--

3 A Oh, okay.

4 Q If you look at what you are going to do on
5 each project, you have got 15.

6 A That was based on when I went back out and
7 looked at it again right before--this is
8 where the 21 came from, not the number that
9 was in '98.

10 Q Okay, that's the number I used. That's where
11 the 21 came from.

12 A Okay, I'll go along with that, yes,

13 Q Those are real numbers.

14 A Like I say, I went out and recoun--in January
15 recounted the houses that are there now.

16 Q So, my question, my second question to you or next
17 question to you is this. Using your numbers that
18 you provided to me today, would you not agree that
19 if you did Willow Creek in its entirety that it
20 would be a better project than--from a cost per
21 customer standpoint--than Burgin Road, Rice Road,
22 Fox Creek Road?

23 A Assuming your chart is put together
24 correctly, yes, I'd say--and I agree--I

1 assume you got my numbers correctly off of
2 there, in which case I agree with you.

3 Q I'll be glad to give you as much time--

4 A I understand.

5 Q --as you want make sure that your numbers on
6 this chart match my numbers here.

7 A I don't dispute that they do. But, I mean,
8 I've still got to qualify what I say because
9 I didn't put those together.

10 Q But you put the numbers together, you admit
11 that.

12 A These numbers are my numbers, yes.

13 Q And you won't dispute that these numbers here
14 are the numbers that I show here?

15 A I don't dispute that, no.

16 Q That's all I'm asking.

17 MR. THOMAS:

18 Your Honor, I'd like to introduce this
19 as Applicant's Exhibit 6 under my
20 testimony. This will be Claimant's
21 Exhibit Number 13.

22 MR. EDELMAN:

23 I'm going to object to the introduction
24 of this. I think he had an opportunity

1 to supply the exhibits prior to the
2 hearing date. He hasn't done that, this
3 is the first time we've ever seen this.
4 It is my understanding that those should
5 have been exchanged before hand. I
6 asked him for this information in
7 interrogatories and never got it.

8 MR. THOMAS:

9 Your Honor, may I respond Mr. Shapiro?

10 HEARING OFFICER SHAPIRO:

11 Yes, wait just a second, go ahead.

12 MR. EDELMAN:

13 That's it.

14 HEARING OFFICER SHAPIRO:

15 Go ahead.

16 MR. THOMAS:

17 Your Honor, these numbers strictly came
18 from his, as Mr. Taylor has already
19 indicated, from his information. I
20 didn't have this information, I just
21 basically have taken his information, he
22 had this information. So, I haven't
23 done anything that he hadn't already had
24 knowledge of.

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HEARING OFFICER SHAPIRO:

Well, I'm going to sustain the objection, but I think in all fairness that if it is based on testimony and evidence in the record that it can be reproduced for purposes of argument.

MR. EDELMAN:

And I'm not--one of the problems with this is that Mr. Taylor has not had a chance to go over the calculations and determine if they are correct. That is one of the problems.

HEARING OFFICER SHAPIRO:

I'm going to sustain the objection, but I think that you can use--if it is--

MR. EDELMAN:

I don't have any problem arguing the figures.

HEARING OFFICER SHAPIRO:

--if it is derived from evidence that is in the record then, obviously, you can use that in making your argument when you prepare your brief. You see the distinction I'm making?

1 MR. THOMAS:

2 I understand Mr. Shapiro.

3 Q Mr. Taylor, under your numbers again, you
4 still intend--it is still the intent of South
5 Anderson Water District to do projects such
6 as Rice Road and Fox Creek Road even though
7 those have considerably lower densities than
8 doing all of Willow Creek Road and at a
9 higher cost?

10 A Those were in the approved project and that
11 is what we are supposed to do per the
12 funding.

13 Q So, the--so it is your testimony that South
14 Anderson Water District is willing, for
15 instance, Fox Creek Road, to borrow \$77,400
16 for a distance of 4.4 miles and at a cost of
17 \$9,675 as opposed to spending an additional
18 \$51,000 to finish Willow Creek? That's what
19 you intend to do?

20 A Again, that was in what was in the approved
21 funding. I've not compared them back to what
22 you--the rest of Willow Creek because that
23 wasn't in the funding package. But, yes,
24 that's what we intend to do.

1 Q Your testimony, Mr. Taylor, is that that is
2 feasible from a distant standpoint to do Fox
3 Creek and Rice Road?

4 A Again, taking in the whole--the eligibility--

5 Q That's not my question Mr. Taylor, yes, or
6 no?

7 MR. EDELMAN:

8 Can he answer the question?

9 HEARING OFFICER SHAPIRO:

10 Wait a minute. What was the question?

11 Repeat your question.

12 Q Thank you Mr. Shapiro. Your testimony today is
13 that it is feasible from a distance standpoint to
14 do Rice Road and Fox Creek Road?

15 A In with this project, yes.

16 Q And your testimony is today that it is
17 feasible from a cost per customer standpoint
18 to do Rice Road and Fox Creek Road?

19 A In with this project.

20 Q And your testimony is today that it is
21 feasible for the South Anderson Water
22 District to borrow money to do Fox Creek Road
23 and Rice Road?

24 A In with this project, yes.

1 Q And your testimony is today that it is not
2 feasible under the criteria of density per
3 customer, density per mile, excuse me, cost per
4 customer and low income households not to finish
5 Willow Creek Road? That's your testimony?

6 A It is not feasible to do it on its own and it
7 wasn't included in the original scope of the
8 project.

9 Q Why isn't it feasible, Mr. Taylor, why isn't
10 it feasible?

11 A The funding would have to come from some
12 other entity, they would have to go out and
13 borrow the money from a bank or someone. I
14 mean, we have already tied up the funding
15 from Rural Development and we can't amend the
16 CDBG application to get more grant money.

17 Q Mr. Taylor, why wouldn't it make more sense
18 if those--if the only three considerations
19 that you and Mr. Kincer have indicated are
20 density per mile, cost per customer and low
21 income households, why wouldn't it be a
22 better use of the South Anderson Water
23 District dollars to do the Willow Creek Road
24 entirely than Burgin Road, US Highway 127,

1 Anderson County, Rice Road and Fox Creek
2 Road, since the Willow Creek Road in its
3 entirety has better numbers? If those are
4 the only three criteria why--

5 A Had it been put in the original project it
6 would have. You know, with the 21 numbers
7 that is there now versus what was there at
8 the time we put the project together.

9 Q To move on, Mr. Taylor, there is no dispute
10 that since the initial project you have
11 already modified Willow Creek Road some and
12 gone from 1.2 miles to 1.8 miles.

13 A In order to pick up the rest of the
14 residences that were used in the CDBG
15 eligibility. So, those households were
16 actually in the original project in '98
17 because they were counted in the eligibility
18 which was put together, again, by the grant
19 writer and not me.

20 Q I want to follow up on that point just a
21 minute, Mr. Taylor. Mr. Taylor, there has
22 been some reference made by the attorney for
23 South Anderson Water District about road
24 captains. Are you familiar with that term?

1 A Yes.

2 Q Each of these projects had a road captain; is
3 that correct?

4 A I'm not sure whether they did or not, I
5 wasn't involved in that portion of it.

6 Q So, you don't know whether Willow Creek Road
7 had a road captain or not?

8 A That one, I understand there was a lady that
9 was in charge of getting the--the lady that
10 turned in the original petition was in charge
11 of getting the interviews for CDBG and so
12 forth.

13 Q Do you know if that, and I'll just use the
14 term road captain, do you know if that road
15 captain for Willow Creek went up and talked
16 to Mr. Barnett?

17 A I again was not involved in that portion of
18 it, but I don't dispute his word at all that
19 she didn't.

20 Q Mr. Taylor, you said you have been on Willow
21 Creek Road; is that correct?

22 A Correct.

23 Q And, Mr. Taylor, you would agree that from where
24 you are going to stop there is that 1.3 mile

1 incomplete portion that is not going to be served
2 presently?

3 A Correct.

4 Q Would you agree with me, Mr. Taylor, that it
5 wouldn't take a whole lot of time for someone
6 to go and visit those households and see
7 whether they would be interested in water or
8 not. We are not talking an inordinate use of
9 time are we?

10 A Depends on how busy the person was but, no,
11 it wouldn't take that long.

12 Q I mean, reasonably--it wouldn't take long to
13 go over to those six households and ask them
14 do they want water or not would it, Mr.
15 Taylor, would it?

16 A No.

17 Q Mr. Taylor, I want to talk about the health
18 concerns for a minute because we really
19 haven't touched on that at all during this
20 hearing. And I mentioned that in my
21 complaint as one of the key issues here for
22 Mr. Shapiro and the Commission Staff to
23 consider. In the answers to interrogatories
24 which you have you sent me some information

1 that says that the CDBG application was
2 incorrect and, in fact, that what looked like
3 an I was an L, and indicated that pneumonia
4 bacteria really meant was for Rice Road.

5 A That letter is in the response. What we did
6 was pass your information on the grant
7 writer, Brian Kirby, and that was his
8 response. Again, I didn't put that
9 application together so I can't answer for--

10 Q So, you couldn't answer whether--would you
11 turn to page 46 of the application, it again
12 shows for I, area shows evidence of pneumonia
13 bacteria in water supply, I being the Willow
14 Creek Road project. You couldn't answer that
15 question; is that correct?

16 A Correct. Again Mr. Kirby is the one that put
17 the CDBG application together for the county
18 and not myself.

19 Q Mr. Taylor, are you aware, going back to Rice
20 Road again, are you aware that the first two
21 houses on Rice road already have water,
22 access to water from South Anderson Water
23 District?

24 A I'm assuming you are talking about off the 62

1 side?

2 Q That's correct.

3 A If you will look at the map we are not duplicating
4 that service, that is a two inch line that comes
5 off 62 and we are coming off the four inch line on
6 the other side of Salt River.

7 Q Just a few more questions, Mr. Taylor. Mr.
8 Taylor, you certainly would agree that by
9 stopping at the 1.8 miles on Willow Creek
10 Road that there is going to be some water run
11 off there? You are going to have to, I
12 think, the term you used was install a blow
13 off valve.

14 A Any dead end line has to have a blow off on
15 the end of it to flush it.

16 Q And what is that--from an engineering
17 standpoint, what does that blow off valve do?

18 A It's just an outlet on the end of the line so
19 that you can open it up and increase the
20 velocities in the line and scour out the line
21 periodically to keep sediments and so forth
22 from building up in it. Or if there is a
23 leak on the line then you need to--in
24 repairing it if you need to blow it off at

1 the end to get the bad water out of it.

2 Q Okay. Now, if you did a complete loop, and I
3 was just looking at the information you
4 provided me, provided for me, if you do a
5 complete loop on Willow Creek Road, would you
6 still need a blow off valve?

7 A I probably still would put one down there. I
8 may not put it in that estimate but in a low
9 spot like that where you went back up the
10 hill you would still need one there for leaks
11 and that kind of thing.

12 Q And, Mr. Taylor, you have indicated that it
13 will cost an additional \$51,725 to complete
14 the loop on Willow Creek?

15 HEARING OFFICER SHAPIRO:

16 What did you say it was?

17 MR. THOMAS:

18 \$51,725.03.

19 A I assume that is the difference in the two
20 numbers from the estimate with what we are
21 proposing to do versus the estimate for the
22 entire loop, it would appear to be about
23 right, but without setting here calculating
24 it out without a calculator--

1 Q And if you look at \$167,800 contingency,
2 there certainly would be more--even if you
3 want to add in Rice Road and Fox Creek Road
4 and Burgin Road, even to do the projects that
5 you have already stated, there certainly
6 would be enough money in the contingency to
7 complete the loop?

8 A At this point we don't know. Again, we
9 didn't get total funding and that estimate
10 was prepared in '98 or whatever. Since then
11 we have experienced some cost increases and
12 so forth and that's what that money is there
13 to cover. So, again, without redoing the
14 whole budget, I don't know how much
15 contingency money we have.

16 Q You could have more since you haven't done
17 the budget, you could have more, correct?

18 A Could have, I don't anticipate that.

19 Q You don't know, it could be more or less?

20 A Yes.

21 Q But right now the best we can work on is
22 \$167,800?

23 A Less what the difference in the funding was.
24 We know that that money is not there because

1 we never got any--we never got funded to the
2 full million CDBG.

3 Q As I understand your testimony, Mr. Taylor, I want
4 to be clear, there is not going to--you are not
5 going to make a loop around Lick Skillet Road, you
6 are not going to attach--

7 A We are not going all the way through to 62,
8 correct. In the future we probably will, that
9 makes a good loop through the southern end of the
10 system, but at this point, no.

11 Q And the future of this project would be about five
12 to seven years of your next phase, it is going to
13 be about five to seven years out, right?

14 A That has historically been what it has been
15 over there. My understanding is, though,
16 that Alton Water and Sewer District at this
17 point is finishing up what their--the service
18 in their district. And if that is the case,
19 then we wouldn't have to wait until next time
20 for eligibility for CDBG, which might speed
21 the process up again, you know, it might or
22 might not.

23 MR. THOMAS:

24 I have no further questions for Mr.

1 Taylor.

2 HEARING OFFICER SHAPIRO:

3 Before I turn you over to Mr. Pinny, let me just
4 ask you a couple of questions.

5 A Okay.

6 HEARING OFFICER SHAPIRO:

7 Well, maybe a few more than a couple, but there
8 has been some mention here about the health
9 report, I guess it was, what significance would
10 that have in a project of this nature where the
11 residents apparently rely upon cisterns for their
12 water supply, cisterns and bottled water for their
13 --in case of cisterns they are actually relying
14 upon water, according to the testimony I read,
15 that is hauled in there from, I assume, a water
16 station. Why would that be a significant factor
17 in this kind of a project?

18 A In order to qualify on the CDBG and you have
19 to not only show a low to moderate income,
20 you have to show the need. And abatement of
21 health hazards and, also, on Rural
22 Development, that is part of their scoring
23 process too, for funding. You have to--it is
24 not just a matter of wanting the water, there

1 has to be a need for it.

2 HEARING OFFICER SHAPIRO:

3 I know, but where would there be a problem? I
4 mean, the water, I assume, that they are buying,
5 they are buying it from a water station it is
6 treated water. It may be--

7 A But most people who use cisterns augment that
8 by rainwater and their cisterns may or may
9 not be water tight. There may be actually
10 seepage into them, in a lot of cases there
11 is, in or out, depending on how--

12 HEARING OFFICER SHAPIRO:

13 So, that would be where the factor would come into
14 play?

15 A Yes, uh-huh. And, again, I'm not sure where
16 that one--that particular one came from, but
17 if you go out and take samples from cisterns
18 in often cases they are contaminated because
19 they--

20 HEARING OFFICER SHAPIRO:

21 To rely upon water.

22 A --roof water and so forth that gets into
23 them, too.

24

1 HEARING OFFICER SHAPIRO:

2 As I understand what your testimony here today,
3 what you are telling the Commission is the reason
4 that this--there are several reasons why this
5 project didn't include the entire road, but one of
6 the reasons is that when you put the project
7 together in 1998 the section of the road that Mr.
8 Barnett lives on only had three residential
9 structures on it and one of those was vacant; is
10 that right?

11 A Correct.

12 HEARING OFFICER SHAPIRO:

13 So, therefore, the density--there was not a great
14 deal of density in that particular area. When you
15 added the 6/10 of a mile, how many houses did that
16 add to the road?

17 A Four, I think, maybe five.

18 HEARING OFFICER SHAPIRO:

19 Five. So, if you added the 6/10--

20 A Well, again, part of what we had there was
21 already being used in the house count that
22 Mr. Wells and what the road captain was
23 coming in and telling him, user-wise, and so
24 forth, he was already included in that. They

1 had already done the interviews for the low
2 to moderate income and actually had
3 interviewed some of the other ones, too.

4 HEARING OFFICER SHAPIRO:

5 But the reason you went back and looked at it, one
6 of the reasons you went back and looked at the
7 6/10 of a mile was you needed to get more--
8 apparently, you needed to get--for them to include
9 these people because of their low income?

10 A Well, at that point--until we went back and
11 looked at it I didn't have a list of the
12 houses that they had interviewed. I didn't
13 get that until January.

14 HEARING OFFICER SHAPIRO:

15 So because it was included in the interviews to
16 qualify for the CDBG that is the reason you went
17 on.

18 A Yes.

19 HEARING OFFICER SHAPIRO:

20 I understand that.

21 A The CDBG interviews were portions of that
22 application or the tabulation thereof, not
23 the interviews themselves because they are
24 confidential, but the tabulation of those

1 interviews are part of the CDBG funding
2 application that was advertised in '98.

3 HEARING OFFICER SHAPIRO:

4 If, in fact, though, the 21--I think there are 21
5 houses now along this entire stretch; is that
6 right?

7 A Correct.

8 HEARING OFFICER SHAPIRO:

9 Whereas, before there were fewer houses?

10 A Correct.

11 HEARING OFFICER SHAPIRO:

12 They added, like, 10 or 11 houses?

13 A I don't think it was that many, well what we
14 show in the part that we are talking about
15 funding right now is 15 and, so, there has
16 been--and, again, now these are not--I guess
17 maybe that is something I need to back up and
18 explain, too. In doing this you don't use
19 total house numbers, very rarely will you get
20 100% participation in a project. There is
21 going to be somebody out there that doesn't
22 want the water, you know, that has got a good
23 well or doesn't want another bill for
24 whatever, you know, some people don't like

1 the taste of city water. So, generally what
2 we use is about 75% to 80% of the house count
3 or the petition count.

4 HEARING OFFICER SHAPIRO:

5 Well, how many houses are there along the Willow
6 Creek Road expansion area?

7 A Well, what I used based on the petitions and
8 the interview, CDBG interview, list was 15 on
9 what we are--on the 1.8 we are going to run.

10 HEARING OFFICER SHAPIRO:

11 All right. And then 15 homes there but you say
12 that--

13 A No, there is more than 15, there is probably
14 --again, I don't know whether all of them
15 signed the petition or not.

16 HEARING OFFICER SHAPIRO:

17 So, there are 15 homes--

18 A That I use from an economic feasibility and a
19 construction cost estimating standpoint.

20 HEARING OFFICER SHAPIRO:

21 That's the number of homes you expect to sign up.

22 A Right.

23 HEARING OFFICER SHAPIRO:

24 Since that time there have been apparently six

1 more homes added?

2 A Well, again, the 21 number includes the two
3 houses that were occupied, the one that is up
4 there between Mr. Barnett and 62. I don't
5 think anybody is going to move back into that
6 one, so we didn't include it, but that 21
7 number also includes those two that were
8 there back in '98.

9 HEARING OFFICER SHAPIRO:

10 If you had--if those people had requested service
11 and you were applying the feasibility standards
12 that you have testified about, the three standards
13 that Mr. Thomas has talked about, would that
14 entire road have qualified for the project?

15 A Probably. You know, again, I don't know
16 about the income surveys, I don't know how
17 close they were because that is not
18 something--

19 HEARING OFFICER SHAPIRO:

20 But if the income survey wasn't sufficient then
21 would you make up the difference with borrowed
22 money?

23 A It might have been included as Fox Creek was,
24 as a Rural Development only for the rest of

1 the road, yeah.

2 HEARING OFFICER SHAPIRO:

3 And Fox Creek is just a rural development, you
4 call that rural development?

5 A Right. There--in order to qualify for CDBG
6 you have to have 50--over 50% low to moderate
7 income houses on that road and it didn't
8 qualify.

9 HEARING OFFICER SHAPIRO:

10 I think there is some testimony in the record,
11 too, I suspect already, but do you know how many
12 of the six additional houses on the expansion
13 area--beyond the current expansion area, or the
14 area that is in issue today, how many of those six
15 additional houses are new construction?

16 A Well, again, at the point when we looked at
17 it there were only three houses, so--

18 HEARING OFFICER SHAPIRO:

19 I mean, since then?

20 A I mean, we included six more off of that and
21 two of them, or that one of the three we did
22 not anticipate using, so four of them would
23 be new construction.

24

1 HEARING OFFICER SHAPIRO:

2 Four would be new construction?

3 A Uh-huh.

4 HEARING OFFICER SHAPIRO:

5 Mr. Pinny?

6 MR. PINNY:

7 I have no questions at this time.

8 HEARING OFFICER SHAPIRO:

9 Any redirect?

10 MR. EDELMAN:

11 Yes, just a few questions.

12

13

REDIRECT EXAMINATION

14 BY MR. EDELMAN:

15 Q Just so I'm clear, in 1998, Mr. Taylor, this
16 project was--what actually happened, was there
17 notification given, what happened in 1998 to
18 trigger the CDBG application?

19 A Okay. We started looking at the project
20 actually in '95 or whatever, but Alton--only
21 one entity in the county or only--a county
22 can only have one application or one CDBG
23 project going at a time. Cities within the
24 county can also apply, so, I mean, they are

1 ineligible. But the county itself can only,
2 Fiscal Court can only have one. So, at that
3 point Alton Water and Sewer District had a
4 project going on so we had to wait until it
5 was getting cleared out before South Anderson
6 was eligible to put in another application or
7 actually the county to put in an application
8 for South Anderson. So, at that point the
9 county contracted with the grant writer to
10 prepare the application. We put together the
11 petitions and so forth that had been
12 submitted to the district. The CDBG
13 application was prepared by Mr. Kirby. As
14 part of that application process, you have to
15 have public meetings and that is what
16 occurred in '98 was the public meeting to
17 discuss the scope of the project as proposed
18 in '98.

19 HEARING OFFICER SHAPIRO:

20 Is that the public meeting that you said
21 you had in '98, was that the meeting
22 that the notice that has been--

23 A Not the big picture notice, no.

24 Q I'm going to hand you a document I showed Mr.

1 Thomas and we discussed earlier with Mr.
2 Barnett which was--one of the documents is
3 the Certification of Don White as Editor of
4 the Anderson News that was published in the
5 August 5, 1998, Anderson News; is that
6 correct?

7 A Correct.

8 Q And the other is a copy of the notification
9 that went to all interested citizens of
10 Anderson County regarding CDBG application;
11 is that correct?

12 A Repeat please.

13 Q The second is the notice that was published
14 in the newspaper that went to all interested
15 Anderson County citizens advising them of
16 this CDBG application process; is that
17 correct?

18 A Correct.

19 Q And what else did that application--what else
20 did that notification advise all interested
21 citizens of Anderson County of at the bottom?

22 A A copy of the CDBG application will be on
23 file at the County Judge-Executive's Office
24 for citizen review and comment during regular

1 business hours from August 18 through August
2 25, 1998. Comments on the proposed
3 application may be submitted to the attention
4 of the County Judge-Executive until August
5 28, 1998.

6 Q Did it contemplate a public hearing being
7 held?

8 A Yes.

9 Q And did it indicate a public hearing being
10 held within the context of the notice?

11 A The notice indicates the county will hold a
12 public hearing prior to submission of any
13 application. A public hearing will be held
14 on August 18, 1998, at six--or five p.m., I
15 can't tell for sure which, at the Anderson
16 County Courthouse.

17 MR. EDELMAN:

18 If there is no objection I'd like to
19 introduce that as Defendant's Exhibit
20 next numerical, four maybe; is that
21 right?

22 HEARING OFFICER SHAPIRO:

23 Is this the same notice that was
24 attached to the answer?

1 MR. EDELMAN:

2 Yes, sir.

3 HEARING OFFICER SHAPIRO:

4 Any objection?

5 MR. THOMAS:

6 No objection.

7 HEARING OFFICER SHAPIRO:

8 So ordered.

9 (EXHIBIT SO MARKED: Defendant Exhibit No 4)

10 Q Now, when that notice ran in the paper, Mr.
11 Taylor, what had preceded it in terms of
12 applications being filed, interviews having taken
13 place, just what actually had occurred prior to
14 that notification?

15 A Prior to that on the CDBG application there
16 would have been a pre-application submitted
17 to the Department of Local Government that
18 would briefly outline the project's
19 intentions and so forth. Then the interviews
20 would have been conducted to determine
21 eligibility on the different roads and then
22 the writer would put together the
23 application.

24 Q A lot of talk about what a reasonable person

1 would do in this hearing earlier, especially
2 regarding the questions of Mr. Kincer that
3 you have an opinion. If a person was
4 interested in water--in a water project, do
5 you have an opinion on as to whether a
6 reasonable person if they would read that
7 whether they would attend such a meeting?
8 A If they had not had contact before, I would
9 think that they would contact someone to
10 insure that they were involved. That was the
11 reason for the people that showed up at the
12 other public meeting.
13 Q How many water projects have you been
14 involved in?
15 A Several different--this is the second major
16 expansion with South Anderson, but I also
17 deal with several other water districts and
18 cities.
19 Q Does talk about water spread pretty rapidly
20 in your experience?
21 A Usually, we don't have to do a whole lot of
22 public notices or a whole lot of
23 notifications, that is pretty well taken care
24 of by the individuals wanting water.

1 Q Does it surprise you that Mr. Barnett, and he
2 testified today the first he heard that his
3 portion of the road was not involved in the
4 project was June of 1999, does that surprise
5 you?

6 A It would surprise me. I would have thought
7 that by talking with his neighbors and so
8 forth, he would have realized that they were
9 involved in the water project and he wasn't.
10 Again, that is--

11 Q Let's talk about some other roads. Are there
12 other roads that were in a similar state as
13 Aaron-Barnett Road; that is, a judgement had
14 to be made pursuant to these factors that
15 only a portion of the road be included in the
16 project?

17 A Yes, several of the roads that are in the
18 project we're not doing the entire road.

19 Q Are there roads that are in from a density
20 standpoint and a construction cost
21 standpoint, are there roads that if there
22 were contingency funds available that would
23 be taken before Aaron-Barnett Road?

24 A Yes.

1 Q Well, could you give the Commission an idea
2 of which roads they might be?

3 A If you will look on the public notice that
4 was run in the paper there are--

5 Q Let me get you a copy.

6 A In order to speed the process, if there are
7 any contingency funds left at the end of the
8 initial scope of the project, Rural
9 Development likes for you to include in this
10 notice, which is for environmental purposes,
11 additional roads that would be run with
12 contingency monies so that the environmental
13 portion of their work can be done on those at
14 the same time and won't have to go back
15 through the process again when you get to the
16 end of the original scope of the project.
17 So, they ask you to add additional roads and
18 in this case we added the six roads listed in
19 the notice, Dawson Ferry Road, Bear Creek
20 Road, Dennis Road, Ashby Road, Burke Road and
21 Mays Branch Leathers Road. Under the normal
22 scenario those would be the ones that would
23 be added next.

24 Q Now, so there is not any misunderstanding,

1 those were based upon 1998 criteria; is that
2 correct?

3 A Correct.

4 Q Not 1999-2000 criteria which we have heard a
5 lot of talk about today?

6 A Those were roads that the district had been
7 approached by people on those roads about
8 getting water.

9 Q If the Commission were to order the district
10 to include Mr. Barnett and his portion of the
11 1.3 portion or the western part of Aaron-
12 Barnett Road, where would the funding come
13 from?

14 A I guess depending on how the order was
15 worded, I mean, if it were intended to come
16 out of the contingency funds, if there were
17 contingency monies left, then I guess that is
18 where it would come from. But, again, if it
19 were to be included as part of the initial
20 project I think you would have to go out and
21 borrow additional money to do it, some other
22 source.

23 Q Could that affect the rate structure?

24 A It would some, I mean, it would be additional

1 loan that would have to be paid back. The
2 way it is set up, I mean, it would be spread
3 over everybody.

4 Q Would it be equitable, in your opinion as an
5 engineer who has been involved in these
6 projects, for the Commission to order that
7 Mr. Barnett be taken--the Aaron-Barnett Road
8 be included to the exclusion of these other
9 eight or nine roads?

10 A I don't think so.

11 Q Are they pretty much on a similar setting as
12 he is?

13 A Yes, I think so. I mean, I haven't gone back
14 out and checked those again, a couple of them
15 we went straight off the petitions and I
16 didn't go look at them because they weren't
17 in the original funding package.

18 Q Were there roads you actually got petitions
19 on that you had to turn down?

20 A Yes.

21 Q Some of those roads were--which ones were
22 they?

23 A Again, part of Ashby Road, we went out so far
24 and stopped where it got sparsely populated

1 again. Sea Road that goes from Fairview Road
2 over--under Bluegrass Parkway--well, I guess
3 it actually goes over Bluegrass Parkway. We
4 didn't include it because of the cost of
5 going across the Parkway.

6 Q These contingency funds that we talked about,
7 how does that work when you make your
8 application with Rural Development? Is it a
9 requirement that so much of the money be held
10 in contingency? Maybe you could explain to
11 the Commission exactly how that works?

12 A Well, you go through and figure out what the
13 construction cost estimate is, then a lot of
14 the other numbers are based on percentages of
15 that, engineering fee, inspection fee, legal
16 fees and so forth. There is--most of the
17 contracts that have involved Rural
18 Development have a percentage you get paid on
19 of the construction. I guess in the legal
20 fees it is percentage of the entire project.
21 Then after you develop that cost estimate,
22 depending on who the engineer is, they will
23 either put the contingency in the
24 construction funds or they will put it as a

1 line item. Some funding agencies don't like
2 to really add percentages on to it, they add
3 it at the end, depends on who is doing it.
4 But you never go to construction at the same
5 time that you put the things together so
6 there is always some change from that
7 standpoint. And then, again, it is, you
8 know, when you put the application together
9 it is preliminary.

10 Q You're not going to argue that in your preliminary
11 engineering report, that was prepared some time in
12 1998--

13 A Correct.

14 Q --that you preliminarily put in the number
15 \$167,816 of contingency fund?

16 A Without thumbing back and finding the
17 application, if that came off the preliminary
18 engineer's report, that's the correct number.

19 Q You also testified that was based upon a 100%
20 CDBG grant of funding of \$1,000,000?

21 A Correct.

22 Q And there was only how much funding that
23 occurred?

24 A Nine hundred forty-three thousand or nine

1 hundred sixty-three thousand, somewhere in
2 that area.

3 Q Nine hundred sixty I think is pretty close to
4 being accurate, so there is--that would reduce
5 that contingency fund about \$40,000 wouldn't it?

6 A Yes.

7 Q Since 1998, what has your experience been
8 with bidding projects relative to the cost of
9 pipe and cost of construction over the last
10 six months to one year?

11 A If you have noticed the, and I'm sure you all
12 have, the cost of gasoline in the last little
13 bit, that has kind of a dual effect on water
14 line construction in that PVC pipe prices
15 having the same base material will kind of
16 mirror the cost of gasoline. It fluctuates
17 about as quickly as the gasoline will. Also,
18 that--then, again, the contractors equipment
19 and so forth, fuel cost for that has gone up
20 as well as everything else. So--

21 Q Could those costs very easily eat into a 120
22 of \$125,000 contingency fund?

23 A Very quickly.

24 Q To the extent of what?

1 A In that size project it could get well into
2 half of it, at least, I would think. And
3 then again, you know, that is also there to
4 cover any other things like the extension of
5 the other 6/10. So, until we put the whole
6 project together there is a number of other
7 items that could eat into it.

8 Q So, to sit here and say to the Commission
9 that there is going to be a contingency fund
10 available would just be pie in the sky at
11 this point in time; is that correct?

12 A Correct.

13 Q You couldn't do it with any certainty?

14 A Not to nearly that dollar figure, no. I
15 think there is probably some contingency
16 money left but not nearly that figure.

17 Q In 19--and I just have a couple of last questions
18 here. When the project was scooped out and put
19 together and the advertisements were put in the
20 paper, who was predominantly, after all of the
21 information was gathered, who predominantly was in
22 charge of putting the project together and making
23 it work?

24 A Well, I would have been the one that did the

1 economic feasibility as far as pay back on
2 the loans and that kind of thing.

3 Q Was there any consideration, other than pure
4 what is going to make this project go
5 consideration, given to exclude Mr. Barnett's
6 portion of Aaron-Barnett Road on your behalf,
7 or any other road?

8 A Not that I'm aware of. Certainly, I had no
9 other influences and, to my knowledge, no one
10 else did either.

11 Q Would it have been prudent from an
12 engineering standpoint or from the district's
13 standpoint to have included Mr. Barnett's
14 road as the facts stood in 1998 when these
15 surveys and the project was scooped out,
16 would it have been prudent to have included
17 his portion of the road in the project?

18 A No.

19 Q Under any scenario, Mr. Taylor, as you know
20 the facts would be in 1998--

21 A Not as I know the facts to be, no.

22 MR. EDELMAN:

23 That's all I have.

24

1 HEARING OFFICER SHAPIRO:

2 Anything else?

3 MR. THOMAS:

4 Yes, I have several questions, Mr. Shapiro.

5

6

RE CROSS EXAMINATION

7 BY MR. THOMAS:

8 Q Mr. Taylor, there is still one nagging question
9 that I have and I can't seem to get an answer from
10 Mr. Kincer nor you, so let me ask this question
11 one more time. Why wasn't Mr. Barnett contacted
12 by either the road captain or by Mr. Kirby or by
13 someone? Why wasn't he con--if you are going down
14 Willow Creek Road why wasn't he at least
15 contacted?

16 A I would assume that, again, I wasn't in
17 charge of making any of the contacts but
18 whoever the--you know, Mr. Kirby wouldn't
19 have--he didn't go out there and go door to
20 door. Whoever was doing the CDBG interviews
21 got to that point and--well, even at that
22 point we would have preliminarily scooped the
23 thing out to where that last part of the road
24 wouldn't have been included because of the

1 house count. The house count would have been
2 done beforehand.

3 Q Well, did you scope it out, using your term,
4 did you scope it out, Mr. Taylor, to include
5 1.2 miles or to include 1.8 miles?

6 A What we did was went out and counted the
7 houses along the entire length of the road
8 and took intervals of, you know, however many
9 were in this section and the next section and
10 so forth, compared that back to the petition
11 that we had on file from that road and it
12 said 1.2 miles, the petition did. So, that
13 is where the 1.2 came from.

14 Q But, apparently, according to your testimony
15 today, your testimony today, apparently, at
16 some point even though you scooped it out to
17 1.2 miles somebody, someone working for Mr.
18 Kirby, I gather, went farther than that and
19 did 1.8 miles. And my question is if they
20 went further than 1.2 miles and did 1.8
21 miles, then why not go the rest of the way
22 and do everybody else on Willow Creek Road?

23 A Because they weren't included in the eligibility.

24 Q If Mr. Barnett did not know, Mr. Taylor,

1 about water being built because he wasn't
2 contacted, then why would he have attended
3 the August meeting? He didn't know anything
4 about it, if you don't know anything about it
5 why would he have attended it?

6 A It would have been hard to do, wouldn't it?

7 Q Right. Your answer is that if he had not
8 been contacted before then he should have
9 appeared, but if he doesn't know anything
10 about it how can he appear?

11 A That's the reason we ran the notice in the
12 paper.

13 Q You know, Mr. Taylor, I somewhat anticipated
14 Mr. Edelman's question about your contingency
15 plan and so, therefore, I asked the question
16 in my interrogatory to give me information on
17 these contingency roads. I asked about
18 Dawson Ferry Road, Bear Creek Road, Dennis
19 Road, Ashby Road, off of state road 248,
20 Burke Road and Mays Branch Leather Road, I
21 had problems with these roads. And your
22 response to me was, well, we haven't done a
23 feasibility study on those roads; is that not
24 correct?

1 A Correct.

2 Q Okay. But you are going to testify before
3 the Commission today that if you had
4 contingency monies left over you would do
5 those roads not knowing their feasibility, as
6 we have already determined what that is, as
7 opposed to Willow Creek Road who, using your
8 own numbers, we have indicated will be in the
9 top ten, will be in the top ten of the
10 project if they were done today.

11 A I don't know about the top ten, I'd have to
12 look at that. But any--but again--from an
13 economic feasibility standpoint, you would
14 not be looking--if you were using contingency
15 funds there would be no more borrowed money.
16 So, from the economic standpoint there is not
17 --that is the reason we haven't done an
18 economic feasibility on it at this point
19 because there is not one to be done.

20 Q But wouldn't the Commission be more prudent
21 in saying that if there are contingency funds
22 left over, taking what is known, and they
23 know what the feasibility of the entire
24 section of Willow Creek Road is, wouldn't the

1 Commission be prudent in saying that road
2 ought to be done first as opposed to doing
3 Dawson Ferry Road or Bear Creek Road where we
4 don't know what the feasibility is? Wouldn't
5 that be a more prudent approach to take Mr.
6 Taylor?

7 A I hesitate to answer for the Commission but,
8 again, those roads were only put in there
9 because of being approached by the people on
10 those roads for water prior to that point.
11 And if we had monies left over at the end
12 those would be the ones we would look at.

13 Q I'm not going to belabor the point, the point
14 is--

15 A And it may be that, you know, that is listed
16 one through six or whatever, it may be six
17 would be done before one, I don't know.

18 Q The point is that as we speak here today at this
19 hearing we don't know what the feasibility is of
20 those contingency roads?

21 A Correct.

22 Q Okay. Now, Mr. Edelman asked you a fair
23 question. He asked you would it be prudent,
24 was his term, to stop construction of Burgin

1 Road, US Highway 27, these other roads that
2 have worse numbers than Willow Creek Road in
3 its entirety. And your response to him was I
4 don't think that would be prudent to stop
5 construction of these other project roads.
6 And my question to you, Mr. Taylor, is that
7 if--after you have testified today the
8 Commission's only concern is getting the most
9 bang for its buck, why wouldn't it be more
10 prudent to do Willow Creek Road in its
11 entirety than those other roads, using your
12 numbers?

13 A One reason would be that we would have to go back
14 and redo the applications and so forth, which
15 would slow the process down substantially. The
16 other thing is, you know, that was based on what
17 was there in '98 when the application was put
18 together. If you went back, you know, each time
19 in the interim between the time you submit an
20 application and the point where you get to
21 construction, you would never get anything done.
22 You would be continually going back and changing
23 what you did.

24 Q Mr. Taylor, I thought you might say that.

1 Ray, turn to page 33 of his deposition
2 question 112. You asked this, Ray, "Well,
3 let's talk about that for a second. If we
4 were required--if the District were required
5 at this point in time to seek to amend its
6 application for rural development monies,--
7 that's loan monies--what are the chances of
8 the money that is currently committed into
9 the district going somewhere else due to the
10 fact that the district will be in the
11 position not to meet its letter of
12 condition?" Your response on February 3 was
13 this, Mr. Taylor, "I don't think they would
14 pull the money. I think they would give you
15 opportunity to look for other funding sources
16 or whatever, but, again, you would have to go
17 back and--" Continue, you say I'd either
18 have to go back to the district would have to
19 go borrow it or ask the county, ask the
20 county for more of a contribution, or
21 somebody. Do you stand by that answer today,
22 Mr. Taylor?

23 A Yes.

24 Q So, if there were some modifications to your

1 testimony back on February 3 and today, it would
2 be that it wouldn't hurt the Rural Development
3 application at all? You still would get the
4 money.

5 A Other than slowing it down.

6 Q Okay.

7 A Now, again, if you went somewhere else for the
8 funding and the funding was available.

9 HEARING OFFICER SHAPIRO:

10 Well, that was my question. I didn't
11 fully understand that when I read it.
12 I'm glad that Mr. Thomas has brought it
13 up. If, for example, it was decided at
14 this point to--or that you wanted to
15 change the project for whatever reason,
16 whether it has something to do with Mr.
17 Barnett or not. Let's say you were
18 awarded a grant, you were awarded the--
19 and you were given the money or you are
20 told the money is there, is available
21 for the loan, as the matter now stands I
22 guess the application defines what the
23 project is going to be; is that right?

24 A Correct.

1 HEARING OFFICER SHAPIRO:

2 So, when that grant is awarded, when
3 that loan is authorized without anything
4 further you have to go by whatever the--
5 you have to build the project according
6 to the application?

7 A Correct.

8 HEARING OFFICER SHAPIRO:

9 Now, if you decide you don't want to
10 build the project according to the
11 application but you want to modify the
12 project, what is the process then?

13 A Pardon?

14 HEARING OFFICER SHAPIRO:

15 You got the money, you can't use it,
16 right? You have got the money but you
17 can't use it because you are modifying
18 your plans?

19 A That money is allocated for specific
20 construction and if you change it then you
21 have to go back in and modify the
22 application. And the CDBG stand, from their
23 money, you would have to go back and start
24 the eligibility process again and interview

1 those people. I don't know that you--

2 HEARING OFFICER SHAPIRO:

3 Well, let's say you have the information
4 you could--you have all that information
5 you resubmit your application then?

6 A You would submit an amendment to it.

7 HEARING OFFICER SHAPIRO:

8 An amendment?

9 A If that's--well, even if you were going to a
10 different funding source you would still have
11 to amend your application to those agencies
12 to reflect the amended--

13 HEARING OFFICER SHAPIRO:

14 Now, what do you mean by a different
15 funding source?

16 A The CDBG money comes from the--well, actually
17 it comes from federal HUD but it is channeled
18 through the Kentucky Department of Local
19 Government.

20 HEARING OFFICER SHAPIRO:

21 So, you go to--for this project you are
22 going through the Department of Local
23 Government?

24 A Right.

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HEARING OFFICER SHAPIRO:

The Kentucky Department of Local
Government, number one.

A Right.

HEARING OFFICER SHAPIRO:

Half the money or approximately half,
and you go into--

A Well, in this case, they have already told us
that is the most that they are going to give
us so--

HEARING OFFICER SHAPIRO:

But that's who you are going to for that
money?

A Uh-huh.

HEARING OFFICER SHAPIRO:

And you are going to Farmers Home?

A Right. Well, it is Rural Development now, it
used to be the old Farmers Home.

HEARING OFFICER SHAPIRO:

Old Farmers Home, Rural Development, for
the loan?

A Right.

HEARING OFFICER SHAPIRO:

Okay. Now, when you say go to other

1 sources, what are you talking about, I
2 don't follow you?

3 A Well, you could go to the local bank or you
4 could go to private bond issues or whatever.
5 There are other--but you would still have to
6 go back as long as those other agencies were
7 tied into the project you would still have to
8 meet their criteria for anything that you
9 added to it.

10 HEARING OFFICER SHAPIRO:

11 So, if you were going to look at the
12 local bank for funding rather than to
13 Rural Development--

14 A Uh-huh.

15 HEARING OFFICER SHAPIRO:

16 --you would still have to go back to
17 CDBG, right?

18 A Yes, and show what you--

19 HEARING OFFICER SHAPIRO:

20 To show that you are still meeting their
21 criteria in conjunction with--

22 A Uh-huh.

23 HEARING OFFICER SHAPIRO:

24 In essence, you are getting two separate

1 authorizations?

2 A Correct.

3 HEARING OFFICER SHAPIRO:

4 One from CDBG and you are getting one
5 from Rural Development.

6 A Rural Development.

7 HEARING OFFICER SHAPIRO:

8 And then you would be just substituting
9 Rural Development for the Anderson
10 County Bank, I guess.

11 A Yes, or just--on the funding lines you would
12 add an extra line there and indicate where it
13 is coming from. Then you would have to go
14 back and reflect that back through the
15 economic feasibility and that kind of thing.

16 HEARING OFFICER SHAPIRO:

17 Now, are the--is it--so the CDBG money,
18 that applies to the entire project even
19 though it is only going to be funding a
20 portion of it, right?

21 A Well, CDBG is a little bit different. The
22 roads like Fox Creek we have to show how that
23 is reflected in the project but it doesn't
24 have to meet the same standards as the CDBG.

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HEARING OFFICER SHAPIRO:

Well, let's assume, then, that instead of going back--well, let's assume, then, that you are going to use the--you want to use the CDBG money that you already have but you have some other projects out there or other portions of this overall project which you are not going to be using CDBG money and you decide to modify those alone, I think one of the roads like Fox Creek is not using any CDBG money?

A Right.

HEARING OFFICER SHAPIRO:

So, you decide to eliminate Fox Creek and you will substitute Willow Creek?

A CDBG really doesn't care what you do with Fox Creek because it wasn't eligible for their funding to begin with nor was it figured into their eligibility criteria.

HEARING OFFICER SHAPIRO:

So, if you decide that, for example, you are not going--you are going to eliminate Fox Creek, you would not have

1 to go back to CDBG?

2 A Correct.

3 HEARING OFFICER SHAPIRO:

4 You would just have to go back to
5 Farmers Home and say, look, we don't
6 want to do Fox Creek we want to do some
7 other road, what is that one you have?

8 MR. EDELMAN:

9 Lick Skillet Road.

10 HEARING OFFICER SHAPIRO:

11 Lick Skillet Road from top to bottom.
12 And we decided to do Lick Skillet Road
13 in its entirety and that we are going to
14 do away with Fox Creek, you would have
15 to get approval from Farmers Home,
16 right?

17 A Correct.

18 HEARING OFFICER SHAPIRO:

19 So, you would have to resubmit your
20 application to Farmers Home but you
21 would not have to do anything to CDBG--
22 with the--as far as the application of
23 CDBG?

24 A Correct.

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HEARING OFFICER SHAPIRO:

Right now if you were going to one of the roads where you were going to eliminate one of the roads where you had both CDBG money and Rural Development money like Willow Creek, then you have to go back to both agencies?

A Correct.

HEARING OFFICER SHAPIRO:

Okay. Now, what would--at this point so what you are saying--is it what you are saying in your testimony that if you decide to go back, if you decide to modify your application so that your own--you have to go back to Rural Development, you don't know whether or not you--funds would be available at this time?

A Well, backing up to the CDBG project--

HEARING OFFICER SHAPIRO:

Well, let's talk about Rural Development?

A Well, but it's going to affect where you go with the rest of it. The CDBG grant

1 agreement that the county has with Local
2 Government stipulates a time frame that it is
3 supposed to be spent in. Okay? That is for
4 the whole project, it's not--well, the whole
5 project excluding Fox Creek. So, if we added
6 something that was going to affect the Rural
7 Development part that would push it back
8 then, in effect, we would be pushing back the
9 CDBG portion because we could not do one
10 without the other.

11 HEARING OFFICER SHAPIRO:

12 So, you would have to get an extension
13 from then as well?

14 A Yes.

15 HEARING OFFICER SHAPIRO:

16 And when you go to get the extension you
17 are not--are you--you are not guaranteed
18 that the money will be there?

19 A Correct.

20 HEARING OFFICER SHAPIRO:

21 So, that's why you talk about
22 jeopardizing the money,--

23 A Correct.

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HEARING OFFICER SHAPIRO:

--because if you go to ask for anything that is going to change the current conditions, there is a chance that you might not get the money?

A Correct.

HEARING OFFICER SHAPIRO:

Now, let me ask you about the entire project. As I understand from what you told us today, you have been the engineer on several of these projects for South Anderson; is that right?

A This is the second major expansion for them. I was engineer on Phase 4 as well as this one.

HEARING OFFICER SHAPIRO:

Okay, just Phase 4 and Phase 5, and I assume that they are probably looking at a Phase 6 somewhere down the road?

A Correct.

HEARING OFFICER SHAPIRO:

Because--and when they start thinking about a project, according to your testimony and Mr. Kincer's testimony,

1 they look at their records and they look
2 to see who has filed, I think you said,
3 petitions for water--

4 A Correct.

5 HEARING OFFICER SHAPIRO:

6 --and just try to determine where the
7 need is I assume; is that right?

8 A Yes.

9 HEARING OFFICER SHAPIRO:

10 Okay. Nothing is filed at that point,
11 you just simply look--do they consult
12 with you at that point?

13 A Generally we start--they will consult with us
14 and we go out and, like I say, drive the
15 roads and confirm that the petitions are
16 correct as far as generally the number of
17 users. Generally, you will find that there
18 are more mileage--

19 HEARING OFFICER SHAPIRO:

20 Well, the question is are they
21 consulting with you?

22 A Yes.

23 HEARING OFFICER SHAPIRO:

24 And then you and they in some sort of

1 collaborative effort put together a
2 preliminary plan of some sort. It is
3 nothing official but you get some idea
4 of where you want to go with your next
5 phase?

6 A Correct.

7 HEARING OFFICER SHAPIRO:

8 And then you go out as the engineer and
9 you do some more detail work and then--
10 is that right?

11 A Correct.

12 HEARING OFFICER SHAPIRO:

13 And then you come back and what do you
14 do at that point?

15 A Generally, they will have a list of roads
16 with petitions and then I will come back in
17 and I'll say, Sea Road goes under Bluegrass
18 Parkway, we would have to bore the Parkway,
19 that is, you know, that's a significant cost
20 item.

21 HEARING OFFICER SHAPIRO:

22 So you sit down and you try to put a
23 package together?

24 a Yes.

1 HEARING OFFICER SHAPIRO:

2 Just a rough manner, I assume?

3 A Yes.

4 HEARING OFFICER SHAPIRO:

5 Nothing detailed at that point; is that
6 right?

7 A Correct.

8 HEARING OFFICER SHAPIRO:

9 After you do that, what do you do? Is
10 that when you put together the
11 application?

12 A Then you would start the application process
13 because you would have to determine which of
14 those roads, then, were eligible for CDBG and
15 which weren't if you are going for CDBG
16 funding.

17 HEARING OFFICER SHAPIRO:

18 So, then you put an application
19 together. When do you give notice of
20 what you are doing to the public, the
21 first notice?

22 A The notice generally isn't given until the--
23 used to be there was two public hearings
24 required by CDBG but now there is only the

1 one. Usually, that is at the point where the
2 application has been put together, pretty
3 much.

4 HEARING OFFICER SHAPIRO:

5 It's put together but not filed?

6 A But not filed.

7 HEARING OFFICER SHAPIRO:

8 Do you have any hearings with reference
9 to the loan application?

10 A You have a public meeting in there somewhere,
11 again, but I think it was at the end--but not
12 prior to submission of the application
13 necessarily. There is no requirement that
14 you do.

15 HEARING OFFICER SHAPIRO:

16 Rural Development doesn't require that?

17 A Not prior to the submission of the
18 application.

19 HEARING OFFICER SHAPIRO:

20 So, the notice that you were talking
21 about in your testimony today, this
22 afternoon, the last notice that has been
23 introduced as Exhibit--that's
24 Defendant's Exhibit 4, is that the

1 notice that is given when the
2 application has been prepared but has
3 not been filed?

4 A Correct.

5 HEARING OFFICER SHAPIRO:

6 And that is notice of a hearing of some
7 sort to, I guess, get information?

8 A Well, to get--solicit public input into the
9 application, is it what the people of
10 Anderson County wants to submit on or do they
11 want to submit on another section of road or
12 do they want to submit on the park?

13 HEARING OFFICER SHAPIRO:

14 Okay. So, is it at that meeting that
15 you decide--rather is it at that meeting
16 that you discuss for the first time with
17 the public what the Water District is
18 contemplating?

19 A Generally that is the first meeting that is
20 discussed.

21 HEARING OFFICER SHAPIRO:

22 And you solicit comments from the public
23 and I assume that there are times when
24 you take those comments and maybe change

1 the application to reflect some changes
2 in attitudes as a result of the meeting,
3 would that be a fair statement?

4 A Yes.

5 HEARING OFFICER SHAPIRO:

6 So its not--it is after that meeting
7 that the final decision is made on what
8 the application is going to be for, the
9 scope of the project?

10 A Yes.

11 HEARING OFFICER SHAPIRO:

12 And it's then that the application is
13 submitted?

14 A Yes.

15 HEARING OFFICER SHAPIRO:

16 Okay. Now, after the application is
17 submitted you wait for its approval by
18 both agencies?

19 A Yes.

20 HEARING OFFICER SHAPIRO:

21 In this case, of course, the Fiscal
22 Court has to submit the one to CDBG?

23 A Yes.

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HEARING OFFICER SHAPIRO:

The Water District is not getting the money, the Fiscal Court is getting the money and they are giving it to the Water District?

A Correct.

HEARING OFFICER SHAPIRO:

Now, after those applications are approved and you are advised how much money you can receive, is that when you publish notice of the second meeting?

A The one that is in the other exhibit?

HEARING OFFICER SHAPIRO:

Yes.

A That meeting comes out of the Rural Development requirements on their application process which-- yes, it is not normally done until after they have started looking at your application.

HEARING OFFICER SHAPIRO:

Now, who--when is that--is that meeting held before or after the application is approved?

A It can be held either time in that it's tied to the environmental aspects which have to be

1 done before they will give you their letter
2 of--well, which I guess really is their
3 approval of it, is the letter of conditions.
4 But it could be done before the application
5 itself was actually submitted, as long as it
6 addressed all the roads that you were going
7 to have included in your project.

8 HEARING OFFICER SHAPIRO:

9 Is that something that you as an
10 engineer set up to comply with their
11 requirements or is it something that
12 they tell you to do?

13 A They give you the blank format for it and you
14 plug in the distances and the roads and that
15 kind of thing, but the rest of the wording,
16 as far as prime farm land and all of that
17 kind of thing, is off of their requirements.
18 Again, they will give you a--

19 HEARING OFFICER SHAPIRO:

20 Okay. But that is--I understand that,
21 but you filed your application, you
22 haven't given that second notice yet.
23 Do they tell you when to give that
24 second notice or do you do that on your

1 own?

2 A Well, they gave it to us and told us that
3 they were considering the application and we
4 needed to go ahead and run it.

5 HEARING OFFICER SHAPIRO:

6 Okay. So, they told you when to go
7 ahead and do it?

8 A Yes.

9 HEARING OFFICER SHAPIRO:

10 And it is after that--and it is after
11 you do that that you proceed on with
12 the--well, I guess getting the rest of
13 the application put in process and
14 authorization for the loan; is that
15 right?

16 A Well, again, all of that is already turned in
17 to them at that point when you get to this,
18 generally.

19 HEARING OFFICER SHAPIRO:

20 That's already been turned in?

21 A Yes.

22 HEARING OFFICER SHAPIRO:

23 That's the application?

24 A Right.

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HEARING OFFICER SHAPIRO:

But you haven't got anything back from them saying the application has been approved?

A Right. You get a letter that says it is eligible for consideration and then at that point you go ahead and do the environmental and--

HEARING OFFICER SHAPIRO:

Okay. So, when they say--when they tell you you are eligible then you issue the second notice and it is after the second notice has been issued and the hearing has been held that you get the--what you call a letter of conditions.

A Letter of conditions.

HEARING OFFICER SHAPIRO:

And the letter of conditions tells you-- essentially tells you that you have been approved for the loan and this is what you have to do to complete the process?

A Proceed, correct.

HEARING OFFICER SHAPIRO:

And if you were to modify the

1 application you would have to go through
2 this whole process all over again, as
3 far as the Rural Development is
4 concerned?

5 A Not the whole process, you would have to go
6 back and make sure that all of the
7 environmental, you know, any--well, you would
8 have to go back and include it in state
9 clearing house comments and all those other
10 things that are involved in getting to the
11 point where they say it is eligible. But you
12 wouldn't have to start back at square one,
13 you would be amending an existing
14 application. Also, they probably have four
15 times as many applications as they have
16 funds, three to four.

17 HEARING OFFICER SHAPIRO:

18 All right. Thank you Mr. Taylor. Any
19 other questions of this witness?

20 MR. THOMAS:

21 Your Honor, I was going to ask about the
22 contingency. I was going to ask about
23 the contingency.
24

1 HEARING OFFICER SHAPIRO:

2 What are you going to ask about--I think
3 we beat the contingency to death.

4 MR. THOMAS:

5 Well, okay. Well, he testified on
6 redirect that he thought this project
7 would eat into one half of the
8 contingency. I wanted to ask him if
9 there would still be one half--there
10 would still be more than enough money to
11 complete the project under the
12 contingency funds.

13 HEARING OFFICER SHAPIRO:

14 To complete what project?

15 MR. THOMAS:

16 The remainder of Willow Creek.

17 HEARING OFFICER SHAPIRO:

18 He says he doesn't know how much money
19 is going to be in the contingency fund,
20 I mean, how could you say there is
21 anything--I mean, that is his testimony.
22 Isn't that right, you don't know how
23 much will be there?

24 A I don't--yes, I feel like that there will

1 still be some contingency money, I threw out
2 a number 50% or whatever but, again, until
3 we redo the budget there may not be any. I
4 mean, that is just my gut until we redo--

5 HEARING OFFICER SHAPIRO:

6 It is your opinion--it is your feeling
7 at this point that 50% of the
8 contingency will be remaining, now 50%
9 of what, is it the 167,000 or--

10 A No.

11 HEARING OFFICER SHAPIRO:

12 Or is it the 100--

13 A One hundred twenty thousand, 50% of the
14 120,000 or thereabouts, yes.

15 HEARING OFFICER SHAPIRO:

16 About \$60,000?

17 A Yes. And again I may be--until we put a pencil to
18 it, that's just--

19 HEARING OFFICER SHAPIRO:

20 Speculation?

21 A Uh-huh. And even at that point until we bid
22 it, it is still only speculation.

23 HEARING OFFICER SHAPIRO:

24 What else have you got?

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MR. THOMAS:

That was it.

HEARING OFFICER SHAPIRO:

Let's take about five minutes and then we will wrap this thing up.

(OFF THE RECORD)

HEARING OFFICER SHAPIRO:

Okay. In an off the record discussion it was agreed that the parties would waive closing arguments in favor of briefs. It was also agreed that they would be allowed ten days after the filing of the initial briefs to file reply briefs. Initial briefs having been covered by procedural order and they are due 15 days after the transcript is filed. There being nothing further, then, this hearing is adjourned.

(OFF THE RECORD)

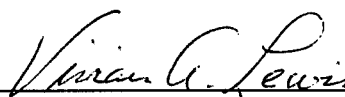
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CERTIFICATE

STATE OF KENTUCKY)
COUNTY OF FRANKLIN)

I, VIVIAN A. LEWIS, a Notary Public in and for the state and county aforesaid, do hereby certify that the foregoing testimony was taken by me at the time and place and for the purpose previously stated in the caption; that the witnesses were duly sworn before giving testimony; that said testimony was first taken down in shorthand by me and later transcribed, under my direction, and that the foregoing is, to the best of my ability, a true, correct and complete record of all testimony in the above styled cause of action.

WITNESS my hand and seal of office at Frankfort, Kentucky, on this the 21st day of March, 2000.



VIVIAN A. LEWIS
Notary Public
Kentucky State-at-Large

My commission expires: 7-23-01

11

- has been sealed
transcript's integrity.
It will void the
certification page.

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on the bottom of the cover sheet.

CASE

NUMBER:

99-431

Filed 3-23-00

APPEARANCES:

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WATER DISTRICT

ALSO PRESENT:

Alton Warford

* * * * *

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1 The witness, KEN TAYLOR, after first
2 being duly sworn, was examined and testified as
3 follows:

4 EXAMINATION

5 By Mr. Edelman:

6 1 Q Would you state your name for the record,
7 please?
8 A Kenneth Dale Taylor.
9 2 Q Do you mind if I call you Ken?
10 A That would be preferred.
11 3 Q Ken, what is your occupation?
12 A I'm a civil engineer.
13 4 Q And who are you employed by?
14 A The firm's name is Kenvirons,
15 K-E-N-V-I-R-O-N-S, Inc.
16 5 Q And that's in Frankfort, Kentucky?
17 A Frankfort.
18 6 Q And you live in Woodford County, though?
19 A Yes.
20 7 Q Okay. And you've been doing engineering
21 work, or your firm has been doing
22 engineering work, of which you've been
23 the principal, I guess, resident engineer
24 doing the work since when, how long?
25 A For South Anderson?

1 8 Q Yes, sir.

2 A Since 1990.

3 9 Q And in the course of that you've been
4 through how many projects? Two?

5 A One major extension and then several
6 other smaller...

7 10 Q So this phase five project, which is the
8 basis of Mr. Barnett's complaint to the
9 PSC that he's not included, would be the
10 second major project that you've been
11 involved in --

12 A Yes.

13 11 Q -- with South Anderson? You've done work
14 for a number of other water districts, I
15 take it?

16 A Yes.

17 12 Q Just for the record and for the
18 Commission's benefit, if you could just
19 name a few of those districts.

20 A Garrard County Water District, Black
21 Mountain Water District, Caywood Water
22 District. I worked some with North
23 Nelson Water District. Those would be
24 the main water districts I've worked
25 with.

1 13 Q Okay. And in the course of performing
2 services for rural water districts, I .
3 take it the engineer really does a lot of
4 the grunt and leg work in terms of
5 putting a project together, along with
6 others?

7 A Yeah. Certainly a lot of the initial
8 paperwork and scope of the projects and
9 that type of thing, initial feasibility.

10 14 Q Let's talk about phase five, and talk
11 about how it came to be basically. Can
12 you give the Commission some background
13 on the evolution of what phase five was
14 to begin with, and what it has evolved
15 into now?

16 A Okay. When we were completing or nearing
17 the completion of construction on the
18 phase four project, the district
19 instructed us to start looking at the
20 next expansion project they could
21 undertake to provide water to additional
22 roads in Anderson County. And towards
23 that we started out with the list of
24 petitions that they had still on file
25 that we were unable to serve on the phase

1 four project, then took the petitions
2 that had been received.

3 15 Q Let me just stop you real quick, and I'll
4 let you go on. When you say petitions,
5 what are petitions?

6 A Those are documents received from
7 residents on roads requesting that the
8 water district extend their lines into
9 those areas to serve them.

10 16 Q You weren't here for Mr. Kincer's
11 deposition, but I introduced a document
12 -- well, this is an Exhibit No. 1 to Bob
13 Kincer's deposition, which says Petition,
14 Willow Creek Road, 1/9/98 rewritten, and
15 there are nine names on there. Is that
16 the type of document you're talking
17 about?

18 A Yes, it is.

19 17 Q And are those generally people listed on
20 there with their address? And that's
21 rewritten from a list where it looks like
22 people have written their own names.

23 A Yes, that's generally the way -- somebody
24 on the road will go to their neighbors
25 and get them to sign the petition and

1 give their address and how many meters
2 they would be interested in having on
3 their property and turn it in.

4 18 Q And just for the record, if you would
5 review that Exhibit No. 1, do you see
6 anywhere on there that Ruben Barnett's
7 name is on there requesting water
8 service?

9 A No, Mr. Barnett's name is not on the
10 petition.

11 19 Q Okay. In fact, he did not request water
12 service, did he not, until some time in
13 June of '99?

14 A To the best of my knowledge, yes.

15 20 Q To the best of your knowledge. In fact,
16 I think his answer -- his answer
17 specifically states, Ken, that, and I
18 quote this, in early June 1999,
19 Mr. Barnett learned for the first time
20 that the proposed water expansion project
21 for the South Anderson Water District did
22 not include his residence or land. Now,
23 that doesn't necessarily mean he didn't
24 sign the petition, but it does mean, as I
25 understand it, that maybe prior to June

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of '99 he believed he was included,
but -- well, who knows. He's just saying
there he did not know until then that he
was not included in the project.

A Correct.

21 Q Okay. Well, we digressed there for a
second. I think you were discussing the
project.

A Yes. In '95 we started looking at the
petitions that had been filed with the
district, started looking at other
sections of the county that we knew had
higher population densities in order to
make sure that the customer base would be
able to support the financial end of the
project. At that time we were looking at
a project that would be funded, or the
funding applications would be turned into
Kentucky Department of Local Government
under the Community Development Block
Grant program, and also to U.S.
Department of Agriculture, Rural
Development, which is where we did end up
getting the funding. But at that time
under the CDBG program, or the Community

1 Development Block Grant program, the
2 general funding on that had a ceiling of
3 around \$500,000. Also, at that time --

4 22 Q And what time is this? What year is
5 this?

6 A This would have been in '95. At that
7 same time frame, the Alton Water and
8 Sewer District was also looking at doing
9 some expansion work. In order to apply
10 for those funds -- those funds have to be
11 applied for either through a city or
12 county government. The water district is
13 not eligible to apply directly for those.
14 One of the eligibility requirements is
15 that they not have an outstanding CDBG
16 grant, one that's not been closed out.
17 So I think the decision was made by the
18 county at that point that it was probably
19 Alton Water and Sewer's turn to apply for
20 that. So that delayed...

21 23 Q Is that because South Anderson had the
22 previous grant?

23 A Phase four was funded partially by a
24 Community Development Block Grant, and
25 that's what we were closing out at that

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point.

24 Q Okay. So, initially, this phase five started in its infancy in '95 and '96, and at that time there was a cap on CDBG grant money of \$500,000?

A Thereabouts, yes.

25 Q So initially looking at a project of probably a million dollars, thinking you maybe can apply for \$500,000 of loan money through Rural Development and 500,000 through CDBG money?

A Yeah, we were looking at about a million dollars construction, and then the county, we felt like, could put in some money, and then the water district would have some money to put in, too, to cover the other --

26 Q Maybe a million, two or something like that?

A A million, two, million, three, by the time you included the engineering and legal and interest and bond attorneys, and that kind of thing.

27 Q And to that degree, these petitions from various roads within the boundary of

1 South Anderson were collected. And are
2 they collected by individuals on the .
3 roads? Are there such things as road
4 captains?

5 A That's generally the way that it's
6 conducted. I guess someone with specific
7 interest in water on that road will...

8 28 Q Okay. Now, you get all these petitions
9 in, and I guess somebody has to make a
10 decision on what direction this project
11 is going to take.

12 A Uh-huh (affirmative).

13 29 Q I mean, you know, if you only have two
14 households on a road here and you have 15
15 on this road, I guess it doesn't take a
16 rocket scientist to figure out that we're
17 going to for sure go down this road with
18 15, but we don't know quite what the
19 situation is with two at this point in
20 time.

21 A Yeah.

22 30 Q Do you and the district get together and
23 make that decision, or how does that
24 work?

25 A Generally, yeah. I'll work getting the

1 road mileages and the house counts and so
2 forth, and then sit down with the
3 district and discuss those, go through
4 what the advantages of this road and that
5 road are, and what -- you know, sometimes
6 the house count is -- you know, it's not
7 the only factor that figures into it, and
8 it can end up with construction obstacles
9 like the Bluegrass Parkway.

10 31 Q Well, why would it --
11 A Major obstacle.

12 32 Q -- why would it be an obstacle?
13 A In order to cross a parkway like that,
14 you have bore and case underneath it,
15 rather than open trench the water line
16 installation, and that's much more
17 expensive.

18 33 Q So in order not to waste money -- I guess
19 you could do that to service a few houses
20 on the other side of the parkway, but in
21 order to maximize your grant and loan
22 money, you would try to avoid doing that
23 type of maneuver?
24 A Yes.

25 34 Q Okay. And, likewise, I take it you would

1 attempt to try to make the project flow
2 to as many households as possible, as
3 opposed to take it down every road just
4 for the sake of completing roads?
5 A Yes.
6 35 Q Where you have a lot of mileage without
7 any users?
8 A Correct.
9 36 Q Because without users, you can't pay the
10 bill and you can't pay FHA?
11 A Right.
12 37 Q Or Rural Development now.
13 A Rural Development.
14 38 Q I keep saying FHA. Now, when did the
15 rules change in terms of this CDBG grant
16 application, Ken?
17 A I don't recall the exact year.
18 39 Q Roughly.
19 A '97, somewhere along in there, they upped
20 the amount of grant money that you can
21 apply to to a million.
22 40 Q And so you could apply for a million
23 grant from CDGB in Frankfort?
24 A Yes.
25 41 Q Or the county could?

1 A County.

2 42 Q District gets the county to. And once
3 Alton's project was done, then that door
4 is open. And you can also apply for a
5 similar amount, generally matching, is I
6 guess the way it works sometimes --

7 A Yeah.

8 43 Q -- or close to it with Rural Development.
9 Was that the idea?

10 A Yes.

11 44 Q So now all of a sudden the project
12 doubles in size?

13 A Yes.

14 45 Q And we've got more road captains, more
15 petitions. Now, is there generally talk
16 in a community that a project is going on
17 in your experience?

18 A Generally, they know well before I get
19 there.

20 46 Q Does it surprise you that Mr. Barnett
21 stated in his answer that he learned for
22 the first time that the expansion project
23 did not include his residence and land as
24 of -- he learned that in early June of
25 '99?

1 A Yes, particularly, in that part of the
2 CDBG application is interviewing people
3 on roads that are going to be served, and
4 I would have thought that would have been
5 pretty common knowledge out there, how
6 far the water line was extended.

7 47 Q Now, CDBG is just not a -- there are
8 qualifications to get that grant money;
9 are there not?

10 A Yes.

11 48 Q So if you have a wealthier county, say
12 you have an area of Woodford County, pick
13 an example where maybe the former
14 governor lives, or a guy named Farish
15 lives, individuals maybe like that, they
16 probably wouldn't qualify for these CDBG
17 grant moneys, would they?

18 A There are -- the northern side of
19 Woodford County, I would think, would
20 have a very hard time of qualifying.

21 49 Q And why is that?

22 A Because in order to qualify for the CDBG
23 program, over 50 percent of the residents
24 on those roads have to be low to
25 extremely low income.

1 50 Q So one of the major considerations is not
2 only where are you going to take the
3 lines, but how you can take them in order
4 to qualify for the grant money?
5 A Yes.
6 51 Q So it becomes a little bit of a trick or
7 a puzzle to put together?
8 A Yes.
9 52 Q Is that not correct?
10 A Correct.
11 53 Q And is that part of what you're hired to
12 do, is to try to figure that out?
13 A Yes, in conjunction with, generally,
14 there's -- another party involved would
15 be the grant writer that would prepare
16 that application, but they would use the
17 data that we generated.
18 54 Q Now, is the grant writer in this case, is
19 that Mr. Kirby?
20 A Yes.
21 55 Q That's Bryan Kirby with the CDBG office
22 in Frankfort?
23 A No. He's actually with Kirby and
24 Associates out of Richmond.
25 56 Q Okay. So he is a --

1 A Yeah, Community and Economic --
2 57 Q He's with Community and Economic
3 Development Associates?
4 A Yes.
5 58 Q And he writes grants?
6 A Right, applications.
7 59 Q And is familiar with that process?
8 A Yes.
9 60 Q Now, as part of that process,
10 questionnaires, I guess, are given to
11 households along the road --
12 A Yes.
13 61 Q -- eliciting information about household
14 incomes?
15 A Yeah, number of residents and income.
16 62 Q So when Mr. Barnett asked in some of his
17 Interrogatories for per capita income,
18 that information really wasn't readily
19 available to the best of your knowledge?
20 A Not that I'm aware of. What you get is a
21 number of people living in the household,
22 and then category or range that the
23 income falls in for the household, not
24 individual.
25 63 Q Okay. Let me give you a letter dated

1 January 28 of this year, 2000, from
2 Mr. Kirby to the attorney for the
3 complainant here, and the attorney's name
4 is Reginald L. Thomas. If you could just
5 take a second to review that, I'll have a
6 couple questions for you.

7 A (Witness reviews document.)

8 64 Q As part of that correspondence,
9 Mr. Thomas had asked a question relative
10 to the Willow Creek or Aaron Barnett
11 Road, and whether or not there was any
12 presence of bacteria or pneumonia.
13 You're familiar with this --

14 A Yes.

15 65 Q -- because it was part of the
16 application. What was the response
17 Mr. Kirby?

18 A Mr. Kirby's response was, page 11 of the
19 CDBG application indicates the presence
20 of pneumonia bacteria in Area L, which is
21 Rice Road, not Willow Creek. Section
22 IV-A-4 had shows a lower case L that
23 looks like a lower case I, so I can
24 understand the confusion. In other
25 words, in the project, Rice Road is

1 another road that's in the project, and
2 one of the samples that they had taken
3 out there evidently had indicated the
4 presence of pneumonia bacteria, but not
5 Willow Creek Road.

6 66 Q Not Willow Creek or Aaron Barnett Road?

7 A Right.

8 67 Q The second paragraph deals with his
9 explanation of its per capita versus
10 household incomes, and his desire to
11 protect the confidentiality of those
12 questionnaires; does it not?

13 A Yes, it does. In order to get the
14 cooperation of people living on the
15 roads -- you know, incomes can be a
16 rather sensitive subject to people, and
17 they are assured that that information
18 will be kept confidential and not
19 released to the general public.

20 MR. EDELMAN: Okay. We're going to just
21 make that No. 1 to
22 Mr. Taylor's.

23 (REPORTER MARKS EXHIBIT NO. 1, LETTER TO
24 MR. THOMAS FROM MR. KIRBY DATED JANUARY
25 28, 2000, FOR PURPOSES OF IDENTIFICATION

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AND THE SAME IS ATTACHED HERETO)

68 Q

So now we've kind of got the project up from a million to over two million, and we've got road captains and we've been out with petitions, and we're trying to put this thing together. Now, can we just guess, throw darts? I mean, how do we figure out the feasibility of putting a project like this together with the low income housing folks that need CDBG money? I mean, what is the traditional engineering way to do this, Ken?

A

Well, after you've gotten the interviews and so forth, then the grant writer will tell you which roads are eligible and which ones weren't, so that figures into what you can do. And we eliminate roads because of low house counts and that kind of thing, or roads that weren't eligible for the CDBG grant funding. Now, we did include one road in this one with incomes over that kind of confused the issue, or will make the paperwork harder for the project, but is included in the Rural Development Application for funding, but

1 not the CDBG funding.

2 69 Q And that's Fox Creek?

3 A Yes.

4 70 Q It's just one road?

5 A Just one road, yeah.

6 71 Q And why was that included?

7 A House count. Petitions had been

8 received, and the desire for water out

9 there by the people.

10 72 Q There was an unusual number, or a good

11 number?

12 A It fit nicely with the project.

13 73 Q Okay. So we're at that point where we

14 have the project being put together, the

15 engineer is working with the grant writer

16 and the district, and we have the road

17 captains, and we've had petitions from

18 people that are interested in water. I

19 guess, what I'm getting at is Mr.

20 Barnett's claim here is very simple.

21 He's claiming that he should have been

22 included in the process. And very

23 simply, what is the answer to that?

24 A He was given the same opportunity to

25 express his desire for the water service

1 79 Q So there are other individuals that are
2 on Tanner Road that are in a similar .
3 plight as Mr. Barnett, the claimant here?
4 A Yes.
5 80 Q Ashby Road?
6 A Same scenario.
7 81 Q Burgin Road?
8 A Same thing.
9 82 Q Glensboro Road?
10 A Kentucky 44, yes. Yes.
11 83 Q Searcy School Road?
12 A Yes.
13 84 Q Hungry Run Road?
14 A As it turned out on that one, all we'll
15 actually serve are the residents on the
16 ends of that where we're actually --
17 we're running to the roads that are
18 perpendicular to it. We're not going
19 down it at all.
20 85 Q It's not even feasible to even go down
21 it?
22 A Yeah.
23 86 Q You can serve some on the ends just to
24 pick up a few more customers?
25 A Yes.

1 87 Q Dugansville?
2 A Same as Ashby and Tanner and...
3 88 Q Then you have Lick Skillet, Cox, and
4 Gilbert's Creek?
5 A Same.
6 89 Q Same, similar?
7 A Uh-huh (affirmative).
8 90 Q So there are others within the water
9 district boundaries that are in a very
10 similar situation --
11 A Uh-huh (affirmative).
12 91 Q -- to the complainant here?
13 A Yeah. Might want to clarify on Cox Road.
14 We are going to go actually to the county
15 line on Cox Road, to the Mercer County
16 line. There are some residents over in
17 Mercer County that are between the county
18 line and the Bluegrass Parkway that may
19 come to that point and pick that line up
20 and take it on to their property -- you
21 know, serve them, but the district is
22 only going to the county line on that.
23 92 Q As part of your engineering services,
24 Ken, you performed, I guess, for the
25 grant application and for other purposes

1 what's known as a preliminary engineering
2 report --

3 A Correct.

4 93 Q -- did you not?

5 A Yes.

6 94 Q I'm going to hand you a copy of the
7 document dated September 1998, that I
8 believe bears your signature on the
9 inside cover page.

10 A Yes, that's my signature and stamp.

11 95 Q Okay. Without getting into all the
12 details, and I'll let you briefly
13 summarize what is contained within a
14 preliminary engineering report, but you
15 wouldn't have any objection to making
16 that Exhibit 2 to your deposition, would
17 you?

18 A Certainly not.

19 (REPORTER MARKS EXHIBIT NO. 2,
20 PRELIMINARY ENGINEERING REPORT DATED
21 SEPTEMBER 1998, FOR PURPOSES OF
22 IDENTIFICATION AND THE SAME IS ATTACHED
23 HERETO)

24 96 Q What does a preliminary engineering
25 report, and what does this preliminary

1 engineering report basically discuss?
2 A Okay. The preliminary engineering report
3 is one of the items on the Rural
4 Development application checklist, and
5 you go through a brief history of the --
6 or a brief discussion of the existing
7 facilities of the water district. Then
8 you go through a description of the
9 proposed project, looking at the
10 different cost elements of it, generate a
11 project estimate, cost estimate for the
12 project, look into the need for the
13 project, and then also go into looking at
14 the rates and that type thing to come up
15 with a funding scenario which the project
16 will support.

17 97 Q Just for the Commission's benefit -- they
18 may not read through this entire
19 document, but just some of the numbers on
20 construction. What was involved, total
21 amount of the project?

22 A The total funding that was applied for or
23 committed to by the district was
24 \$2,205,830.

25 98 Q And how was that generally broken down,

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Ken?

A Okay. Construction cost estimate was 1,678,000. Contingency -- I'm rounding them off rather than nickels and dimes. Contingency of 168,000; engineering, basic engineering services, 145; construction inspection of 85,000. Other engineering, which would include archaeological surveying and preliminary engineering report preparations, 15,000. Again, these are all just estimates. Legal fees of 35,000. Land and rights, acquisition of right of ways, that kind of thing, 10,000. Interest of 30,000, and administrative/planning, which is primarily the grant writer's fees, 40,000.

99 Q Okay. So that's how the over two million dollars is projected to be spent?

A Yes.

100 Q In regard to the moneys, a million some from Rural Development and almost a million, or 900 and some thousand, 960,000 from CDBG, are there any conditions or timetables attached to

1 those funds that could be jeopardized by
2 a stoppage or an adjoining of this
3 project?

4 A Yes. The grant agreement that the county
5 had to sign with the Department of Local
6 Government has a deadline of when it's
7 supposed to be bid. I don't recall the
8 exact date, but it's this spring that the
9 project is supposed to be...

10 101 Q I had written it down somewhere here, but
11 if my memory serves me it might be April
12 20.

13 A Somewhere in that --

14 102 Q In that time frame?

15 A Yes.

16 103 Q Okay. Are there any other CDBG pitfalls
17 other than bidding? I don't know if
18 there are. I'm just asking.

19 A Well, again, that would be the time frame
20 that they would be looking for to have
21 the project bid. Rural Development --

22 104 Q Now, they issue a letter of conditions --

23 A Conditions.

24 105 Q -- do they not?

25 A And it has a time frame in it. I didn't

1 bring my copy of the letter of
2 conditions, but it's well past. Since we
3 didn't get the letter of conditions from
4 Rural Development when their funding was
5 in place until December, it's well --
6 their deadline was well past what the
7 CDBG one was.

8 106 Q Okay. In your experience, if the
9 Commission would order, or if Mr. Barnett
10 would get his way, and the district were
11 required to reapply -- let's just take
12 the CDBG money. What would occur, in
13 your opinion, if at this point in time it
14 was said, stop, you need to go back, you
15 need to re-evaluate these particular
16 roads for current users, as opposed to
17 what your users were at the time, and
18 amend your application to -- amend your
19 application accordingly?

20 A The first thing that would have to be
21 done to secure CDBG funding -- well,
22 again, we applied for the maximum of a
23 million, and they cut us back to the
24 930 -- 960,000. So we did apply for the
25 maximum amount of that. Funding was not

1 available for the entire thing. But in
2 order for it to be included with the CDBG
3 portion, interviews would have to be
4 conducted with each of the residents on
5 the road to determine whether it's even
6 eligible. I don't know what the income
7 of Mr. Barnett and the other residents
8 that are there now -- I don't know what
9 their income is, but it may or may not
10 qualify from that standpoint for
11 inclusion in that.

12 107 Q So there's a basic question as to whether
13 or not those incomes would be included,
14 would be able to be included to be used
15 or developed by CDBG money?

16 A Correct. Then there's also the question
17 of doing -- if we amend the Rural
18 Development application, we'd have to go
19 back through public notice and the
20 hearings, or the public meetings and that
21 type of thing to include the scope
22 change.

23 108 Q In your opinion, given your history with
24 these type things, what type of delay at
25 a minimum -- let me just ask it two ways.

1 What type of delay at a minimum would we
2 be looking at, and what type of delay at
3 a maximum?

4 A I don't -- I don't see any way that it
5 could be included in the CDBG portion at
6 this time. Again, we applied for the
7 maximum amount of grant that we could.
8 That money for that year is already
9 obligated. So I don't see how we could
10 go back and amend the application to do
11 that. The scope of that project is
12 already set.

13 109 Q So the CDBG money is pretty set?

14 A Right.

15 110 Q The only other way realistically that we
16 could get to include other roads would be
17 to go back and amend the rural
18 development?

19 A Yes.

20 111 Q Now, what does that entail?

21 A Well, that, again, would -- I would have
22 to go back and revise the preliminary
23 engineering report. We'd have to redo
24 the environmental report and so forth to
25 include it, which would take us well into

1 the summer, I think, at the earliest.
2 And, again, that's not -- you know, the
3 Rural Development funding, there's a
4 whole lot more applications over there
5 than got funded also. I mean...

6 112 Q Well, and let's talk about that for a
7 second. If we were required -- if the
8 district were required at this point in
9 time to seek to amend its application for
10 Rural Development money, what are the
11 chances of the money that is currently
12 committed to the district going somewhere
13 else due to the fact that the district
14 would be in a position not to meet its
15 letter of conditions?

16 A I don't think they would pull the money.
17 I think they'd give you opportunity to
18 look for other funding sources, or
19 whatever, but, again, you'd have to go
20 back and...

21 113 Q So you don't necessarily think the money
22 would be gone, but where would the other
23 money come from?

24 A That's a good question. I mean, you'd
25 have to go -- the district would have to

1 go borrow it, or the county -- ask the
2 county for more of a contribution, or
3 somebody.

4 114 Q But you don't --

5 A Which means -- you know, if they borrow
6 more money, I'd have to go back and look
7 at the rates again, too.

8 115 Q That might affect the rates. It's
9 realistically not feasible to think that
10 you're going to get more Rural
11 Development money?

12 A Not at that time, no.

13 116 Q Not at this time?

14 A Not under this scenario, I wouldn't
15 think.

16 117 Q Clearly, you're not going to get any more
17 CDBG money?

18 A Correct.

19 118 Q Grant money? Okay. So the money would
20 have to come from some other place?

21 A That's my feeling, yes.

22 (OFF THE RECORD)

23 119 Q Ken, as part of the Answers to
24 Interrogatories that we prepared and
25 served upon the PSC and Mr. Thomas on

1 Mr. Barnett's behalf this past week, you
2 prepared, pursuant to a question, an
3 updated cost estimate, which will be
4 Exhibit 3, which includes the Aaron
5 Barnett Road as it currently exists in
6 the project, and that figure is \$71,550
7 for construction of the line as it
8 currently exists.

9 A Yes, for the construction -- the \$59,586
10 of that is for the construction
11 activities themselves, and then the other
12 items that would need to be -- that would
13 have to be covered under the -- you know,
14 legal and design and inspection fee.
15 (REPORTER MARKS EXHIBIT NO. 3, UPDATED
16 COST ESTIMATE, FOR PURPOSES OF
17 IDENTIFICATION AND THE SAME IS ATTACHED
18 HERETO)

19 120 Q Design and inspection, legal,
20 administration?

21 A Brings it to 71,550.

22 121 Q That's for the front, or the first 1.8
23 miles of the --

24 A Correct.

25 122 Q -- of the road?

1 A That's the northern end of it.

2 123 Q That does get pretty close to .
3 Mr. Barnett's property, doesn't it?

4 A I think it does, in that there is a piece
5 of property that I understand that he at
6 least owned at one time that's down on
7 the creek toward the end of that 1.8
8 miles. Whether he's sold that or not --
9 one of the realtors indicated maybe they
10 had sold that at one of our previous
11 meetings with Mr. Barnett's
12 representatives.

13 124 Q You also answered the question as to what
14 would be the cost estimate to complete
15 the entire loop of Willow Creek/Aaron
16 Barnett that would tie into 62 on the
17 back end.

18 A Yes, that would take it on up in front of
19 where Mr. Barnett's residence now is.

20 MR. EDELMAN: And that's going to be
21 Exhibit 4.

22 (REPORTER MARKS EXHIBIT NO. 4, COST
23 ESTIMATE OF COMPLETE LOOP OF WILLOW CREEK
24 ROAD, FOR PURPOSES OF IDENTIFICATION AND
25 THE SAME IS ATTACHED HERETO)

1 125 Q And would you tell the Commission what
2 those figures indicate?
3 A Yeah. My construction estimate for
4 completing the loop is \$102,886.25, and
5 the total cost for doing that would be
6 \$123,275. Again, being an estimate.
7 126 Q So in excess of \$51,000 -- 51,000
8 additional dollars it would take to
9 complete that loop?
10 A Correct.
11 127 Q Okay. You've also prepared, which we'll
12 label Exhibit 5, a map that represents
13 the phase five expansion project; is that
14 correct?
15 A Correct.
16 128 Q And for the Commission's benefit, what
17 does this reflect?
18 A It has the different roads where we
19 propose to run water lines indicated,
20 along with an approximate number of
21 customers that we anticipate getting
22 along each road.
23 129 Q The number of customers would be in the
24 circle --
25 A Yes.

1 130 Q -- possibly?

2 A That's what the numbers in the circles
3 are. It, again, gives the different
4 roads, gives the county boundary, and
5 also the water district boundary.

6 131 Q And as you can see, Willow Creek is in
7 the left-hand side of the map, and it
8 indicates at the time the survey was done
9 there were seven users on the front 1.8
10 portion?

11 A Yeah. Well, no, that only ran through
12 1.2 miles at that point when we prepared
13 it back in the early stage of the
14 application. And this was prepared back
15 early on. I guess September of '98 was
16 when the map was prepared. The petition
17 that we'd gotten in had ten -- I think
18 had ten names on it.

19 132 Q Nine at least. Nine on --

20 A Nine names, and one of them indicated
21 they wanted two meters, I think.

22 133 Q Ten users.

23 A However, we generally don't use those
24 total numbers. Particularly when you're
25 going by house count, or whatever, there

1 will be one or two that when you get
2 there and they have to start thinking
3 about paying water bills and that kind of
4 thing, that back off of actually taking
5 the water. So in order to do the
6 financial feasibility, we drop back from
7 those total numbers in order to make sure
8 that when we get through with the project
9 and get it installed, we can pay for it.

10 MR. EDELMAN: Let's make that Exhibit 5.

11 (REPORTER MARKS EXHIBIT NO. 5, MAP OF
12 PHASE FIVE PROJECT, FOR PURPOSES OF
13 IDENTIFICATION AND THE SAME IS ATTACHED
14 HERETO)

15 134 Q You also prepared, or had prepared under
16 your direction other maps with the
17 application, didn't you?

18 A Correct.

19 135 Q And what were they?

20 A I guess with both applications, the USGS
21 topographic maps, we took those as base,
22 and then, again, outlined or indicated
23 the lengths of road that we would lay
24 water lines on, propose to. We also, in
25 order for the environmental application

1 that Rural Development requires, included
2 copies of the FEMA floodplain maps and
3 the soil conservation, soil maps. But
4 those really don't give a whole lot of
5 information, the latter two don't, other
6 than the environmental stuff.

7 136 Q And in August of 1998, you prepared
8 certain spreadsheets and cost estimates
9 for the construction cost of each
10 particular roadway within the project;
11 did you not?

12 A Yes.

13 137 Q One was a preliminary estimate for a
14 combined CDBG and Rural Development
15 project?

16 A Yes.

17 138 Q And another was a preliminary estimate of
18 probable cost just for the CDBG budget?

19 A Yes.

20 139 Q Okay. The combined -- I'm going to hand
21 you a document that purports to be the
22 combined projects, CDBG and Rural
23 Development, cost estimate.

24 A That's what it is.

25 140 Q Do you recognize that document?

1 A Yes.

2 141 Q And on there, without going into it, does
3 it include the cost per road?

4 A Yes, it's breakout per road, and then at
5 the end is a cost summary.

6 MR. EDELMAN: Okay. Maybe we can make that
7 Exhibit 6.

8 (REPORTER MARKS EXHIBIT NO. 6, COMBINED
9 COSTS ESTIMATE FOR CDBG AND RURAL
10 DEVELOPMENT, FOR PURPOSES OF
11 IDENTIFICATION AND THE SAME IS ATTACHED
12 HERETO)

13 142 Q And, likewise, Exhibit 7 will be the
14 breakdown on the CDBG application.

15 A Yes, that's what you've handed me.
16 (REPORTER MARKS EXHIBIT NO. 7, COST
17 ESTIMATE FOR CDBG BUDGET, FOR PURPOSES OF
18 IDENTIFICATION AND THE SAME IS ATTACHED
19 HERETO)

20 143 Q Not to go too much further, Ken, but I
21 just want to try to discuss from your
22 point of view some of the points
23 Mr. Barnett has raised in his complaint.
24 In addition to any notice that may have
25 been given in the paper in August of '98,

1 were there other notices prior to that?

2 A Yes. There were notices that were given
3 in conjunction with the CDBG application,
4 and also earlier notice that we were
5 preparing an application to Rural
6 Development.

7 144 Q Okay. Additionally, he says in argument
8 two that there's no reasonable or logical
9 basis to cease water line construction at
10 this point along Aaron Barnett Road
11 rather than completing construction along
12 the remaining 1.3 miles. He's basically
13 saying it's unfair at this point in time,
14 given the fact that there are new users,
15 or potential new users. Do you have any
16 comments about that or thoughts about
17 that?

18 A Well, the reason that the rest of the
19 road was not included was that the
20 customer count at the time we put the
21 application together was not there to
22 support the line.

23 145 Q And that customer count was how many?

24 A At that time, as I recall, there were
25 three houses on the road, one of which

1 was vacant.

2 146 Q So two users, one vacant house --

3 A Uh-huh (affirmative).

4 147 Q -- would not support in your engineering
5 opinion construction of the additional
6 \$51,000 of line over 1.3 miles?

7 A Correct.

8 148 Q Okay. That would not be a responsible
9 thing for the district to do, nor for the
10 PSC to approve?

11 A Correct.

12 149 Q In these projects there has to be some
13 deadline on when you have to cut things
14 off, for instance?

15 A Yeah, particularly -- the Rural
16 Development folks will take an
17 application year round, but there are
18 specific times each year that the CDBG
19 applications have to be in. That date
20 varies from year to year, but they take
21 applications once a year.

22 150 Q There is a lot of background work that
23 goes into that; is there not?

24 A Yes.

25 151 Q The income studies, the petitions, the

1 environmental studies, that all has to be
2 submitted with that application?

3 A Yes.

4 152 Q Would it be unreasonable, in your
5 opinion, to accept Mr. Barnett's
6 contention that it's all right to have
7 this moving target? May have been only
8 two at the time, but it's seven now,
9 hence I should be in.

10 A I think that's unreasonable, yes.

11 153 Q Okay. He also states that it would be
12 practical and efficient from an
13 engineering standpoint to complete the
14 loop on the road from 62 to 62. That's
15 probably an accurate statement, isn't it?

16 A Hydraulically, it's correct. It is
17 better to loop your lines where it's
18 economically feasible to lay them.

19 154 Q If you had an extra 50 or \$60,000 laying
20 around, you could do a lot of practical
21 and efficient engineering things,
22 couldn't you?

23 A Yes.

24 155 Q Yes, you could. You could create quite a
25 few loops, I take it. Let's talk about

1 -- he apparently also has a problem with
2 the fact that he's been excluded. I
3 don't even want to say the word excluded.
4 I think I ought to say that he didn't
5 qualify, given the numbers of households,
6 okay?

7 A Correct.

8 156 Q But, however, there may be some non-
9 Anderson Countians who may benefit from
10 this project.

11 A Correct. There will be if it's completed
12 as scoped -- current scope.

13 157 Q The main line never leaves Anderson
14 County, does it?

15 A Correct. All of the transmission mains
16 will be laid in Anderson County.

17 158 Q So to the extent there may be a few
18 individuals or households in Washington
19 County or Mercer County, then they're
20 only going to have service?

21 A Service lines.

22 159 Q Service lines?

23 A Uh-huh (affirmative).

24 160 Q Okay. Mr. Barnett also indicates that
25 he's the sole provider and caretaker of

1 his two young children and he needs to
2 sell real estate. Now, you've been
3 involved, I take it, in the engineering
4 field with individuals or entities that
5 develop property?

6 A Yes.

7 161 Q And I assume that -- well, I know for a
8 fact that Mr. Barnett's developing this
9 property, because at a meeting in this
10 office he, or his realtor indicated that
11 he was selling lots now off of Willow
12 Creek or Aaron Barnett Road. You recall
13 that conversation, don't you?

14 A Yeah, and having trouble doing so because
15 he didn't...

16 162 Q Now, generally speaking, if water -- if
17 this project goes and water can get close
18 to Mr. Barnett's property, what would a
19 developer normally do with water that
20 close?

21 A Well, in a number of other instances in
22 Anderson County, South Anderson, the
23 developer has paid for extensions of
24 those lines to where they want to develop
25 property. We've probably done at least

1 half a dozen of those here.

2 163 Q So it's not unusual for a developer to
3 take the line at his cost, or to be
4 responsible for the costs, whatever they
5 are, and then subdivide in some fashion
6 his land, and I presumably add some sort
7 of premium to the cost of the land to get
8 back the cost of the water lines?

9 A Yes.

10 (OFF THE RECORD)

11 164 Q Now, these developers, Ken, they may pay
12 the initial outlay, but doesn't the
13 Public Service Commission provide for
14 some provision to reimburse them for a
15 portion of these moneys?

16 A Yes, there are specific provisions in the
17 Public Service Regulations that speak to
18 reimbursement of privately developed
19 property and ways that that can be
20 accomplished within the tariffs, approved
21 tariffs of water districts, specifically
22 provided for that.

23 165 Q This project is going to serve how many
24 potential new customers?

25 A We use the number of 342, I think, actual

1 customers that we anticipate.

2 166 Q 340?

3 A 340 or 342. As indicated in the

4 preliminary engineering report, we are

5 estimating that there are approximately

6 400 potential users on the lines that are

7 proposed under this project, and we are

8 anticipating approximately 342 of those

9 will use the water when its available to

10 them.

11 167 Q Now, did you --

12 A That number is probably -- the 342 is

13 probably a little low based on past

14 experience over here, but I'm generally

15 conservative when I go into making sure

16 that we can repay loans. I don't want to

17 have to come back to a project right

18 after its completed and ask for a rate

19 increase because we didn't get the

20 customers that we thought we'd get.

21 168 Q Attached to the answer we filed were

22 certain responses to the Petitioner's

23 Statement of Fact, which without having

24 you go over them, they are responses that

25 you prepared at my direction; were they

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not?

A Yes, they are.

169 Q And I think, to the extent that anyone reading this deposition, or the Commission will be interested, they are in the record attached to the answer, but you wouldn't have any objection to making this Exhibit A a portion of your testimony today?

A No. That would be permissible.

(REPORTER MARKS EXHIBIT NO. 8, EXHIBIT A TO RESPONSES TO PETITIONER'S STATEMENT OF FACT, FOR PURPOSES OF IDENTIFICATION AND THE SAME IS ATTACHED HERETO)

170 Q The selection of roads in the project that we discussed earlier were a combination of CDBG qualification per household income and per household numbers along each roadway?

A And construction cost, yes.

171 Q And construction cost along the roadway?

A Uh-huh (affirmative).

172 Q Were they the sole considerations?

A Those three, yes.

173 Q Weren't any other elements in terms of

1 personalities or who the individuals
2 were?
3 A Not to my knowledge.
4 174 Q Not as far as you --
5 A As far as I was concerned, certainly not.
6 175 Q Right. Mr. Barnett was treated just as
7 fairly as any individual that might have
8 been on Tanner Road that wasn't included,
9 or any of those other six or seven or
10 eight roads that we listed; isn't that
11 true?
12 A That is a fact.
13 176 Q And the fact is that this project goes
14 through and it's not delayed, water will
15 be a whole lot closer to him now than --
16 water will be a whole lot closer to him
17 then than it is to him now?
18 A Yes, on the backside it certainly would.
19 177 Q Do you have anything else you want to add
20 as far as your direct testimony?
21 A I think that pretty well covers. Again,
22 just what we just said, Mr. Barnett was
23 not treated any differently as far as I'm
24 concerned. Certainly, I didn't treat him
25 any different, and I don't think the

1 district did. There were other people
2 that had signed petitions and submitted
3 them, that had expressed all the way
4 through that they wanted water, that we
5 didn't serve because it wasn't feasible
6 to run the lines that far.

7 178 Q And the number of users, potential users
8 at the time the applications had to be
9 filed on that last 1.3 miles of Willow
10 Creek/Aaron Barnett Road were two,
11 possibly three?

12 A I can't say that it was at the exact time
13 that the application had to be filed, but
14 when we scoped out the project in
15 preparation of getting it filed, because
16 at that time he -- you know, there are a
17 couple, three other houses out there now,
18 and exactly when those were constructed,
19 I don't know. But when we --

20 179 Q When the leg work was done --

21 A -- done for the project --

22 180 Q -- for the project, there were two users
23 and a vacant house?

24 A Yes.

25 181 Q Okay. Without regard to what's said

1 today, those are the --

2 A Yeah.

3 182 Q -- those are the facts?

4 A That's the way I recall it, yes.

5 183 Q And there were nine, or however many --
6 what were the number of users on the
7 front 1.8 miles?

8 A Well, we had a petition for ten, which
9 did not include a couple of them that
10 were on the very end of what -- those ten
11 went through a mile and a half, and so
12 there was two more in the three-tenths
13 that --

14 184 Q Why was it decided to extend it from a
15 mile and a half -- or to the mile, eight?

16 A Well, during the CDGB interview process,
17 those people made their desire for water
18 known, participated in the interview
19 process. That last three-tenths --
20 actually, I think it's a little bit less
21 than three-tenths -- there are no
22 obstacles, no creek crossings, no
23 significant -- it would be just water
24 line construction with no -- that made it
25 feasible.

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185 Q That made it feasible and the costs weren't extraordinary?

A Correct.

MR. EDELMAN: Okay. I think that's all I have. Thanks.

* * * * *

THEREUPON, the taking of the deposition of KEN TAYLOR was concluded.

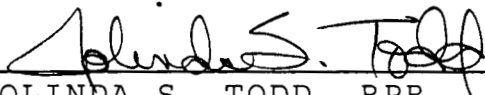
* * * * *

STATE OF KENTUCKY)
COUNTY OF FAYETTE)

I, JOLINDA S. TODD, Registered Professional Reporter and Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that at the time and place stated in said caption the witness personally appeared before me, and that, after being by me duly sworn, was examined by counsel; that said testimony was taken in stenotype by me and later reduced to computer-aided transcription and the foregoing is a true record of the testimony given by said witness.

My commission expires: August 6, 2003.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 8th day of February 2000.



JOLINDA S. TODD, RPR
NOTARY PUBLIC, STATE AT LARGE

**Community & Economic Development Associates, Inc.***Grant and Loan Planning, Packaging and Administration*

January 28, 2000

Mr. Reginald L. Thomas
P.O. Box 1704
Lexington, KY 40588-1704

RE: South Anderson Water District
Response to Request for Documents

Dear Mr. Thomas,

I am in receipt of an interrogatory inquiry on the aforementioned Project and shall respond as follows:

Request: Did the Water District find the presence of pneumonia bacteria at Willow Creek?

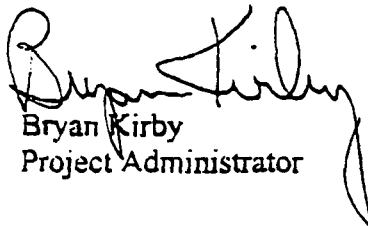
Response: Page 11 of the CDBG application indicates the presence of pneumonia bacteria in Area L, Rice Road, not Willow Creek. Section IV-A-4 shows a lower case "L" that looks like a lower case "I", so I can understand the confusion.

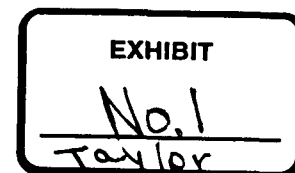
Request: Provide per capita income of residents along each roadway.

Response: The CDBG application I have already provided you has a summary of income characteristics for each road/area to be served (pages 56-68), with characteristics for Willow Creek (Area I) on page 64. Once you review these pages, you will notice that the income characteristics are for only the road/area, not individual residents. The income surveys collected for the Project ask for the gross household income, not per capita income, therefore, this information is not available. Even if it was available, I am not at liberty to disclose any of this confidential information as per Open Record laws. Individual road/areas were selected by their collective eligibility for the CDBG Program, not from individual eligibility. I cannot fathom what use this information would be to your inquiry and I stand firm in my resolve to keep it confidential.

If I can provide any further information, do not hesitate to contact our office.

Sincerely,


Bryan Kirby
Project Administrator



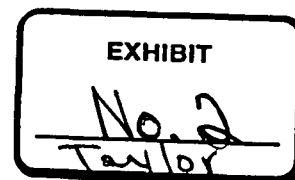


KENVIRONS

PRELIMINARY ENGINEERING REPORT
PHASE 5 EXPANSION PROJECT
SOUTH ANDERSON WATER DISTRICT
LAWRENCEBURG, KENTUCKY

PROJECT NO. 97185

SEPTEMBER, 1998



Kenvirons, Inc.

Civil & Environmental Engineering and Laboratory Services

**PRELIMINARY ENGINEERING REPORT
PHASE 5 EXPANSION PROJECT
SOUTH ANDERSON WATER DISTRICT
LAWRENCEBURG, KENTUCKY**

PROJECT NO. 97185

SEPTEMBER, 1998

Kenneth W. Taylor, PE
9/30/98

PRELIMINARY ENGINEERING REPORT

PHASE 5 EXPANSION PROJECT SOUTH ANDERSON WATER DISTRICT

I. INTRODUCTION

The South Anderson Water District (SAWD) was originally formed to provide a safe, dependable supply of potable water to the citizens of southern Anderson County. Since its inception in 1967, the SAWD has grown until it serves approximately 1450 customers over a large portion of the County including some in the northern portion of the County. SAWD intends to eventually make treated water available to every citizen within its boundary. This project will go a long way toward accomplishing this as it extends service to 14 separate areas of the county and provides an additional source of treated water. SAWD anticipates serving approximately 342 new users on the extensions. The proposed facilities are modest in design, size and cost and will be constructed and operated in an environmentally responsible manner.

II. PROJECT PLANNING AREA

Included as Exhibit 1 is a map of Anderson County with SAWD's boundary, existing facilities and proposed facilities indicated. The planning area for the proposed project includes all of the area within SAWD's boundary as the entire distribution system must be designed to ultimately provide treated water to the entire area. Toward this goal the facilities previously constructed and planned by SAWD have been designed to provide the necessary volume and pressures for the completed system. The proposed facilities are shown on Exhibits II -IV which are portions of the USGS 7.5 minute topographic maps of the areas. The transmission line from the Frankfort Plant Board system will provide an alternate source of water to the system and can be extended to tie into the rest of the system at a later date if need arises. The specific areas to be served by the project include the following roads/communities: Ballard, Dugansville Rd., Hoophole, Puncheon Ck. Rd., and Searcy Sch. Rd.; Fairview, Lick Skillet Rd., and Ky Hwy 1291; Drydock, Anderson City, Buntain Sch. Rd., and Ky 44 east of Glensboro; US 62 west of Johnsonville, Ky Hwy 248 and Ky Hwy 3358 (Tanner Rd.); Burgin Rd.; US 127 Bypass from Sidney to US 127; Cox Rd.; Willow Ck. Rd.; Ky Hwy 44 west of Glensboro; Ashby Rd.; Gilberts Ck. Rd.; Woolridge Rd.; Rice Rd.; and Fox Ck. Rd..

The project will address a serious problem faced by the residents of these areas, that being the lack of a safe, dependable water supply. The personal health and safety of the residents are threatened by contaminated water sources. A portion of the families are also forced to haul water, creating a financial burden. The District has sampled a cross-section of the water supplies in the area and determined that the majority were contaminated by coliform or other bacteria. Tests conducted by the County Health Department and a

private water testing lab indicated that 67% of all cisterns and springs had coliform contamination and that 25% were contaminated with the deadly E. Coli bacterium. Exposure to E. Coli can lead to a range of maladies, from stomach cramps to total kidney failure. The Project Area's homes are either clustered together along creek bottoms where outhouses (approximately 2) and straight pipes prevail, or on farmland where runoff from cattle, hog or horse operations enters the creeks, permeating the water table. Seven households reported that they had contracted intestinal infections from their water supplies.

Fear of drinking the water was prevalent; household surveys revealed that one in two (50%) households purchased their drinking water, spending from \$15 to \$20 monthly for bottled water. Mothers are advised by local physicians to not use well, cistern or spring water for mixing infant formula, frail or ill persons were afraid to consume well, cistern or spring water due to the high mineral content and the possibility of contracting a life-threatening bacteriological infection.

Reports on Anderson County from the Epidemiology section of the Cabinet for Human Resources indicate that, since 1993, there have been 5 cases of Campylobacter, 1 case of E. Coli related illness, 9 cases of Salmonella, and 2 cases of Giardia, all water borne illnesses. The Anderson County Health Department supports these records, citing reported cases of Hepatitis (non-A and non-B) and "many" cases of Campylobacter. According to the Control of Communicable Diseases Manual, "fecal contamination of nonchlorinated public water supplies has caused some extensive outbreaks of Salmonellosis". The Project Area has the largest concentration of households in the County still unserved by potable water (342 consumers of an estimated 500 unserved households), it may be surmised that a number of these cases have been in the Project Area. Severe contamination of water supplies such as those tested, in addition to the aforementioned report, indicates an imminent health threat to the households in this Project Area.

There are no known or anticipated unusual construction conditions. Due to shallow soil depths in much of the area, the unit cost per foot of water line will be slightly higher than in some other areas of the state. The District is not aware of any environmentally significant features, historic sites or important land resources which will be adversely impacted by the project.

III. EXISTING FACILITIES

The District's distribution facilities now consist of approximately 37,000 feet of 8", 273,500 feet of 6", 180,500 feet of 4" and 19,500 feet of 3" distribution line; 3-100,000 gallon and 1-131,000 gallon storage tanks; 3-100 gpm booster pump stations; and assorted accessories such as gate valves, and blow-off hydrants/valves. All of the system is less than 25 years old and a major portion is less than 10 years old. All existing facilities are in good to excellent working condition. The District is currently planning to construct a booster pump station and standpipe in the US 62/US 127 bypass area. These facilities

will provide service to the higher elevations in this area and increase the quantity of water that can be taken out US 62 west.

The District currently purchases all water. It has a contract with the City of Lawrenceburg for up to 10 million gallons per month through 2037.

Given in the attached Summary/Addendum are the District's current rate schedules, tabulation of users by monthly usage categories, status of existing long-term indebtedness and amounts on deposit in the required reserve accounts. The District is physically and economically sound.

IV. PROPOSED FACILITIES AND SERVICES

General Description. The proposed project consists of approximately 24,500 feet of eight inch, 239,325 feet of four inch, and 10,800 feet of three inch water line; 1-300 gpm booster pump station; and distribution system appurtenances such as gate valves, air release valves, blow-off valves, meters, etc. The distribution lines will be primarily of PVC. Some small sections of ductile iron pipe may be used in special areas, i.e., stream crossings, past gas tanks, etc. The facilities will be designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. Where static pressures exceed 90 psi, individual pressure regulators will be provided to protect fixtures from high pressures. The booster pump station will pump to the existing standpipe at Ninevah.

The booster pumping station will be designed to maintain a minimum operating level in the standpipe about 10 to 12 feet lower than the overflow elevation of the tank. This will require pumping to begin when the water level in the tank drops to the minimum operating level; pumping will continue until the tank is refilled to just below the overflow level. This procedure will provide adequate pressure stabilization of the system. The hydraulic model of the system is currently being updated to include the proposed project and significant results of the model will be appended to this report when completed.

The locations of the major elements of the project are shown on the attached county road map and portions of the U.S.G.S. topographic maps. An itemized cost estimate is given in Attachment I. The extension of the District's distribution facilities is the only viable alternative for providing water service to these areas of the County.

Land. It will be necessary to acquire land on which to construct the booster pump station. A tract approximately 30' x 30' will be needed for the booster pump station. The approximate location of this facility is shown on the attached maps, however, the location may vary depending on the final design of the system and the ability to acquire the land.

Rights. Easements will be required for the water distribution lines, many of which will be given by the individual customers. By necessity, some easements for the distribution lines will be on State and County road right-of-way.

No permits or easements have been obtained at this time for the proposed work. It is anticipated that in addition to the land requirements previously mentioned, permits and/or approvals will be required from the following agencies:

Kentucky Public Service Commission
 Kentucky Department of Transportation
 Kentucky Department for Environmental Protection - Division of Water
 Anderson County Fiscal Court

V. COST ESTIMATE

TABLE 1

PRELIMINARY PROJECT COST ESTIMATE
 PHASE 5 EXPANSION PROJECT
 SOUTH ANDERSON WATER DISTRICT
 LAWRENCEBURG, KENTUCKY

Construction Cost Estimate	\$ 1,678,088.75
Contingency	167,816.25
Engineering (Basic)	145,250.00
Construction Inspection	84,675.00
Other Engineering (Geotechnical, Archaeological, Surveying, Preliminary Engineering Report)	15,000.00
Legal	35,000.00
Land and Rights	10,000.00
Interest	30,000.00
Administration/Planning	40,000.00
TOTAL	\$ 2,205,830.00

VI. FEASIBILITY STUDY

It is anticipated that this project will be funded with tap fees; local, district and county contributions, a loan and a grant. This section contains an economic feasibility analysis to determine the affect of additional borrowing on the District's financial integrity and the need for a rate adjustment. The District supplied computer generated billing data for calendar year July 1, 1997 through June 30, 1998 from which the billing analysis was perpared. The annual operating budget was developed adjusting the 1997 Annual PSC Report and Audit for the additional customers, inflation, employee pay raises, etc.

VII. EXPENSES

Operation and Maintenance Expense

TABLE 2

PROJECTED OPERATION AND MAINTENANCE EXPENSE

Salaries, Wages, Taxes and Benefits	\$ 120,000.00
Repairs	3,000.00
Insurance	7,000.00
Utilities (Operating and Office)	17,500.00
Materials and Supplies (Operating and Office)	31,000.00
Professional Fees	20,000.00
Transportation Expense	10,000.00
Miscellaneous	8,500.00
P.S.C. Assessment	1,000.00
Rental of Building	6,000.00
Water Testing	1,200.00
Water Purchases	<u>172,500.00</u>
 TOTAL	 \$ 397,700.00

Capital Improvements. In order to serve planned development at the higher elevations in the KY 44 - US 62 - US 127 Bypass area, the District is currently planning to build a new standpipe and booster pump station in this area. The land for the standpipe has been obtained and construction is scheduled to start in January 1999 with completion by May 1, 1999. The District will pay for the improvements by borrowing approximately \$200,000.00 and taking the remainder (\$160,000.00) from their existing funds. It is anticipated that the necessary funding can be obtained locally at a rate of 7% or less for a period of 20 years. The existing rates can support this loan without compromising the integrity of the District.

PENDING CAPITAL IMPROVEMENT
DEBT SERVICE

\$200,000.00 loan @ 7% / 20 years: \$200,000.00 (0.09439)	
	= 18,878.00
5% Debt Coverage	= <u>944.00</u>
TOTAL	\$ 19,822.00/year

Debt Repayments

TABLE 3

EXISTING DEBT SERVICE REQUIREMENTS

<u>Bond Issue</u>	<u>Balance As of Jan. 1, 2000</u>	<u>Interest Rate</u>
1975	\$ 129,000	5%
1981	39,000	5%
1988 Series A	604,000	6.875%
1988 Series B	128,000	7.375%
1993	<u>628,000</u>	5.5%
	\$1,528,000	

PRINCIPAL MATURITIES - JANUARY 1

<u>Bond Issue</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1975	6,000	7,000	7,000	7,000	7,000
1981	1,000	1,000	1,000	1,000	1,000
1988-A	7,000	8,000	8,000	9,000	9,000
1988-B	1,000	1,000	2,000	2,000	2,000
1993	<u>6,000</u>	<u>7,000</u>	<u>7,000</u>	<u>8,000</u>	<u>8,000</u>
	21,000	24,000	25,000	27,000	27,000

5 - Year Average = 24,800.00

Interest on Long Term Debt

<u>Bond Issue</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1975	\$6,450.00	\$6,150.00	\$5,800.00	\$5,450.00	\$5,100.00
1981	1,950.00	1,900.00	1,850.00	1,800.00	1,750.00
1988-A	41,525	41,043.75	40,493.75	39,943.75	39,325.00
1988-B	9,400.00	9,366.25	9,292.50	9,145.00	8,997.50
1993	<u>34,540.00</u>	<u>34,210.00</u>	<u>33,825.00</u>	<u>33,440.00</u>	<u>33,000.00</u>
	\$93,905.00	\$96,670.00	\$91,261.25	\$89,778.75	\$88,172.50

5 - Year Average = \$91,157.50

5-Year Average Principal Plus Interest Payment	=	\$115,957.50
10% Debt Coverage	=	<u>11,595.75</u>
Total Existing Debt Service	=	\$127,553.25

Depreciation - Existing/Planned Facilities

Existing Utility Plant* - (\$2,758,848.00 + 45)	=	\$ 61,307.73
Proposed US62/US127 BPS & Standpipe = \$360,000 + 45	=	8,000.00
Proposed Phase 5 Project - \$2,205,830.00 + 45	=	<u>49,018.44</u>
TOTAL	=	\$ 118,326.18

Proposed Phase 5 Project Debt Repayment

\$1,088,330.00 Loan @ 5% - \$1,088,330.00 (0.05928)	=	\$64,516.20
10% Debt Coverage	=	<u>6,451.60</u>
		\$70,967.80

Total Yearly Expenses

Operation and Maintenance	\$396,700.00
Capital Improvements	19,822.00
Existing Debt	127,553.25
Depreciation	118,326.18
Proposed Project Debt Repayment	<u>70,967.80</u>
TOTAL	\$733,369.23

*From 1997 Audit

**TABLE 4
BILLING ANALYSES**

	July, 1997 thru June 1998		(<20,000)		Added Bills	Added Gallons	Adjusted	
	Bills	Gallons	% Bills	% Gallons			Billing Bills	Analysis Gallons
First 2,000	3,475	3,437,790	21.1	4.6	1,162	1,149,285	4,637	4,587,075
Next 1,000	2,451	6,307,900	14.9	8.4	820		3,271	8,406,600
Next 2,000	4,714	18,914,400	28.6	25.3	1,576		6,290	25,235,500
Next 2,000	2,994	17,769,300	18.1	23.8	1,001		3,995	23,715,600
Next 3,000	1,937	15,965,100	11.7	21.4	648	5,346,700	2,585	21,311,800
10,000 - 20,000	<u>933</u>	<u>12,305,400</u>	<u>5.7</u>	<u>16.5</u>	<u>312</u>	<u>4,122,400</u>	<u>1,245</u>	<u>16,427,800</u>
	16,504	74,699,890			5,520	24,984,485	22,023	99,684,375
20,000 - 30,000	134	3,235,100					134	3,235,100
30,000 - 50,000	82	3,038,400					82	3,038,400
50,000 - 100,000	62	4,730,400					62	4,730,400
> 100,000	<u>36</u>	<u>7,768,800</u>					<u>36</u>	<u>7,768,800</u>
	16,818	93,472,590					22,337	118,457,075

*Added Bills = $(59)^{1/2} + 1998-2000 \text{ Growth} + 1/2 (2000 \text{ Growth}) + \text{Project 12}$
 $= (1/2 (59) + 59 + 59 + 342) 12 = 460 \times 12 = 5,520$

Distribute assuming all use in 0-20,000 gallon range.

TABLE 5

GENERATION OF REVENUE TABLES

	Bills	1,000 gal.	First 2,000	Next 1,000	Next 2,000	Next 2,000	Next 3,000	>10,000
2,000	4,637	4,587,075	4,587,075					
1,000	3,271	8,406.6	6,542	1,864.6				
2,000	6,290	25,235.5	12,580.0	6,290.0	6,365.5			
2,000	3,995	23,715.6	7,990.	3,995.	7,990.	3,740.6		
3,000	2,585	21,311.8	5,170.	2,585.	5,170.	5,170.	3,216.8	
>10,000	<u>1,559</u>	<u>32,200.5</u>	<u>3,118.0</u>	<u>1,559</u>	<u>3,118.</u>	<u>3,118.</u>	<u>4,677.</u>	<u>19,610.5</u>
	22,337	118,457.075	39,987,075	16,293.6	22,643.5	12,028.6	7,893.8	19,610.5

TABLE 6

	Bill	(1,000) Gallons	Existing Rates		Proposed Rates	
			Rate	Revenue	Rate	Revenue
Minimum	22,337	-	11.35	\$253,524.95	\$ 12.50	\$279,212.50
Next 1,000		16,293.6	5.5	90,429.48	6.10	99,390.96
Next 2,000		22,643.5	4.70	106,424.45	5.15	116,614.02
Next 2,000		12,028.6	3.85	46,310.11	4.25	51,121.55
Next 3,000		7,893.8	3.00	23,681.40	3.30	26,049.54
> 10,000		19,610.5	2.70	52,948.35	3.00	58,831.50
				\$573,318.74		\$631,220.07
Bulk Station		4,000	3.47	<u>13,888.00</u>	3.80	<u>15,200.00</u>
				\$587,198.74		\$646,420.07

TOTAL REVENUES

Sale of Water	\$646,420.07
Service Fees	15,000.00
Interest on Accounts	<u>10,000.00</u>
Total Revenues	\$671,420.07

IX. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- A. A majority of the residents in the proposed project area do not have an acceptable domestic water source. Also a health hazard exists due to the contamination of many of the sources currently being used.
- B. The extension of the South Anderson Water District water distribution system into the area is the only viable means of providing them with an acceptable water source.
- C. Significant grant funds will be required for construction in order to keep the rate schedule at a tolerable level.
- D. The financial feasibility indicates that the South Anderson Water District cannot serve the proposed project area on the existing rates without seriously jeopardizing the financial integrity of the operations even with the requested \$1,000,000.00 CDBG grant. The rates proposed herein are sufficient to cover operating expenses, debt service, debt service coverage, bond resolution depreciation reserve funding and provide some net unobligated monies. The revenues are not sufficient to cover the full amount of depreciation allowed in the rate base. The grant is necessary to allow the District to operate comfortably.

Recommendations

The project, as presented herein, is feasible with the assumed level of grant and the proposed rates. This will enable the District to accumulate a reasonable amount of monies which could be used to facilitate additional extensions and/or defray unforeseen expenses. An application should be made to Rural Development for loan funds to construct the water system improvements proposed herein.

Project Funding:

Community Development Block Grant	\$ 1,000,000.00
Rural Development Loan	1,088,330.00
Tap Fees	61,500.00
Water District and Anderson County Fiscal Court	<u>56,000.00</u>
Total	\$2,205,830.00

SUMMARY ADDENDUM
to
PRELIMINARY ENGINEERING REPORT

DATED SEPTEMBER, 1998

for

SOUTH ANDERSON WATER DISTRICT
(NAME OF WATER FACILITY PROJECT)

APPLICANT CONTACT PERSON ALTON WARFORD, MANAGER

APPLICANT PHONE NUMBER (502) 839-6919

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary engineering report in accordance with this Guide. Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

A. Area to be served: In addition to this summary, the applicant/engineer should submit a project map of the service area showing the following:

1. Existing Facilities - Location and Size.
2. Proposed Facilities - Location and Size.
3. New User Location - Also attach a list of new users, by road.
4. Breakdown of project cost for each branch line.

II. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

South Anderson Water District (SAWD) currently has a contract with the City of Lawrenceburg for up to 10,000,000 gallons per month. In the past, this amount has been exceeded during months of high usage. This contract does not expire until 2037. With this project, SAWD proposes to run a transmission line to the Frankfort Plant Board facilities on US 127 south of I-64 in Franklin County. A contract has not yet been entered into with the Plant Board, however they have indicated a desire to sell the District as much water as they will take. The Frankfort plant has a capacity of 18 mgd and even on a peak day is operating at less than 2/3 capacity.

If the applicant purchases water:

Seller(s): City of Lawrenceburg; Frankfort Plant Board

Price/1,000 gallons: \$1,208; \$1,288

Present Estimated Market Value of Existing System: \$2,500,000.00

- B. Water Storage:

Type: Ground Storage Tank 0 Elevated Tank 0

Standpipe 4 Other None

Number of Storage Structures 4

Total Storage Volume Capacity 431,000

Date Storage Tank(s) Constructed 1-1994, 2-1988, 1-1976

- C. Water Distribution System:

Pipe Material PVC, PE, D.I.

Lineal Feet of Pipe: 3" Diameter 19,500 4" 180,500

6" 273,500 8" 37,000 10" 12"

Date(s) Water Lines Constructed Major extensions 1976, 1983, 1988 & 1994

Number and Capacity of Pump Station(s) 3 @ 100 gpm

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

All of the District's existing facilities are in good to excellent condition. No major renovations are expected in the next 5-10 years on the existing facilities. However, in order to serve growth in the US 62/US 127 area and provide additional water capacity out US 62 West, the District is currently planning to construct a booster pump station and 180,000 gallon standpipe.

III. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

<u>DATE OF ISSUE</u>	<u>PRINCIPAL BALANCE</u>	<u>PRINCIPAL PAYMENT</u>	<u>PAYMENT DATE</u>	<u>BOND/NOTE HOLDER</u>	<u>AMOUNT ON DEPOSIT IN RESERVE ACCOUNT</u>
1975 Issue	<u>141,000</u>	<u>6,000</u>	<u>Jan. 1, 1999</u>	<u>USDA</u>	<u> </u>
1981 Issue	<u>41,000</u>	<u>1,000</u>	<u>Jan. 1, 1999</u>	<u>USDA</u>	<u> </u>
1988 Issue	<u>617,000</u>	<u>6,000</u>	<u>Jan. 1, 1999</u>	<u>USDA</u>	<u> </u>
1988 Issue	<u>130,000</u>	<u>1,000</u>	<u>Jan. 1, 1999</u>	<u>USDA</u>	<u> </u>
1993 Issue	<u>650,000</u>	<u>6,000</u>	<u>Jan. 1, 1999</u>	<u>USDA</u>	<u> </u>
19__ Issue	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>Total \$63,737.00</u>

IV. LAND AND RIGHTS - EXISTING SYSTEMS(S)

Number of Treatment Plant Sites	<u>None</u>
Number of Storage Tank Sites	<u>5</u>
Number of Pump Stations	<u>3</u>
Total Acreage	<u>3.0 Acres</u>
Purchase Price	<u>\$ 33,500.00</u>

V. NUMBER OF EXISTING USERS (As of December, 1997)

A. Water Users:

Residential Size Meters (In Town)*	0
Residential Size Meters/Farmers (Out of Town)*	1389
Larger Users (Larger than 5/8" Meter (In Town))	0
Larger Users (Larger than 5/8" Meter (Out of Town))	25
Total	1,414
Number of Total Potential Users Living in the Service Area	approx. 1570

***NOTE:** Residential/Farmers Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence size meters and farmers.

VI. CURRENT CONNECTION FEES FOR EACH SIZE METER CONNECTION

METER SIZE	CONNECTION FEE	MINIMUM WATER USAGE FOR EACH SIZE METER
5/8" x 3/4"	\$500.00	2,000 gallons
1-Inch	\$ Cost	2,000 gallons
1-1½" Inch	\$ Cost	2,000 gallons
2-Inch	\$ Cost	2,000 gallons
3-Inch	\$ Cost	2,000 gallons
4-Inch	\$ Cost	2,000 gallons
5-Inch	\$ Cost	2,000 gallons
6-Inch	\$ Cost	2,000 gallons

VII. WATER RATES - EXISTING RATE SCHEDULE

Date this rate went into effect: 2/15/97

Meter Size	All	:		
First	2,000	Gallons @	\$11.35	minimum
Next	1,000	Gallons @	\$5.55	per 1,000 gallons
Next	2,000	Gallons @	\$4.70	per 1,000 gallons
Next	2,000	Gallons @	\$3.85	per 1,000 gallons
Next	3,000	Gallons @	\$3.00	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over	10,000	Gallons @	\$2.70	per 1,000 gallons

Bulk Loading Station @ \$3.47 per 1,000 gallons

Meter Size		:		
First		Gallons @	\$	minimum
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over		Gallons @	\$	per 1,000 gallons

Meter Size		:		
First		Gallons @	\$	minimum
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over		Gallons @	\$	per 1,000 gallons

VII. EXISTING RATE SCHEDULE (Continued)

Meter Size	_____	:		
First	_____	Gallons @	\$ _____	minimum
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
All Over	_____	Gallons @	\$ _____	per 1,000 gallons

Meter Size	_____	:		
First	_____	Gallons @	\$ _____	minimum
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
All Over	_____	Gallons @	\$ _____	per 1,000 gallons

VIII. ANALYSIS OF ACTUAL WATER USAGE -EXISTING SYSTEM -12 MONTH PERIOD

For Period July, 1997 to July, 1998

Meter Size	Monthly Water Usage			Average	Residential/Farmer		Non-Residential/Commercial	
					No. of Users	Usage (1000)	No. of Users	Usage (1000)
All	0	-	2,000 Gal.	1,000	3,409	3,409	66	66
	2,000	-	3,000 Gal.	2,500	2,414	6,035	37	92.5
	3,000	-	4,000 Gal.	3,500	2,476	8,666	37	129.5
	4,000	-	5,000 Gal.	4,500	2,185	9,832.5	16	72
	5,000	-	6,000 Gal.	5,500	1,735	9,542.5	18	99
	6,000	-	7,000 Gal.	6,500	1,227	7,975.5	14	91
	7,000	-	8,000 Gal.	7,500	917	6,877.5	8	60
	8,000	-	9,000 Gal.	8,500	594	5,049	8	68
	9,000	-	10,000 Gal.	9,500	400	3,800	10	95
	10,000	-	11,000 Gal.	10,500	238	2,499	7	73.5
	11,000	-	12,000 Gal.	11,500	170	1,955	7	80.5
	12,000	-	13,000 Gal.	12,500	133	1,662.5	3	37.5
	13,000	-	14,000 Gal.	13,500	82	1,107	2	27
	14,000	-	15,000 Gal.	14,500	85	1,232.5	2	29
	15,000	-	16,000 Gal.	15,500	56	868	3	46.5
	16,000	-	17,000 Gal.	16,500	46	759	1	16.5
	17,000	-	18,000 Gal.	17,500	35	612.5	2	35
	18,000	-	19,000 Gal.	18,500	28	518	3	55.5
	19,000	-	20,000 Gal.	19,500	29	565.5	1	19.5
	20,000	-	30,000 Gal.	25,000	129	3,225	5	125
30,000	-	50,000 Gal.	40,000	71	2,840	11	440	
50,000	-	100,000 Gal.	75,000	62	4,650	0	0	
		Over 100,000 Gal.	-		36	7,769	0	0
				Subtotal	(16,557)	(91,450)	(261)	(1,758.5)
				Average Usage		(5.52)		(6.74)

Total Users = 16,818
 Total Usage = 93,208.5
 Combined Avg. Usage = 5.54

1-Inch	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	Subtotal	() ()	() ()

1-1½ Inch	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	Subtotal	() ()	() ()

VIII. CONTINUED.....

Meter Size	Monthly Water Usage	Average	Residential/Farmer		Non-Residential/Commercial	
			No. of Users	Usage (1000)	No. of Users	Usage (1000)
2-Inch	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
		Subtotal	()	()	()	()
3-Inch	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
		Subtotal	()	()	()	()
4-Inch	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
		Subtotal	()	()	()	()
5-Inch	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
		Subtotal	()	()	()	()
6-Inch	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
	_____ Gal.					
		Subtotal	()	()	()	()
		TOTAL	()	()	()	()
Total Water Purchased and/or Produced						108,053,000
Total Water Sold			91,450,000		1,758,500	
					93,208,500	

IX. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

With this project, SAWD proposes to run a transmission line to the Frankfort Plant Board facilities on US 127 south of I-64 in Franklin County to supplement the water purchased from the City of Lawrenceburg (See II.A page 2). A contract has not yet been entered into with Frankfort however they have expressed a desire to sell the District as much water as they will take.

B. Water Storage:

Type: Ground Storage Tank - Elevated Tank -
 Standpipe - Other None
 Number of Storage Structures -
 Total Storage Volume Capacity -
 Date Storage Tank(s) Constructed -

C. Water Distribution System:

Pipe Material	PVC & D.I.			
Lineal Feet of Pipe:	3" Diameter	10,800	4"	239,325
	6"	8"	24,500	10" 12"
Date(s) Water Lines Constructed	1999			
Number and Capacity of Pump Station(s)	1 @ 100 gpm			

X. LAND AND RIGHTS - PROPOSED WATER SYSTEM(S)

Number of Treatment Plant Sites	<u>0</u>
Number of Pump Sites	<u>1</u>
Number of Other Sites	<u>0</u>
Total Acreage	<u>0.05 Acres</u>
Purchase Price	<u>\$ 1,000.00</u>

XI. NUMBER OF NEW USERS

A. Water Users:

Residential Size Meters (In Town)*	0
Residential Size Meters/Farmers (Out of Town)*	<u>342</u>
Larger Users (Larger than 5/8" Meter (In Town))	<u>0</u>
Larger Users (Larger than 5/8" Meter (Out of Town))	<u>0</u>
Total	<u>342</u>
Number of Total Potential Users Living in the Service Area	<u>approx. 400</u>

*NOTE: Residential/Farmers Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence size meters and farmers.

XII. PROPOSED CONNECTION FEES FOR EACH SIZE METER CONNECTION

METER SIZE	CONNECTION FEE	MINIMUM WATER USAGE FOR EACH SIZE METER
<u>5/8" x 3/4"</u>	<u>\$500.00</u>	<u>2,000 gallons</u>
<u>1-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>1-1½" Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>2-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>3-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>4-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>5-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>
<u>6-Inch</u>	<u>\$ Cost</u>	<u>2,000 gallons</u>

XIII. WATER RATES - PROPOSED

A. Proposed Rate Schedule:

First	<u>2,000</u>	Gallons @	<u>\$12.50</u>	minimum
Next	<u>1,000</u>	Gallons @	<u>\$6.10</u>	per 1,000 gallons
Next	<u>2,000</u>	Gallons @	<u>\$5.15</u>	per 1,000 gallons
Next	<u>2,000</u>	Gallons @	<u>\$4.25</u>	per 1,000 gallons
Next	<u>3,000</u>	Gallons @	<u>\$3.30</u>	per 1,000 gallons
Next	<u>-</u>	Gallons @	<u>\$</u>	per 1,000 gallons
All Over	<u>10,000</u>	Gallons @	<u>\$3.00</u>	per 1,000 gallons

IF MORE THAN ONE RATE, USE ADDITIONAL SHEETS.

Bulk Loading Station @ \$3.80/1,000 gallons

XIV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

Meter Size	Monthly Water Usage	Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
				No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
5/8 x 3/4 Inch	0 - 2,000 Gal.	1,000	12.50	3,706	3,706	46,325.00	66	66	825
	2,000 - 3,000 Gal.	2,500	15.55	2,624	6,560	40,803.20	37	92.5	575.35
	3,000 - 4,000 Gal.	3,500	21.175	2,692	9,422	57,003.10	37	129.5	783.48
	4,000 - 5,000 Gal.	4,500	26.325	2,375	10,687.5	62,521.88	16	72	421.20
	5,000 - 6,000 Gal.	5,500	31.025	1,886	10,373	58,513.15	18	99	558.45
	6,000 - 7,000 Gal.	6,500	35.275	1,334	8,671	47,056.85	14	91	493.85
	7,000 - 8,000 Gal.	7,500	39.050	997	7,477.5	38,932.85	8	60	312.40
	8,000 - 9,000 Gal.	8,500	42.35	646	5,491	27,358.10	8	68	338.80
	9,000 - 10,000 Gal.	9,500	45.65	435	4,132.5	19,357.50	10	95	456.50
	10,000 - 11,000 Gal.	10,500	48.80	259	2,719.5	12,639.20	7	73.5	341.60
	11,000 - 12,000 Gal.	11,500	51.80	185	2,127.5	9,583.00	7	80.5	362.60
	12,000 - 13,000 Gal.	12,500	54.80	145	1,812.5	7,946.00	3	37.5	164.40
	13,000 - 14,000 Gal.	13,500	57.80	89	1,201.5	5,144.20	2	27.0	115.60
	14,000 - 15,000 Gal.	14,500	60.80	92	1,334	5,593.60	2	29	121.60
	15,000 - 16,000 Gal.	15,500	63.80	61	945.5	3,891.80	3	46.5	191.40
	16,000 - 17,000 Gal.	16,500	66.80	50	825	3,340.00	1	16.5	66.80
	17,000 - 18,000 Gal.	17,500	69.80	38	665	2,652.40	2	35	139.60
	18,000 - 19,000 Gal.	18,500	72.80	30	555	1,674.00	3	55.5	218.40
19,000 - 20,000 Gal.	19,500	75.80	32	624	2,425.60	1	19.5	75.80	
20,000 - 30,000 Gal.	25,000	92.30	129	3,225	11,906.70	5	125	461.50	
30,000 - 50,000 Gal.	40,000	137.30	71	2,840	9,748.30	11	440	1,510.30	
50,000 - 100,000 Gal.	75,000	242.30	62	4,650	15,022.60	-	-	-	
Over 100,000 Gal.				36	7,769	23,929.80	-	-	-
Subtotal				(17,974)	(97,814)	(513,368.83)	(261)	(1,758.5)	(8,534.63)
Average Monthly Rate (28.62)				(5,440)			(6.74)		
Average Monthly Usage									
1-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal				()	()	()	()	()	()
1-1/2 Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal				()	()	()	()	()	()

.XIV. CONTINUED.....

Meter Size	Monthly Water Usage	Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
				No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
2-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal		()	()	()	()	()	()
3-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal		()	()	()	()	()	()
4-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal		()	()	()	()	()	()
5-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal		()	()	()	()	()	()
6-Inch	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal		()	()	()	()	()	()
		TOTALS		()	()	()			

XV. FORECAST OF WATER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Water Size	Monthly Water Usage			Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
						No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
	0	-	2,000 Gal.	1,000	12.50	852	852	10,650.00			
	2,000	-	3,000 Gal.	2,500	15.55	612	1,530	9,516.60			
	3,000	-	4,000 Gal.	3,500	21.175	612	2,142	12,959.10			
	4,000	-	5,000 Gal.	4,500	26.325	540	2,430	14,215.50	12	54	315.90
	5,000	-	6,000 Gal.	5,500	31.025	432	2,376	13,402.80			
	6,000	-	7,000 Gal.	6,500	35.275	312	2,028	11,005.80			
/8 x 3/4 Inch	7,000	-	8,000 Gal.	7,500	39.050	228	1,710	8,151.00			
	8,000	-	9,000 Gal.	8,500	42.35	144	1,224	6,436.80			
	9,000	-	10,000 Gal.	9,500	45.65	108	1,026	4,930.20			
	10,000	-	11,000 Gal.	10,500	48.80	60	630	2,928.00			
	11,000	-	12,000 Gal.	11,500	51.80	48	552	2,486.40			
	12,000	-	13,000 Gal.	12,500	54.80	36	450	1,972.80			
	13,000	-	14,000 Gal.	13,500	57.80	24	324	1,135.20			
	14,000	-	15,000 Gal.	14,500	60.80	24	348	1,459.20			
	15,000	-	16,000 Gal.	15,500	63.80	12	186	765.60			
	16,000	-	17,000 Gal.	16,500	66.80	12	198	801.60			
	17,000	-	18,000 Gal.	17,500	69.80	12	210	837.60			
	18,000	-	19,000 Gal.	18,500	72.80	12	222	873.60			
	19,000	-	20,000 Gal.	19,500	75.80	12	234	909.60			
	20,000	-	30,000 Gal.	25,000	92.30	-	-				
	30,000	-	50,000 Gal.	40,000	137.30	-	-				
	50,000	-	100,000 Gal.	75,000	242.30	-	-				
	Over 100,000	-	Gal.			-	-				
Subtotal						(4,092)	(18,672)	(105,437.40)	(12)	(54)	(315.90)
Average Monthly Rate					(25.77)						
Average Monthly Usage						(4,560)			(4,500)		

Water Size	Monthly Water Usage			Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
						No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
1-Inch			Gal.								
			Gal.								
			Gal.								
			Gal.								
			Gal.								
			Subtotal			()	()	()	()	()	()

Water Size	Monthly Water Usage			Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
						No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
1-1/2 Inch			Gal.								
			Gal.								
			Gal.								
			Gal.								
			Gal.								
			Subtotal			()	()	()	()	()	()

XV. CONTINUED.....

Water Size	Monthly Water Usage		Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
					No. of Users	Usage (1000)	Incom e	No. of Users	Usage (1000)	Incom e
2- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
3- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
4- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
5- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
6- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
		TOTALS			()	()	()	()	()	()

XVI. CURRENT OPERATING BUDGET - (As of the last full operating year-1997)

A. Operating Income:

Water Sales	<u>\$446,369.00</u>
Disconnect/Reconnect/Late Charge Fees	<u>13,377.00</u>
Other (Describe)	<u> </u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$459,746.00</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$126,062.00</u>
Pumping Expense	<u>6,176.00</u>
Water Treatment Expense	<u>933.00</u>
Transmission and Distribution Expense	<u>71,746.00</u>
Customer Accounts Expense	<u>330.00</u>
Administrative and General Expense	<u>104,834.00</u>
Total Operating Expenses.....	<u>\$10,081.00</u>
Net Operating Income.....	<u>\$149,665.00</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$18,227.00</u>
Other (Identify)	<u>0.00</u>
Total Non-Operating Income.....	<u>\$18,227.00</u>

D. Net Income \$167,892.00

E. Debt Repayment:

FmHA Interest	<u>\$97,417.00</u>
FmHA Principal	<u>20,000.00</u>
Non-FmHA Interest	<u>0.00</u>
Non-FmHA Principal	<u>0.00</u>
Total Debt Repayment.....	<u>\$117,417.00</u>

F. Balance Available for Coverage and Depreciation..... \$ 50,475.00

XVII. PROPOSED OPERATING BUDGET - EXISTING & NEW USERS

(1st Full Year of Operation)

Year Ending Dec. 31, 2000**A. Operating Income:**

Water Sales	<u>\$627,656.76</u>
Disconnect/Reconnect/Late Charge Fees	<u>15,000.00</u>
Other (Describe)	<u> </u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$642,656.76</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$172,500.00</u>
Pumping Expense	<u>10,000.00</u>
Water Treatment Expense	<u>1,200.00</u>
Transmission and Distribution Expense	<u>85,500.00</u>
Customer Accounts Expense	<u>500.00</u>
Administrative and General Expense	<u>128,500.00</u>
Total Operating Expenses.....	<u>\$398,200.00</u>
Net Operating Income.....	<u>\$244,456.76</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$10,000.00</u>
Other (Identify)	<u> </u>
Total Non-Operating Income.....	<u> </u>

D. Net Income \$254,456.76**E. Debt Repayment:**

FmHA Interest	<u>\$148,321.50</u>
FmHA Principal	<u>21,000.00</u>
Non-FmHA Interest	<u>14,000.00</u>
Non-FmHA Principal	<u>20,000.00</u>
Total Debt Repayment.....	<u>\$196,321.50</u>

F. Balance Available for Coverage and Depreciation..... \$ 58,135.26

XVIII. PROPOSED OPERATING BUDGET - NEW USERS - EXTENSION ONLY

(1st Full Year of Operation)

Year Ending Dec. 31, 2000

A. Operating Income:

Water Sales	<u>\$105,753.30</u>
Disconnect/Reconnect/Late Charge Fees	<u>3,000.00</u>
Other (Describe)	<u>0.00</u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$108,753.30</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$26,750.00</u>
Pumping Expense	<u>2,000.00</u>
Water Treatment Expense	<u>240.00</u>
Transmission and Distribution Expense	<u>17,100.00</u>
Customer Accounts Expense	<u>100.00</u>
Administrative and General Expense	<u>25,700.00</u>
Total Operating Expenses.....	<u>\$71,890.00</u>
Net Operating Income.....	<u>\$36,863.30</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$2,000.00</u>
Other (Identify)	<u> </u>
Total Non-Operating Income.....	<u>2,000.00</u>

D. Net Income \$38,863.30

E. Debt Repayment:

FmHA Interest	<u>\$54,416.50</u>
FmHA Principal	<u>0.00</u>
Non-FmHA Interest	<u> </u>
Non-FmHA Principal	<u> </u>
Total Debt Repayment.....	<u>\$54,416.50</u>

F. Balance Available for Coverage and Depreciation..... \$<17,553.20>

XIX. ESTIMATED PROJECT COST - WATER

Development	\$1,678,088.75
Land and Rights	10,000.00
Legal	35,000.00
Engineering	229,925.00
Interest	30,000.00
Contingencies	167,816.25
Initial Operating and Maintenance	0.00
Other, Geotechnical & Site Surveys	55,000.00*
TOTAL	\$2,205,830.00

XX. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	\$61,500.00
Other Applicant Contribution	56,000.00
FmHA Loan	1,088,330.00
FmHA Grant	0.00
Other (Specify) CDBG Grant	1,000,000.00
Other (Specify)	
Other (Specify)	
Other (Specify)	
TOTAL	\$2,205,830.00

*Includes \$32,500.00 for administration and \$7,500.00 for planning in conjunction with the CDBG Grant which are not eligible for RD Funding.

**UPDATED COST ESTIMATE
WILLOW CREEK (AARON BARNETT) ROAD
JANUARY, 2000**

CONSTRUCTION ITEMS

1. 6" x 4" Wet Tap	1 Ea. @ \$1,000.00/Ea.	=	\$1,000.00
2. 4" SDR-21 PVC Pipe	9,650 L.F. @ \$4.50/L.F.	=	43,425.00
3. 4" Bored and Cased	40 L.F. @ \$55.00/L.F.	=	2,200.00
4. 4" Gate Valve	3 Ea. @ \$400.00/Ea.	=	1,200.00
5. Leak Detection Meter	1 Ea. @ \$330.00/Ea.	=	330.00
6. 4" Blow-Off Assembly	1 Ea. @ \$450.00/Ea.	=	450.00
7. 4" Creek Crossing	60 L.F. @ \$55.00/L.F.	=	3,300.00
8. Meter Settings	15 Ea. @ \$275.00/Ea.	=	4,125.00
9. Individual PRV's	12 Ea. @ \$100.00/Ea.	=	1,200.00
10. Service Tubing	675 L.F. @ \$2.75/L.F.	=	1,856.25
11. Air Release Valve	1 Ea. @ \$500.00/Ea.	=	500.00

Estimated Total Construction Cost \$59,586.25

Design and Inspection (12.5%)..... \$7,448.25

Legal, Administration, Etc..... \$4,515.50

TOTAL ESTIMATE \$71,550.00

EXHIBIT
No. 3
Taylor

**COST ESTIMATE
 COMPLETE LOOP OF WILLOW CREEK
 (AARON BARNETT) ROAD
 JANUARY, 2000**

CONSTRUCTION ITEMS

1. 6" x 4" Wet Tap	2 Ea. @ \$1,000.00/Ea.	=	\$2,000.00
2. 4" SDR-21 PVC Pipe	16,895 L.F. @ \$4.50/L.F.	=	76,027.50
3. 4" Bored and Cased	80 L.F. @ \$55.00/L.F.	=	4,400.00
4. 4" Gate Valve	6 Ea. @ \$400.00/Ea.	=	2,400.00
5. Leak Detection Meter	2 Ea. @ \$330.00/Ea.	=	660.00
6. 4" Blow-Off Assembly	1 Ea. @ \$375.00/Ea.	=	375.00
7. 4" Creek Crossing	110 L.F. @ \$55.00/L.F.	=	6,050.00
8. Meter Settings	21 Ea. @ \$275.00/Ea.	=	5,775.00
9. Individual PRV's	16 Ea. @ \$100.00/Ea.	=	1,600.00
10. Service Tubing	945 L.F. @ \$2.75/L.F.	=	2,598.75
11. Air Release Valve	2 Ea. @ \$500.00/Ea.	=	1,000.00

Estimated Total Construction Cost \$102,886.25

Design and Inspection (12.5%)..... \$12,860.78

Legal, Administration, Etc..... \$7,528.00

TOTAL ESTIMATE \$123,275.03

EXHIBIT
 No. 4
 Taylor

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	BALLARD AREA	TOTAL COST	FAIRVIEW KY 1291	TOTAL COST	DRYDOCK AREA	TOTAL COST	US 62 KY 248/3358	TOTAL COST	BURGIN ROAD	TOTAL COST
1	4-inch PVC Pipe	LF	\$4.25	54,000	\$229,500.00	40,800	\$173,400.00	49,900	\$212,075.00	35,300	\$150,025.00	7,200	\$30,600.00
2	4-inch Bored & Cased	LF	55.00	240	13,200.00	310	17,050.00	200	11,000.00	120	6,600.00	80	4,400.00
3	4-inch Creek Crossing	LF	55.00	120	6,600.00	200	11,000.00	280	15,400.00	180	9,900.00	40	2,200.00
4	6" x 4" Wet Tap	EA	1,000.00	3	3,000.00	1	1,000.00	2	2,000.00	2	2,000.00	0	0.00
5	4" x 4" Wet Tap	EA	800.00	1	800.00	1	800.00	1	800.00	0	0.00	1	800.00
6	4-inch Gate Valve	EA	400.00	14	5,600.00	11	4,400.00	12	4,800.00	8	3,200.00	2	800.00
7	4-inch Blowoff Assembly	EA	450.00	6	2,700.00	5	2,250.00	6	2,700.00	4	1,800.00	1	450.00
8	Air Release Valve	EA	500.00	7	3,500.00	5	2,500.00	6	3,000.00	4	2,000.00	1	500.00
9	5/8" x 3/4" Meter Settings	EA	250.00	77	19,250.00	74	18,500.00	63	15,750.00	46	11,500.00	10	2,500.00
10	Individual PRV's	EA	90.00	18	1,620.00	0	0.00	0	0.00	6	540.00	0	0.00
11	3/4" Service Tubing	LF	2.75	3,850	10,587.50	3,700	10,175.00	3,150	8,662.50	2,300	6,325.00	500	1,375.00
12	Pavement Replacement	LF	10.00	440	4,400.00	380	3,800.00	360	3,600.00	250	2,500.00	100	1,000.00
13	Leak Detection Meters	EA	330.00	5	1,650.00	0	0.00	3	990.00	6	1,980.00	1	330.00
14	3-inch PVC Pipe	LF	3.50	6,500	22,750.00	0	0.00	0	0.00	0	0.00	0	0.00
15	3-inch Gate Valve	EA	350.00	2	700.00	0	0.00	0	0.00	0	0.00	0	0.00
16	3-inch Blowoff Assembly	EA	375.00	2	750.00	0	0.00	0	0.00	0	0.00	0	0.00
					\$326,607.50		\$244,875.00		\$280,777.50		\$198,370.00		\$44,955.00

EXHIBIT
 No. 6
 Taylor

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	US 127	TOTAL COST	COX ROAD	TOTAL COST	WILLOW CREEK ROAD	TOTAL COST	KY 44 WEST ROAD	TOTAL COST	ASHBY ROAD	TOTAL COST
1	4-inch PVC Pipe	LF	\$4.25	5,500	\$23,375.00	6,000	\$25,500.00	6,650	\$28,262.50	6,375	\$27,093.75	6,000	\$25,500.00
2	4-inch Bored & Cased	LF	55.00	0	0.00	0	0.00	60	3,300.00	30	1,650.00	30	1,650.00
3	4-inch Creek Crossing	LF	55.00	0	0.00	20	1,100.00	120	6,600.00	40	2,200.00	0	0.00
4	6" x 4" Wet Tap	EA	1,000.00	0	0.00	0	0.00	1	1,000.00	0	0.00	1	1,000.00
5	4" x 4" Wet Tap	EA	800.00	2	1,600.00	1	800.00	0	0.00	1	800.00	0	0.00
6	4-inch Gate Valve	EA	400.00	1	400.00	1	400.00	1	400.00	3	1,200.00	1	400.00
7	4-inch Blowoff Assembly	EA	450.00	0	0.00	1	450.00	1	450.00	1	450.00	1	450.00
8	Air Release Valve	EA	500.00	0	0.00	0	0.00	0	0.00	0	0.00	2	1,000.00
9	5/8" x 3/4" Meter Settings	EA	250.00	7	1,750.00	9	2,250.00	7	1,750.00	10	2,500.00	8	2,000.00
10	Individual PRV's	EA	90.00	0	0.00	0	0.00	3	270.00	10	900.00	0	0.00
11	3/4" Service Tubing	LF	2.75	350	962.50	450	1,237.50	350	962.50	500	1,375.00	400	1,100.00
12	Pavement Replacement	LF	10.00	0	0.00	60	600.00	20	200.00	20	200.00	20	200.00
13	Leak Detection Meters	EA	330.00	0	0.00	0	0.00	2	660.00	2	660.00	0	0.00
14	3-inch PVC Pipe	LF	3.50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
15	3-inch Gate Valve	EA	350.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
16	3-inch Blowoff Assembly	EA	375.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
					\$28,087.50		\$32,337.50		\$43,855.00		\$39,028.75		\$33,300.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	GILBERTS CREEK ROAD	TOTAL COST	WOOL RIDGE ROAD	TOTAL COST	RICE ROAD	TOTAL COST	FOX CREEK ROAD	TOTAL COST	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	6,000	\$25,500.00	0	\$0.00	6,100	\$25,925.00	9,500	\$40,375.00	\$0.00
2	4-Inch Bored & Cased	LF	55.00	0	0.00	20	1,100.00	0	0.00	60	3,300.00	0.00
3	4-Inch Creek Crossing	LF	55.00	0	0.00	0	0.00	160	8,800.00	120	6,600.00	0.00
4	6" x 4" Wet Tap	EA	1,000.00	0	0.00	1	1,000.00	0	0.00	2	2,000.00	0.00
5	4" x 4" Wet Tap	EA	800.00	0	0.00	0	0.00	0	0.00	0	0.00	0.00
6	4-Inch Gate Valve	EA	400.00	1	400.00	0	0.00	2	800.00	3	1,200.00	0.00
7	4-Inch Blowoff Assembly	EA	450.00	1	450.00	0	0.00	1	450.00	2	900.00	0.00
8	Air Release Valve	EA	500.00	0	0.00	0	0.00	2	1,000.00	0	0.00	0.00
9	5/8" x 3/4" Meter Settings	EA	250.00	10	2,500.00	7	1,750.00	6	1,500.00	8	2,000.00	0.00
10	Individual PRV's	EA	90.00	10	900.00	0	0.00	6	540.00	6	540.00	0.00
11	3/4" Service Tubing	LF	2.75	350	962.50	350	962.50	300	825.00	400	1,100.00	0.00
12	Pavement Replacement	LF	10.00	60	600.00	20	200.00	40	400.00	40	400.00	0.00
13	Leak Detection Meters	EA	330.00	0	0.00	0	0.00	1	330.00	2	660.00	0.00
14	3-Inch PVC Pipe	LF	3.50	0	0.00	4,300	15,050.00	0	0.00	0	0.00	0.00
15	3-Inch Gate Valve	EA	350.00	0	0.00	2	700.00	0	0.00	0	0.00	0.00
16	3-Inch Blowoff Assembly	EA	375.00	0	0.00	2	750.00	1	375.00	0	0.00	0.00
					\$31,312.50		\$21,512.50		\$40,945.00		\$59,075.00	\$0.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	UNIT TOTALS	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	239,325	\$1,017,131.25
2	4-Inch Bored & Cased	LF	55.00	1,150	63,250.00
3	4-Inch Creek Crossing	LF	55.00	1,280	70,400.00
4	6" x 4" Wet Tap	EA	1,000.00	13	13,000.00
5	4" x 4" Wet Tap	EA	800.00	8	6,400.00
6	4-Inch Gate Valve	EA	400.00	60	24,000.00
7	4-Inch Blowoff Assembly	EA	450.00	30	13,500.00
8	Air Release Valve	EA	500.00	27	13,500.00
9	5/8" x 3/4" Meter Settings	EA	250.00	342	85,500.00
10	Individual PRV's	EA	90.00	59	5,310.00
11	3/4" Service Tubing	LF	2.75	16,950	46,612.50
12	Pavement Replacement	LF	10.00	1,810	18,100.00
13	Leak Detection Meters	EA	330.00	22	7,260.00
14	3-Inch PVC Pipe	LF	3.50	10,800	37,800.00
15	3-Inch Gate Valve	EA	350.00	4	1,400.00
16	3-Inch Blowoff Assembly	EA	375.00	5	1,875.00
					\$1,425,038.75

ESTIMATED PROJECT COST SUMMARY

TOTAL CONSTRUCTION	\$1,425,038.75
CONTINGENCY @ 10.00%	142,511.25
ENGINEERING	118,500.00
INSPECTION	63,175.00
OTHER ENGINEERING	15,000.00
PLANNING / ADMINISTRATION	40,000.00
LEGAL	25,000.00
ACQUISITION	5,000.00
INTEREST	25,000.00
	\$1,859,225.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

FRANKFORT CONNECTION

ITEM NO.	ITEM	UNIT	UNIT COST	FRANKFORT CONNECTION	TOTAL COST
1	8-inch PVC Pipe	LF	\$7.50	24,500	\$183,750.00
2	8-inch Bored & Cased	LF	70.00	140	9,800.00
3	8-inch Creek Crossing	LF	60.00	40	2,400.00
4	6" x 6" Wet Tap	EA	1,200.00	1	1,200.00
5	Master Meter	EA	8,000.00	1	8,000.00
6	8-inch Gate Valve	EA	500.00	8	4,000.00
7	2-inch Blowoff Assembly	EA	350.00	4	1,400.00
8	Air Release Valve	EA	500.00	5	2,500.00
9	Booster Pump Station	EA	40,000.00	1	40,000.00
10					0.00
11					0.00
12					0.00
13					0.00
					\$253,050.00

CONSTRUCTION COST ESTIMATE
 CONTINGENCY @ 10% \$253,050.00
 ENGINEERING 25,305.00
 INSPECTION 26,750.00
 LEGAL 21,500.00
 LAND ACQUISITION 10,000.00
 INTEREST 5,000.00
 TOTAL \$346,605.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS AND FRANKFORT CONNECTION

ITEM NO.	ITEM	UNIT	UNIT COST	UNIT TOTALS	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	239,325	\$1,017,131.25
2	4-Inch Bored & Cased	LF	55.00	1,150	63,250.00
3	4-Inch Creek Crossing	EA	55.00	1,280	70,400.00
4	6" x 4" Wet Tap	EA	1,000.00	13	13,000.00
5	4" x 4" Wet Tap	EA	800.00	8	6,400.00
6	4-Inch Gate Valve	EA	400.00	60	24,000.00
7	4-Inch Blowoff Assembly	EA	450.00	30	13,500.00
8	Air Release Valve	EA	500.00	32	16,000.00
9	5/8" x 3/4" Meter Settings	EA	250.00	342	85,500.00
10	Individual PRV's	EA	90.00	59	5,310.00
11	3/4" Service Tubing	LF	2.75	16,950	46,612.50
12	Pavement Replacement	LF	10.00	1,810	18,100.00
13	Leak Detection Meters	EA	330.00	22	7,260.00
14	3-Inch PVC Pipe	LF	3.50	10,800	37,800.00
15	3-Inch Gate Valve	EA	350.00	4	1,400.00
16	3-Inch Blowoff Assembly	EA	375.00	5	1,875.00
17	8-Inch PVC Pipe	LF	7.50	24,500	183,750.00
18	8-Inch Bored & Cased	LF	70.00	140	9,800.00
19	8-Inch Creek Crossing	LF	60.00	40	2,400.00
20	6" x 6" Wet Tap	EA	1,200.00	1	1,200.00
21	Master Meter	EA	8,000.00	1	8,000.00
22	8-Inch Gate Valve	EA	500.00	8	4,000.00
23	2-Inch Blowoff Assembly	EA	350.00	4	1,400.00
24	Booster Pump Station	EA	40,000.00	1	40,000.00
\$1,678,088.75					

ESTIMATED PROJECT COST SUMMARY

TOTAL CONSTRUCTION	\$1,678,088.75
CONTINGENCY @ 10.00%	167,816.25
ENGINEERING	145,250.00
INSPECTION	84,675.00
OTHER ENGINEERING	15,000.00
PLANNING / ADMINISTRATION	40,000.00
LEGAL	35,000.00
ACQUISITION	10,000.00
INTEREST	30,000.00
	\$2,205,830.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT (CDBG BUDGET)
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	BALLARD AREA	FAIRVIEW KY 1281	TOTAL COST	DRYDOCK AREA	TOTAL COST	US 62 KY 248/358	TOTAL COST	BURGIN ROAD	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	54,000	40,800	\$173,400.00	49,900	\$212,075.00	35,300	\$150,025.00	7,200	\$30,600.00
2	4-Inch Bored & Cased	LF	55.00	240	310	17,050.00	200	11,000.00	120	6,600.00	80	4,400.00
3	4-Inch Creek Crossing	LF	55.00	120	200	11,000.00	280	15,400.00	180	9,900.00	40	2,200.00
4	6" x 4" Wet Tap	EA	1,000.00	3	1	1,000.00	2	2,000.00	2	2,000.00	0	0.00
5	4" x 4" Wet Tap	EA	800.00	1	1	800.00	1	800.00	0	0.00	1	800.00
6	4-Inch Gate Valve	EA	400.00	14	11	4,400.00	12	4,800.00	8	3,200.00	2	800.00
7	4-Inch Blowoff Assembly	EA	450.00	6	5	2,250.00	6	2,700.00	4	1,800.00	1	450.00
8	Air Release Valve	EA	500.00	7	5	3,500.00	6	3,000.00	4	2,000.00	1	500.00
9	5/8" x 3/4" Meter Settings	EA	250.00	77	74	18,500.00	63	15,750.00	46	11,500.00	10	2,500.00
10	Individual PRVs	EA	90.00	18	0	1,620.00	0	0.00	6	540.00	0	0.00
11	3/4" Service Tubing	LF	2.75	3,850	3,700	10,175.00	3,150	8,662.50	2,300	6,325.00	500	1,375.00
12	Pavement Replacement	LF	10.00	440	380	3,800.00	360	3,600.00	250	2,500.00	100	1,000.00
13	Leak Detection Meters	EA	330.00	5	0	1,650.00	3	990.00	6	1,980.00	1	330.00
14	3-Inch PVC Pipe	LF	3.50	6,500	0	22,750.00	0	0.00	0	0.00	0	0.00
15	3-Inch Gate Valve	EA	350.00	2	0	700.00	0	0.00	0	0.00	0	0.00
16	3-Inch Blowoff Assembly	EA	375.00	2	0	750.00	0	0.00	0	0.00	0	0.00
				\$326,607.50		\$244,875.00		\$280,777.50		\$198,370.00		\$44,955.00

EXHIBIT
 No. 7
 Taylor

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT (CDBG BUDGET)
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 AUGUST, 1998

WATER LINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	US 127	TOTAL COST	COX ROAD	TOTAL COST	WILLOW CREEK ROAD	TOTAL COST	KY 44 WEST ROAD	TOTAL COST	ASHBY ROAD	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	5,500	\$23,375.00	6,000	\$25,500.00	6,650	\$28,262.50	6,375	\$27,093.75	6,000	\$25,500.00
2	4-Inch Bored & Cased	LF	55.00	0	0.00	0	0.00	60	3,300.00	30	1,650.00	30	1,650.00
3	4-Inch Creek Crossing	LF	55.00	0	0.00	20	1,100.00	120	6,600.00	40	2,200.00	0	0.00
4	6" x 4" Wet Tap	EA	1,000.00	0	0.00	0	0.00	1	1,000.00	0	0.00	1	1,000.00
5	4" x 4" Wet Tap	EA	800.00	2	1,600.00	1	800.00	0	0.00	1	800.00	0	0.00
6	4-Inch Gate Valve	EA	400.00	1	400.00	1	400.00	1	400.00	3	1,200.00	1	400.00
7	4-Inch Blowoff Assembly	EA	450.00	0	0.00	1	450.00	1	450.00	1	450.00	1	450.00
8	Air Release Valve	EA	500.00	0	0.00	0	0.00	0	0.00	0	0.00	2	1,000.00
9	5/8" x 3/4" Meter Settings	EA	250.00	7	1,750.00	9	2,250.00	7	1,750.00	10	2,500.00	8	2,000.00
10	Individual PRVs	EA	90.00	0	0.00	0	0.00	3	270.00	10	900.00	0	0.00
11	3/4" Service Tubing	LF	2.75	350	962.50	450	1,237.50	350	962.50	500	1,375.00	400	1,100.00
12	Pavement Replacement	LF	10.00	0	0.00	60	600.00	20	200.00	20	200.00	20	200.00
13	Leak Detection Meters	EA	330.00	0	0.00	0	0.00	2	660.00	2	660.00	0	0.00
14	3-Inch PVC Pipe	LF	3.50	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
15	3-Inch Gate Valve	EA	350.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
16	3-Inch Blowoff Assembly	EA	375.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
					\$28,087.50		\$32,337.50		\$43,855.00		\$39,028.75		\$33,300.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT (CDBG BUDGET)
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 AUGUST, 1998

WATERLINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	GILBERTS CREEK ROAD	TOTAL COST	WOOLRIDGE ROAD	TOTAL COST	FICE ROAD	TOTAL COST	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	6,000	\$25,500.00	0	\$0.00	6,100	\$25,925.00	\$0.00
2	4-Inch Bored & Cased	LF	55.00	0	0.00	20	1,100.00	0	0.00	0.00
3	4-Inch Creek Crossing	LF	55.00	0	0.00	0	0.00	160	8,800.00	0.00
4	6" x 4" Wet Tap	EA	1,000.00	0	0.00	1	1,000.00	0	0.00	0.00
5	4" x 4" Wet Tap	EA	800.00	0	0.00	0	0.00	0	0.00	0.00
6	4-Inch Gate Valve	EA	400.00	1	400.00	0	0.00	2	800.00	0.00
7	4-Inch Blowoff Assembly	EA	450.00	1	450.00	0	0.00	1	450.00	0.00
8	Air Release Valve	EA	500.00	0	0.00	0	0.00	2	1,000.00	0.00
9	5/8" x 3/4" Meter Settings	EA	250.00	10	2,500.00	7	1,750.00	6	1,500.00	0.00
10	Individual PRVs	EA	90.00	10	900.00	0	0.00	6	540.00	0.00
11	3/4" Service Tubing	LF	2.75	350	962.50	350	962.50	300	825.00	0.00
12	Pavement Replacement	LF	10.00	60	600.00	20	200.00	40	400.00	0.00
13	Leak Detection Meters	EA	330.00	0	0.00	0	0.00	1	330.00	0.00
14	3-Inch PVC Pipe	LF	3.50	0	0.00	4,300	15,050.00	0	0.00	0.00
15	3-Inch Gate Valve	EA	350.00	0	0.00	2	700.00	0	0.00	0.00
16	3-Inch Blowoff Assembly	EA	375.00	0	0.00	2	750.00	1	375.00	0.00
					\$31,312.50		\$21,512.50		\$40,945.00	\$0.00

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SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT (CDBG BUDGET)
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 AUGUST, 1998

WATERLINE EXTENSIONS

ITEM NO.	ITEM	UNIT	UNIT COST	UNIT TOTALS	TOTAL COST
1	4-Inch PVC Pipe	LF	\$4.25	229,825	\$976,756.25
2	4-Inch Bored & Cased	LF	55.00	1,090	59,950.00
3	4-Inch Creek Crossing	LF	55.00	1,160	63,800.00
4	6" x 4" Wet Tap	EA	1,000.00	11	11,000.00
5	4" x 4" Wet Tap	EA	800.00	8	6,400.00
6	4-Inch Gate Valve	EA	400.00	57	22,800.00
7	4-Inch Blowoff Assembly	EA	450.00	28	12,600.00
8	Air Release Valve	EA	500.00	27	13,500.00
9	5/8" x 3/4" Meter Settings	EA	250.00	334	83,500.00
10	Individual PRV's	EA	90.00	53	4,770.00
11	3/4" Service Tubing	LF	2.75	16,550	45,512.50
12	Pavement Replacement	LF	10.00	1,770	17,700.00
13	Leak Detection Meters	EA	330.00	20	6,600.00
14	3-Inch PVC Pipe	LF	3.50	10,800	37,800.00
15	3-Inch Gate Valve	EA	350.00	4	1,400.00
16	3-Inch Blowoff Assembly	EA	375.00	5	1,875.00
					\$1,365,963.75

ESTIMATED PROJECT COST SUMMARY

TOTAL CONSTRUCTION	\$1,365,963.75
CONTINGENCY @ 10.00%	136,596.25
ENGINEERING	114,375.00
INSPECTION	61,500.00
OTHER ENGINEERING	15,000.00
PLANNING / ADMINISTRATION	40,000.00
LEGAL	25,000.00
ACQUISITION	5,000.00
INTEREST	25,000.00
	\$1,788,435.00

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT (CDBG BUDGET)
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 AUGUST, 1998

FRANKFORT CONNECTION

ITEM NO.	ITEM	UNIT	UNIT COST	FRANKFORT CONNECTION	TOTAL COST
1	8-inch PVC Pipe	LF	\$7.50	24,500	\$183,750.00
2	8-inch Bored & Cased	LF	70.00	140	9,800.00
3	8-inch Creek Crossing	LF	60.00	40	2,400.00
4	6' x 6' Wet Tap	EA	1,200.00	1	1,200.00
5	Master Meter	EA	8,000.00	1	8,000.00
6	8-inch Gate Valve	EA	500.00	8	4,000.00
7	2-inch Blowoff Assembly	EA	350.00	4	1,400.00
8	Air Release Valve	EA	500.00	5	2,500.00
9	Booster Pump Station	EA	40,000.00	1	40,000.00
10					0.00
11					0.00
12					0.00
13					0.00
					\$253,050.00

CONSTRUCTION COST ESTIMATE	\$253,050.00
CONTINGENCY @ 10%	25,305.00
ENGINEERING	26,750.00
INSPECTION	21,500.00
LEGAL	10,000.00
LAND ACQUISITION	5,000.00
INTEREST	5,000.00
TOTAL	\$346,605.00

"Exhibit A"

South Anderson Water District
PSC Case No. 99-431
Ruben Barnett Complaint

RESPONSES TO PETITIONER'S STATEMENTS OF FACT

Response to Paragraph 1. - No dispute or correction.

Response to Paragraph 2. - The foundation for this project was laid with the District's last major expansion project, which was started in 1990. Many of the potential customers in this project requested service through that project but the District was unable to secure sufficient funding to reach them. Some had even requested service in the District's earlier expansion projects.

A rural water district is not eligible to receive Community Development Block Grant (CDBG) funding directly from the state; this funding must come through either the County Fiscal Court or a City. On August 5, 1998, the Anderson County Fiscal Court placed a public notice in The Anderson News with the heading **PUBLIC HEARING NOTICE SOUTH ANDERSON WATER DISTRICT EXPANSION PROJECT**. The notice went on to give information on the CDBG Program; state that information on the program would be available at the office of the County Judge Executive from August 4 through August 17th, 1998; inform the public that the County would hold a Public Hearing on August 18th, 1998, prior to the submission of any application; and that a copy of the CDBG Application would be on file at the County Judge Executive's Office for citizen review and comment from August 18th through August 25th, 1998. The notice indicated the purpose of the hearing was to "...review proposed activities, review any proposed applications, solicit public comments...". This

EXHIBIT

No. 8
Taylor

application clearly showed the areas of the county including the portion of Willow Creek Road, which was to be served and a large map was used at the public hearing to inform those in attendance. Mr. Barnett did not make his desire for water service known to the County or water district during any of this. (Attached copy of Publisher's Affidavit, Published Notice and minutes of public hearing.)

Response to Paragraph 3. While the District did receive some contact from citizens in response to the October 7, 1998 Notice, none was received from Mr. Barnett. The District is not required to obtain Fiscal Court approval for construction projects.

Response to Paragraph 4. When this notice was published in the newspaper, both the Community Development Block Grant and Rural Development-Rural Utility Service loan applications had already been completed and submitted to the appropriate government agencies. The primary purpose of the notice was to provide "Public Notification for Informing the Public of Possible Impact to an Important Land Resource." It was not intended as a forum to increase the size of the proposed project. Basically, the scope of the project had been set months earlier with the appropriate input of the citizens. It should also be noted that Willow Creek Road is only one of seven roads listed in the notice, which are not proposed for total service and using Mr. Barnett's reasoning several miles would have to be added to the project if only six (6) additional people, one from each of the other roads, contacted the Public Service Commission.

Response to Paragraph 5. SAWD disputes the claim that Mr. Barnett is being treated inequitably in the project. Mr. Barnett is actually being treated the same as everyone else by the District. The waterline as currently proposed serves the customers on Willow Creek Road who had a spokesperson contact the District prior to submittal of the applications requesting service. At that time, the section of Willow Creek Road Mr. Barnett lives on was driven by representatives of the District and found to be unfeasible for inclusion because there were only two (2) residences within the mile. Other entire roads and portions of roads were also omitted from the project because of the low number of customers per mile or per customer construction cost.

Response to Paragraph 6. It should be noted that Mr. Barnett's representatives at this meeting included two (2) real estate agents who were there to complain that they were having trouble selling Mr. Barnett's lots because of a lack of public water.

Response to Paragraph 7. No dispute or correction.

RESPONSES TO PETITIONER'S ARGUMENTS

Response to Argument 1. The public notice Mr. Barnett refers to was not intended to give the opportunity to add to the project. The scope of the proposed project was set prior to the submission of the funding application months earlier after the appropriate opportunities for public input. The February, 1999 Notice gave the roads which "will be affected by this project"

and the fact that the project "may impact important farm land and designated flood plain". As stated in the notice, it was "to inform the public of this possible result and to request comments concerning (1) the impacts of the proposed location of farmland and flood plain, (2) alternative sites or actions that would avoid these impacts, and (3) methods that could be used to reduce these impacts".

Response to Argument 2. Aaron Barnett Road is actually less than 3.5 miles long and the District is proposing to run less than two (2) miles of waterline along the more densely populated end of the road. The number of potential customers (2) living along the remaining portion of the road at the time the scope of the project was set precluded its inclusion. The District cannot repay loans with potential future customers that will only exist if Mr. Barnett sells his lots.

Response to Argument 3. The Community Development Block Grant application requested the maximum amount of grant funds allowable under the program. Therefore, the additional funding would have to be almost 100% loan money. This in effect would be requiring the other SAWD customers to take out and repay a loan to develop Mr. Barnett's property. This is not something the District would or should do.

Response to Argument 4. The hydraulic benefits of looping Willow Creek Road do not justify the cost of completing the loop.

Response to Argument 5. Kentucky 1291 runs from KY 53 at the Blue Grass Parkway to US 62 near Western Anderson School and the residents along this road are all within Anderson County. A portion of KY 1291 is also named Fairview Road and Fairview Road turns off KY 1291 to the community of Fairview. All but three or four of the potential customers along this road are in Anderson County. Fairview Road is the county line for approximately 0.25 mile just before it reaches and crosses over the Blue Grass Parkway. Any users along the west side of the 0.25 miles would be in Washington County. Mr. Barnett may have actually meant to refer to Lick Skillet Road in this argument. Lick Skillet Road runs from Fairview Road at Fairview to US 62 near Sparrow and is the county line from Fairview to where it crosses Beaver Creek. The proposed project will run a water line along this road a distance of approximately 1.3 miles. Land on the northeast side of the road is in Anderson County, while land on the southwest side is in Washington County. Most of the existing residences along this road are in Washington County.

Response to Argument 6. The goal of the Commissioners of the South Anderson Water District is to make public water available at a reasonable rate to everyone within the District's service area as soon as possible. Once funding for the currently proposed project is in place, the District will start working on the preliminary phases of the next expansion project as it has in the past. The Commissioners of the South Anderson Water District have never indicated to anyone it would be another ten years before the District pursues any further expansion plans.

a/pleading#6: SAWD-RB.rep

AFFIDAVIT

Don White, publisher of The Anderson News, being a publication with the greatest circulation in Lawrenceburg, Kentucky hereby declares that a public notice relating to the expansion project by the South Anderson Water District and accepting applications under the 1998 Community Development Block Grant ran in the August 5, 1998 issue.

Don White

Don White, Publisher, The Anderson News

Subscribed and sworn to before me, a Notary Public within and for the State of Kentucky and County of Anderson, by Don White, Publisher of The Anderson News, to me personally known, this 5th day of August, 1998.

My commission expires the 15th day of March, 2002.

Janie Buntain

Janie Buntain

Notary Public, State at Large

able to take care of it at any time."

Social Security's toll-free number, (800) 772-1213, provides automated services around the clock, Schuler said. You can apply for a Social Security number, request a "Personal Earnings and Benefit Estimate Statement," verify your benefits, find out the location of the nearest Social Security office, request publications or receive general

early in the week and early in the month, so if your business can wait, it's best to call at other times. However, if you are planning to file for benefits, you should call us as soon as possible," Schuler said.

"When you call, have your Social Security Number handy, a list of questions you want to ask, any recent correspondence you received from us and a pencil and paper to record information and answers to your questions."

loan program) with aggregate principal amount not exceeding \$117,000,000.

II. Summary

The Supplement supplements the Resolution by approving the delivery of a bond insurance policy by ACA Financial Guaranty Corporation, a Maryland stock insurance company, to be

NOTICE

The Lawrenceburg National Bank is currently accepting sealed bids for the purchase of a 1995 Chevy Corsica. Seller reserves the right to bid. This vehicle will be sold without any warranty or fitness for a particular purpose. Purchaser will pay all taxes and transfer fees. Bids will be received until 4:00 p.m. Friday, August 14, 1998. Call 839-2600 for more information.

PUBLIC HEARING NOTICE SOUTH ANDERSON WATER DISTRICT EXPANSION PROJECT

To all interested citizens of Anderson County, Kentucky, the Kentucky Department for Local Government is accepting applications under the 1998 Community Development Block Grant (CDBG) Program. The following information concerning the CDBG Program is available for public inspection.

- Amount of funds available and range of activities that may be undertaken.
- Estimated amount of funds proposed to be used for activities benefiting persons of low to moderate income.
- Plans for minimizing displacement persons as a result of activities assisted with CDBG funds and plans for providing assistance to those persons to be actually displaced as a result of CDBG funded activities.
- Records regarding the past use of CDBG funds.
- A summary of those important program requirements.

The above information is available at the office of the County Judge Executive from August 4th through August 17th, 1998, during regular business hours.

The County will hold a Public Hearing prior to submission of any application. The Public Hearing will be held on August 18th, 1998, 6:00 p.m., at the Anderson County Courthouse's District Courtroom, South Main Street, Lawrenceburg, Kentucky. The purpose of this hearing is to obtain views on housing, economic development and community development needs, review proposed activities, review any proposed applications, solicit public comments and inform citizens that technical assistance is available to help groups representing low and moderate income persons in developing proposals.

COMMENTS ON APPLICATIONS

A copy of the CDBG application will be on file at the County Judge Executive's Office for citizen review and comment during regular business hours from August 18th through August 25th, 1998. Comments on the proposed application may be submitted to the attention of the

INVITATION 30' X 70' OFFICE AND

Alton Water & Sewer District is a tion office and storage building. The South and adjacent to the fire station obtained at the Alton Water and Sewer Office by 10:00 a.m. opened and read aloud at that time reject any and all bids and to wait interest of the Alton Water and Sewer

NOTICE TO CREDITORS APPOINTED BY ANDERSON COUNTY JUDGE DURING MONTH OF

All persons having claims against Deceased, 331 South Main Street, must file same with Phyllis J. Paul, Kentucky 40342, through Honora Law, 250 West Main Street, Suite 1743, on or before January 1, 1999.

All persons having claims against Sparks, Deceased, 1204 Jerry Lill, Kentucky 40342, must file same with Linda 1212 Jerry Lillard Road, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 305 Saffell Street, East, must file same with Katherine K. Corn, Road, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 1100 Kaye Road, Lawrenceburg, Kentucky 40342, must file same with N. Daine Warford, E. Post Office Box 178, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Hawkins, Deceased, 1305 Anderson, Kentucky 40342, through Betty Jo K, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 1484 Bonds Mill Road, must file same with Carolyn Harris, Bonds Mill Road, Lawrenceburg, Kentucky 40342, on or before January 22, 1999.

All persons having claims against Jr., Deceased, 430 Saffell Street, must file same with Roger Michael Indiana 47001 and William Edward Lawrenceburg, Kentucky 40342, on or before January 22, 1999.

ANDERSON COUNTY CDBG PUBLIC HEARING
SOUTH ANDERSON WATER EXPANSION PROJECT
AUGUST 18, 1998, 6:00 p.m.

The Public Hearing was opened by Bryan Kirby of Community & Economic Development Associates, the Project Consultant. Mr. Kirby welcomed those in attendance and distributed an agenda for the hearing. After discussing all items on the agenda which related to the KYCDBG Program, he distributed a large map which indicated the location of the water lines the County and District were proposing to construct. Several residents of these areas asked about the size of lines, positioning, etc. which was addressed in full by Mr. Alton Warford, the Water District Manager. Mr. Wayne Todd asked about the source of water for the proposed areas since the City had publicly stated that the District would not be able to purchase more water from the City due to the capacities of the Water Treatment Plant. Mr. Warford and Mr. Kirby explained the bulk water purchase agreement and the provision of a 8" distribution line which would connect the District to the Frankfort Plant Board's system near the County line. There being no further questions or comments, the Public Hearing was adjourned by Mr. Kirby.


Bryan Kirby

SOUTH ANDERSON WATER DISTRICT
246 COURT STREET
P.O. BOX 16
LAWRENCEBURG, KY 40342

SOUTH ANDERSON WATER DISTRICT
MINUTES FROM AUGUST 19, 1999

THE AUGUST MEETING OF THE SOUTH ANDERSON WATER DISTRICT WAS CALL TO ORDER BY CHAIRMAN BOB KINCER. MINUTES OF THE PREVIOUS MEETING WERE READ AND A MOTION BY JANET TO APPROVE THE MINUTES AS READ.

THE BOARD REVIEWED WARRANT #282. BOB KINCER MADE A MOTION TO PAY ALL BILL LISTED IN WARRANT #282, SECOND BY GEORGE KINNE, MOTION CARRIED.

BOB WELCOMED OUR GUESTS, MR. JOHN CUNNINGHAM (REALTOR), MR. REUBIN BARNETT (PROPERTY OWNER), & MR. REGINALD L. THOMAS, ATTORNEY FOR MR. BARNETT.

MR. THOMAS REQUESTED THAT THE WATER BOARD HOLD UP ITS WATER PROJECT AND ADD MR. BARNETT'S PROPERTY ON WILLOW CREEK ROAD. MR. BARNETT WANTS WATER RAN SO HE CAN SELL HIS LOTS. THE BOARD EXPLAINED THAT MR. BARNETT HAD THE OPERATUNITY A YEAR AND A HALF AGO TO SIGN UP BUT AT THE TIME HE ONLY HAD THREE (3) HOUSES AND IT WASN'T FEASSABLE TO RUN WATER ONE (1) MILE FOR (3) HOUSES SO IT WAS NOT INCLUDED IN THE PROJECT. WE EXPLAINED THAT WE COULD NOT HOLD UP OUR 340 CUSTOMERS THAT HAVE BEEN WAITING A YEAR OR SO FOR WATER AND TAKE THE CHANCE OF LOOSING OUR GRANT MONEY OF NINE HUNDRED THOUSAND DOLLARS (\$900,000) AND HAVING THE WHOLE PROJECT FALL THRU. WE EXPLAINED THAT THERE ARE A LOT OF OTHERS WHO WANT WATER, BUT WILL HAVE TO BE PUT IN THE NEXT PROJECT DO TO THE AMOUNT OF MONEY WE HAVE TO DO THIS ONE ONLY AT THIS TIME.

CHAIRMAN BOB KINCER MADE A MOTION TO GO AHEAD WITH OUR PROJECT AND NOT DELAY IT. MOTION 2ND BY GEORGE KINNE, MOTION CARRIED.

THE BOARD VOTED TO ADOPT A RESOLUTION TO ENTER IN THE KENTUCKY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN FOR ITS EMPLOYEES (COPY ATTACHED).

KEN TAYLOR (DISTRICT ENGINEER) UPDATED THE BOARD ON OUR PROJECT. HE SAID THAT THE MONEY MIGHT COME SOONER THAN EXPECTED. HE ALSO SAID THAT AN ENVIRONMENTAL GROUP WOULD HAVE TO CHECK OUR WATER LINE ROUTE BEFORE WE START THE PROJECT.

KEN TOLD THE BOARD THAT A MEETING IS SET UP FOR AUGUST 26, 1999 @ 1:00P.M. TO CLOSE THE PAPERWORK ON THE TANK PROJECT.

WITH NO OTHER BUSINESS, THE MEETING WAS ADJOURNED.

**** NEXT MEETING WILL BE SEPTEMBER 16, 1999 @ 7:30P.M.****

PRESENT AT MEETING

JOHN CUNNINGHAM, REBEN BARNETT, REGINALD L. THOMAS, KEN TAYLOR, JANET BRYANT, ALTON WARFORD, BOB KINCER, RAY EDELMAN, GEORGE KINNE

ROADS RECEIVING PARTIAL WATER

8/19/99

TANNER ROAD
WILLOW CREEK ROAD
ASHBY ROAD
BURGIN ROAD
GLENSBORO ROAD (HWY 44)
SEARCY SCHOOL ROAD
HUNGRY RUN ROAD
DUGANSVILLE ROAD
LICK SKILLET ROAD
COX ROAD
GILBERTS CREEK ROAD

South Anderson Water District

AGENDA

August 19, 1999

- ✓ 1. MEETING CALLED TO ORDER
- ✓ 2. WELCOME GUEST:
REGINALD L. THOMAS, ATTORNEY FOR REUBEN BARNETT
DUDLEY SHRYOCK, CPA
- ✓ 3. READING AND APPROVAL OF MINUTES FROM
PREVIOUS MEETING
- ✓ 4. READING AND APPROVAL OF WARRANT #282
- ✓ 5. UPDATE ON PROJECT AND TANK FROM KEN TAYLOR
6. ANY OTHER BUSINESS
7. MEETING ADJOURN

**** NEXT MEETING WILL BE HELD ON****

THURSDAY, SEPTEMBER 16, 1999 @ 7:30 PM

APPEARANCES:

Raymond M. Edelman, Esq.
150 South Main Street
Lawrenceburg, Kentucky 40342

ATTORNEY FOR SOUTH ANDERSON
WATER DISTRICT

ALSO PRESENT:

Alton Warford

* * * * *

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EXHIBIT INDEX

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1 The witness, BOB KINCER, after first
2 being duly sworn, was examined and testified as
3 follows:

4 EXAMINATION

5 By Mr. Edelman:

6 1 Q Would you state your name for the record,
7 please?

8 A Bob Kincer.

9 2 Q Mr. Kincer, where do you reside?

10 A At 1100 Harry Wise Road in Anderson
11 County.

12 3 Q How long have you been a resident of
13 Anderson County?

14 A Since 1962.

15 4 Q So that would be how many years?

16 A Oh, 30 -- 38.

17 5 Q 38 years. You are currently the chairman
18 of the South Anderson Water District; is
19 that correct?

20 A Yes.

21 6 Q And who else is on that commission board?

22 A George Kinne, he is one of the original
23 commissioners, and Janet Bryant, who...

24 7 Q How long has Janet been a commissioner?

25 A Janet went on after the '88 project,

1 because we included her in that, or her
2 home. And I would say probably '89, I
3 think it was, we completed that project.
4 8 Q Eleven or 12 years she would be a
5 commissioner, somewhere in that -- ten to
6 11 years?
7 A Yes, somewhere in that neighborhood.
8 9 Q And you've been a commissioner for how
9 long?
10 A I went on as a commissioner in and around
11 that '88 project. Before that time, I
12 was more a consultant from the agency
13 that I work with, which is trying to help
14 the people in Anderson County get some
15 other services other than electricity,
16 and water was one of them.
17 10 Q Okay. We'll get to that in a second.
18 Mr. Kinne was one of the original
19 commissioners you said?
20 A Yes.
21 11 Q Is it true that the water district was
22 organized sometime in the mid to later
23 '60s? Would that be fair?
24 A There was a lot of talk in the '60s about
25 forming a water district to serve the

1 southern part of Anderson County. Money
2 never became available until the early.
3 part of 1970, and the district was really
4 put together, and the first project was
5 started in, like, 1974, completed in
6 1976.

7 12 Q Let me digress for one second. You are
8 retired?

9 A Yes.

10 13 Q Okay. And you've been retired for how
11 long?

12 A Year and a half.

13 14 Q Prior to your retirement you worked
14 where?

15 A I worked for Fox Creek Rural Electric.

16 15 Q And what is Fox Creek Rural Electric?

17 A It's a rural electric cooperative, which
18 was formed back in the late 1930s, to
19 take electricity outside of the city
20 limits, normally into the county, and I
21 started to work with them in 1967 and
22 retired in August of 1998.

23 16 Q Okay. And when you retired, what was
24 your position with the rural electric?

25 A I was the president and general manager,

1 CEO, whatever that position calls for, at
2 that time.

3 17 Q And what territory did Fox Creek cover or
4 serve? What were you in charge of?

5 A We had service going into four major
6 counties, Anderson, Franklin, Mercer and
7 Woodford, and then parts of about five
8 more counties, included Jessamine,
9 Washington, Spencer, Shelby, those
10 outlying. So there was about 10,000
11 customers that we served in that service
12 area.

13 18 Q And as part of your duties throughout
14 your career with Fox Creek, did they
15 entail dealing with the general public as
16 far as supplying utility service, and in
17 this case electricity service to that
18 area and those folks?

19 A Yes. In fact, the cooperative allowed me
20 and a member service responsibility at
21 that time to work with communities in
22 whatever their needs were. Most of the
23 time people wanted water. Away from the
24 city, they felt like that water was the
25 next best thing after electricity. So we

1 did work with communities and agencies,
2 and that's how I became more of a
3 consultant to South Anderson for ten to
4 15 years, just helping the commissioners
5 get money, you know, go to door to door
6 to see if people were interested in
7 starting a district.

8 19 Q And isn't it not in fact true that prior
9 to the time that South Anderson moved its
10 offices to Court Street, that the
11 meetings and the various project get-
12 togethers were held at the Fox Creek
13 Rural Electric --

14 A Yes.

15 20 Q -- building out here on 62 in Anderson
16 County?

17 A A lot of community functions are allowed
18 to meet in that building that's working
19 to get services out in the county. In
20 fact, we even did the billing in the
21 early years for the water district.

22 21 Q So you've been extremely familiar with
23 the workings of South Anderson Water
24 District, and also extremely familiar
25 with how a utility is supposed to deal

1 with its customers?

2 A Yes, very much so.

3 22 Q What's your philosophy on not only
4 supplying electric service, but supplying
5 water service to the folks in Anderson
6 County and, obviously, electricity to
7 more than Anderson County, others in the
8 territory? Do you have a philosophy on
9 that?

10 A Well, I think the philosophy comes from
11 the cooperative itself, is that they are
12 member owned. As people that get service
13 from a cooperative, really own the
14 cooperative. And with that in mind, it
15 certainly was a feeling that we as a
16 utility, speaking of Fox Creek, needed to
17 help communities of the people that we
18 served in of getting as many services
19 that they felt like that they needed, and
20 water becomes probably the next step from
21 that.

22 23 Q And following what you had referred to
23 earlier, the phase one or the initial
24 project into South Anderson County, how
25 was that project funded?

1 A It was really funded through the Farm and
2 Home Administration, which is a little
3 different from the organization now that
4 loans money. But it came out of the
5 Department of Agriculture out of
6 Washington to where they would fund
7 projects. Most of the time this is a low
8 interest loan. Sometimes to help
9 districts, where it's not feasible to do
10 it in all loan money, there is grant
11 money available, and that comes from
12 different agencies to help fund a project
13 to make it feasible.

14 24 Q Just so I understand, loan money that the
15 district would obtain would have to be
16 paid back at some low interest rate,
17 generally three, four, five, six percent?

18 A Yes.

19 25 Q I suppose over the years that interest
20 rate has varied within those numbers?

21 A Uh-huh (affirmative).

22 26 Q Grant money is money that is pretty much
23 given to the district that doesn't have
24 to be paid back; is that correct?

25 A That is correct.

1 27 Q How many projects has South Anderson been
2 involved with over the past 20, 25 years?

3 A Yes. The initial project that I said
4 that was completed in 1976 was our
5 beginning. We probably served about 200
6 people in 30 miles of line at that time.
7 Then from that point up to today, we're
8 into our fifth expansion right now and we
9 call it phase five. Probably about every
10 four to five years we would relook at the
11 service area where we stopped off and
12 start putting a project together. And I
13 really would almost say that every
14 district is not that aggressive, but we
15 feel like that our purpose is to serve
16 all of the people in our boundary, and
17 that is the southern part of Anderson
18 County. And we're not there yet, but the
19 feasibility of projects determine how far
20 you can go with the money that you're
21 able to get.

22 28 Q Now, on each project I take it there's a
23 determination of, number one, how much
24 money is available and whether it's loan
25 money or grant money?

1 A Uh-huh (affirmative).

2 29 Q And then how far will that money take you
3 in service of potential customers within
4 your boundary; is that correct?

5 A Yes, that would be.

6 30 Q Okay. As a general rule, how does the
7 district go about determining the scope
8 and breadth of any particular project?

9 A Of course, I think the district would
10 love to take all of our boundaries that's
11 left that's unserved and get enough money
12 to do the whole thing. That's our main
13 objective, is to complete that as soon as
14 possible. But realistic, you have to
15 take sections, and normally we look at
16 the end of the line where we ended the
17 last project, and then we see how far we
18 can go from that -- that road being
19 feasible. And, again, the feasibility of
20 it is hinged upon how much grant money
21 you can get versus the loan money,
22 because the loan money being paid back,
23 we have to generate enough revenue out of
24 that to pay back the loan, and that's --
25 this district is always looking to make

1 sure that the project is feasible. In
2 fact, that's the only way you can get
3 loan money. If you can't pay it back,
4 they're not going to loan it to you.

5 31 Q Feasibility has to do with numbers of
6 household per road; is that not right?

7 A Yes, it is.

8 32 Q And that's really what we're talking
9 about. When you look at a project, are
10 you not looking at -- and, obviously,
11 you'd like to serve every individual and
12 every road within your boundary, and
13 that's the goal. But in terms of
14 maximizing your loan and grant money, is
15 it not true that you try to look at each
16 road and try to determine numbers of
17 households or numbers of users per mile
18 or per road and the feasibility of where
19 one stops?

20 A Well, yes, and you have to do that. You
21 have to look at it two different ways.
22 The loan money is one part of it. The
23 grant money has really two backings on
24 it, I guess you would say, because the
25 loan money is -- or grant money is tied

1 to low income homes, and if you don't
2 have them in an area, you can't even
3 include it to get the grant money.

4 33 Q So when you get this grant money, what
5 you're telling the Commission is that
6 even to qualify for grant money from,
7 say, an entity like Community Development
8 Block Grant, CDBG, for instance --

9 A Yes.

10 34 Q -- you have to have an area within your
11 boundary, or have to include an area
12 within your boundary that would have
13 levels of income that would qualify for
14 grant money?

15 A Yes.

16 35 Q Now, this last project, phase five, that
17 we're currently involved with, and which
18 we have the complaint from Mr. Barnett,
19 is why we're here today, how has that
20 project been financed? Just in laymen's
21 terms. Mr. Taylor can testify later as
22 to, you know, the specifics.

23 A Yeah. Restate the question.

24 36 Q How has this recent project been
25 financed? What have we applied for? How

1 is the financing set up?

2 A Okay. When we looked at the project, we
3 determined what funding is really going
4 to be needed and we're talking about
5 total dollars. And we also have to look
6 at how much of that needs to be grant
7 money and how much needs to be loan
8 money, and then we have to determine will
9 that pay back to cover the loan money.
10 And in this last project I would say it's
11 close to 50. It's a little more loan
12 money than grant money.

13 37 Q But it's very close to 50/50?

14 A Yes.

15 38 Q It's about a million dollars a piece?

16 A Right.

17 39 Q Maybe just a couple percentage points
18 loan money over grant money?

19 A Yes, that is correct.

20 40 Q And without the grant money, a majority
21 of this project wouldn't even exist,
22 would it?

23 A It would not, no.

24 41 Q So the grant money is very important,
25 that \$960,000, or whatever it is?

1 A Yes.

2 42 Q Close to a million.

3 A Uh-huh (affirmative).

4 43 Q That the district doesn't have to pay

5 back at all?

6 A That's true.

7 44 Q Okay. In between the first and the

8 fifth, this project that's coming up, how

9 many other projects were there? Just

10 briefly, so the Commission can understand

11 where we've been in terms of aggressive

12 development of the South Anderson

13 territory.

14 A There would have been four other

15 expansions in that span of time from '76

16 up through today, when we're starting

17 into the fifth.

18 45 Q And safely saying, about every four or

19 five years a project gets developed, and

20 it takes a few years for it to be

21 completed?

22 A Yes.

23 46 Q And then you're back at the same stage of

24 attempting to reorganize and attempt to

25 apply for new loan money and new grant

1 money?

2 A Yes.

3 47 Q Now, there's another water district in
4 town that's Alton Water and Sewer. Have
5 they been as aggressive in terms of
6 attempting to get loan and grant money in
7 your opinion?

8 A For their service area, they have been
9 fairly aggressive. Probably that ties
10 the hands, where you got more than one
11 district in a county, because grant money
12 can only be requested through the fiscal
13 court or the city, whichever -- of
14 course, we come under the fiscal court.
15 And if there's another district in the
16 county, then they get their request in.

17 48 Q So that can even complicate matters to
18 the extent that if Alton is attempting to
19 get grant money in a given year, it might
20 knock South Anderson out because of a
21 similar request?

22 A Yes.

23 49 Q And put you back a year or so?

24 A Right. And that just happened. They did
25 a project a couple years ago, and we had

1 to sit out. And now this is our turn to
2 do our expansion, and we're trying to do
3 as much as we can with the money we got.
4 50 Q You've aware of the complaint that's been
5 filed in this case; are you not, sir?
6 A Yes, I am.
7 51 Q What is your understanding of that
8 complaint?
9 A Well, we --
10 52 Q Just in laymen's terms.
11 A Okay. We feel that, you know, a
12 complaint -- we feel that a concern of
13 people that's not receiving water is
14 justified. Everybody has to wait in
15 turn, if you live out in the county, of
16 services getting to you, and sometimes
17 this takes a while. And Mr. Barnett has
18 requested service to property along a
19 road that was reviewed, but when we're
20 looking at over a mile of water line, and
21 I believe that road only had two houses
22 on it at the time --
23 53 Q Are we talking about back -- in what time
24 period, Mr. Kincer?
25 A Well, probably two years ago.

1 54 Q So sometime in '98, maybe the middle or
2 fall of '98?
3 A Yes, when...
4 55 Q These roads are actually ridden by
5 individuals?
6 A Yes.
7 56 Q And houses are actually counted?
8 A Very much so, yes.
9 57 Q And that's because you're trying to
10 figure out potential number of users per
11 mile and the feasibility of how much
12 water use the district would get so they
13 would know what revenues they would
14 receive, so they would know how much
15 money they would be able to pay back on
16 loans, simply?
17 A That's true, and that's the only way we
18 can get loan money is that they -- we
19 tell them that there is adequate revenue
20 coming in to pay back the loan.
21 58 Q I'm going to give you an exhibit, which
22 is -- go off the record for a second.
23 (OFF THE RECORD)
24 (REPORTER MARKS EXHIBIT NO. 1, PETITION
25 FOR WILLOW CREEK ROAD, FOR PURPOSES OF

1 IDENTIFICATION AND THE SAME IS ATTACHED
2 HERETO)

3 59 Q Mr. Kincer, I have -- and I believe
4 either Mr. Warford or Mr. Taylor supplied
5 me with this, but I have a copy of the
6 petition which deals with Willow Creek,
7 and on the petition it lists Dwight
8 Conway, 1121 Willow Creek; Rudy Jewell,
9 1210 Willow Creek; Ronnie Jewell, 1212
10 Willow Creek; Allen Chambers, 1282 Willow
11 Creek; Danny Armstrong and Shelia Barnes,
12 1316 Willow Creek; Mark Clark, 1181
13 Willow Creek; Kathy Drury -- I think it's
14 Kathy Bush now -- 1081 Willow Creek;
15 Steve Drury, 1320 Willow Creek, and Mike
16 Tipton, 1202 Willow Creek. I'd like for
17 you to take a look at that and see if
18 that's not -- if you don't recall, that
19 may be a petition that was submitted to
20 the district requesting water service on
21 Willow Creek, which is now the Aaron
22 Barnett Road, which is the subject of
23 this controversy.

24 A Yes. I think the beginning of a project,
25 this is very typical of our expansion out

1 into the county, is that we do take roads
2 and we do drive it; we do get people that
3 are interested in water to give us a
4 listing of names and where they are. And
5 then if that road shows that it is
6 feasible, then we would complete that
7 road. There is in this project, as well
8 as in past projects, many roads, eight or
9 ten in this project alone, that we've
10 been able to serve part of the road.
11 And, again, if the water line is going
12 down the road, when it becomes unfeasible
13 to run another mile of water line because
14 there's only two or three houses in that
15 length of time -- or on that length of
16 road, then we have to stop, and we do all
17 roads that way.

18 60 Q Now, on this particular case, I believe,
19 and I don't think I'm misstating, all of
20 these individuals are on the first mile,
21 seven or mile, eight?

22 A First part of that road, yes.

23 61 Q Now, Mr. Barnett's name is not on that
24 petition, is it?

25 A No, it's not.

1 62 Q Mr. Barnett does not live on the first --
2 his property is not located, nor does he
3 live on the first 1.8 miles of this
4 particular road?

5 A That's right. He would be located on the
6 last portion of the road where there's
7 really not adequate housing to cause our
8 water line. And, again, this review was
9 made in '88 -- or '98, I'm sorry, at the
10 time we were taking the survey.

11 63 Q Right. And at the time the survey was
12 taken for the grant application, there
13 were, am I right, two, Mr. Barnett and
14 one other?

15 A On the remaining part --

16 64 Q As far as users on that road?

17 A Yes.

18 65 Q In your experience in these projects, is
19 that a sufficient number of users to
20 extend the water line an additional 1.3
21 miles to tie into 62?

22 A No. Not even with 50 percent grant
23 money, you cannot make the balance of
24 that road feasible.

25 66 Q Now, was this judgment about where to

1 stop the road made on anything other than
2 pure economic feasibility grounds?

3 A No, it was not.

4 67 Q Was there any thought that we're just not
5 going to take it down there because
6 Mr. Barnett is developing his property?
7 First of all, are you aware that he may
8 be developing his property?

9 A Well, I would say there's probably a lot
10 of interest in getting water to property
11 because it does increase the value of it.

12 68 Q And this, in fact, gets the water very
13 close to Mr. Barnett's property, right?

14 A Yes. Yes, it does.

15 69 Q Do you have experience in dealing with
16 developers through the water district at
17 all?

18 A Restate that.

19 70 Q Do you have any experience in dealing
20 with developers as they relate to the
21 water district?

22 A Yes. Yes.

23 71 Q Okay. Now, generally speaking, when
24 water is close to a piece of property
25 that is going to be developed, who pays

1 for the cost of running water lines?

2 A Well, developers are normally responsible
3 to take our water line under our
4 supervision and put it in, and then at
5 their expense. Now, there is some
6 payback, but that's under a guideline
7 from the PSC of how we're to reimburse
8 that as houses are developed.

9 72 Q But, generally speaking, if you get water
10 to a piece of property that is being
11 developed, developers take the line
12 through their property and extend the
13 water line?

14 A Yes, that's very true.

15 73 Q How do they get their money back?

16 A Well, of course, they get their money
17 back from selling of the property,
18 because they're able to sell it for more
19 with --

20 74 Q Theoretically, the property is worth more
21 with the water than it was without?

22 A Yes, very true.

23 75 Q You mentioned earlier -- we'll digress
24 back -- that there were other roads other
25 than Willow Creek/Aaron Barnett Road,

1 that were only put in the project in
2 portions due to number of households per
3 mile. For the record, could you share
4 with the Commission what those other
5 roads might be?

6 A Well, I'd say there were probably eight
7 or ten that we were not able to go
8 completely through that road to join our
9 water line at the other end. Some of
10 those roads are Tanner Road, Ashby Road,
11 Burgin Road, Glensboro, Searcy School
12 Road, Dugansville Road, Hungry Road, Lick
13 Skillet Road, Cox Road, Gilbert's Creek
14 Road. All of those would have not been
15 completed in this project. And this is
16 probably very typical of any phase that
17 we've gone through, that roads have to be
18 dropped off when the houses start getting
19 down into the four, five per mile, unless
20 you've got an awful high percentage of
21 grant money available.

22 76 Q So what you're telling the Commission is
23 Mr. Barnett is not in a position solely
24 by himself. There are many others within
25 the boundary of the district that are in

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a similar state. How do you think these others would feel if the Commission or some court were to say, well, Mr. Barnett, since you've raised a stink here and you filed a complaint, you ought to be entitled to get service, and we're going to order the district to spend 40 or \$50,000 and extend it down that mile of road? Given your experience in dealing with utility customers and the fairness that the Public Service Commission has attempted to demonstrate and put on various utilities, do you have an opinion on that?

A Well, I really believe the district has been fair with everybody that's close to our project and not receiving water. Mr. Barnett happens to be one. And I'm sure there is individuals on all of these two, four, probably eight roads besides Mr. Barnett's road that would love to get water, too. So if he is picked out and is receiving water, then we're going to have eight more cases to deal with under a like situation. And, I guess, my best

1 comment would be, and we say this to all
2 the people that don't receive water in a
3 project, that the water is closer to you
4 for the next project. And that's our
5 purpose in trying to look at phase six,
6 as soon as this one's completed.
7 Whenever that grant money could become
8 available, then those people are going to
9 have an opportunity to get water at that
10 time.

11 77 Q In your opinion, it wouldn't be fair to
12 let Mr. Barnett have what he wants in
13 this case at the expense of all these
14 other individuals that are in a similar
15 circumstance, would it?

16 A No, I would not.

17 78 Q And you wouldn't encourage Public Service
18 Commission to set that precedent, would
19 you?

20 A I would hope that they would --

21 79 Q You would think they had better sense
22 than that, wouldn't you?

23 A I would hope, yes.

24 (OFF THE RECORD)

25 80 Q Just a few more questions, Mr. Kincer,

1 and thank you. One of the complaints
2 that Mr. Barnett has communicated to the
3 Commission and to the district is, but,
4 whoa, I've been selling lots out here,
5 and there are now -- we've gone from two
6 to possibly seven potential users. And I
7 think in his own complaint he says that
8 as late as early June of '99 he learned
9 for the first time that the proposed
10 water expansion project of the district
11 did not include his residence or his
12 land. So if one can believe Mr. Barnett,
13 he went from August or July of '98, all
14 the way to June of '99, and never knew he
15 was not included. But assuming we can
16 believe him, and assuming that he has
17 sold some property out there, and
18 assuming there are seven users, or five
19 new users, why don't we just stop the
20 project, like he wants us to, reapply,
21 get the application and get the fiscal
22 court to reapply for the CDBG money, and
23 tell FHA to just hold on for a while? Or
24 Rural Development now, instead of FHA.
25 What's your thoughts on that?

1 A Well, in working a project, requesting
2 funding, and especially when we're
3 talking about 2.2 million dollars, I
4 believe is the project right now, with
5 almost one million dollars of that being
6 grant money, that takes a whole lot of
7 time to review and to request and get
8 that approved. When we started the
9 project in '98 and the roads that were
10 feasible were put into the project, this
11 was all done through meetings and
12 hearings and all of that over the course
13 of six months to a year. Now we're in
14 the final stages of this project. A lot
15 of the approval has already been made.
16 The grant money has been tied down and
17 ready to go. The loan money is being
18 approved, and we're --

19 81 Q In fact, you've received your letter of
20 conditions from Rural Development, which
21 pretty much says you're on the track --

22 A Yes.

23 82 Q -- to get the loan money, all you have to
24 do are meet the conditions in a normal
25 letter of conditions; is that not

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correct?

A Yes, that's very true.

83 Q Okay. I didn't mean to interrupt you.

A And then we take -- we take 340 homes that we're going to reach by this project, and those people have been working with us for two years, and now we're being asked to delay in order to include one individual property, and there is just no way you can go back and undo something. You take a chance of losing this grant money that's been laid aside for us, and the whole project would fall through if the grant money is pulled away from us. And we just believe that those 340 people, they have been waiting in prior projects to receive water, and now they're included in this project, and I just think there is no way to delay and go back and redo without a good chance of losing what we've put together for the last two years.

(OFF THE RECORD)

84 Q We're going to conclude here soon, Mr. Kincer. We sure appreciate your

1 giving this testimony. There's been some
2 mention of the fact that in this project,
3 given the design of it and the numbers of
4 it, that there will be individuals like
5 Mr. Barnett, the complainant, and
6 possibly others on his stretch of the
7 road who will not be included in the
8 project, yet there may be some Washington
9 County and/or Mercer County residents
10 who, by virtue of being in close
11 proximity to the line running through
12 Anderson County, might be able to be
13 serviced from that line. Can you give
14 the Commission any history on how the
15 district and how other districts have
16 dealt with this in the past and why it's
17 not inappropriate?

18 A Yes. South Anderson is serving Anderson
19 County customers. The few exceptions
20 that come about is for feasibility of
21 people maybe on the edge of another
22 county getting water. Mercer County you
23 mentioned, that we have swapped out some
24 roads with Mercer County, where they come
25 down the road on the Mercer side and

1 serve houses -- houses in Anderson County
2 on the opposite side, we've allowed them
3 to pick up. And there is some Mercer
4 County customers that we probably do the
5 same thing with in roads that we come
6 down on the Anderson County side, but do
7 cross the road to feed that. That's all
8 in approval with the adjoining county.
9 Washington County is probably -- again,
10 that we're coming down the road on the
11 Anderson County side and Washington
12 County across the road probably water
13 being available to us is the only way
14 those houses are going to get water. So
15 with Washington County's approval, we
16 would allow those Washington County
17 customers to sign up on ours, and that's
18 just an agreement between the counties.
19 And we're not running our major water
20 line in two counties taking over some
21 boundaries. It's only done upon
22 agreement.

23 85 Q So the district's line is basically
24 within the district itself?

25 A Yes.

1 86 Q And there may be tangential customers in
2 another county who are fortuitously able
3 to tap onto the line due to their
4 location, and it also helps the
5 district's road count, because it gives
6 -- more number of users makes the project
7 more feasible; is that not correct?

8 A Yes. Yes.

9 87 Q And, finally, I want you to look at a
10 document that I'm going to hand you and
11 collectively call it the application.
12 The top document, we can call that, I
13 guess, Collectively Exhibit 2.
14 (REPORTER MARKS EXHIBIT NO. 2,
15 APPLICATION FOR FUNDING WITH ATTACHMENTS,
16 FOR PURPOSES OF IDENTIFICATION AND THE
17 SAME IS ATTACHED HERETO)

18 88 Q Well, on the top there, Mr. Kincer, is a
19 letter from you to Louis F. Elliott dated
20 October 2, 1998. Mr. Elliott is the
21 Regional District Manager for the United
22 States Department of Agriculture, Rural
23 Development. His office is in
24 Shelbyville, Kentucky. Did you not sign
25 this letter and send Mr. Elliott what

1 Exhibit 2 purports to be, an application
2 and attachments for funding?

3 A Yes. In October of 1998 this was done,
4 yes.

5 89 Q Okay. And is that your signature on the
6 application for federal assistance under
7 date of October 9, 1998?

8 A Yes, it is. And this was requesting
9 approximately 1.2 million dollars in loan
10 money to be followed by one million
11 dollars in grant money.

12 90 Q Okay. That application was filed,
13 obviously, in October of '98. We
14 recently just had our meeting with
15 Mr. Loper. Was it last month?

16 A Yes.

17 91 Q That would have been December -- some
18 time in December of '99, I believe?

19 A Yes.

20 92 Q And at that meeting, some 14 months
21 later, we were finally getting our
22 letters of conditions --

23 A Yes.

24 93 Q -- based upon that application?

25 A Uh-huh (affirmative).

1 94 Q Okay. Now, that application went in, did
2 it not, after Exhibit 1, which indicates
3 the petition for service on Willow Creek
4 was delivered to the district?

5 A Yes, it would have.

6 95 Q Mr. Barnett's signature is not on this
7 petition, is it?

8 A No, it's not.

9 96 Q In fact, in his answer, which he filed
10 with the Commission, he indicated he
11 never did learn that he wasn't involved
12 in the project until June of '99, so he
13 says. How many months later -- well,
14 June of '99 would be, what, about
15 eight --

16 A Would be almost ten months.

17 97 Q Eight or ten months later than the
18 application being filed?

19 A Yes.

20 98 Q Okay. One last thing. Mr. Barnett
21 indicates in his complaint that also it
22 would be approximately ten more years
23 before the district would pursue any
24 additional expansion plans. Is that
25 consistent with what you've testified

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today, and consistent with the actions of the district over the past 25 years? .

A Well, we would like to believe that in a five-year rotation that we're either in another project or we've got one pretty well completed, like this one is, and ready to go. That's not saying that it will happen. Might happen sooner, might happen later. But our interest from the water district is to complete the non-receivers of city water in our district as soon as possible and as soon as funds are made available. And, you know, we're not trying to discriminate against any individual, not on that road that Mr. Barnett lives on, or these other eight that I mentioned that we had to stop. But there is a feasibility that you got to go by. Even the Commission understands that you can't take water lines out where it's not close to being feasible and expect your other customers to pay for it.

99 Q That wouldn't be prudent, would it, Chairman Kincer?

1 A No, it wouldn't. There's just no way you
2 can do that. In fact, I don't know that
3 South Anderson has ever had a general
4 rate increase. We have always had to
5 increase the water rates for all
6 customers somewhat after a project, and
7 these are normally approved because it
8 will -- the larger you get, the easier it
9 is to absorb some increases in the
10 future. So we don't fuss about having to
11 increase them a little bit at the end of
12 a project, because we pick up 3 or 400
13 new customers that's going to help us be
14 more feasible in the future.

15 100 Q And over time, hasn't it become easier
16 with the Commission to get those sort of
17 what are called pass-through rate
18 increases?

19 A Yes.

20 101 Q Used to be when we first started, in
21 phase one and phase two, you had to go
22 through a formal rate application
23 increase and had a hearing on it, right?

24 A Uh-huh (affirmative). Right.

25 102 Q Now, as a part of the construction

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process, and the approval, the Commission generally, unless there's something out of line, acknowledges that these rates need to be passed through?

A I think as long as they look at it and see that the project is making the district stronger for the future, that they'll normally go ahead and allow an increase to be tacked on.

MR. EDELMAN: Okay. Thank you, Mr. Kincer. If we need anything more, we'll contact you, but we appreciate the testimony.

WITNESS: Okay.

MR. EDELMAN: Thank you.

* * * * *

THEREUPON, the taking of the deposition of BOB KINCER was concluded.


* * * * *

STATE OF KENTUCKY)
COUNTY OF FAYETTE)

I, JOLINDA S. TODD, Registered Professional Reporter and Notary Public in and for the State of Kentucky at Large, certify that the facts stated in the caption hereto are true; that at the time and place stated in said caption the witness personally appeared before me, and that, after being by me duly sworn, was examined by counsel; that said testimony was taken in stenotype by me and later reduced to computer-aided transcription and the foregoing is a true record of the testimony given by said witness.

My commission expires: August 6, 2003.

IN TESTIMONY WHEREOF, I have hereunto set my hand and seal of office on this the 8th day of February 2000.



JOLINDA S. TODD, RPR
NOTARY PUBLIC, STATE AT LARGE

Petition - Willow Creek 1-9-98 Rewritten

difficult project

Service on 6/2 presently

* ① Dwight Conway 1121 Willow Creek

② Rudy Jewell 1210 Willow Creek

③ Ronnie Jewell 1212 Willow Creek

④ Allen Chambers 1252 Willow Creek

⑤ Danny Armstrong & Shelia Barnes 1316 Willow Creek Rd

⑥ Mark Clark 1181 Willow Creek ← *now Nagy*

⑦ Kathy Dreyer ^{*Bush*} 1081 Willow Creek

⑧ Steve Drury 1320 Willow Creek

⑨ Mike Tipton 1202 Willow Creek Rd

Post-it® Fax Note	7671	Date	1.25.00	# of pages	2
To	KENTAYLOR		From	SAWD	
Co./Dept.			Co.		
Phone #			Phone #		
Fax #	There is no date on Petition				

Shaun made this coversheet 1.9.98

EXHIBIT

No. 1
Kincer

WILLOW CREEK

0 Dwight & Barbara Conway
1121 Willow Ck Rd
Lawrenceburg, Ky 40342

1 Rudy & Della Jewell
1210 Willow Creek Rd.
Lawrenceburg, Ky. 40342

1 Ronnie Sewell
1212 Willow Creek Rd.
Lawrenceburg Ky 40342

1 Allen & Patsy Chalmers
1282 Willow Creek Rd
Lawrenceburg Ky 40342

1 Sheila Barnes & Janay Armstrong
1316 Willow Creek Rd.
Lawrenceburg, Ky. 40342

1 Mark A. Clark
1181 WILLOW CREEK RD
LAWRENCEBURG, KY 40342

1 Cathy Denny
1081 Willow Creek Rd
Lawrenceburg, Ky 40342

1 Steve & Lisa Downey
1320 Willow Creek Road
Lawrenceburg, Ky 40342

1 Mike & DeLena Dwyer
1202 Willow Creek Rd.
Lawrenceburg 40342

Hilton Warden

SOUTH ANDERSON WATER DISTRICT
P.O. Box 16
LAWRENCEBURG, KENTUCKY 40342
(502) 839-6919

October 2, 1998

Mr. Louis F. Elliott, RDM
USDA - Rural Development
P.O. Box 1227
Shelbyville, Kentucky 40066 - 1227

RE: Phase 5 Expansion Project
Funding Application

Dear Mr. Elliott:

Attached you will find an Application for Federal Assistance, Standard Form 424.2 for the above referenced project. The first 18 items from Form RD 1780-10 are also included or addressed as given below:

1. Notice of Intent to File Application - The attached Notice will run in "The Anderson News" October 7, 1998. A copy of the published notice (full page) will be submitted to you when it runs.
2. Application for Federal Assistance - Standard Form 424.2 - Original plus one copy
 - a) Authorizing Resolution - two copies
 - b) USGS Topo Maps - six copies
 - c) General Highway Map - six copies
3. Sewer Project - 201 Facilities Plan - Not Applicable
4. State Clearinghouse Letter - Attached
5. RUS Bulletin 1780-22 - Attached
6. Bond Ordinances - All outstanding bonds are held by FmHA/RUS.
7. Audit Reports - Existing Borrower, reports on file with RD.

EXHIBIT
Na. 2
Kincer

Page Two

8. Balance Sheet - Existing Borrower, reports on file with RD.
9. Rate Schedule - Attached
10. Internal Revenue Service Taxpayer Identification Number - 61-1000693
11. Priority Selection Criteria - Pages 12 and 13 from the CDBG application are attached. These pages reflect the results of analyses of 21 domestic water services in the project area. Per the 1990 census, the area is not eligible for the poverty interest rate as the Median Household Income (MHI) exceeds \$17,785. However, as evidenced by being eligible to submit a CDBG application, the area is not a "wealthy" area.
12. Court Order and Legal Opinion - Attached
13. RFQ Engineering Services - Attached
14. Negotiation Minutes - Attached
15. FmHA Form 1942-19 - four copies attached
16. Preliminary Engineering Report - four copies attached
17. Form RD 1940-20 - Attached
18. AD-1047 - Attached

Should you have questions or need additional information, please contact our manager, Alton Warford or engineer, Ken Taylor (502-695-4357). Your consideration and processing of this application is greatly appreciated and we look forward to working with your agency on this project.

Sincerely,

Bob Kincer

Bob Kincer
Chairman

NOTICE OF INTENT TO FILE AN APPLICATION

This is public notice, by the South Anderson Water District, of its intent to file an application with the U. S. D. A. - Rural Utilities Service for Water and Waste Loan and Grant funds to construct approximately 47.5 miles of water line extensions in various areas of rural Anderson County. A public meeting will be held in the near future to discuss the proposed project.

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IT PAYS!**

**NOTICE OF INTENT
TO FILE AN APPLICATION**

This is public notice, by the South Anderson Water District, of its intent to file an application with the U.S.D.A. - Rural Utilities Service for Water and Waste Loan and Grant funds to construct approximately 47.5 miles of water line extensions in various areas of rural Anderson County. A public meeting will be held in the near future to discuss the proposed project.

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HENRY STREET

Beautiful 4 bedroom brick home. Full walkout basement with family room. Beautiful deck on back. Garage. Call Julian 633-1111



693 SKIDMORE LANE - CAMPBELLSBURG

Pretty 3 bedroom, 1 bath home w/new carpet & vinyl on floors. Home has all the new colors in decorating. New roof, all appliances stay. Priced to sell & must see to appreciate. Call JW or Norma Roberts 633-1111 or 878-4986

2991 JACKSON ROAD - EMINENCE

Nice 3 bedroom, 1 bath home, fenced-in backyard & 1 car garage. Excellent for first time home buyer. Call Kenny Stewart (502) 461-7604.

12 MARCUS STREET - PLEASUREVILLE

Spacious 3 bedroom, 1 bath home. New 14x30 master bedroom & living room have been added to the home in last 5 years. Master BR large area ready for master bath. All other rooms are large. House is well maintained. Some finishing touches need to be done inside. Bldg. outside and partial fence. Call JW and Norma Roberts (502) 878-4986 or (502) 633-1111



**89 OLDHAM ST.
EMINENCE**

3 bedroom - & 1.5 baths, newly painted, new roof, new water heater, 2 car garage.
\$92,500. Call Julian 633-1111



1898 MULBERRY PIKE

Lovely and spacious 3 BR, 2 BA ranch style home on 5 plus acres. Large family room with separate office. House is in move-in condition with 2 decks and front porch. Beautifully landscaped with stream running through front of property. Country setting with city conveniences. Call JW or Norma Roberts at (502) 878-4986 and (502) 633-1111



90 TINGLE AVENUE

Beautiful 3 BR, 2 BA home w/1st brmt finished. On over 2 ACs that is beautifully landscaped. New Gikkey doors & Alhorne windows.
Call JW or Norma Roberts 878-4986
\$112,500



317 MARCUS ST. - PLEASUREVILLE

Home is on 1 acre with 6 rooms, 3 BR & 1 BA. Has a new garage & a 14x18 metal storage building with electricity. Nice large rooms with new updates inside and outside.

**14 ACRES NEAR
EMINENCE, tobacco barn,**
approx. 3,500 tobacco base,
good bldg. site with all
utilities available. Call Julian
633-1111 or 633-0042.

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Modulars and Double Wides
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containing approximately
1.8 to 4.45 acres. One lot
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Subdivision is located 10 to
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U.S. DEPARTMENT OF AGRICULTURE
APPLICATION FOR FEDERAL ASSISTANCE
(For construction)

Standard Form 424.2 (4/88)

APPLICATION FOR FEDERAL ASSISTANCE

1. TYPE OF SUBMISSION: Application <input checked="" type="checkbox"/> Construction <input type="checkbox"/> Non-Construction Preapplication <input type="checkbox"/> Construction <input type="checkbox"/> Non-Construction	2. DATE SUBMITTED September, 1998	Applicant Identifier
	3. DATE RECEIVED BY STATE	State Application Identifier
	4. DATE RECEIVED BY FEDERAL AGENCY	Federal Identifier

5. APPLICANT INFORMATION

Legal Name: South Anderson Water District	Organizational Unit: Special District
Address (give city, county, state, and zip code): P.O. Box 16 246 Court Street Lawrenceburg, Kentucky 40342	Name and telephone number of the person to be contacted on matters involving this application (give area code): Alton Warford, Manager (502) 839-6919

6. EMPLOYER IDENTIFICATION NUMBER (EIN): 61 - 10000693	7. TYPE OF APPLICANT: (enter appropriate letter in box) <input checked="" type="checkbox"/> G A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify): _____
8. TYPE OF APPLICATION: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision If Revision, enter appropriate letter(s) in box(es): <input type="checkbox"/> <input type="checkbox"/> A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other (specify): _____	9. NAME OF FEDERAL AGENCY: USDA - Rural Development

10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 1 0 - 4 1 8 TITLE: Water and Waste Disposal Systems for Rural Communities AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Portions of Anderson Co., Kentucky	11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: South Anderson Water District Phase 5 Expansion: The project entails the construction of approximately 47.5 mi. of distribution line, a transmission line from the Frankfort Plant Board system and all necessary appurtenances to serve 342 cutomers in rural Anderson Co.
--	---

13. PROPOSED PROJECT: Start Date: June 1, 99 Ending Date: July 1, 00	14. CONGRESSIONAL DISTRICTS OF: a. Applicant: Sixth b. Project: Sixth
---	--

15. ESTIMATED FUNDING: <table border="1"> <tr><td>a. Federal</td><td>\$ 1,088,330 .00</td></tr> <tr><td>b. Applicant</td><td>\$ 61,500 .00</td></tr> <tr><td>c. State</td><td>\$ 1,000,000 .00</td></tr> <tr><td>d. Local</td><td>\$ 56,000 .00</td></tr> <tr><td>e. Other</td><td>\$.00 .00</td></tr> <tr><td>f. Program Income</td><td>\$.00 .00</td></tr> <tr><td>g TOTAL</td><td>\$ 2,205,830 .00</td></tr> </table>	a. Federal	\$ 1,088,330 .00	b. Applicant	\$ 61,500 .00	c. State	\$ 1,000,000 .00	d. Local	\$ 56,000 .00	e. Other	\$.00 .00	f. Program Income	\$.00 .00	g TOTAL	\$ 2,205,830 .00	16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS? a. YES. THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE August 28, 1998 b. NO. <input type="checkbox"/> PROGRAM IS NOT COVERED BY E.O. 12372 <input type="checkbox"/> OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW
a. Federal	\$ 1,088,330 .00														
b. Applicant	\$ 61,500 .00														
c. State	\$ 1,000,000 .00														
d. Local	\$ 56,000 .00														
e. Other	\$.00 .00														
f. Program Income	\$.00 .00														
g TOTAL	\$ 2,205,830 .00														
17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT? <input type="checkbox"/> Yes If "Yes," attach an explanation. <input checked="" type="checkbox"/> No															

18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED

Typed Name of Authorized Representative Bob Kincer	b Title Chairman	c. Telephone number (502) 839-6919
d. Signature of Authorized Representative Bob Kincer		e. Date Signed 10-9-98

Previous Editions Not Usable

INSTRUCTIONS FOR THE SF-424C

This sheet is to be used for the following types of applications: (1) "New" (means a new [previously unfunded] assistance award); (2) "Continuation" (means funding in a succeeding budget period which stemmed from a prior agreement to fund); and (3) "Revised" (means any changes in the Federal government's financial obligations or contingent liability from an existing obligation). If there is no change in the award amount there is no need to complete this form. Certain Federal agencies may require only an explanatory letter to effect minor (no cost) changes. If you have questions please contact the Federal agency.

Column a. — If this is an application for a "New" project, enter the total estimated cost of each of the items listed on lines 1 through 16 (as applicable) under "COST CLASSIFICATIONS."

If this application entails a change to an existing award, enter the eligible amounts *approved under the previous award* for the items under "COST CLASSIFICATION."

Column b. — If this is an application for a "New" project, enter that portion of the cost of each item in Column a. which is *not* allowable for Federal assistance. Contact the Federal agency for assistance in determining the allowability of specific costs.

If this application entails a change to an existing award, enter the adjustment [+ or (-)] to the previously approved costs (from column a.) reflected in this application.

Column c. — This is the net of lines 1 through 16 in columns "a." and "b."

Line 1 — Enter estimated amounts needed to cover administrative expenses. Do not include costs which are related to the normal functions of government. Allowable legal costs are generally only those associated with the purchase of land which is allowable for Federal participation and certain services in support of construction of the project.

Line 2 — Enter estimated site and right(s)-of-way acquisition costs (this includes purchase, lease, and/or easements).

Line 3 — Enter estimated costs related to relocation advisory assistance, replacement housing, relocation payments to displaced persons and businesses, etc.

Line 4 — Enter estimated basic engineering fees related to construction (this includes start-up services and preparation of project performance work plan).

Line 5 — Enter estimated engineering costs, such as surveys, tests, soil borings, etc.

Line 6 — Enter estimated engineering inspection costs.

Line 7 — Enter estimated costs of site preparation and restoration which are not included in the basic construction contract.

Line 9 — Enter estimated cost of the construction contract.

Line 10 — Enter estimated cost of office, shop, laboratory, safety equipment, etc. to be used at the facility, if such costs are not included in the construction contract.

Line 11 — Enter estimated miscellaneous costs.

Line 12 — Total of items 1 through 11.

Line 13 — Enter estimated contingency costs. (Consult the Federal agency for the percentage of the estimated construction cost to use.)

Line 14 — Enter the total of lines 12 and 13.

Line 15 — Enter estimated program income to be earned during the grant period, e.g., salvaged materials, etc.

Line 16 — Subtract line 15 from line 14.

Item 17 — This block is for the computation of the Federal share. Multiply the total allowable project costs from line 16, column "c." by the Federal percentage share (this may be up to 100 percent; consult Federal agency for Federal percentage share) and enter the product on line 17.

BUDGET INFORMATION — Construction Programs

NOTE: Certain Federal assistance programs require additional computations to arrive at the Federal share of project costs eligible for participation. If such is the case you will be notified.

COST CLASSIFICATION	a. Total Cost		b. Costs Not Allowable for Participation		c. Total Allowable Costs (Column a-b)	
	\$.	\$.	\$.
1. Administrative and legal expenses	\$ 75,000	.00	\$ 40,000	.00	\$ 35,000	.00
2. Land, structures, rights-of-way, appraisals, etc.	\$ 10,000	.00		.00	\$ 10,000	.00
3. Relocation expenses and payments	\$	.00		.00	\$	.00
4. Architectural and engineering fees	\$ 145,250	.00		.00	\$ 145,250	.00
5. Other architectural and engineering fees	\$ 15,000	.00		.00	\$ 15,000	.00
6. Project inspection fees	\$ 84,675	.00		.00	\$ 84,675	.00
7. Site work	\$	.00		.00	\$	.00
8. Demolition and removal	\$	.00		.00	\$	.00
9. Construction	\$ 1,678,089	.00		.00	\$ 1,678,089	.00
10. Equipment	\$	.00		.00	\$	.00
11. Miscellaneous (Interest)	\$ 30,000	.00		.00	\$ 30,000	.00
12. SUBTOTAL (sum of lines 1-11)	\$ 2,038,014	.00	\$ 40,000	.00	\$ 1,998,014	.00
13. Contingencies	\$ 167,816	.00		.00	\$ 167,816	.00
14. SUBTOTAL	\$ 2,205,830	.00		.00	\$ 2,165,830	.00
15. Project (program) income	\$	.00		.00	\$	.00
16. TOTAL PROJECT COSTS (subtract #15 from # 14)	\$ 2,205,830	.00	\$ 40,000	.00	\$ 2,165,830	.00
FEDERAL FUNDING						
17. Federal assistance requested, calculate as follows: Enter eligible costs from line 16c Multiply X <u>50.25</u> % (Consult Federal agency for Federal percentage share). Enter the resulting Federal share.						
					\$ 1,088,330	.00

Authorized for Local Reproduction

INSTRUCTIONS FOR THE SF 424

This is a standard form used by applicants as a required facesheet for preapplications and applications submitted for Federal assistance. It will be used by Federal agencies to obtain applicant certification that States which have established a review and comment procedure in response to Executive Order 12372 and have selected the program to be included in their process, have been given an opportunity to review the applicant's submission.

- | Item: | Entry: | Item: | Entry: |
|-------|--|-------|--|
| 1. | Self-explanatory. | 12. | List only the largest political entities affected (e.g., State, counties, cities). |
| 2. | Date application submitted to Federal agency (or State if applicable) & applicant's control number (if applicable). | 13. | Self-explanatory. |
| 3. | State use only (if applicable). | 14. | List the applicant's Congressional District and any District(s) affected by the program or project. |
| 4. | If this application is to continue or revise an existing award, enter present Federal identifier number. If for a new project, leave blank. | 15. | Amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines as applicable. If the action will result in a dollar change to an existing award, indicate <u>only</u> the amount of the change. For decreases, enclose the amounts in parentheses. If both basic and supplemental amounts are included, show breakdown on an attached sheet. For multiple program funding, use totals and show breakdown using same categories as item 15. |
| 5. | Legal name of applicant, name of primary organizational unit which will undertake the assistance activity, complete address of the applicant, and name and telephone number of the person to contact on matters related to this application. | 16. | Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. |
| 6. | Enter Employer Identification Number (EIN) as assigned by the Internal Revenue Service. | 17. | This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes. |
| 7. | Enter the appropriate letter in the space provided. | 18. | To be signed by the authorized representative of the applicant. A copy of the governing body's authorization for you to sign this application as official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.) |
| 8. | Check appropriate box and enter appropriate letter(s) in the space(s) provided:
— "New" means a new assistance award.
— "Continuation" means an extension for an additional funding/budget period for a project with a projected completion date.
— "Revision" means any change in the Federal Government's financial obligation or contingent liability from an existing obligation. | | |
| 9. | Name of Federal agency from which assistance is being requested with this application. | | |
| 10. | Use the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested. | | |
| 11. | Enter a brief descriptive title of the project. If more than one program is involved, you should append an explanation on a separate sheet. If appropriate (e.g., construction or real property projects), attach a map showing project location. For preapplications, use a separate sheet to provide a summary description of this project. | | |

ASSURANCES — CONSTRUCTION PROGRAMS

Note: Certain of these assurances may not be applicable to your project or program, If you have questions, please contact the Awarding Agency. Further, certain federal assistance awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant I certify that the applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the assistance; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will not dispose of, modify the use of, or change the terms of the real property title, or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal interest in the title of real property in accordance with awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of the project.
4. Will comply with the requirements of the assistance awarding agency with regard to the drafting, review and approval of construction plans and specifications.
5. Will provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progress reports and such other information as may be required by the assistance awarding agency or State.
6. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
7. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
8. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§ 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
9. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§ 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
10. Will comply with all Federal statutes relating to non-discrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§ 1681-1683, and 1685-1686) which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794) which prohibit discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101-6107) which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 93-255), as amended, relating to non-discrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§ 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), as amended, relating to non-discrimination in the sale, rental or financing of housing; (i) any other non-discrimination provisions in the specific statute(s) under which application for Federal assistance is being made, and (j) the requirements on any other non-discrimination Statute(s) which may apply to the application.

11. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provides for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal and federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
12. Will comply with the provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
13. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), the Copeland Act (40 U.S.C. § 276c and 18 U.S.C. § 874), the Contract Work Hours and Safety Standards Act (40 U.S. §§ 327-333) regarding labor standards for federally assisted construction subagreements.
14. Will comply with the flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
15. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§ 1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. § 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).
16. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§ 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
17. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and preservation of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
18. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
19. Will comply with all applicable requirements of all other Federal laws, Executive Orders, regulations and policies governing this program.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL <i>Bob Krueger</i>	TITLE Chairman
APPLICANT ORGANIZATION South Anderson Water District	DATE SUBMITTED 10-9-98

**SOUTH ANDERSON WATER DISTRICT
PHASE 5 EXPANSION**

PROJECT NARRATIVE

The project will address a serious problem faced by many of the residents of rural Anderson County, that being the lack of a safe, dependable, and affordable domestic water supply. Most of the residents of this area who do not live along roads currently served by the water district, obtain their domestic water from either wells or cisterns. The health and safety of many of these residents are threatened by contaminated water. The hauling of water necessary to augment the cisterns and lower yielding wells is also a financial burden for many of the families.

The proposed project consists of approximately 239,325 feet of 4" and 10,800 feet of 3" distribution line, 24,500 ft. of 8" transmission line, and one 300 gpm booster pump station. Also included are 342 individual services plus the normal water distribution accessories such as gate valves, air release valves and blow-off assemblies. All customers will be supplied water between 30 psig and 90 psig at their meter connection. There are no known or anticipated unusual construction conditions.

This proposal is requesting \$1,088,330 in loan money from the U.S.D.A. - Rural Development and a \$1,000,000 grant from the Community Development Block Grant program. These funds will be combined with a \$117,500 local contribution to accomplish the proposed project. Upon approval of funding, engineering design will be completed, approvals obtained and construction will begin in a timely fashion.

SOUTH ANDERSON WATER DISTRICT
 PHASE 5 EXPANSION PROJECT
 PRELIMINARY ESTIMATE OF PROBABLE COSTS
 COMBINED CDBG AND RURAL DEVELOPMENT FINANCED PROJECT

AUGUST, 1998

WATER LINE EXTENSIONS AND FRANKFORT CONNECTION

ITEM NO.	DESCRIPTION	UNIT	UNIT COST	QUANTITY	TOTAL COST
1	4-inch PVC Pipe	LF	\$4.25	239,325	\$1,017,131.25
2	4-inch Bored & Cased	LF	55.00	1,150	63,250.00
3	4-inch Creek Crossing	LF	55.00	1,280	70,400.00
4	6" x 4" Wet Tap	EA	1,000.00	13	13,000.00
5	4" x 4" Wet Tap	EA	800.00	8	6,400.00
6	4-inch Gate Valve	EA	400.00	60	24,000.00
7	4-inch Blowoff Assembly	EA	450.00	30	13,500.00
8	Air Release Valve	EA	500.00	32	16,000.00
9	5/8" x 3/4" Meter Settings	EA	250.00	342	85,500.00
10	Individual PRV's	EA	90.00	59	5,310.00
11	3/4" Service Tubing	LF	2.75	16,950	46,612.50
12	Pavement Replacement	LF	10.00	1,810	18,100.00
13	Leak Detection Meters	EA	330.00	22	7,260.00
14	3-inch PVC Pipe	LF	3.50	10,800	37,800.00
15	3-inch Gate Valve	EA	350.00	4	1,400.00
16	3-inch Blowoff Assembly	EA	375.00	5	1,875.00
17	8-inch PVC Pipe	LF	7.50	24,500	183,750.00
18	8-inch Bored & Cased	LF	70.00	140	9,800.00
19	8-inch Creek Crossing	LF	60.00	40	2,400.00
20	6" x 6" Wet Tap	EA	1,200.00	1	1,200.00
21	Master Meter	EA	8,000.00	1	8,000.00
22	8-inch Gate Valve	EA	500.00	8	4,000.00
23	2-inch Blowoff Assembly	EA	350.00	4	1,400.00
24	Booster Pump Station	EA	40,000.00	1	40,000.00
					\$1,678,088.75

ESTIMATED PROJECT COST SUMMARY

TOTAL CONSTRUCTION	\$1,678,088.75
CONTINGENCY @ 10.00%	167,816.25
ENGINEERING	145,250.00
INSPECTION	84,675.00
OTHER ENGINEERING	15,000.00
PLANNING / ADMINISTRATION	40,000.00
LEGAL	35,000.00
ACQUISITION	10,000.00
INTEREST	30,000.00
	\$2,205,830.00

**MEETING - BOARD OF COMMISSIONERS
SOUTH ANDERSON WATER DISTRICT
OCTOBER 1, 1998**

**PRESENT: GEORGE KINNE
 JANET BRYANT
ABSENT: BOB KINCER**

**MOTION BY: GEORGE KINNE
SECOND BY: JANET BRYANT**

**TO AUTHORIZE AND INSTRUCT THE CHAIRMAN, BOB KINCER, TO SIGN AND
SUBMIT AN APPLICATION FOR THE PHASE 5 EXPANSION PROJECT TO USDA -
RURAL DEVELOPMENT FOR FUNDING. THE REQUESTED AMOUNT OF
FUNDING TO BE A LOAN IN THE AMOUNT OF \$1,088,330.00 TO BE
SUPPLEMENTED BY THE CDBG APPLICATION SUBMITTED BY ANDERSON
COUNTY FISCAL COURT REQUESTING \$1,000,00.00 IN GRANT FUNDS AND
LOCAL CONTRIBUTIONS.**

**VOTING FOR: KINNE AND BRYANT
VOTING AGAINST: NONE**

George Kinne 10-1-98

August 28, 1998

Department for Local Government
Kentucky State Clearinghouse
Mr. Ron Cook, Manager
1024 Capital Center Drive, Suite 340
Frankfort, Ky. 40601

RE: South Anderson Water Expansion Project

Dear Mr. Cook,

Attached please find twenty-two (22) copies of the Project Profile and maps pertaining to the South Anderson Water Expansion Project. If we can answer any questions relating to these matters, please call our office at your earliest convenience.

Sincerely,

Thomas Platter

**WATER AND WASTE
ELIGIBILITY CERTIFICATION**

Certification for commercial credit and outstanding judgments

The undersigned certifies, to the best of their knowledge and belief, that:

1. The organization is unable to finance the proposed project from its own resources or through commercial credit at reasonable rates and terms.
2. No outstanding judgment has been obtained and recorded by the United States of America in a Federal Court (other than in the United States Tax Court).

South Anderson Water District

Name of Organization

Bob Kincer, Chairman

Name of Authorized Official

Bob Kincer
Signature

10-9-98
Date

Form for filing Rate Schedules

For South Anderson Water District
Community, Town or City

P.S.C. NO. 4

2nd Revision SHEET NO. 1

CANCELLING P.S.C. NO. 3

Original SHEET NO. 1-25

SOUTH ANDERSON WATER DISTRICT
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

RATE
PER UNIT

The following rates and changes are prescribed for the customers in the area served by South Anderson Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

GALLONAGE BLOCK

RATE

First 2,000 gallons	\$11.35 Minimum Bill	I
Next 1,000 gallons	5.55 per 1,000 gallons	
Next 2,000 gallons	4.70 per 1,000 gallons	
Next 2,000 gallons	3.85 per 1,000 gallons	
Next 3,000 gallons	3.00 per 1,000 gallons	
Over 10,000 gallons	2.70 per 1,000 gallons	

PUBLIC SERVICE COMMISSION
OF KENTUCKY
EFFECTIVE

NOV 10 1994

PURSUANT TO 807 KAR 8011,
SECTION 9(1)

BY: Jordan C. Neal
FOR THE PUBLIC SERVICE COMMISSION

DATE OF ISSUE November 10, 1994 DATE EFFECTIVE November 10, 1994

ISSUED BY Allen W. Workford TITLE Manager
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in
Case No. 94-365 dated November 10, 1994

Form for filing Rate Schedules

For South Anderson Water District
Community, Town or City

P.S.C. NO. 3

2nd Revision SHEET NO. 1

CANCELLING P.S.C. NO. 2

Original SHEET NO. 1-25

SOUTH ANDERSON WATER DISTRICT
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

		RATE PER UNIT
<u>BULK RATE WATER STATION</u>		
Flat Rate	\$3.45 per 1,000 gallons	1
PUBLIC SERVICE COMMISSION OF KENTUCKY EFFECTIVE NOV 10 1994 PURSUANT TO 807 KAR 8011, SECTION 9(1) BY: <u>Jordan C. Neel</u> FOR THE PUBLIC SERVICE COMMISSION		

DATE OF ISSUE November 10, 1994 DATE EFFECTIVE November 10, 1994

ISSUED BY Allen Washel TITLE Manager
Name of Officer

Issued by authority of an Order of the Public Service Commission of Ky. in
Case No. 94-365 dated November 10, 1994

IV. PROJECT OVERVIEW

A. PROJECT NEED

1. When was plant and/or system which serves the proposed project originally constructed?

<u>List Major Improvements, if any</u>	<u>Year Completed</u>	<u>Funding Used</u>	<u>Approximate Cost</u>
Phase I Distribution Lines	1975	RD	\$450,000
Phase II Distribution Lines	1981	RD	\$110,000
Phase III Distribution Lines	1988	RD & CDBG	\$1,287,000
Phase IV Distribution Lines	1994	RD & CDBG	\$1,300,000

2. If water is being hauling, provide an estimate of (does not apply to bottled water):

a.	Number of households affected	<u>253</u>
b.	Cost per load	<u>\$ 25.00</u>
c.	Number of gallons per load	<u>1,500</u>
d.	Number of loads used per month	<u>2-3</u>
e.	Cost per 4,000 gallons	<u>\$ 67.00</u>

3. List areas within proposed project to be served (i.e. names of roads, communities, neighborhoods) as indicated on maps (Attach additional page if necessary, using same format).
Use corresponding area letters as needed for questions 4, 5, 6, 7, 8, and effectiveness question 5.

<u>Area</u>	<u>Road, Community or Neighborhood</u>	<u>Area</u>	<u>Road, Community or Neighborhood</u>
a	Gilberts Creek	g	SR 248/US 62/SR 3358
b	US 127 Bypass	h	Ballard/Puncheon/Dugansville/Searcy
c	Cox Road	i	Willow Creek
d	Anderson City/Drydock/SR 44/Buntain School	i	Ashby Road
e	Burgin Road	k	Woolridge Road
f	Fairview Spur/SR 1291	l	Rice Road
		m.	KY 44 West

4. List and briefly discuss problems or sickness and identify areas (Include reference to sources of documentation as listed under methodology) (Attach additional page if necessary, using same format):

<u>Area/s</u>	<u>Type of Sickness or Problems</u>	<u># of Cases</u>	<u>Documentation</u>
a	E. Coli present/Stomach Problems	2	Lab test/Survey
c	E. Coli present	1	Lab tests
d.	Worms in water/Stomach problems	3	Surveys
e	Stomach Problems	1	Survey
f	Snakes & worms in water/Stomach Problems	3	Survey
h	E. Coli & Salmonella bacteria present	3	Lab Tests
l	Pneumonia bacteria present	1	Lab Test

**IV. PROJECT OVERVIEW
(continued)**

PROJECT NEED (continued)

5. Briefly describe areas with pressure problems and reference documentation as listed under methodology. (Examples: dates hydraulic studies were conducted and conclusions, frequency and duration of pressure problems, actions taken to date to correct problems, public comments/complaints.)

N/A

6. Briefly discuss areas with I&I problems and reference documentation as listed under methodology. (Examples: dates studies were conducted and conclusions, actions taken to date to correct problems, flow data.)

N/A

7. For water samples/tests, provide the following information and briefly discuss on the following page the level of contamination of water supply for each area (Attach additional pages as necessary using same format) :

<u>Area</u>	<u>Type of Test Taken Within Last 3 Years</u>	<u># of Tests Taken</u>	<u># of Samples Contaminated</u>	<u># of Well Tests</u>	<u># of Cistern Tests</u>	<u># of Spring Tests</u>	<u># of Other Tests</u>
a	Coli Verification	2	2		1	1	
b		0					
c	Coli Verification	1	1		1		
d	Coli Verification	2	1		2		
e	Coli Verification	1	0		1		
f	Coli Verification	5	3		3	2	
g	Coli Verification	1	0		1		
h	Coli Verification	4	4		4		
i	Coli Verification	1	0		1		
j	Coli Verification	1	1		1		
k	Coli Verification	1	1		1		
l	Coli Verification	2	1		2		
Total		21	14 or 67%		18	3	

**IV. PROJECT OVERVIEW
(continued)**

PROJECT NEED (continued)

7. (continued) Briefly discuss level of contamination of water supply (Include type of contamination, etc.) for tests indicated above:

Tests conducted by the County Health Department and a private water testing lab indicated that 67% of all cisterns and springs had coliform contamination and that 25% were contaminated with the deadly E. Coli bacterium. Exposure to E. Coli can lead to a range of maladies, from stomach cramps to total kidney failure. The Project Area's homes are either clustered together creek bottoms where outhouses (approximately 2) and straight pipes prevail, or on farmland where runoff from cattle, hog or horse operations enters the creeks, permeating the water table. Seven households reported that they had contracted intestinal infections from their water supplies.

Fear of drinking the water was prevalent; household surveys revealed that one in two (50%) households purchased their drinking water, spending from \$15 to \$20 monthly for bottled water. Mothers are advised by local physicians to not use well, cistern or spring water for mixing infant formula, frail or ill persons were afraid to consume well, cistern or spring water due to the high mineral content and the possibility of contracting a life-threatening bacteriological infection.

Reports on Anderson County from the Epidemiology section of the Cabinet for Human Resources indicate that, since 1993, there have been 5 cases of Camphybactor, 1 case of E. Coli related illness, 9 cases of Salmonella, and 2 cases of Giardia, all water borne illnesses. The Anderson County Health Department supports these records, citing reported cases of Hepatitis (non-A and non-B) and "many" cases of Campylobactor. According to the Control of Communicable Diseases Manual, "fecal contamination of nonchlorinated public water supplies has caused some extensive outbreaks of Salmonellosis". The Project Area has the largest concentration of households in the County still unserved by potable water(325 consumers of an estimated 500 unserved households), it may be surmised that a number of these cases have been in the Project Area. Severe contamination of water supplies such as those tested, in addition to the aforementioned report, indicates an imminent health threat to the households in this Project Area.

8. Briefly discuss level of contamination in regard to sewage problems by area (Include source, type of problem, test results or studies conducted, etc.) for tests shown above:

N/A

9. Identify current sanctions and attach copy(ies):

	<u>Date Imposed</u>	<u>Fines Levied to Date</u>	<u>Final Compliance Date</u>
Administrative Order	N/A		
Agreed Order	N/A	\$	
Tap-On Ban	N/A	\$	
Line Extension Ban	N/A	\$	
Others (Explain)	N/A	\$	
		\$	

IV. PROJECT OVERVIEW (continued)

A. PROJECT NEED (continued)

10. Briefly summarize other needs in the space provided. **Additional pages are not allowed.**

Description of Need:

For years, households within a 13 road area of Anderson County have requested that public water supplies be extended to them. Current water supplies consist of cisterns (96%), drilled wells (3%), or springs or creeks (1%). Household surveys revealed that one in two households (50%) were too afraid of their water source to drink it and had to purchase their drinking water at an average cost of \$15 to \$20 per month. There were 178 households in the Project Area that hauled their own water(which requires a truck, a 300 gallon plastic storage tank and \$4.00 per load), making an average of 12 trips per month, or had their water hauled, at a cost of \$67 per month.

The majority of the residences in the Project Area are grouped in clusters along ridgetops, on or adjacent to small farms on which cattle, hogs and/or horses are raised. In these areas , outhouses and concentrations of "straight pipes" are the norm and leach right into the water table. Livestock from the small farms have access to the creeks and/or any run-off from grazing areas allows animal wastes and Nitrates to enter the creek and contaminate the water table. A recent study of the Center for Disease Control and Prevention confirmed that Nitrate runoff from fertilizer, animal or human feces has linked instances of miscarriages in humans to the consumption of water sources contaminated in this fashion. Seven households reported that they had contracted intestinal infections from their water supplies. Five households in the Project Area were advised by local doctors to boil water for infant formula, lest they endanger the health and safety of their infants. Soil types throughout the Project Area are clayey soils of the Lowell-Faywood-Eden; these soil types are susceptible to poor absorption rates and are generally located in or near creek bottoms and along ridgetops. These soils are classified as "severe" in terms of permeability and percolation of any septic fields or outhouses in the Project Area, thereby allowing human wastes to infiltrate the groundwater.

The South Anderson Water District is currently purchasing the maximum amount of water allowed in their Water Purchase Agreement with the City of Lawrenceburg, with no hope of increasing the amount of water that can be purchased. The City Water Treatment Plant is treating the maximum allowable gallonage and will be unable to provide more finished water without an upgrade in their pumping and treatment capabilities. A bulk water station near the Project Area used by residents to fill plastic storage tanks for cisterns, was shut down this July and August because the drought-like conditions increased the demand for water; The Water District was exceeding their Purchase limits and feared having their water limited by the City, denying all District customers ample water supplies. The District proposes to construct 24,500 LF of 8" water distribution line to interconnect their system with the Frankfort Water system; a purchase agreement is in draft form and shall be finalized upon confirmation of funding. Provision of this distribution line will enable the Water District to utilize the new Frankfort interconnection solely for water service for the northeastern sector of the District and for an emergency back-up supply. The gallonage formerly purchased for this sector (approximately 80,000 gallons per day) will, in effect, reduce the amount of water purchased from the City, however, the District shall still purchase additional water from the City in order to satisfy the demands (approximately 55,000 gallons per day) of the new Project Area customers. . As a result, the District will be able to remain within their Purchase Agreement limits with the City and still serve these new customers, while utilizing a regional source of water for their northeastern sector.

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 A very special home
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 \$8000. 243-0515

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Louisville Road,
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 40601, for the Propo-
 sals package. The
 total amount of Fed-
 eral Funds available
 for these Grants is
 \$200,000. Submission
 deadline for com-
 pleted proposal
 packets is January 31,
 1998. Projects se-
 lected to be funded
 must be completed
 by September 30,
 1998.

047836
REQUEST FOR
STATEMENT OF
QUALIFICATIONS

The South Anderson
 Water District will
 accept statements of
 qualifications from
 consulting engineer-
 ing firms for plan-
 ning, design, con-
 struction and other
 required engineering
 relating to a Phase 5
 Water System Ex-
 tension Project.
 Firms wishing to be
 considered should
 send a statement of
 qualifications, not
 exceeding 15 pages,
 to Mr. Alton War-
 ford, Manager,
 South Anderson
 Water District at 50
 Box 16, Lawrence-
 burg, Kentucky
 40342. Proposals
 must be received by
 3:00 p.m. on Decem-
 ber 21, 1997. State-

CURRENCY:
 Two Thousand One
 Hundred Ninety
 (\$2,190.00) Dollars in
 United States Cur-
 rency;
YOU ARE HEREBY
NOTIFIED that the
 United States intends
 to dispose of this
 property in such
 manner as the Uni-
 ted States Attorney
 General may direct.
 Pursuant to Title 21,
 United States Code,
 Section 853 (n)(1), if
 you have a legal in-
 terest in this prop-
 erty, WITHIN THIRTY
 (30) DAYS of receipt
 of this notice, you
 must petition the
 United States District
 Court for the Eastern
 District of Kentucky
 for a hearing to ad-
 judge the validity of
 your alleged legal in-
 terest in this prop-
 erty. If a hearing is re-
 quested, it shall be
 held before the Court
 alone, without a jury.
THE PETITION
 must be signed by
 the petitioner under
 penalty of perjury,
 as established in 28
 U.S.C. § 1746, and
 shall set forth the na-
 ture and extent of
 your right, title or in-
 terest in each item of
 property, the time
 and circumstances
 of your acquisition of

couch
 apartment
 house
 puppy
 kitten
 roommate
 Check
 the
Herald-Leader
Classifieds.
 7
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 week!

THE Daily Crossword Edited by Wayne Robert Williams

- ACROSS**
- 1 Candid Camera
 - man
 - 5 Sarcastic taunts
 - 10 Stack
 - 14 Buckeye state
 - 15 Eastern European lake
 - 16 Stately bird
 - 17 Police officer's protection
 - 20 Pay the piper
 - 21 Jots
 - 22 Ship back?
 - 23 Card game for three
 - 25 Completely surround
 - 29 Operates
 - 30 Cool down
 - 33 Page
 - 34 Of sacred Hindu scripture
 - 35 Novelist Conroy
 - 36 Glutton's requirement
 - 40 Resident of suff
 - 41 Like sailor's stories
 - 42 Poker stake
 - 43 Hair fashions
 - 44 Comic Rudner
 - 45 Empty talk
 - 47 Passing crazes
 - 48 Abner
 - 49 Soup dispenser
 - 52 Warm, cheerful brightness
 - 57 John Henry, e.g.
 - 60 Ballet dancer Pavlova
 - 61 Entrenched
 - 62 Distress painfully
 - 63 Coin flip
 - 64 Arnold, the actor
 - 65 Chopping tools
- DOWN**
- 1 Watch pockets
 - 2 Casual affirmative
 - 3 River of Sudan
 - 4 Usage charge
 - 5 Deplaned
 - 6 Feed the computer
 - 7 Actor Lahr
 - 8 Prima donna's problem
 - 9 Paulo, Brazil
 - 10 Wheel

TMS Puzzles © sol.com

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By Gerald R. Ferguson
 Portland, OR

12/8/97
 Saturday's Puzzle solved.

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- 11 Yeah, sure
- 12 Actress Eichhorn
- 13 Guessed figs.
- 18 Israel's airline
- 19 Unqualified failure
- 23 Full of lather
- 24 Contract in wrinkles
- 25 Spanish hero
- 26 Groovy
- 27 Neon and radon
- 28 Instructors' grp.
- 29 Oscar de la
- 30 Colgate rival, once
- 31 Water-storing plants
- 32 Imaginary substance
- 34 Electrical measure
- 37 Shamir's nation
- 38 Foray
- 39 Welcome site
- 45 Intentionally out of sight
- 46 Lena or Ken
- 47 Black plague carriers
- 48 "Alice" star
- 49 Coll. senior's exam
- 50 Chemical chart fig.
- 51 Lions' lairs
- 52 Capital on the Baltic Sea
- 53 Taj Mahal site
- 54 Western st.
- 55 Raw sugar
- 56 Concludes
- 58 Toothy dog
- 59 Furrow

RAY EDELMAN

ATTORNEY AT LAW

150 SOUTH MAIN STREET

LAWRENCEBURG, KENTUCKY 40342

TELEPHONE
(502) 839-5111

FAX
(502) 839-3834

October 1, 1998

Louis F. Elliott, Manager
USDA Rural Development
P.O. Box 1227
Shelbyville, KY 40066-1227

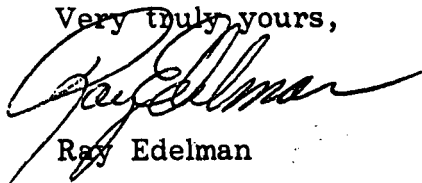
In Re: South Anderson Water District

Dear Mr. Elliott:

The South Anderson Water District was established and designated as the South Anderson Water District by Order of the Anderson County Court, dated May 5, 1967, signed by Judge Hollie Warford, Sr. A copy of said Order is attached hereto for your reference.

I am presently of the opinion that the South Anderson Water District was duly established and is still in continued existence.

Very truly yours,



Ray Edelman

RE:rp

Attachment

IN RE: South Anderson WATER DISTRICT

O R D E R

It appearing to the court that a petition signed by at least ^{Twenty-} ~~seventy-~~
(25) five ~~(25)~~ resident free holders of the proposed South Anderson water
District has been filed and a copy of the territory intended to be
included in the district was made a part of the petition and filed
with same.

It further appearing to the court that a notice of the filing of
this petition has been published in three (3) issues in a newspaper of
general circulation in this county, and

It further appearing to the court from the petition that the estab-
lishment of this district is reasonable necessary for the public health,
convenience, fire protection and comfort of the residents therein.

It further appearing to the court that no objections have been
filed to this petition.

IT IS THEREFORE, ordered that the South Anderson water District
be and the same is hereby established, and it is designated the
South Anderson Water District.

This 5th day of May, 1967.

Walter Woodard
JUDGE, Anderson COUNTY COURT

STATE OF KENTUCKY
COUNTY OF ANDERSON, Sct.

I, Julian Birdwhistell, Clerk of the Anderson County Court, hereby certify that the foregoing is a true and correct copy of an Order of said Court in reference to the South Anderson Water District, and same is of record in my said office in County Court Order Cook "W", Page 169.

Witness my hand and seal of office this August 26, 1975.

JULIAN BIRDWHISTELL, CLERK

By: Rita Phillips DC

SOUTH ANDERSON WATER DISTRICT
P.O. BOX 16
246 COURT STREET
LAWRENCEBURG, KY 40342

SOUTH ANDERSON WATER DISTRICT
MINUTES FROM MEETING JANUARY 15, 1998

THE JANUARY MEETING OF THE SAWD WAS CALLED TO ORDER BY BOB KINCER.
MINUTES OF THE PREVIOUS MEETING WERE READ AND WITH NO CHANGES WAS
APPROVED AS READ.

THE BOARD REVIEWED WARRANT #263, A MOTION BY JANET 2ND BY BOB TO
PAY ALL BILLS LISTED IN WARRANT #263, MOTION CARRIED.

ALTON, UPDATED THE BOARD ON OUTSTANDING ACCOUNTS. THE BOARD AGREED
TO WRITE THEM OFF AS A LOSS, BUT STILL WANTS TO TRY AND COLLECT
FROM THE PEOPLE.

ALTON, BROUGHT BEFORE THE BOARD THE STATEMENTS OF QUALIFICATION
FROM CONSULTING ENGINEERING FIRMS FOR PLANNING, DESIGN,
CONSTRUCTION AND OTHER REQUIRED ENGINEERING RELATING TO A PHASE 5
WATER SYSTEM EXTENSION PROJECT.

THIS REQUEST FOR ENGINEERING FIRMS QUALIFICATIONS WAS ADVERTISED IN
THE PAPER AND NEEDED TO BE IN BY DECEMBER 21, 1997 AT 3:00PM.

THE BOARD NEGOTIATED A CONTRACT WITH KENVIRONS ENGINEERING. BOTH
AGREED TO USE THE RURAL DEVELOPMENT STANDARD ENGINEERING CONTACT,
TO FULFILL THE REQUIREMENTS OF RURAL UTILITIES SERVICE. SOURCES OF
FUNDING WILL INCLUDE, BUT NOT LIMITED TO THE USDA (RUS) WATER AND
WASTE LOAN AND GRANT PROGRAM AND LOCAL MONIES.

****NEXT MEETING FEBRUARY 26, 1998, 7:30 P.M.****

- PRESENT:** K. TAYLOR
B. KINCER
J. BRYANT
A. WARFORD
G. KINNE

AGREEMENT FOR ENGINEERING SERVICES

This Agreement, made this 9th day of February, 19 98,

by and between South Anderson Water District, hereafter referred to as the OWNER,

and Kenviron, Inc., hereinafter referred to as the ENGINEER:

THE OWNER intends to construct an extension to its water distribution system (Phase V)

in Anderson County, State of Kentucky

which may be paid for in part with financial assistance from the United States of America acting through Rural Development of the United States Department of Agriculture, pursuant to the consolidated Farm and Rural Development Act, (7 U.S.C. 1921 et seq.) and for which the ENGINEER agrees to perform the various professional engineering services for the design and construction of said system.

WITNESSETH:

That for and in consideration of the mutual covenants and promises between the parties hereto, it is hereby agreed:

SECTION A - ENGINEERING SERVICES

The ENGINEER shall furnish engineering services as follows:

1. The ENGINEER will conduct preliminary investigations, prepare preliminary drawings, provide a preliminary itemized list of probable construction costs effective as of the date of the preliminary report, and submit a preliminary engineering report following Rural Development instructions and guides.
2. The ENGINEER will furnish 10 copies of the preliminary engineering report, and layout maps to the OWNER.
3. The ENGINEER will attend conferences with the OWNER, representatives of Rural Development, or other interested parties as may be reasonably necessary.
4. After the preliminary engineering report has been reviewed and approved by the OWNER and by Rural Development and the OWNER directs the ENGINEER to proceed, the ENGINEER will perform the necessary design surveys, accomplish the detailed design of the project, prepare construction drawings, specifications and contract documents, and prepare a final cost estimate based on the final design for the entire system. It is also understood that if subsurface explorations (such as borings, soil tests, rock soundings and the like) are required, the ENGINEER will furnish coordination of said explorations without additional charge, but the costs incident to such explorations shall be paid for by the OWNER as set out in Section D hereof.
5. The contract documents furnished by the ENGINEER under Section A-4 shall utilize Rural Development-endorsed construction contract documents, including Rural Development General Conditions, Contract Change Orders, and partial payment estimates. All of these documents shall be subject to Rural Development approval. Copies of guide contract documents may be obtained from Rural Development.
6. Prior to the advertisement for bids, the ENGINEER will provide for each construction contract, not to exceed 10 copies of detailed drawings, specifications, and contract documents for use by the OWNER, appropriate Federal, State, and local agencies from whom approval of the project must be obtained. The cost of such drawings, specifications, and contract documents shall be included in the basic compensation paid to the ENGINEER.
7. The ENGINEER will furnish additional copies of the drawings, specifications and contract documents as required by prospective bidders, material suppliers, and other interested parties, but may charge them for the reasonable cost of such copies. Upon award of each contract, the ENGINEER will furnish to the OWNER five sets of the drawings, specifications and contract documents for execution. The cost of these sets shall be included in the basic compensation paid to the ENGINEER. Original documents, survey notes, tracings, and the like, except those furnished to the ENGINEER by the OWNER, are and shall remain the property of the ENGINEER.

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer, STOP 7602, 1400 Independence Avenue, S.W., Washington, D.C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

(Section A - continued)

8. The drawings prepared by the ENGINEER under the provisions of Section A-4 above shall be in sufficient detail to permit the actual location of the proposed improvements on the ground. The ENGINEER shall prepare and furnish to the OWNER without any additional compensation, three copies of a map(s) showing the general location of needed construction easements and permanent easements and the land to be acquired. Property surveys, property plats, property descriptions, abstracting and negotiations for land rights shall be accomplished by the OWNER, unless the OWNER requests, and the ENGINEER agrees to provide those services. In the event the ENGINEER is requested to provide such services, the ENGINEER shall be additionally compensated as set out in Section D hereof.
9. The ENGINEER will attend the bid opening and tabulate the bid proposals, make an analysis of the bids, and make recommendations for awarding contracts for construction.
10. The ENGINEER will review and approve, for conformance with the design concept, any necessary shop and working drawings furnished by contractors.
11. The ENGINEER will interpret the intent of the drawings and specifications to protect the OWNER against defects and deficiencies in construction on the part of the contractors. The ENGINEER will not, however, guarantee the performance by any contractor.
12. The ENGINEER will establish baselines for locating the work together with a suitable number of bench marks adjacent to the work as shown in the contract documents.
13. The ENGINEER will provide general engineering review of the work of the contractors as construction progresses to ascertain that the contractor is conforming with the design concept.
14. Unless notified by the OWNER in writing that the OWNER will provide for resident inspection, the ENGINEER will provide resident construction inspection. The ENGINEER'S undertaking hereunder shall not relieve the contractor of contractor's obligation to perform the work in conformity with the drawings and specifications and in a workmanlike manner; shall not make the ENGINEER an insurer of the contractor's performance; and shall not impose upon the ENGINEER any obligation to see that the work is performed in a safe manner.
15. The ENGINEER will cooperate and work closely with Rural Development representatives.
16. The ENGINEER will review the contractor's applications for progress and final payment and, when approved, submit same to the OWNER for payment.
17. The ENGINEER will prepare necessary contract change orders for approval of the OWNER, Rural Development, and others on a timely basis.
18. The ENGINEER will make a final review prior to the issuance of the statement of substantial completion of all construction and submit a written report to the OWNER and Rural Development. Prior to submitting the final pay estimate, the ENGINEER shall submit a statement of completion to and obtain the written acceptance of the facility from the OWNER and Rural Development.
19. The ENGINEER will provide the OWNER with one set of reproducible record (as-built) drawings, and two sets of prints at no additional cost to the OWNER. Such drawings will be based upon construction records provided by the contractor during construction and reviewed by the resident inspector and from the resident inspector's construction data.
20. If State statutes require notices and advertisements of final payment, the ENGINEER shall assist in their preparation.
21. The ENGINEER will be available to furnish engineering services and consultations necessary to correct unforeseen project operation difficulties for a period of one year after the date of statement of substantial completion of the facility. This service will include instruction of the OWNER in initial project operation and maintenance but will not include supervision of normal operation of the system. Such consultation and advice shall be furnished without additional charge except for travel and subsistence costs. The ENGINEER will assist the OWNER in performing a review of the project during the 11th month after the date of the certificate of substantial completion.
22. The ENGINEER further agrees to obtain and maintain, at the ENGINEER'S expense, such insurance as will protect the ENGINEER from claims under the Workman's Compensation Act and such comprehensive general liability insurance as will protect the OWNER and the ENGINEER from all claims for bodily injury, death, or property damage which may arise from the performance by the ENGINEER or by the ENGINEER'S employees of the ENGINEER'S functions and services required under this Agreement.

(Section A - continued)

23. The services called for in the Section A-1 and A-2 of this Agreement shall be completed and the report submitted within 30 calendar days from the date of authorization to proceed. After acceptance by the OWNER and Rural Development of the Preliminary Engineering Report and upon written authorization from the OWNER, the ENGINEER will complete final plans, specifications and contract documents and submit for approval of the OWNER, Rural Development and all State regulatory agencies within 150 calendar days from the date of authorization unless otherwise agreed to by both parties.

If the above is not accomplished within the time period specified, this Agreement may be terminated by the OWNER. The time for completion will be extended by the OWNER for a reasonable time if completion is delayed due to unforeseeable causes beyond the control and without the fault or negligence of the ENGINEER.

SECTION B - COMPENSATION FOR ENGINEERING SERVICES

1. The OWNER shall compensate the ENGINEER for preliminary engineering services in the sum of Six Thousand Dollars and no/100 ----- Dollars (\$ 6,000.00) after the review and approval of the preliminary engineering report by the OWNER and Rural Development.

2. The OWNER shall compensate the ENGINEER for design and contract administration engineering services in the amount of: (Select ~~XXX~~(b))

(a) N/A Dollars (\$ N/A) or

(b) As shown in Attachment 1

When Attachment 1 is used to establish compensation for the design and contract administration services, the actual construction costs on which compensation is determined shall exclude legal fees, administrative costs, engineering fees, land rights, acquisition costs, water costs, and interest expense incurred during the construction period.

The compensation for preliminary engineering services, design and contract administration services shall be payable as follows:

- (a) A sum which equals seventy percent (70%) of the total compensation payable under Section B-1 and 2, after completion and submission of the construction drawings, specifications, cost estimates, and contract documents, and the acceptance of the same by OWNER and Rural Development.
- (b) A sum which, together with the compensation provided in Section B-3-(a) above, equals eighty percent (80%) of the compensation payable immediately after the construction contracts are awarded.
- (c) A sum equal to fifteen percent (15%) of the compensation will be paid on a monthly basis for general engineering review of the contractor's work during the construction period on percentage ratios identical to those approved by the ENGINEER as a basis upon which to make partial payments to the contractor(s). However, payment under this paragraph and of such additional sums as are due the ENGINEER by reason of any necessary adjustments in the payment computations will be in an amount so that the aggregate of all sums paid to the ENGINEER will equal ninety-five (95%) of the compensation. A final payment to equal 100 percent shall be made when it is determined that all services required by this Agreement have been completed except for the services set forth in Section A-21 hereof.

SECTION C - COMPENSATION FOR RESIDENT INSPECTION
AS SET FORTH IN SECTION A-14

When the ENGINEER provides resident inspection, the ENGINEER will, prior to the preconstruction conference, submit a resume of the resident inspector's qualifications, anticipated duties and responsibilities for approval by the OWNER and Rural Development. The OWNER agrees to pay the ENGINEER for such services in accordance with the schedule set out in Attachment 1. The ENGINEER will render to OWNER for such services an itemized bill, once each month, for compensation for such services performed hereunder during such period, the same to be due and payable by the OWNER to the ENGINEER on or before the 10th day of the following period.

Under normal construction circumstances, and for the proposed construction period of 365 days, the cost of resident inspection is estimated to be \$ 61,500.00.

SECTION D - ADDITIONAL ENGINEERING SERVICES

• In addition to the foregoing being performed, the following services may be provided UPON PRIOR WRITTEN AUTHORIZATION OF THE OWNER and written approval of Rural Development.

1. Site surveys for water treatment plants, sewage treatment works, dams, reservoirs, and other similar special surveys as may be required.
2. Laboratory tests, well tests, borings, specialized geological, soils, hydraulic or other studies recommended by the ENGINEER.
3. Property surveys, detailed description of sites, maps, drawings, or estimates related thereto; assistance in negotiating for land and easement rights.
4. Necessary data and filing maps for water rights, water adjudication, and litigation.
5. Redesigns ordered by the OWNER after final plans have been accepted by the OWNER and Rural Development, except redesigns to reduce the project cost to within the funds available.
6. Appearances before courts or boards on matters of litigation or hearings related to the project.
7. Preparation of environment impact assessments or environmental impact statements.
8. Performance of detailed staking necessary for construction of the project in excess of the control staking set forth in Section A-12.
9. The ENGINEER further agrees to provide the operation and maintenance manual for facilities when required for \$ N/A.

Payment for the services specified in this Section D shall be as agreed in writing between the OWNER and approved by Rural Development prior to commencement of the work. Barring unforeseen circumstances, such payment is estimated not to exceed

\$ 12,000.00. The ENGINEER will render to OWNER for such services an itemized bill, separate from any other billing, once each month, for compensation for services performed hereunder during such period, the same to be due and payable by OWNER to the ENGINEER on or before the 10th day of the following period.

SECTION E - INTEREST ON UNPAID SUMS

If OWNER fails to make any payment due ENGINEER within 60 days for services and expenses and funds are available for the project then the ENGINEER shall be entitled to interest at the rate of 12 percent per annum from said 60th day, not to exceed an annual rate of 12 percent.

SECTION F - SPECIAL PROVISIONS

SECTION G - APPROVAL BY RURAL DEVELOPMENT

- This Agreement shall not become effective until approved by Rural Development. Such approval shall be evidenced by the signature of a duly authorized representative of Rural Development in the space provided at the end of this Agreement. The approval so evidenced by Rural Development shall in no way commit Rural Development to render financial assistance to the OWNER and is without liability for any payment hereunder, but in the event such assistance is provided, approval shall signify that the provisions of this Agreement are consistent with the requirements of Rural Development.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their duly authorized officials, this Agreement in duplicate on the respective dates indicated below.

(SEAL)

ATTEST Alton Warford

Type Name Alton Warford

Title Manager

(SEAL)

ATTEST Kenneth D. Taylor

Type Name Kenneth D. Taylor

Title Associate

OWNER:

By Bob Kincer

Type Name Bob Kincer

Title Chairman

Date 2-18-98

ENGINEER:

By Douglas C. Griffin

Type Name Douglas C. Griffin

Title President

Date 2/18/98

APPROVED:

RURAL DEVELOPMENT

By _____

Type Name _____

Title _____

Date _____

AGREEMENT FOR ENGINEERING SERVICES
Form FmHA 1942-19 - KENTUCKY ATTACHMENT I
(Rev. 3-1-90)

FEEES FOR PROFESSIONAL ENGINEERING SERVICES
AS A PERCENTAGE OF NET CONSTRUCTION COST

This attachment will be executed and made a part of the "Agreement for Engineering Services." It will be used as a guide for determining maximum compensation for basic engineering and resident inspection services.

TABLE I - BASIC DESIGN

These fees shall pertain to projects requiring complex or detailed engineering design. This will include sewage treatment plants, sewage collection, sewage lift stations, water treatment plants, water distribution mains and appurtenances less than 12 inches in diameter, water pump stations, water storage facilities, and renovations of water and sewer facilities.

<u>NET CONSTRUCTION COST</u>	<u>PERCENTAGE FEE</u>
\$ 100,000	13.00
200,000	11.20
300,000	10.25
400,000	9.70
500,000	9.30
600,000	8.98
700,000	8.70
800,000	8.45
900,000	8.25
1,000,000	8.10
2,000,000	7.15
3,000,000	6.72
4,000,000	6.40
5,000,000	6.25
6,000,000	6.15
7,000,000	6.05
8,000,000	5.95
9,000,000	5.90
10,000,000	5.85

Fees for less complex projects such as light industrial buildings, roads, streets, storm drains 24 inches and larger, water distribution mains 12 inches and larger, and appurtenances related thereto shall be 85% of the above Table I percentages.

Surveys for design such as topography, profiles, cross sections and the like, soundings--not to exceed six feet in depth-- to estimate the amount of rock excavation, are included in the basic service instead of being classified as additional or special services.

TABLE II - PERCENTAGES FOR ESTABLISHING
FULL TIME RESIDENT INSPECTION COSTS

<u>NET CONSTRUCTION COST</u>	<u>PERCENT</u>
\$ 100,000	12.00
200,000	9.40
300,000	7.80
400,000	7.00
500,000	6.40
600,000	5.80
700,000	5.40
800,000	5.00
900,000	4.80
1,000,000	4.60
2,000,000	3.60
3,000,000	3.00
4,000,000	2.70
5,000,000	2.50
6,000,000	2.32
7,000,000	2.20
8,000,000	2.12
9,000,000	2.05
10,000,000	2.00

NOTE: Add two percent to the above Table II percentages for the first \$1,000,000 cost of treatment facilities. Add one percent to the above percentages for all over \$1,000,000 cost of treatment facilities.

GENERAL INFORMATION FOR BASIC AND RESIDENT INSPECTION FEES

The resident inspector will maintain a daily diary meeting FmHA requirements.

Compensation for construction costs between the values listed in the schedule should be determined by interpolation.

If a project is divided into units and all units are authorized for design at the same time, the compensation will be determined by adding together the costs of the construction of the various units and applying the table to the sum of these costs. The initial construction award amount will set the fee percent for project (change orders will not adjust fee percent). For construction inspection, the initial percent times the revised construction cost will create an up-set figure not to be exceeded. If remaining funds are used and additional construction is rebid, the project shall be treated as a new project with new fee percentages.

OWNER South Anderson Water District

DATE 2-18-98 BY (with TITLE) Bob Kincaid Chairman

ENGINEER Kenviron, Inc.

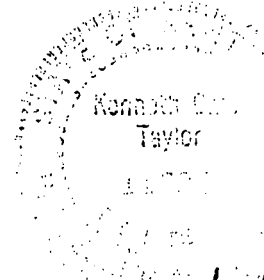
DATE 2/19/98 BY (with TITLE) Douglas C. Siff

**PRELIMINARY ENGINEERING REPORT
PHASE 5 EXPANSION PROJECT
SOUTH ANDERSON WATER DISTRICT
LAWRENCEBURG, KENTUCKY**

PROJECT NO. 97185

SEPTEMBER, 1998

Kenneth D. Taylor, PE
9/30/98



PRELIMINARY ENGINEERING REPORT

PHASE 5 EXPANSION PROJECT SOUTH ANDERSON WATER DISTRICT

I. INTRODUCTION

The South Anderson Water District (SAWD) was originally formed to provide a safe, dependable supply of potable water to the citizens of southern Anderson County. Since its inception in 1967, the SAWD has grown until it serves approximately 1450 customers over a large portion of the County including some in the northern portion of the County. SAWD intends to eventually make treated water available to every citizen within its boundary. This project will go a long way toward accomplishing this as it extends service to 14 separate areas of the county and provides an additional source of treated water. SAWD anticipates serving approximately 342 new users on the extensions. The proposed facilities are modest in design, size and cost and will be constructed and operated in an environmentally responsible manner.

II. PROJECT PLANNING AREA

Included as Exhibit 1 is a map of Anderson County with SAWD's boundary, existing facilities and proposed facilities indicated. The planning area for the proposed project includes all of the area within SAWD's boundary as the entire distribution system must be designed to ultimately provide treated water to the entire area. Toward this goal the facilities previously constructed and planned by SAWD have been designed to provide the necessary volume and pressures for the completed system. The proposed facilities are shown on Exhibits II -IV which are portions of the USGS 7.5 minute topographic maps of the areas. The transmission line from the Frankfort Plant Board system will provide an alternate source of water to the system and can be extended to tie into the rest of the system at a later date if need arises. The specific areas to be served by the project include the following roads/communities: Ballard, Dugansville Rd., Hoophole, Puncheon Ck. Rd., and Searcy Sch. Rd.; Fairview, Lick Skillet Rd., and Ky Hwy 1291; Drydock, Anderson City, Buntain Sch. Rd., and Ky 44 east of Glensboro; US 62 west of Johnsonville, Ky Hwy 248 and Ky Hwy 3358 (Tanner Rd.); Burgin Rd.; US 127 Bypass from Sidney to US 127; Cox Rd.; Willow Ck. Rd.; Ky Hwy 44 west of Glensboro; Ashby Rd.; Gilberts Ck. Rd.; Woolridge Rd.; Rice Rd.; and Fox Ck. Rd..

The project will address a serious problem faced by the residents of these areas, that being the lack of a safe, dependable water supply. The personal health and safety of the residents are threatened by contaminated water sources. A portion of the families are also forced to haul water, creating a financial burden. The District has sampled a cross-section of the water supplies in the area and determined that the majority were contaminated by coliform or other bacteria. Tests conducted by the County Health Department and a

private water testing lab indicated that 67% of all cisterns and springs had coliform contamination and that 25% were contaminated with the deadly E. Coli bacterium. Exposure to E. Coli can lead to a range of maladies, from stomach cramps to total kidney failure. The Project Area's homes are either clustered together along creek bottoms where outhouses (approximately 2) and straight pipes prevail, or on farmland where runoff from cattle, hog or horse operations enters the creeks, permeating the water table. Seven households reported that they had contracted intestinal infections from their water supplies.

Fear of drinking the water was prevalent; household surveys revealed that one in two (50%) households purchased their drinking water, spending from \$15 to \$20 monthly for bottled water. Mothers are advised by local physicians to not use well, cistern or spring water for mixing infant formula, frail or ill persons were afraid to consume well, cistern or spring water due to the high mineral content and the possibility of contracting a life-threatening bacteriological infection.

Reports on Anderson County from the Epidemiology section of the Cabinet for Human Resources indicate that, since 1993, there have been 5 cases of Campylobacter, 1 case of E. Coli related illness, 9 cases of Salmonella, and 2 cases of Giardia, all water borne illnesses. The Anderson County Health Department supports these records, citing reported cases of Hepatitis (non-A and non-B) and "many" cases of Campylobacter. According to the Control of Communicable Diseases Manual, "fecal contamination of nonchlorinated public water supplies has caused some extensive outbreaks of Salmonellosis". The Project Area has the largest concentration of households in the County still unserved by potable water (342 consumers of an estimated 500 unserved households), it may be surmised that a number of these cases have been in the Project Area. Severe contamination of water supplies such as those tested, in addition to the aforementioned report, indicates an imminent health threat to the households in this Project Area.

There are no known or anticipated unusual construction conditions. Due to shallow soil depths in much of the area, the unit cost per foot of water line will be slightly higher than in some other areas of the state. The District is not aware of any environmentally significant features, historic sites or important land resources which will be adversely impacted by the project.

III. EXISTING FACILITIES

The District's distribution facilities now consist of approximately 37,000 feet of 8", 273,500 feet of 6", 180,500 feet of 4" and 19,500 feet of 3" distribution line; 3-100,000 gallon and 1-131,000 gallon storage tanks; 3-100 gpm booster pump stations; and assorted accessories such as gate valves, and blow-off hydrants/valves. All of the system is less than 25 years old and a major portion is less than 10 years old. All existing facilities are in good to excellent working condition. The District is currently planning to construct a booster pump station and standpipe in the US 62/US 127 bypass area. These facilities

will provide service to the higher elevations in this area and increase the quantity of water that can be taken out US 62 west.

The District currently purchases all water. It has a contract with the City of Lawrenceburg for up to 10 million gallons per month through 2037.

Given in the attached Summary/Addendum are the District's current rate schedules, tabulation of users by monthly usage categories, status of existing long-term indebtedness and amounts on deposit in the required reserve accounts. The District is physically and economically sound.

IV. PROPOSED FACILITIES AND SERVICES

General Description. The proposed project consists of approximately 24,500 feet of eight inch, 239,325 feet of four inch, and 10,800 feet of three inch water line; 1-300 gpm booster pump station; and distribution system appurtenances such as gate valves, air release valves, blow-off valves, meters, etc. The distribution lines will be primarily of PVC. Some small sections of ductile iron pipe may be used in special areas, i.e., stream crossings, past gas tanks, etc. The facilities will be designed to provide the customers with a minimum pressure of 30 psi at the meter at peak flow conditions. Where static pressures exceed 90 psi, individual pressure regulators will be provided to protect fixtures from high pressures. The booster pump station will pump to the existing standpipe at Ninevah.

The booster pumping station will be designed to maintain a minimum operating level in the standpipe about 10 to 12 feet lower than the overflow elevation of the tank. This will require pumping to begin when the water level in the tank drops to the minimum operating level; pumping will continue until the tank is refilled to just below the overflow level. This procedure will provide adequate pressure stabilization of the system. The hydraulic model of the system is currently being updated to include the proposed project and significant results of the model will be appended to this report when completed.

The locations of the major elements of the project are shown on the attached county road map and portions of the U.S.G.S. topographic maps. An itemized cost estimate is given in Attachment I. The extension of the District's distribution facilities is the only viable alternative for providing water service to these areas of the County.

Land. It will be necessary to acquire land on which to construct the booster pump station. A tract approximately 30' x 30' will be needed for the booster pump station. The approximate location of this facility is shown on the attached maps, however, the location may vary depending on the final design of the system and the ability to acquire the land.

Rights. Easements will be required for the water distribution lines, many of which will be given by the individual customers. By necessity, some easements for the distribution lines will be on State and County road right-of-way.

No permits or easements have been obtained at this time for the proposed work. It is anticipated that in addition to the land requirements previously mentioned, permits and/or approvals will be required from the following agencies:

Kentucky Public Service Commission
 Kentucky Department of Transportation
 Kentucky Department for Environmental Protection - Division of Water
 Anderson County Fiscal Court

V. COST ESTIMATE

TABLE 1

PRELIMINARY PROJECT COST ESTIMATE
 PHASE 5 EXPANSION PROJECT
 SOUTH ANDERSON WATER DISTRICT
 LAWRENCEBURG, KENTUCKY

Construction Cost Estimate	\$ 1,678,088.75
Contingency	167,816.25
Engineering (Basic)	145,250.00
Construction Inspection	84,675.00
Other Engineering (Geotechnical, Archaeological, Surveying, Preliminary Engineering Report)	15,000.00
Legal	35,000.00
Land and Rights	10,000.00
Interest	30,000.00
Administration/Planning	<u>40,000.00</u>
TOTAL	\$ 2,205,830.00

VI. FEASIBILITY STUDY

It is anticipated that this project will be funded with tap fees; local, district and county contributions, a loan and a grant. This section contains an economic feasibility analysis to determine the affect of additional borrowing on the District's financial integrity and the need for a rate adjustment. The District supplied computer generated billing data for calendar year July 1, 1997 through June 30, 1998 from which the billing analysis was prepared. The annual operating budget was developed adjusting the 1997 Annual PSC Report and Audit for the additional customers, inflation, employee pay raises, etc.

VII. EXPENSES

Operation and Maintenance Expense

TABLE 2

PROJECTED OPERATION AND MAINTENANCE EXPENSE

Salaries, Wages, Taxes and Benefits	\$ 120,000.00
Repairs	3,000.00
Insurance	7,000.00
Utilities (Operating and Office)	17,500.00
Materials and Supplies (Operating and Office)	31,000.00
Professional Fees	20,000.00
Transportation Expense	10,000.00
Miscellaneous	8,500.00
P.S.C. Assessment	1,000.00
Rental of Building	6,000.00
Water Testing	1,200.00
Water Purchases	<u>172,500.00</u>
 TOTAL	 \$ 397,700.00

Capital Improvements. In order to serve planned development at the higher elevations in the KY 44 - US 62 - US 127 Bypass area, the District is currently planning to build a new standpipe and booster pump station in this area. The land for the standpipe has been obtained and construction is scheduled to start in January 1999 with completion by May 1, 1999. The District will pay for the improvements by borrowing approximately \$200,000.00 and taking the remainder (\$160,000.00) from their existing funds. It is anticipated that the necessary funding can be obtained locally at a rate of 7% or less for a period of 20 years. The existing rates can support this loan without compromising the integrity of the District.

PENDING CAPITAL IMPROVEMENT
DEBT SERVICE

\$200,000.00 loan @ 7% / 20 years:	\$200,000.00 (0.09439)
	= 18,878.00
5% Debt Coverage	= <u>944.00</u>
TOTAL	\$ 19,822.00/year

Debt Repayments

TABLE 3

EXISTING DEBT SERVICE REQUIREMENTS

<u>Bond Issue</u>	<u>Balance As of Jan. 1, 2000</u>	<u>Interest Rate</u>
1975	\$ 129,000	5%
1981	39,000	5%
1988 Series A	604,000	6.875%
1988 Series B	128,000	7.375%
1993	<u>628,000</u>	5.5%
	<u>\$1,528,000</u>	

PRINCIPAL MATURITIES - JANUARY 1

<u>Bond Issue</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1975	6,000	7,000	7,000	7,000	7,000
1981	1,000	1,000	1,000	1,000	1,000
1988-A	7,000	8,000	8,000	9,000	9,000
1988-B	1,000	1,000	2,000	2,000	2,000
1993	<u>6,000</u>	<u>7,000</u>	<u>7,000</u>	<u>8,000</u>	<u>8,000</u>
	21,000	24,000	25,000	27,000	27,000

5 - Year Average = 24,800.00

Interest on Long Term Debt

<u>Bond Issue</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
1975	\$6,450.00	\$6,150.00	\$5,800.00	\$5,450.00	\$5,100.00
1981	1,950.00	1,900.00	1,850.00	1,800.00	1,750.00
1988-A	41,525	41,043.75	40,493.75	39,943.75	39,325.00
1988-B	9,400.00	9,366.25	9,292.50	9,145.00	8,997.50
1993	<u>34,540.00</u>	<u>34,210.00</u>	<u>33,825.00</u>	<u>33,440.00</u>	<u>33,000.00</u>
	\$93,905.00	\$96,670.00	\$91,261.25	\$89,778.75	\$88,172.50

5 - Year Average = \$91,157.50

5-Year Average Principal Plus Interest Payment	=	\$115,957.50
10% Debt Coverage	=	<u>11,595.75</u>
Total Existing Debt Service	=	\$127,553.25

Depreciation - Existing/Planned Facilities

Existing Utility Plant* - (\$2,758,848.00 + 45)	=	\$ 61,307.73
Proposed US62/US127 BPS & Standpipe = \$360,000 + 45	=	8,000.00
Proposed Phase 5 Project - \$2,205,830.00 + 45	=	<u>49,018.44</u>
TOTAL	=	\$ 118,326.18

Proposed Phase 5 Project Debt Repayment

\$1,088,330.00 Loan @ 5% - \$1,088,330.00 (0.05928)	=	\$64,516.20
10% Debt Coverage	=	<u>6,451.60</u>
		\$70,967.80

Total Yearly Expenses

Operation and Maintenance	\$396,700.00
Capital Improvements	19,822.00
Existing Debt	127,553.25
Depreciation	118,326.18
Proposed Project Debt Repayment	<u>70,967.80</u>
TOTAL	\$733,369.23

*From 1997 Audit

TABLE 4
BILLING ANALYSES

	July, 1997 thru June 1998		(<20,000)		Added Bills	Added Gallons	Adjusted	
	Bills	Gallons	% Bills	% Gallons			Billing Bills	Analysis Gallons
First 2,000	3,475	3,437,790	21.1	4.6	1,162	1,149,285	4,637	4,587,075
Next 1,000	2,451	6,307,900	14.9	8.4	820		3,271	8,406,600
Next 2,000	4,714	18,914,400	28.6	25.3	1,576		6,290	25,235,500
Next 2,000	2,994	17,769,300	18.1	23.8	1,001		3,995	23,715,600
Next 3,000	1,937	15,965,100	11.7	21.4	648	5,346,700	2,585	21,311,800
10,000 - 20,000	<u>933</u>	<u>12,305,400</u>	<u>5.7</u>	<u>16.5</u>	<u>312</u>	<u>4,122,400</u>	<u>1,245</u>	<u>16,427,800</u>
	16,504	74,699,890			5,520	24,984,485	22,023	99,684,375
20,000 - 30,000	134	3,235,100					134	3,235,100
30,000 - 50,000	82	3,038,400					82	3,038,400
50,000 - 100,000	62	4,730,400					62	4,730,400
> 100,000	<u>36</u>	<u>7,768,800</u>					<u>36</u>	<u>7,768,800</u>
	16,818	93,472,590					22,337	118,457,075

*Added Bills = $(59)^{1/2} + 1998-2000 \text{ Growth} + 1/2 (2000 \text{ Growth}) + \text{Project 12}$
 $= (1/2 (59) + 59 + 59 + 342) 12 = 460 \times 12 = 5,520$
 Distribute assuming all use in 0-20,000 gallon range.

TABLE 5

GENERATION OF REVENUE TABLES

	Bills	1,000 gal.	First 2,000	Next 1,000	Next 2,000	Next 2,000	Next 3,000	>10,000
2,000	4,637	4,587,075	4,587,075					
1,000	3,271	8,406.6	6,542	1,864.6				
2,000	6,290	25,235.5	12,580.0	6,290.0	6,365.5			
2,000	3,995	23,715.6	7,990.	3,995.	7,990.	3,740.6		
3,000	2,585	21,311.8	5,170.	2,585.	5,170.	5,170.	3,216.8	
>10,000	<u>1,559</u>	<u>32,200.5</u>	<u>3,118.0</u>	<u>1,559</u>	<u>3,118.</u>	<u>3,118.</u>	<u>4,677.</u>	<u>19,610.5</u>
	22,337	118,457.075	39,987,075	16,293.6	22,643.5	12,028.6	7,893.8	19,610.5

TABLE 6

	Bill	(1,000) Gallons	Existing Rates		Proposed Rates	
			Rate	Revenue	Rate	Revenue
Minimum	22,337	-	11.35	\$253,524.95	\$ 12.50	\$279,212.50
Next 1,000		16,293.6	5.5	90,429.48	6.10	99,390.96
Next 2,000		22,643.5	4.70	106,424.45	5.15	116,614.02
Next 2,000		12,028.6	3.85	46,310.11	4.25	51,121.55
Next 3,000		7,893.8	3.00	23,681.40	3.30	26,049.54
> 10,000		19,610.5	2.70	52,948.35	3.00	58,831.50
				\$573,318.74		\$631,220.07
Bulk Station		4,000	3.47	<u>13,888.00</u>	3.80	<u>15,200.00</u>
				\$587,198.74		\$646,420.07

TOTAL REVENUES

Sale of Water	\$646,420.07
Service Fees	15,000.00
Interest on Accounts	<u>10,000.00</u>
Total Revenues	\$671,420.07

IX. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

- A. A majority of the residents in the proposed project area do not have an acceptable domestic water source. Also a health hazard exists due to the contamination of many of the sources currently being used.
- B. The extension of the South Anderson Water District water distribution system into the area is the only viable means of providing them with an acceptable water source.
- C. Significant grant funds will be required for construction in order to keep the rate schedule at a tolerable level.
- D. The financial feasibility indicates that the South Anderson Water District cannot serve the proposed project area on the existing rates without seriously jeopardizing the financial integrity of the operations even with the requested \$1,000,000.00 CDBG grant. The rates proposed herein are sufficient to cover operating expenses, debt service, debt service coverage, bond resolution depreciation reserve funding and provide some net unobligated monies. The revenues are not sufficient to cover the full amount of depreciation allowed in the rate base. The grant is necessary to allow the District to operate comfortably.

Recommendations

The project, as presented herein, is feasible with the assumed level of grant and the proposed rates. This will enable the District to accumulate a reasonable amount of monies which could be used to facilitate additional extensions and/or defray unforeseen expenses. An application should be made to Rural Development for loan funds to construct the water system improvements proposed herein.

Project Funding:

Community Development Block Grant	\$ 1,000,000.00
Rural Development Loan	1,088,330.00
Tap Fees	61,500.00
Water District and Anderson County Fiscal Court	<u>56,000.00</u>
Total	<u>\$2,205,830.00</u>

SUMMARY ADDENDUM
to
PRELIMINARY ENGINEERING REPORT

DATED SEPTEMBER, 1998

for

SOUTH ANDERSON WATER DISTRICT
(NAME OF WATER FACILITY PROJECT)

APPLICANT CONTACT PERSON ALTON WARFORD, MANAGER

APPLICANT PHONE NUMBER (502) 839-6919

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary engineering report in accordance with this Guide. Feasibility reviews and grant determinations may be processed more accurately and more rapidly if the Summary Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

I. GENERAL

A. Area to be served: In addition to this summary, the applicant/engineer should submit a project map of the service area showing the following:

1. Existing Facilities - Location and Size.
2. Proposed Facilities - Location and Size.
3. New User Location - Also attach a list of new users, by road.
4. Breakdown of project cost for each branch line.

II. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

South Anderson Water District (SAWD) currently has a contract with the City of Lawrenceburg for up to 10,000,000 gallons per month. In the past, this amount has been exceeded during months of high usage. This contract does not expire until 2037. With this project, SAWD proposes to run a transmission line to the Frankfort Plant Board facilities on US 127 south of I-64 in Franklin County. A contract has not yet been entered into with the Plant Board, however they have indicated a desire to sell the District as much water as they will take. The Frankfort plant has a capacity of 18 mgd and even on a peak day is operating at less than 2/3 capacity.

If the applicant purchases water:

Seller(s): City of Lawrenceburg; Frankfort Plant Board

Price/1,000 gallons: \$1,208; \$1.288

Present Estimated Market Value of Existing System: \$2,500,000.00

- B. Water Storage:

Type: Ground Storage Tank 0 Elevated Tank 0
Standpipe 4 Other None

Number of Storage Structures 4

Total Storage Volume Capacity 431,000

Date Storage Tank(s) Constructed 1-1994, 2-1988, 1-1976

- C. Water Distribution System:

Pipe Material PVC, PE, D.I.

Lineal Feet of Pipe:	3" Diameter	19,500	4"	180,500
	6"	273,500	8"	37,000
			10"	12"

Date(s) Water Lines Constructed Major extensions 1976, 1983, 1988 & 1994

Number and Capacity of Pump Station(s) 3 @ 100 gpm

V. NUMBER OF EXISTING USERS (As of December, 1997)

A. Water Users:

Residential Size Meters (In Town)*	0
Residential Size Meters/Farmers (Out of Town)*	1389
Larger Users (Larger than 5/8" Meter (In Town))	0
Larger Users (Larger than 5/8" Meter (Out of Town))	25
Total	1,414
Number of Total Potential Users Living in the Service Area	approx. 1570

***NOTE: Residential/Farmers Users:** Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence size meters and farmers.

VI. CURRENT CONNECTION FEES FOR EACH SIZE METER CONNECTION

METER SIZE	CONNECTION FEE	MINIMUM WATER USAGE FOR EACH SIZE METER
5/8" x 3/4"	\$500.00	2,000 gallons
1-Inch	\$ Cost	2,000 gallons
1-1½" Inch	\$ Cost	2,000 gallons
2-Inch	\$ Cost	2,000 gallons
3-Inch	\$ Cost	2,000 gallons
4-Inch	\$ Cost	2,000 gallons
5-Inch	\$ Cost	2,000 gallons
6-Inch	\$ Cost	2,000 gallons

VII. WATER RATES - EXISTING RATE SCHEDULE

Date this rate went into effect: 2/15/97

Meter Size	<u>All</u>	:		
First	2,000	Gallons @	\$11.35	minimum
Next	1,000	Gallons @	\$5.55	per 1,000 gallons
Next	2,000	Gallons @	\$4.70	per 1,000 gallons
Next	2,000	Gallons @	\$3.85	per 1,000 gallons
Next	3,000	Gallons @	\$3.00	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over	10,000	Gallons @	\$2.70	per 1,000 gallons

Bulk Loading Station @ \$3.47 per 1,000 gallons

Meter Size		:		
First		Gallons @	\$	minimum
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over		Gallons @	\$	per 1,000 gallons

Meter Size		:		
First		Gallons @	\$	minimum
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
Next		Gallons @	\$	per 1,000 gallons
All Over		Gallons @	\$	per 1,000 gallons

VII. EXISTING RATE SCHEDULE (Continued)

Meter Size _____ :

First	_____	Gallons @	\$ _____	minimum
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
All Over	_____	Gallons @	\$ _____	per 1,000 gallons

Meter Size _____ :

First	_____	Gallons @	\$ _____	minimum
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
Next	_____	Gallons @	\$ _____	per 1,000 gallons
All Over	_____	Gallons @	\$ _____	per 1,000 gallons

VIII. ANALYSIS OF ACTUAL WATER USAGE -EXISTING SYSTEM -12 MONTH PERIOD

For Period July, 1997 to July, 1998

Meter Size	Monthly Water Usage			Average	Residential/Farmer		Non-Residential/Commercial	
					No. of Users	Usage (1000)	No. of Users	Usage (1000)
All	0	-	2,000 Gal.	1,000	3,409	3,409	66	66
	2,000	-	3,000 Gal.	2,500	2,414	6,035	37	92.5
	3,000	-	4,000 Gal.	3,500	2,476	8,666	37	129.5
	4,000	-	5,000 Gal.	4,500	2,185	9,832.5	16	72
	5,000	-	6,000 Gal.	5,500	1,735	9,542.5	18	99
	6,000	-	7,000 Gal.	6,500	1,227	7,975.5	14	91
	7,000	-	8,000 Gal.	7,500	917	6,877.5	8	60
	8,000	-	9,000 Gal.	8,500	594	5,049	8	68
	9,000	-	10,000 Gal.	9,500	400	3,800	10	95
	10,000	-	11,000 Gal.	10,500	238	2,499	7	73.5
	11,000	-	12,000 Gal.	11,500	170	1,955	7	80.5
	12,000	-	13,000 Gal.	12,500	133	1,662.5	3	37.5
	13,000	-	14,000 Gal.	13,500	82	1,107	2	27
	14,000	-	15,000 Gal.	14,500	85	1,232.5	2	29
	15,000	-	16,000 Gal.	15,500	56	868	3	46.5
	16,000	-	17,000 Gal.	16,500	46	759	1	16.5
	17,000	-	18,000 Gal.	17,500	35	612.5	2	35
	18,000	-	19,000 Gal.	18,500	28	518	3	55.5
	19,000	-	20,000 Gal.	19,500	29	565.5	1	19.5
	20,000	-	30,000 Gal.	25,000	129	3,225	5	125
30,000	-	50,000 Gal.	40,000	71	2,840	11	440	
50,000	-	100,000 Gal.	75,000	62	4,650	0	0	
		Over 100,000 Gal.	-		36	7,769	0	0
				Subtotal:	(16,557)	(91,450)	(261)	(1,758.5)
				Average Usage:		(5.52)		(6.74)

Total Users = 16,818
 Total Usage = 93,208.5
 Combined Avg. Usage = 5.54

1-Inch	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	Subtotal	() ()	() ()

1-1½ Inch	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	_____ Gal.	_____	_____
	Subtotal	() ()	() ()

VIII. CONTINUED.....

Meter Size	Monthly Water Usage	Average	Residential/Farmer		Non-Residential/Commercial		
			No. of Users	Usage (1000)	No. of Users	Usage (1000)	
2-Inch	Gal.						
	Gal.						
	Gal.						
	Gal.						
	Gal.						
		Subtotal	()	()	()	()	
3-Inch	Gal.						
	Gal.						
	Gal.						
	Gal.						
	Gal.						
		Subtotal	()	()	()	()	
4-Inch	Gal.						
	Gal.						
	Gal.						
	Gal.						
	Gal.						
		Subtotal	()	()	()	()	
5-Inch	Gal.						
	Gal.						
	Gal.						
	Gal.						
	Gal.						
		Subtotal	()	()	()	()	
6-Inch	Gal.						
	Gal.						
	Gal.						
	Gal.						
	Gal.						
		Subtotal	()	()	()	()	
			TOTAL	()	()	()	()
Total Water Purchased and/or Produced						108,053,000	
Total Water Sold				91,450,000		1,758,500	
				93,208,500			

IX. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

- A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

With this project, SAWD proposes to run a transmission line to the Frankfort Plant Board facilities on US 127 south of I-64 in Franklin County to supplement the water purchased from the City of Lawrenceburg (See II.A page 2). A contract has not yet been entered into with Frankfort however they have expressed a desire to sell the District as much water as they will take.

- B. Water Storage:

Type: Ground Storage Tank - Elevated Tank -
 Standpipe - Other None

Number of Storage Structures -

Total Storage Volume Capacity -

Date Storage Tank(s) Constructed -

- C. Water Distribution System:

Pipe Material PVC & D.I.
 Lineal Feet of Pipe: 3" Diameter 10,800 4" 239,325
6" 8" 24,500 10" 12"
 Date(s) Water Lines Constructed 1999
 Number and Capacity of Pump Station(s) 1 @ 100 gpm

X. LAND AND RIGHTS - PROPOSED WATER SYSTEM(S)

Number of Treatment Plant Sites 0
 Number of Pump Sites 1
 Number of Other Sites 0
 Total Acreage 0.05 Acres
 Purchase Price \$ 1,000.00

XI. NUMBER OF NEW USERS

A. Water Users:

Residential Size Meters (In Town)*	0
Residential Size Meters/Farmers (Out of Town)*	342
Larger Users (Larger than 5/8" Meter (In Town))	0
Larger Users (Larger than 5/8" Meter (Out of Town))	0
Total	342
Number of Total Potential Users Living in the Service Area	approx. 400

***NOTE:** Residential/Farmers Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence size meters and farmers.

XII. PROPOSED CONNECTION FEES FOR EACH SIZE METER CONNECTION

METER SIZE	CONNECTION FEE	MINIMUM WATER USAGE FOR EACH SIZE METER
5/8" x 3/4"	\$500.00	2,000 gallons
1-Inch	\$ Cost	2,000 gallons
1-1/2" Inch	\$ Cost	2,000 gallons
2-Inch	\$ Cost	2,000 gallons
3-Inch	\$ Cost	2,000 gallons
4-Inch	\$ Cost	2,000 gallons
5-Inch	\$ Cost	2,000 gallons
6-Inch	\$ Cost	2,000 gallons

XIII. WATER RATES - PROPOSED

A. Proposed Rate Schedule:

First	<u>2,000</u>	Gallons @	<u>\$12.50</u>	minimum
Next	<u>1,000</u>	Gallons @	<u>\$6.10</u>	per 1,000 gallons
Next	<u>2,000</u>	Gallons @	<u>\$5.15</u>	per 1,000 gallons
Next	<u>2,000</u>	Gallons @	<u>\$4.25</u>	per 1,000 gallons
Next	<u>3,000</u>	Gallons @	<u>\$3.30</u>	per 1,000 gallons
Next	<u>-</u>	Gallons @	<u>\$</u>	per 1,000 gallons
All Over	<u>10,000</u>	Gallons @	<u>\$3.00</u>	per 1,000 gallons

IF MORE THAN ONE RATE, USE ADDITIONAL SHEETS.

Bulk Loading Station @ \$3.80/1,000 gallons

XIV. FORECAST OF WATER USAGE - INCOME - EXISTING SYSTEM - EXISTING USERS

Meter Size	Monthly Water Usage		Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
					No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
5/8 x 3/4 Inch	0	- 2,000 Gal.	1,000	12.50	3,706	3,706	46,325.00	66	66	825
	2,000	- 3,000 Gal.	2,500	15.55	2,624	6,560	40,803.20	37	92.5	575.35
	3,000	- 4,000 Gal.	3,500	21.175	2,692	9,422	57,003.10	37	129.5	783.48
	4,000	- 5,000 Gal.	4,500	26.325	2,375	10,687.5	62,521.88	16	72	421.20
	5,000	- 6,000 Gal.	5,500	31.025	1,886	10,373	58,513.15	18	99	558.45
	6,000	- 7,000 Gal.	6,500	35.275	1,334	8,671	47,056.85	14	91	493.85
	7,000	- 8,000 Gal.	7,500	39.050	997	7,477.5	38,932.85	8	60	312.40
	8,000	- 9,000 Gal.	8,500	42.35	646	5,491	27,358.10	8	68	338.80
	9,000	- 10,000 Gal.	9,500	45.65	435	4,132.5	19,357.50	10	95	456.50
	10,000	- 11,000 Gal.	10,500	48.80	259	2,719.5	12,639.20	7	73.5	341.60
	11,000	- 12,000 Gal.	11,500	51.80	185	2,127.5	9,583.00	7	80.5	362.60
	12,000	- 13,000 Gal.	12,500	54.80	145	1,812.5	7,946.00	3	37.5	164.40
	13,000	- 14,000 Gal.	13,500	57.80	89	1,201.5	5,144.20	2	27.0	115.60
	14,000	- 15,000 Gal.	14,500	60.80	92	1,334	5,593.60	2	29	121.60
	15,000	- 16,000 Gal.	15,500	63.80	61	945.5	3,891.80	3	46.5	191.40
	16,000	- 17,000 Gal.	16,500	66.80	50	825	3,340.00	1	16.5	66.80
	17,000	- 18,000 Gal.	17,500	69.80	38	665	2,652.40	2	35	139.60
	18,000	- 19,000 Gal.	18,500	72.80	30	555	1,674.00	3	55.5	218.40
	19,000	- 20,000 Gal.	19,500	75.80	32	624	2,425.60	1	19.5	75.80
	20,000	- 30,000 Gal.	25,000	92.30	129	3,225	11,906.70	5	125	461.50
30,000	- 50,000 Gal.	40,000	137.30	71	2,840	9,748.30	11	440	1,510.30	
50,000	- 100,000 Gal.	75,000	242.30	62	4,650	15,022.60	-	-	-	
Over 100,000	Gal.				36	7,769	23,929.80	-	-	-
Subtotal					(17,974)	(97,814)	(513,368.83)	(261)	(1,758.5)	(8,534.63)
Average Monthly Rate				(28.62)						
Average Monthly Usage					(5,440)			(6.74)		

1-Inch	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal					()	()	()	()	()	()

1-1/2 Inch	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal					()	()	()	()	()	()

XIV. CONTINUED.....

Meter Size	Monthly Water Usage		Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
					No. of Users	Usage (1000)	Incom e	No. of Users	Usage (1000)	Incom e
2- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
3- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
4- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
5- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
6- Inch	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____ Gal.	_____	_____	_____	_____	_____	_____	_____	_____
		Subtotal			()	()	()	()	()	()
		TOTALS			()	()	()	()	()	()

XV. FORECAST OF WATER USAGE - INCOME - NEW USERS - EXTENSION ONLY

Water Size	Monthly Water Usage		Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
					No. of Users	Usage (1000)	Income	No. of Users	Usage (1000)	Income
3/8 x 3/4 Inch	0 -	2,000 Gal.	1,000	12.50	852	852	10,650.00			
	2,000 -	3,000 Gal.	2,500	15.55	612	1,530	9,516.60			
	3,000 -	4,000 Gal.	3,500	21.175	612	2,142	12,959.10			
	4,000 -	5,000 Gal.	4,500	26.325	540	2,430	14,215.50	12	54	315.90
	5,000 -	6,000 Gal.	5,500	31.025	432	2,376	13,402.80			
	6,000 -	7,000 Gal.	6,500	35.275	312	2,028	11,005.80			
	7,000 -	8,000 Gal.	7,500	39.050	228	1,710	8,151.00			
	8,000 -	9,000 Gal.	8,500	42.35	144	1,224	6,436.80			
	9,000 -	10,000 Gal.	9,500	45.65	108	1,026	4,930.20			
	10,000 -	11,000 Gal.	10,500	48.80	60	630	2,928.00			
	11,000 -	12,000 Gal.	11,500	51.80	48	552	2,486.40			
	12,000 -	13,000 Gal.	12,500	54.80	36	450	1,972.80			
	13,000 -	14,000 Gal.	13,500	57.80	24	324	1,135.20			
	14,000 -	15,000 Gal.	14,500	60.80	24	348	1,459.20			
	15,000 -	16,000 Gal.	15,500	63.80	12	186	765.60			
	16,000 -	17,000 Gal.	16,500	66.80	12	198	801.60			
	17,000 -	18,000 Gal.	17,500	69.80	12	210	837.60			
18,000 -	19,000 Gal.	18,500	72.80	12	222	873.60				
19,000 -	20,000 Gal.	19,500	75.80	12	234	909.60				
20,000 -	30,000 Gal.	25,000	92.30	-	-	-				
30,000 -	50,000 Gal.	40,000	137.30	-	-	-				
50,000 -	100,000 Gal.	75,000	242.30	-	-	-				
Over 100,000	Gal.				-	-	-			
Subtotal					(4,092)	(18,672)	(105,437.40)	(12)	(54)	(315.90)
Average Monthly Rate				(25.77)						
Average Monthly Usage					(4,560)			(4,500)		

1-Inch	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal					()	()	()	()	()	()

1-1/2 Inch	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	Gal.	_____	_____	_____	_____	_____	_____	_____	_____
Subtotal					()	()	()	()	()	()

XV. CONTINUED.....

Meter Size	Monthly Water Usage		Average	Average Rate	Residential/Farmer			Non-Residential/Commercial		
		Gal.			No. of Users	Usage (1000)	Incom e	No. of Users	Usage (1000)	Incom e
2- Inch		Gal.								
		Gal.								
		Gal.								
		Gal.								
		Gal.								
			Subtotal		()	()	()	()	()	()
3- Inch		Gal.								
		Gal.								
		Gal.								
		Gal.								
		Gal.								
			Subtotal		()	()	()	()	()	()
4-Inch		Gal.								
		Gal.								
		Gal.								
		Gal.								
		Gal.								
			Subtotal		()	()	()	()	()	()
5- Inch		Gal.								
		Gal.								
		Gal.								
		Gal.								
		Gal.								
			Subtotal		()	()	()	()	()	()
6- Inch		Gal.								
		Gal.								
		Gal.								
		Gal.								
		Gal.								
			Subtotal		()	()	()	()	()	()
			TOTALS		()	()	()			

XVI. CURRENT OPERATING BUDGET - (As of the last full operating year-1997)

A. Operating Income:

Water Sales	<u>\$446,369.00</u>
Disconnect/Reconnect/Late Charge Fees	<u>13,377.00</u>
Other (Describe)	<u>()</u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$459,746.00</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$126,062.00</u>
Pumping Expense	<u>6,176.00</u>
Water Treatment Expense	<u>933.00</u>
Transmission and Distribution Expense	<u>71,746.00</u>
Customer Accounts Expense	<u>330.00</u>
Administrative and General Expense	<u>104,834.00</u>
Total Operating Expenses.....	<u>\$10,081.00</u>
Net Operating Income.....	<u>\$149,665.00</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$18,227.00</u>
Other (Identify)	<u>0.00</u>
Total Non-Operating Income.....	<u>\$18,227.00</u>

D. Net Income \$167,892.00

E. Debt Repayment:

FmHA Interest	<u>\$97,417.00</u>
FmHA Principal	<u>20,000.00</u>
Non-FmHA Interest	<u>0.00</u>
Non-FmHA Principal	<u>0.00</u>
Total Debt Repayment.....	<u>\$117,417.00</u>

F. Balance Available for Coverage and Depreciation..... \$ 50,475.00

XVII. PROPOSED OPERATING BUDGET - EXISTING & NEW USERS

(1st Full Year of Operation)

Year Ending Dec. 31, 2000**A. Operating Income:**

Water Sales	<u>\$627,656.76</u>
Disconnect/Reconnect/Late Charge Fees	<u>15,000.00</u>
Other (Describe)	<u> </u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$642,656.76</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$172,500.00</u>
Pumping Expense	<u>10,000.00</u>
Water Treatment Expense	<u>1,200.00</u>
Transmission and Distribution Expense	<u>85,500.00</u>
Customer Accounts Expense	<u>500.00</u>
Administrative and General Expense	<u>128,500.00</u>
Total Operating Expenses.....	<u>\$398,200.00</u>
Net Operating Income.....	<u>\$244,456.76</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$10,000.00</u>
Other (Identify)	<u> </u>
Total Non-Operating Income.....	<u> </u>

D. Net Income \$254,456.76**E. Debt Repayment:**

FmHA Interest	<u>\$148,321.50</u>
FmHA Principal	<u>21,000.00</u>
Non-FmHA Interest	<u>14,000.00</u>
Non-FmHA Principal	<u>20,000.00</u>
Total Debt Repayment.....	<u>\$196,321.50</u>

F. Balance Available for Coverage and Depreciation..... \$ 58,135.26

XVIII. PROPOSED OPERATING BUDGET - NEW USERS - EXTENSION ONLY

(1st Full Year of Operation)

Year Ending Dec. 31, 2000

A. Operating Income:

Water Sales	<u>\$105,753.30</u>
Disconnect/Reconnect/Late Charge Fees	<u>3,000.00</u>
Other (Describe)	<u>0.00</u>
Less Allowances and Deductions	<u>()</u>
Total Operating Income.....	<u>\$108,753.30</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Source of Supply Expense	<u>\$26,750.00</u>
Pumping Expense	<u>2,000.00</u>
Water Treatment Expense	<u>240.00</u>
Transmission and Distribution Expense	<u>17,100.00</u>
Customer Accounts Expense	<u>100.00</u>
Administrative and General Expense	<u>25,700.00</u>
Total Operating Expenses.....	<u>\$71,890.00</u>
Net Operating Income.....	<u>\$36,863.30</u>

C. Non-Operating Income:

Interest on Deposits	<u>\$2,000.00</u>
Other (Identify)	<u> </u>
Total Non-Operating Income.....	<u>2,000.00</u>

D. Net Income \$38,863.30

E. Debt Repayment:

FmHA Interest	<u>\$54,416.50</u>
FmHA Principal	<u>0.00</u>
Non-FmHA Interest	<u> </u>
Non-FmHA Principal	<u> </u>
Total Debt Repayment.....	<u>\$54,416.50</u>

F. Balance Available for Coverage and Depreciation..... \$<17,553.20>

XIX. ESTIMATED PROJECT COST - WATER

Development	\$1,678,088.75
Land and Rights	10,000.00
Legal	35,000.00
Engineering	229,925.00
Interest	30,000.00
Contingencies	167,816.25
Initial Operating and Maintenance	0.00
Other, Geotechnical & Site Surveys	55,000.00*
TOTAL	\$2,205,830.00

XX. PROPOSED PROJECT FUNDING

Applicant - User Connection Fees	\$61,500.00
Other Applicant Contribution	56,000.00
FmHA Loan	1,088,330.00
FmHA Grant	0.00
Other (Specify) CDBG Grant	1,000,000.00
Other (Specify)	
Other (Specify)	
Other (Specify)	
TOTAL	\$2,205,830.00

*Includes \$32,500.00 for administration and \$7,500.00 for planning in conjunction with the CDBG Grant which are not eligible for RD Funding.

USDA-FmHA
Form FmHA 1940-20
(Rev. 11-14-83)

REQUEST FOR ENVIRONMENTAL INFORMATION

Name of Project
Phase 5 Expansion
Location
Anderson & Franklin Cos.

Item 1. Has a Federal, State, or Local Environmental Impact Statement or Analysis been prepared for this project?
 Yes No Copy attached as EXHIBIT I-A.

1b. If "No," provide the information requested in Instructions as EXHIBIT I.

Item 2. The State Historic Preservation Officer (SHOP) has been provided a detailed project description and has been requested to submit comments to the appropriate FmHA Office. Yes No Date description submitted to SHPO Sept. 1, 1998

Item 3. Are any of the following land uses or environmental resources either to be affected by the proposal or located within or adjacent to the project site(s)? (Check appropriate box for every item of the following checklist).

	Yes	No	Unknown		Yes	No	Unknown
1. Industrial	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	18. Beaches	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Commercial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	19. Dunes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Residential	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	20. Estuary	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Agricultural	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	21. Wetlands	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Grazing	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	22. Floodplain	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Mining, Quarrying	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	23. Wilderness	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Forests	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>(designated or proposed under the Wilderness Act)</i>			
8. Recreational	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24. Wild or Scenic River	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>(proposed or designated under the Wild and Scenic Rivers Act)</i>			
10. Parks	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	25. Historical, Archeological Sites	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Hospitals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>(Listed on the National Register of Historic Places or which may be eligible for listing)</i>			
12. Schools	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	26. Critical Habitats	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Open spaces	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>(endangered/threatened species)</i>			
14. Aquifer Recharge Area	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	27. Wildlife	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
15. Steep Slopes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	28. Air Quality	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
16. Wildlife Refuge	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	29. Solid Waste Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
17. Shoreline	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	30. Energy Supplies	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				31. Natural Landmark	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				<i>(Listed on National Registry of Natural Landmarks)</i>			
				32. Coastal Barrier Resources System	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Item 4. Are any facilities under your ownership, lease, or supervision to be utilized in the accomplishment of this project, either listed or under consideration for listing on the Environmental Protection Agency's List of Violating Facilities? Yes No

10-9-98
(Date)

Signed: Bob Kuncin
(Applicant)

Chairman, South Anderson Water District
(Title)

Public reporting burden for this collection of information is estimated to vary from 9 to 19 hours per response, with an average of 15 hours per response including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, D.C. 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0094), Washington, D.C. 20503. Forward to FmHA only.

EXHIBIT I
REQUEST FOR ENVIRONMENTAL INFORMATION
FORM FMHA 1940-20
SOUTH ANDERSON WATER DISTRICT
PHASE 5 EXPANSION PROJECT
LAWRENCEBURG, KENTUCKY

1. Primary Beneficiaries

This project is being implemented to make potable water service available to approximately 400 households in rural Anderson County which presently do not have a public treated water source available to them. It is anticipated that approximately 342 of these will become initial users. While a reliable water service could possibly enhance the potential for industrial growth in the area, it is not anticipated that major developments will directly benefit from this project. One rural general store is expected to become a user.

2. Area Description

- A. Anderson County is located in the central Bluegrass region of Kentucky. The county seat is Lawrenceburg which is located in the eastern part of the county. The South Anderson Water District's service area covers the portion of the county south and west of Lawrenceburg and a small section of the county north and east of Lawrenceburg.

This project proposes to extend service into 14 areas of the County which are not currently being served. It will also include a connection to the Frankfort Plant Board distribution system providing an additional source of treated water to the District. The proposed project consists of approximately 239,325 feet of 6" and 10,800 feet of 3" distribution line, 24,500 feet of 8" transmission line, and one 300 gpm booster pump station. Also included are 342 individual services plus the normal water distribution accessories such as gate valves, air release valves and blow-off assemblies. The area to be affected by the booster pump station will be quite small (less than 1/10 acre). The proposed location of this facility is shown on the attached map.

- B. (2) Commercial - Any existing commercial establishments can be provided with a source of domestic water which was not previously available. The construction activities may have a minimal adverse effect which will not last past the completion of construction in the immediate area of the commercial facility.

- (3) Residential - All residences along the water distribution lines will have a public water system available as their source of domestic water.
 - (4) Agricultural - There maybe minimal adverse affects such as fence removal during construction.
 - (5) Grazing - The same as (4) Agricultural above.
 - (7) Forests - There may be some minimal adverse affect on the small forests along the water line. There are no significant forests in the area. The water line will be routed away from established trees.
 - (9) Transportation - The water lines will basically be laid parallel to the roads and highways in the area and must by necessity cross underneath roads on occasion. There will be no significant impacts to the roads.
- C. Attached in Exhibit II are 1) portions of the following USGS 7 1/2 minute topographic quadrangles with the project delineated: Chaplin, Glensboro, Ashbrook, Lawrenceburg, McBrayer, Tyrone, Frankfort-East, Frankfort-West and Salvisa. 2) The USDA-Soil Conservation Service Soil Survey maps with the lines indicated and 3) FEMA Flood Insurance Rate Maps. The only facilities located in areas of potential flooding will be the typical creek crossings.
- 3. Air Quality - Not applicable to this type of project.
 - 4. Water Quality
 - A. The project will have very little, if any, impact on the existing surface and ground water quality in the area . Accordingly, no data is attached.
 - B. The water for this project will be purchased treated water from the cities of Lawrenceburg and Frankfort. The estimated daily water usage of the new users is 57,000 gallons.
 - C. No new discharge or effluents will be associated with the project.
 - D. Not applicable.
 - E. Not applicable.
 - F. No additional surface runoff is expected from the proposed project.
 - 5. Solid Waste Management - Not applicable to this type of project.

6. Transportation

No new transportation patterns will be generated. The capacities of the existing facilities will not be exceeded. During construction, the increase in traffic will be minimal. After construction is completed, there will be no noticeable increase in traffic.

7. Noise

No noticeable noise will be associated with the project function.

8. Historic/Archaeological Properties

There are no known historical properties located within the project area.

9. Wildlife and Endangered Species

- A. The wildlife resources of the area are quite limited in that the project will be located primarily along the public roads near houses. No impact to wildlife is expected.
- B. No known endangered or threatened species or critical habitat exists in the project area.

10. Energy

The only energy needed to operate the proposed facilities is electrical power which will be supplied by the appropriate utility.

11. Construction

Standard construction techniques will be utilized in the construction of this project and these methods have been shown to provide little or no impact on such elements as soil erosion and sedimentation. All disturbed areas will be reseeded in a timely manner. There should be no significant adverse impact due to noise during construction.

12. Toxic Substances - Not applicable to this type project.

13. Public Reaction

- A. No objections have been made to the project.
- B. A public hearing has been held in conjunction with the CDBG application on this specific project. A copy of the minutes is given in Exhibit IV.
- C. A public meeting will be held by the District in the near future.

14. Alternatives to the Project

There are no alternatives to the proposed project which would provide the same benefits to the beneficiaries.

15. Mitigation Measures

Measures to be taken to mitigate environmental damage include, but will not be limited to minimum disturbance at any time, seeding as soon as possible, and avoiding undisturbed areas where possible.

16. Permits

- A. A permit for the activity will be required from the Kentucky Division of Water (sanitary features, stream crossings). The Kentucky Transportation Cabinet must approve all road bores under state highways. The project must also be approved by the Kentucky Public Service Commission. The U.S. Army Corps of Engineers will have to permit the major stream crossings.
- B. No permits have been obtained at this time.

17. Other Federal Actions

Not Applicable.

**ANDERSON COUNTY CDBG PUBLIC HEARING
SOUTH ANDERSON WATER EXPANSION PROJECT
AUGUST 18, 1998, 6:00 p.m.**

The Public Hearing was opened by Bryan Kirby of Community & Economic Development Associates, the Project Consultant. Mr. Kirby welcomed those in attendance and distributed an agenda for the hearing. After discussing all items on the agenda which related to the KYCDBG Program, he distributed a large map which indicated the location of the water lines the County and District were proposing to construct. Several residents of these areas asked about the size of lines, positioning, etc. which was addressed in full by Mr. Alton Warford, the Water District Manager. Mr. Wayne Todd asked about the source of water for the proposed areas since the City had publicly stated that the District would not be able to purchase more water from the City due to the capacities of the Water Treatment Plant. Mr. Warford and Mr. Kirby explained the bulk water purchase agreement and the provision of a 8" distribution line which would connect the District to the Frankfort Plant Board's system near the County line. There being no further questions or comments, the Public Hearing was adjourned by Mr. Kirby.



Bryan Kirby

U.S. DEPARTMENT OF AGRICULTURE

Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 7 CFR Part 3017, Section 3017.510, Participants' responsibilities. The regulations were published as Part IV of the January 30, 1989, Federal Register (pages 4722-4733). Copies of the regulations may be obtained by contacting the Department of Agriculture agency offering the proposed covered transaction.

(BEFORE COMPLETING CERTIFICATION, READ INSTRUCTIONS ON REVERSE)

- (1) The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - (b) have not within a three-year period preceding this proposal been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - (d) have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
- (2) Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

South Anderson Water District Phase 5 Expansion Project
Organization Name PR/Award Number or Project Name

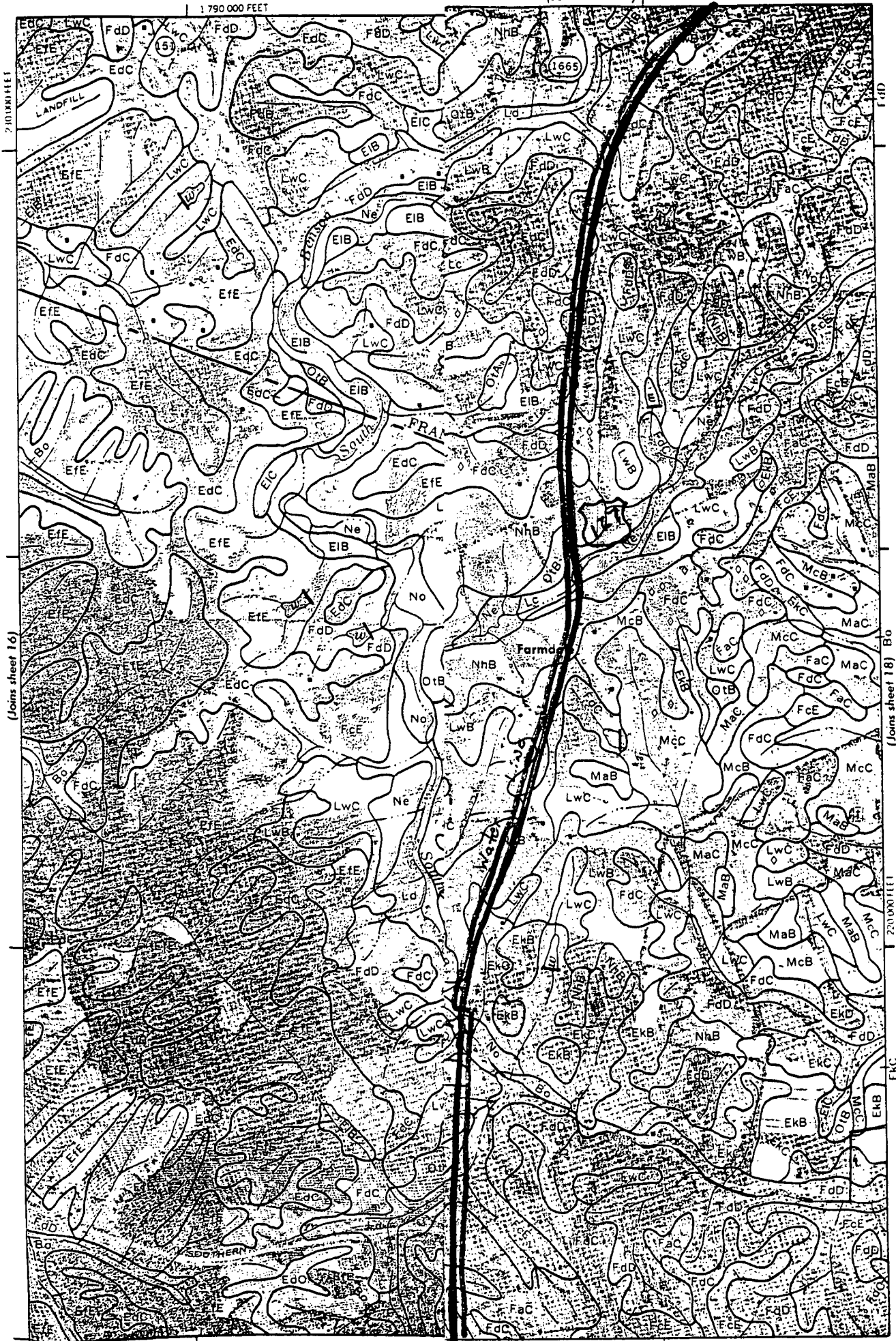
Bob Kincer, Chairman
Name and Title of Authorized Representative

Bob Kincer 10-9-98
Signature Date



(Joins sheet 14)

1 790 000 FEET



5 000 feet

1 Kilometer

Scale 1:20000



(Joins sheet 16)

(Joins sheet 18) Bo

(Joins sheet 20)

1 810 000 FEET



(Joins sheet 20)

LwC

Bo

1 810 000 FEET



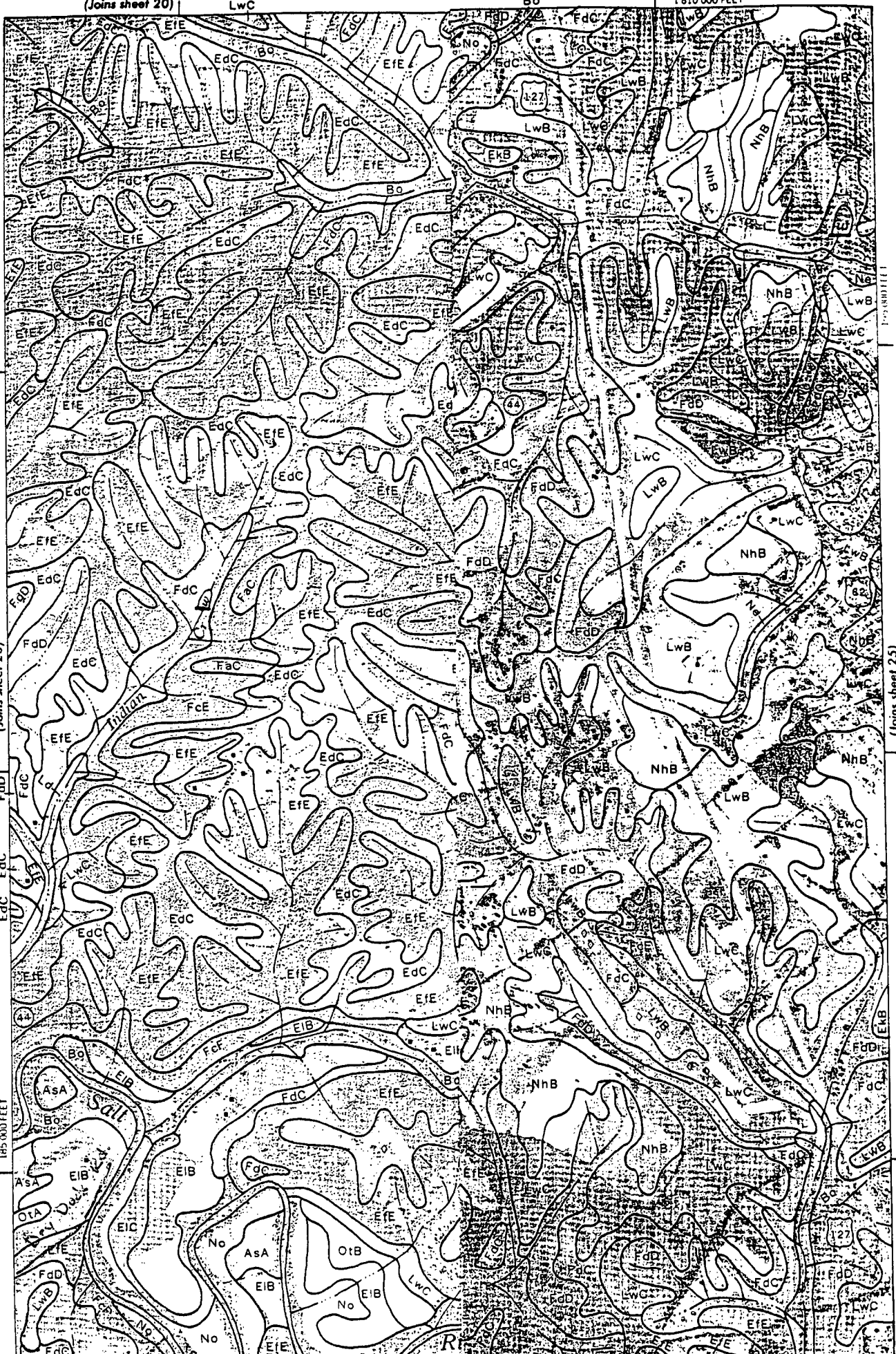
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1 Kilometer

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1 825 000 FEET



(Joins sheet 25)

(Joins sheet 28)

1 790 000 FEET



5,000 Feet

5,000 Feet

1 Kilometer

Scale - 1:20,000

(Joins inset, sheet 18)

(Joins sheet 27)



1,000

2,000

3,000

4,000

5,000

1/10,000 FEET

0

1,000

2,000

3,000

4,000

5,000

6,000

7,000

8,000

This map is a reproduction of the original map and is not to be used for any other purpose without the permission of the National Geographic Society.

(Joins sheet 24)

1 810 000 FEET

5 000 Feet

1 Kilometer

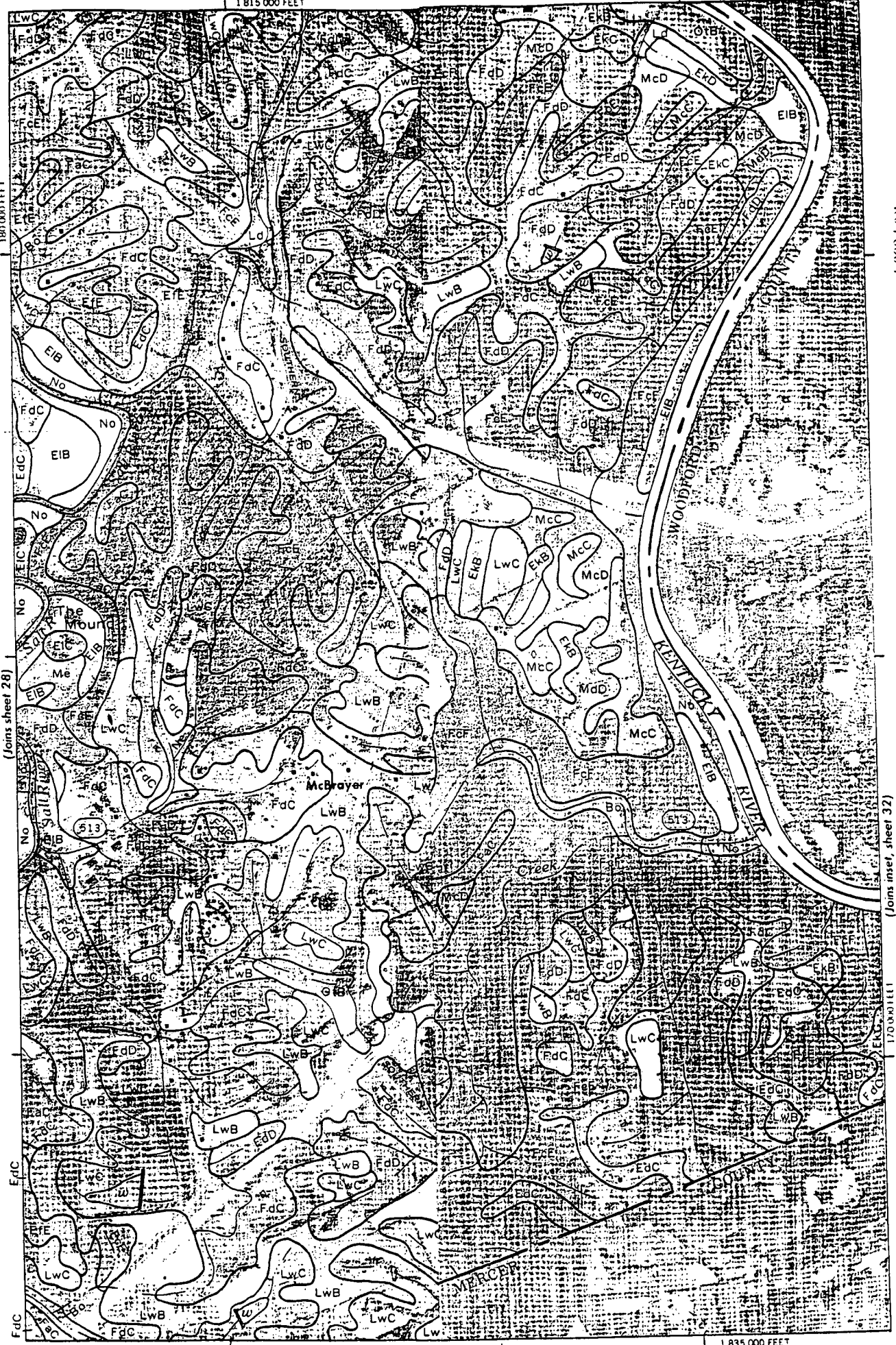
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5 000
4 000
3 000
2 000
1 000



This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture, Soil Conservation Service and Rockwell International, Inc.

1 815 000 FEET



5,000 Feet

Kilometer

0 1,000 2,000 3,000 4,000 5,000

(Joins inset, sheet 32)

170000 FEET

1 835 000 FEET

180000 FEET

(Joins sheet 29)

180000 FEET

(Joins sheet 28)

FdC

FdC

This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture, Soil Conservation Service and is not to be used for navigation purposes.

Scale: 1:20,000

30

31

(Joins sheet 26)

1 760 000 FEET



(Joins inset, sheet 34)

(Joins sheet 31)

1 740 000 FEET (Joins sheet 34)

This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture Soil Conservation Service and is not to be used for navigation.



(Joins sheet 27)

1 765 000 FEET

165 000 FEET

(Joins sheet 30)

E/E

E/E

E/E (Joins sheet 31)

E/E

EUC

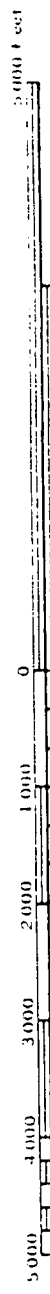
FdC

This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture Soil Conservation Service and is not intended for navigation.



(Joins sheet 32)

155 000 FEET



Scale - 1:20 000

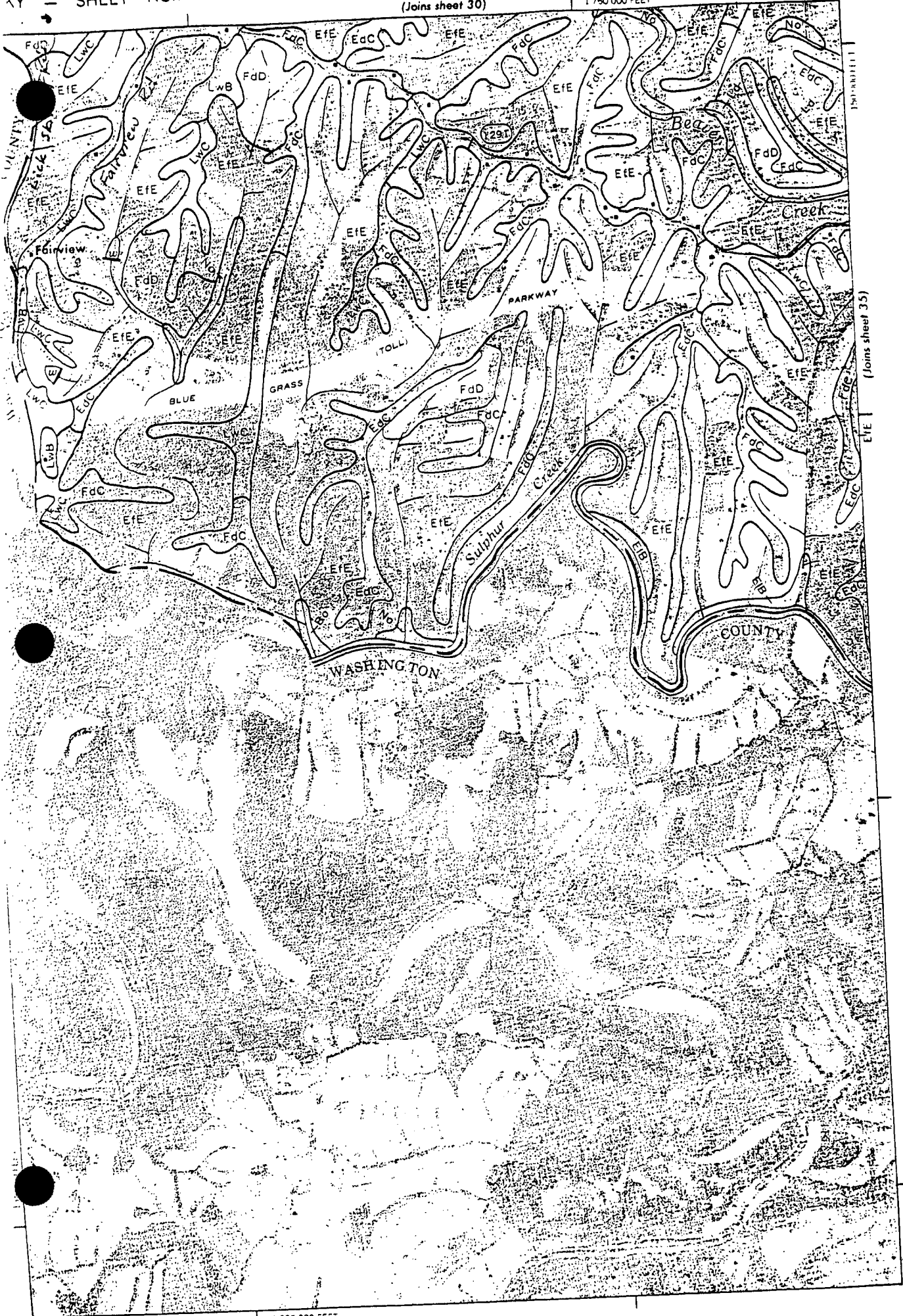
LWC

1 785 000 FEET

(Joins sheet 30)

1 750 000 FEET

EdC



(Joins sheet 35)

This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture, Soil Conservation Service, and cooperating agencies. Contour lines, grid ticks, and bank elevations are shown.

(Joins sheet 34)

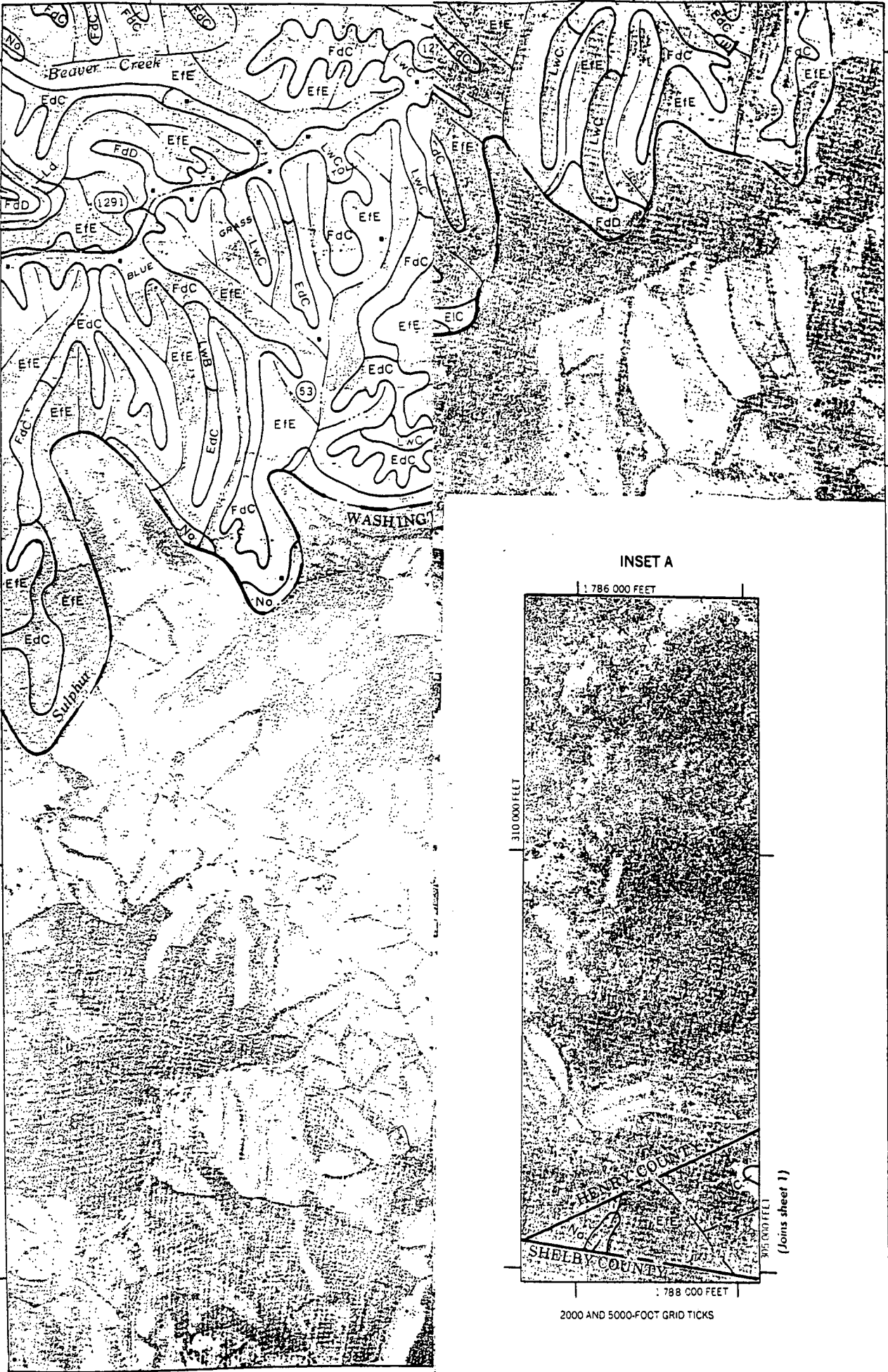
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1 765 000 FEET

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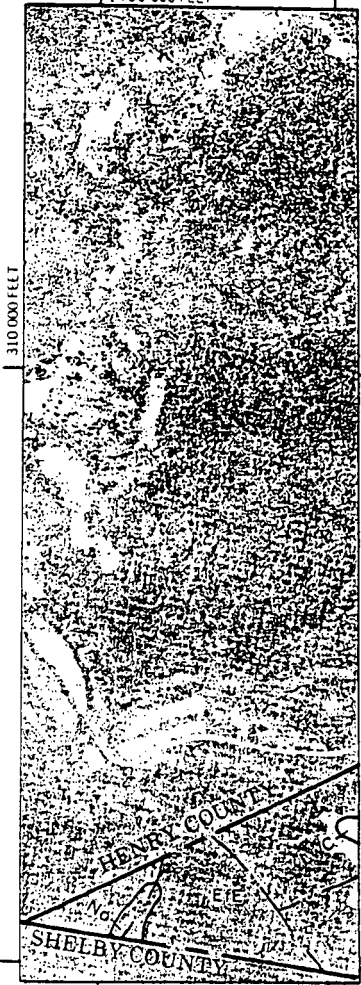
This map is compiled on 1977 aerial photography by the U.S. Department of Agriculture, Soil Conservation Service, and is representing the best available information.

(Joins sheet 34)



INSET A

1 786 000 FEET



2000 AND 5000-FOOT GRID TICKS

1 785 000 FEET

5000 Feet

1 Kilometer

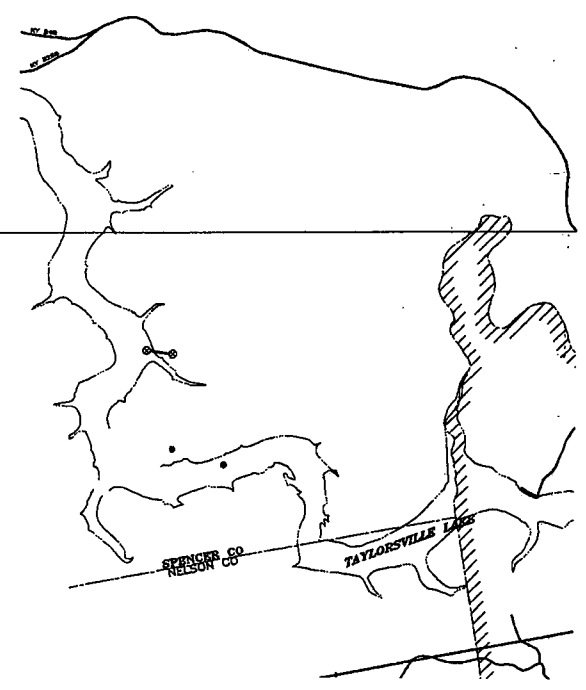
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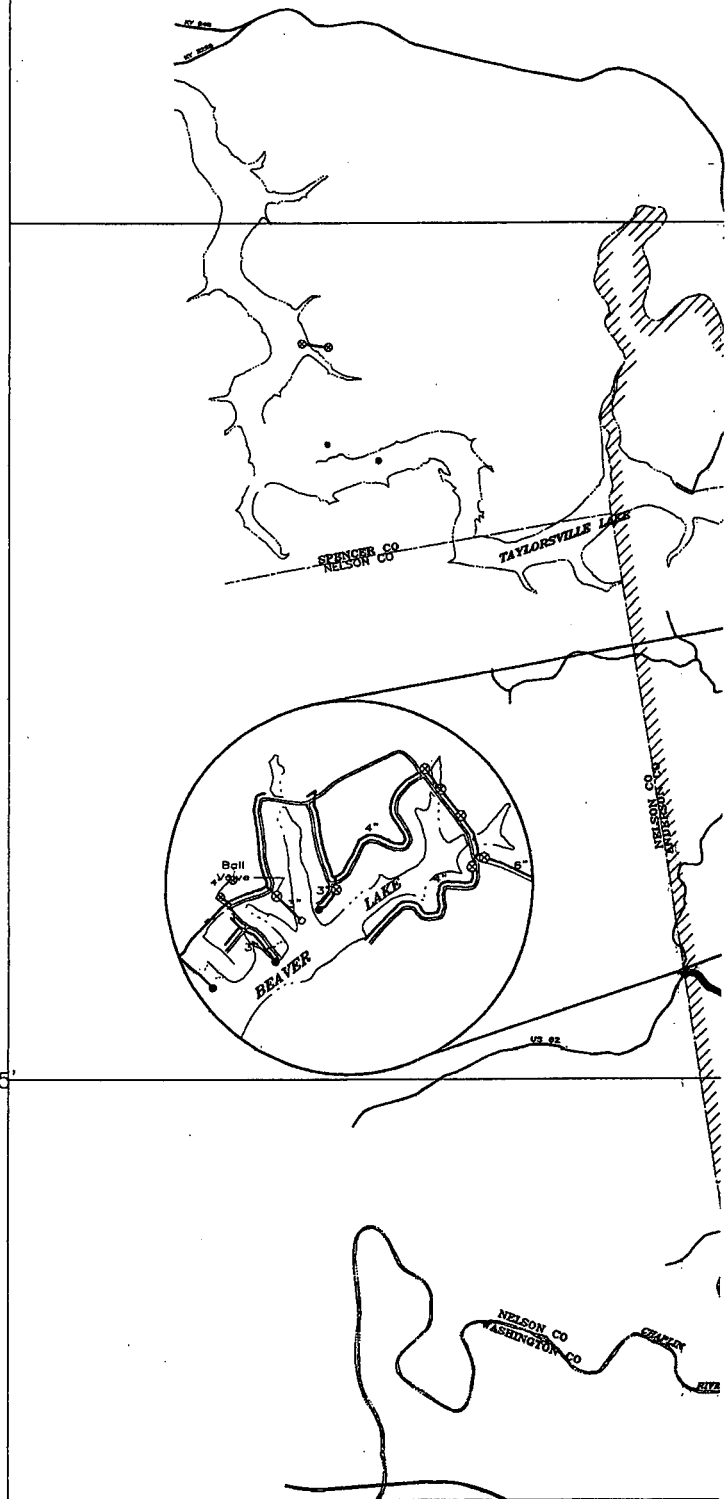
135 000 FEET

5

MT. EDEN

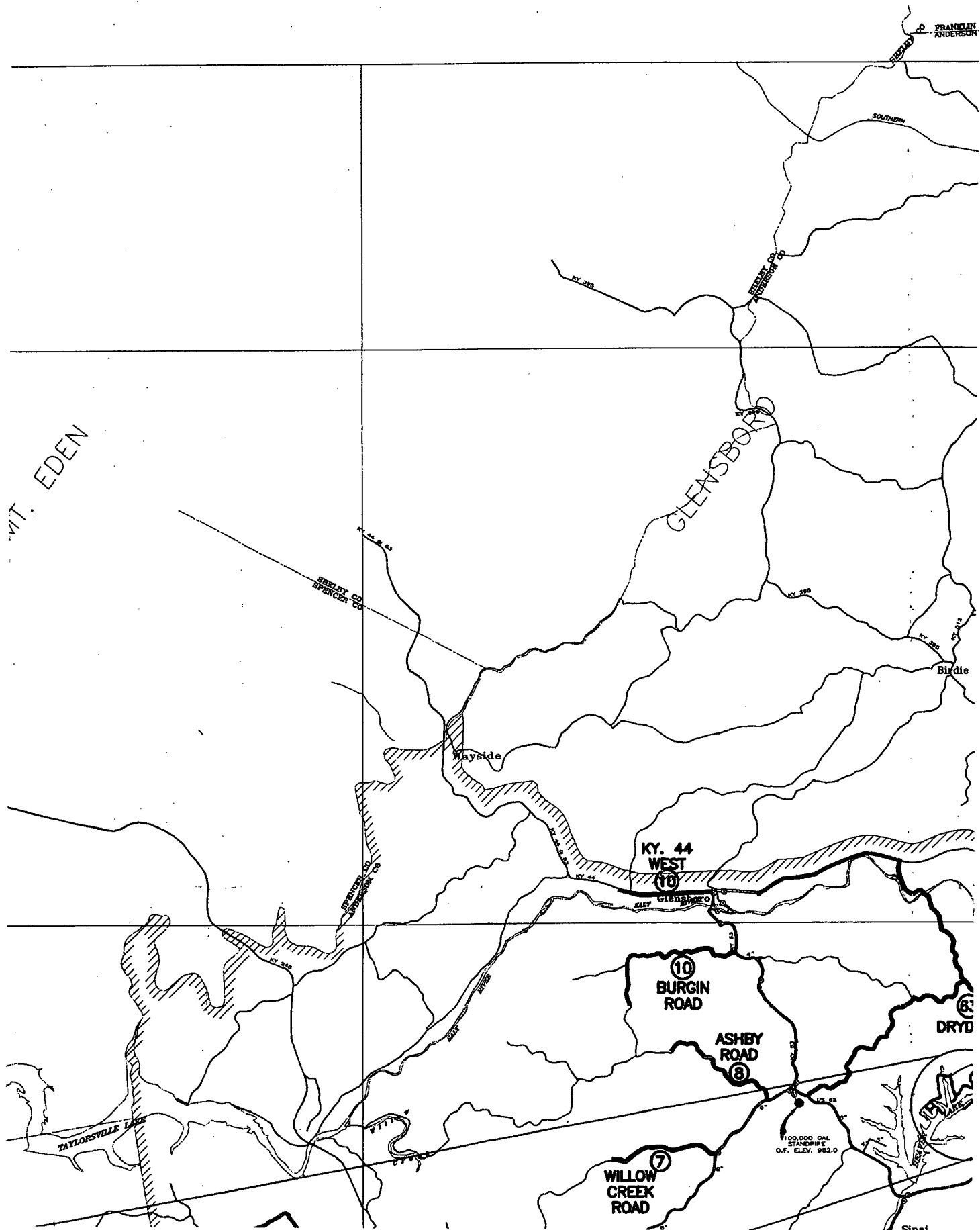


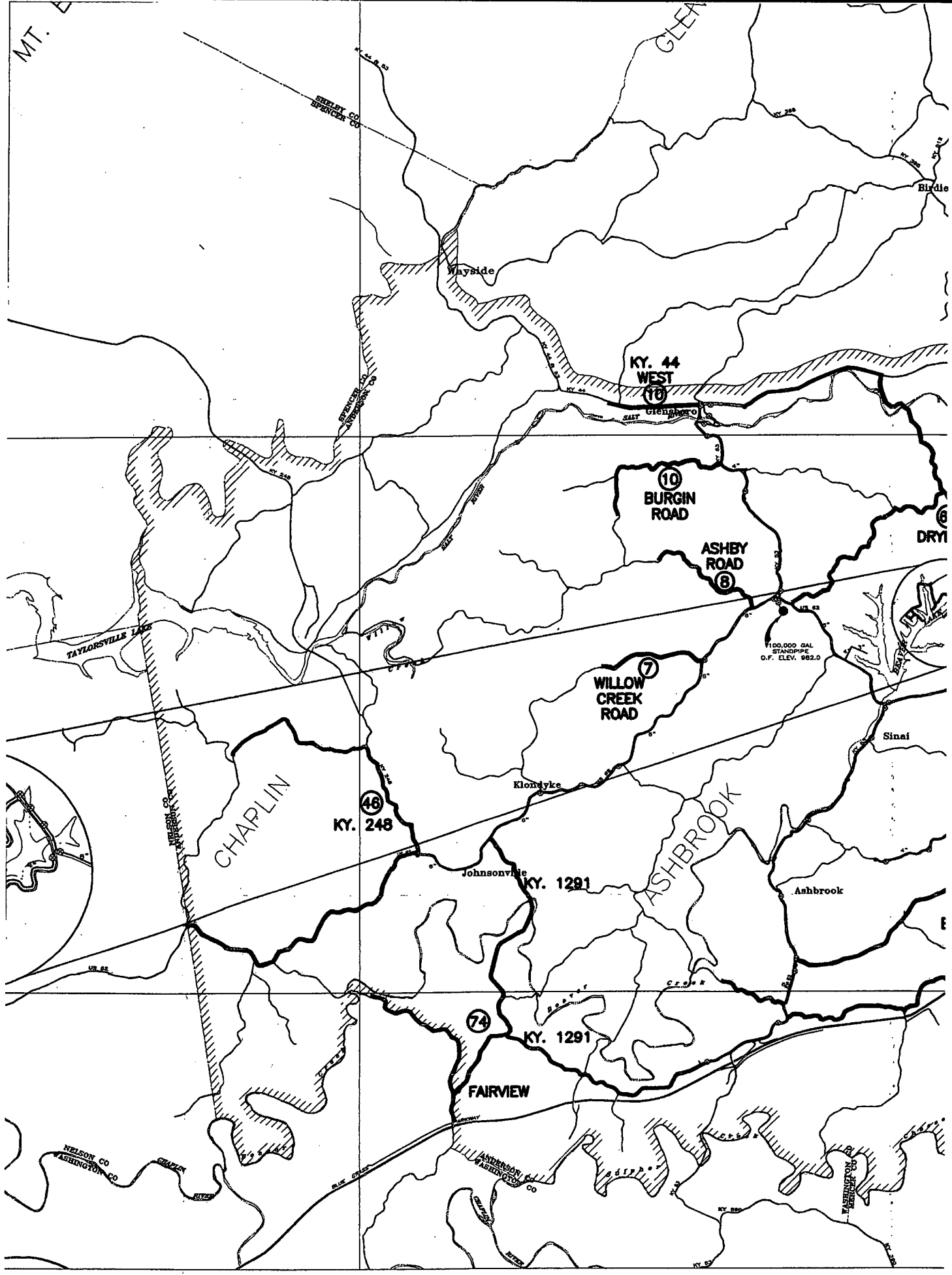
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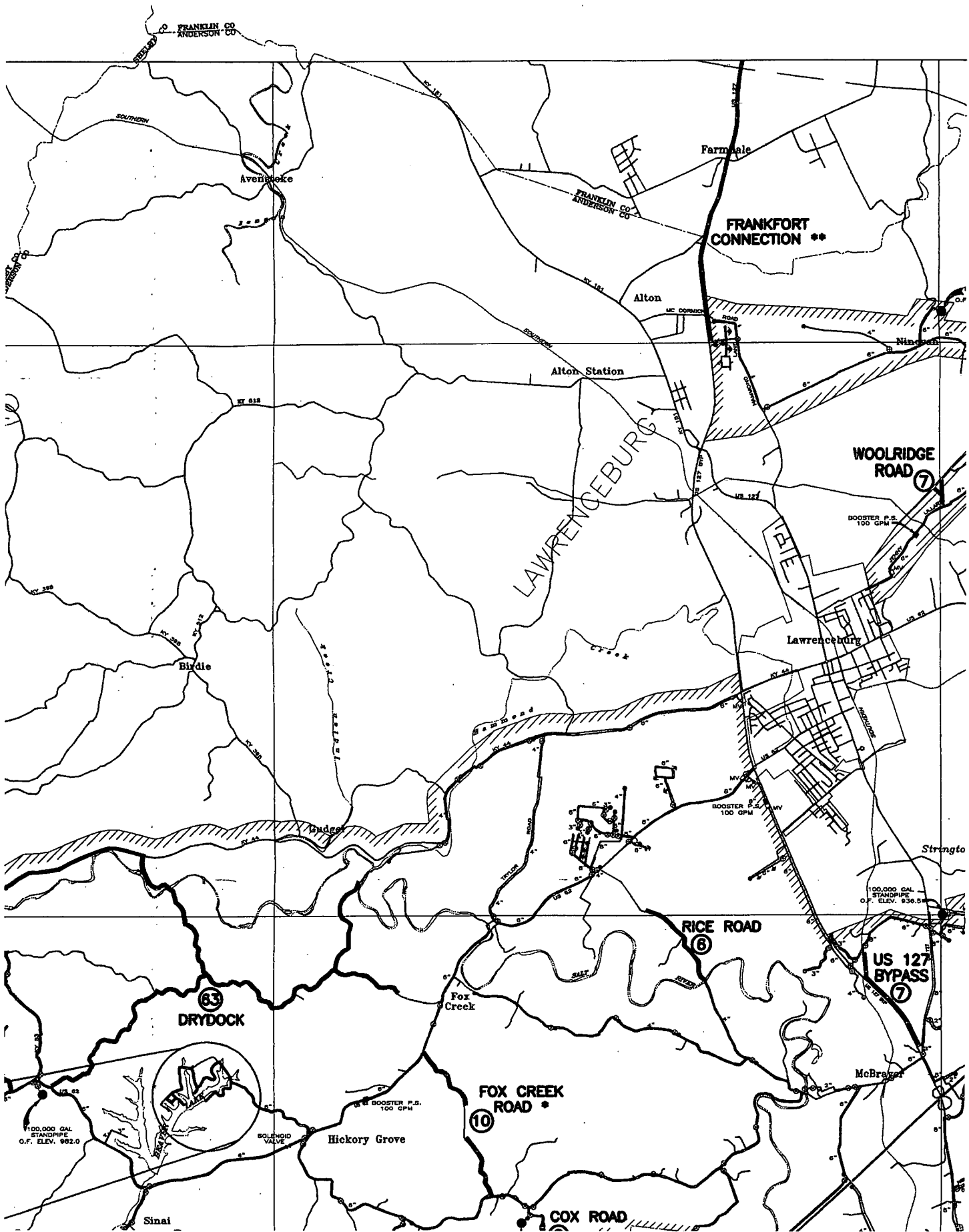


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MT. EDEN







FRANKLIN CO
ANDERSON CO

FRANKFORD
CONNECTION **

WOOLRIDGE
ROAD 7

BOOSTER P.S.
100 GPM

BOOSTER P.S.
100 GPM

RICE ROAD
6

US 127
BYPASS 7

100,000 GAL
STANDPIPE
O.F. ELEV. 936.0'

FOX CREEK
ROAD 10

BOOSTER P.S.
100 GPM

DRYDOCK
63

100,000 GAL
STANDPIPE
O.F. ELEV. 962.0'

SOLENOID
VALVE

Hickory Grove

COX ROAD

Sinai

LAWRENCEBURG

LAUREL

SOUTHERN

SOUTHERN

Farmdale

Alton

Alton Station

Birdie

Wadges

Fox Creek

Stringto

McBragg

Aveneloke

Nine

Lawrenceburg

FRANKLIN CO
ANDERSON CO

FRANKLIN CO
ANDERSON CO

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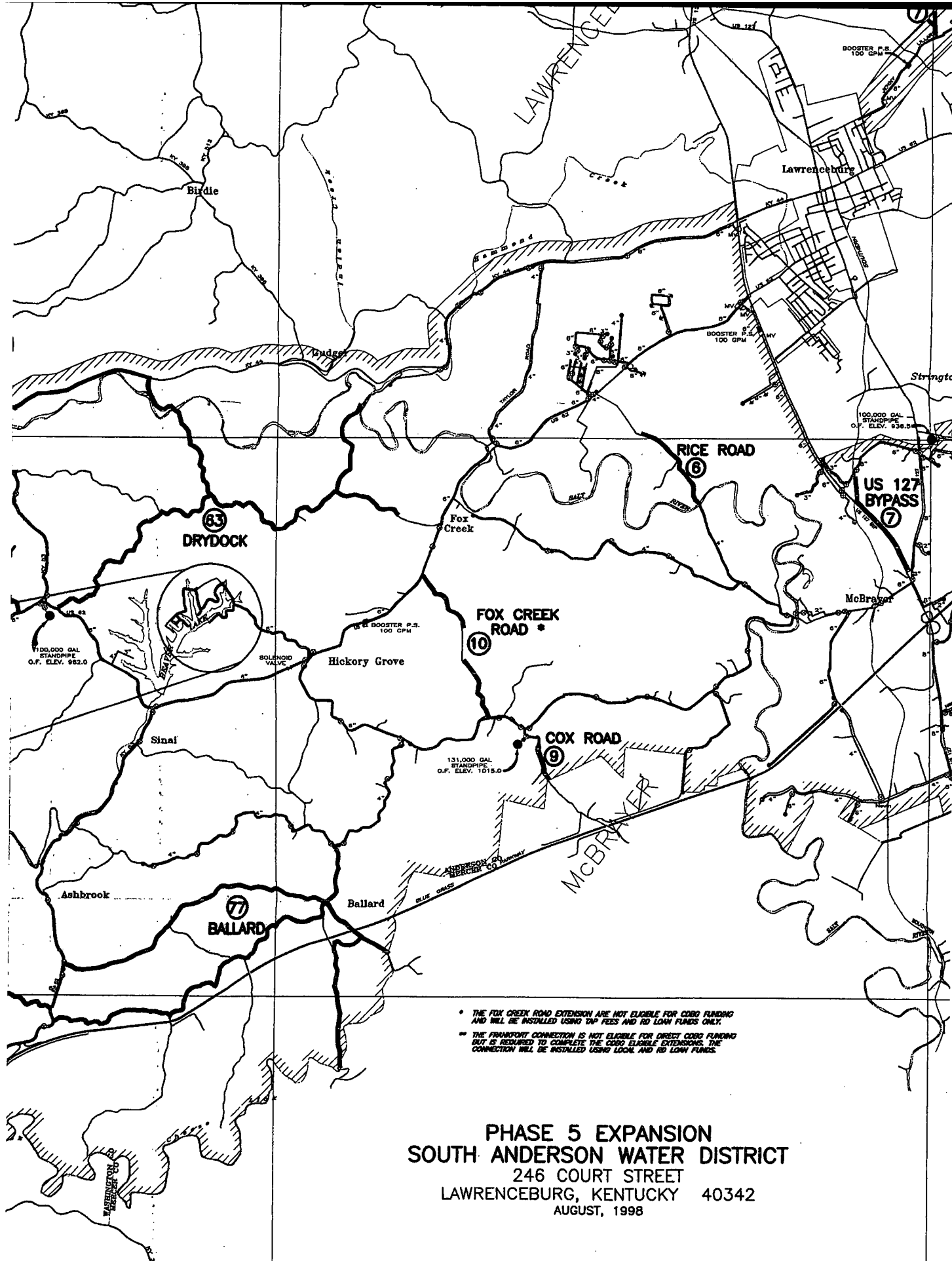
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ANDERSON CO

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ANDERSON CO

FRANKLIN CO
ANDERSON CO

FRANKLIN CO
ANDERSON CO

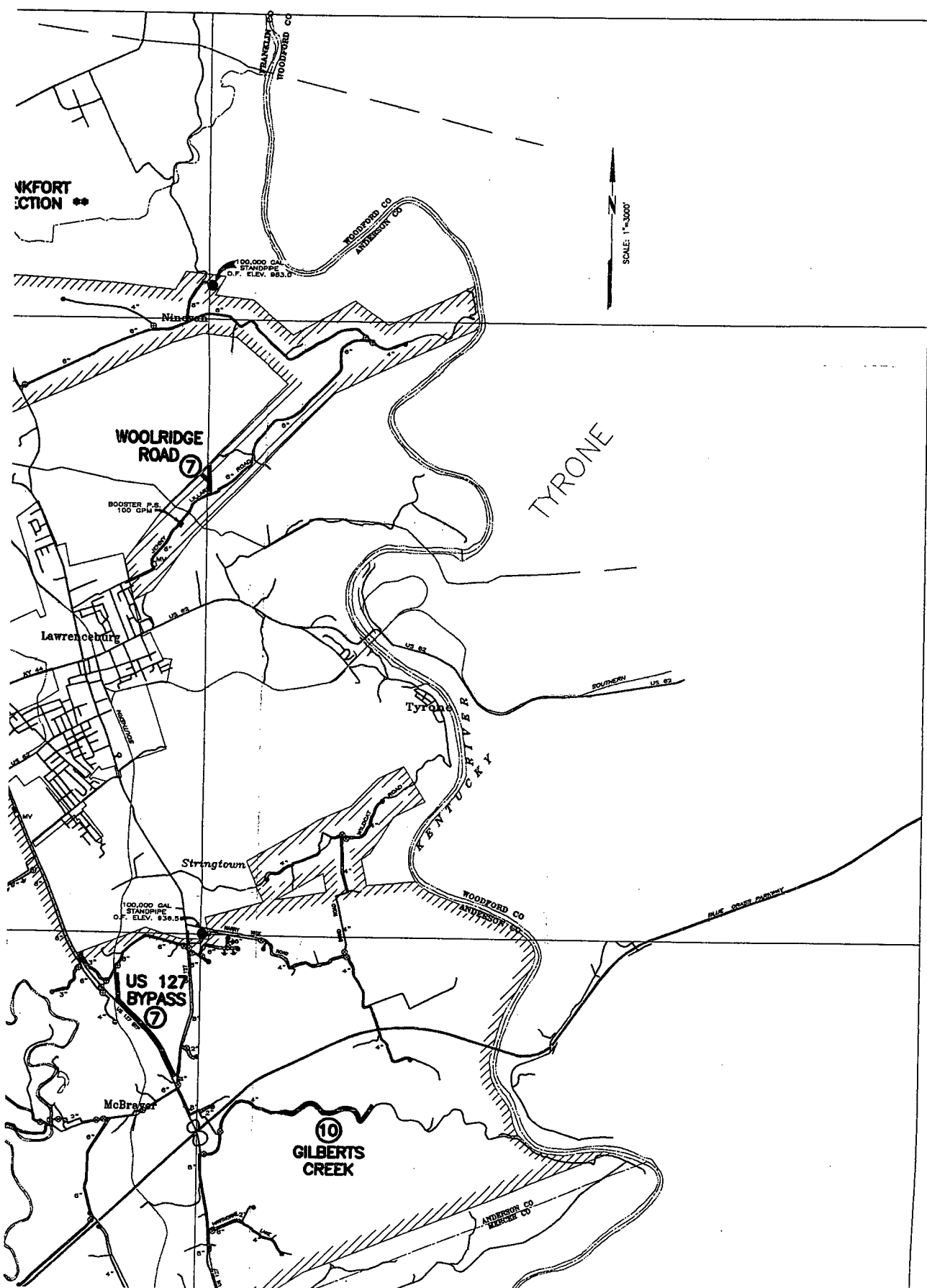
FRANKLIN CO
ANDERSON CO



* THE FOX CREEK ROAD EXTENSION ARE NOT ELIGIBLE FOR CDBG FUNDING AND WILL BE INSTALLED USING TAP FEES AND RD LOAN FUNDS ONLY.

** THE FRANKFORT CONNECTION IS NOT ELIGIBLE FOR DIRECT CDBG FUNDING BUT IS REQUIRED TO COMPLETE THE CDBG ELIGIBLE EXTENSIONS. THE CONNECTION WILL BE INSTALLED USING LOCAL AND RD LOAN FUNDS.

PHASE 5 EXPANSION
SOUTH ANDERSON WATER DISTRICT
 246 COURT STREET
 LAWRENCEBURG, KENTUCKY 40342
 AUGUST, 1998



WOLFPORT SECTION

SCALE: 1"=300'

5'

WOOLRIDGE ROAD ⑦

BOOSTER P.S. 100 GPM

Lawrenceburg

TYRONE

Tyrone

Stringtown

US 127 BYPASS ⑦

McBarger

⑩ GILBERTS CREEK

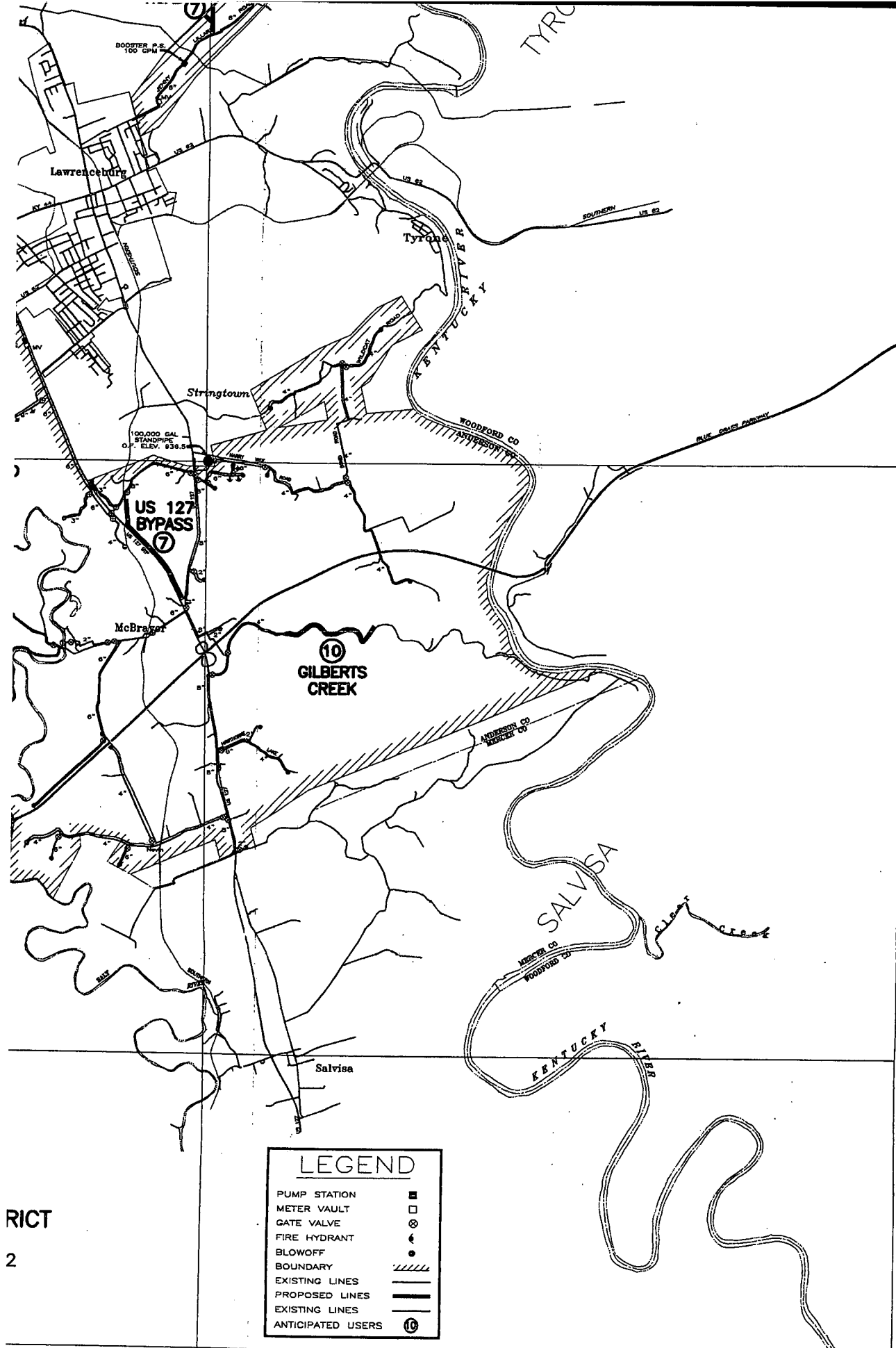
WOODFORD CO. ANDERSON CO.

ANDERSON CO. MADISON CO.

KENTUCKY

SOUTHERN US 62

BLUE CROSS PARKWAY



RICT
2

LEGEND	
PUMP STATION	■
METER VAULT	□
GATE VALVE	⊗
FIRE HYDRANT	⊙
BLOWOFF	●
BOUNDARY	////
EXISTING LINES	—
PROPOSED LINES	—
EXISTING LINES	—
ANTICIPATED USERS	⑩

EXHIBIT
No. 5
Taylor

variance for a front yard of 25 feet for the northern edge of lot no. 3 adjoining Dove Ave. A conditional use permit is sought for lot no. 3 to allow use as a child day care facility as provided in Article VI, Section 671.3.a.

3. Application by Violet A. Albers for a conditional use permit for 1551 South Main Street, Lawrenceburg, Kentucky (currently classified R-2 (Two-Family Residential)), as provided in Article VI, Section 662.3.a., to allow use as a residence and site of a home occupation described as floral arranging and operation of a wedding chapel.

John David Myles
Attorney at Law

AN ORDINANCE PROVIDING FOR THE LEVY OF AN AD VALOREM TAX ON REAL AND PERSONAL PROPERTY WITHIN THE CORPORATE LIMITS OF THE CITY OF LAWRENCEBURG, KENTUCKY, THAT IS SUBJECT TO TAXATION FOR CITY PURPOSES

1999-01

The Board of Council of the City of Lawrenceburg, Kentucky, convened in regular session on the 11th day of January, 1999, does ordain as follows:

The taxes in and for the City of Lawrenceburg, Kentucky, for the year 1999, be and the same are hereby levied as follows:

SECTION 1

That an ad valorem tax of \$0.241 be and the same is hereby levied on each One Hundred Dollars (\$100.00) of personal property subject to ad valorem taxes in and for the City except on property where the City tax is fixed by general law, upon which property last mentioned, it is ordered and ordained that a tax be and the same is hereby levied at the maximum rate fixed by general law, all of which taxes shall be used for the ordinary expenses and general purposes of the City.

SECTION 2

That an ad valorem tax of \$0.200 be and the same is hereby levied on each One Hundred Dollars (\$100.00) of real property subject to ad valorem taxes in and for the City except on property where the City tax is fixed by general law, upon which property last mentioned, it is ordered and ordained that a tax be and the same is hereby levied at the maximum rate fixed by general law, all of which taxes shall be used for the ordinary expenses and general purposes of the City.

SECTION 3

That the provisions of KRS 132.01 limiting revenue, exclusive of revenue from net assessment growth that may be produced, are applica-

tion, shall apply and will be a right-of-way line of said Lucky Highway 53, 133 feet to a point in said right-of-way line corner to Virginia Huffman, thence in an eastwardly direction along and with the Huffman line a distance of 128 feet to a point in the line of the land of Gilbert Sparrow, thence in a southerly direction along and with the line of Sparrow a distance of 133 feet to a point corner to Schweighardt, thence along and with Schweighardt's line a distance of 128 feet to the point of beginning.

The property will be sold on terms of a cash deposit of ten percent (10%) of the purchase price paid at the time of the sale, and the purchaser(s) shall be required to execute a bond for the deferred payment with surety thereon, approved by the Master Commissioner, bearing interest at the rate of twelve percent (12%) per annum from date of sale, and payable to the Master Commissioner within thirty days (30) of the date of the sale, and a

a bond for the balance of the purchase price, bearing interest at the rate of twelve percent (12%) per annum from date of sale, to be paid within thirty (30) days from the date of the sale, with surety thereon approved by the Master Commissioner, and a lien shall attach to the proceeds of the sale. The purchaser may pay all the purchase price and stop interest, if desired.

Said property shall be sold free and clear of all liens and encumbrances, except any delinquent and current real property taxes which shall be assumed and paid by the purchasers, and for which the purchasers shall receive no credit on their bid.

The amount to be raised is One Hundred and Twenty-Five Thousand Two Hundred and Thirty-Two Dollars and 96/100 (\$125,323.96), plus attorney's fees and court costs.

/s/ David G. Webb
Master Commissioner
Anderson Circuit Court

PUBLIC NOTIFICATION FOR INFORMING THE PUBLIC OF POSSIBLE IMPACT TO AN IMPORTANT LAND RESOURCE

The United States Department of Agriculture, Rural Development (RD) is considering an application for financial assistance, sponsored by the South Anderson Water District. The specific elements of this proposed action involves the construction of water line extensions comprised of approximately 25,000 linear feet of 18" Water Mains, 240,000 linear feet of 4" Water Mains, 11,000 linear feet of 3" Water Mains, a pump station and system appurtenances such as gate valves, air release valves, blow-off valves, meters, etc.

The following roads and communities will be affected by this project: Ballard, Dugansville Road, Hoophole, Puncheon Creek Road, Searcy School Road, Fairview, Lick, Skillet Road, KY Hwy. 1291, Drydock, Anderson City, Buntain School Road, KY 44, east of Glensboro, US 62 west of Johnsonville, KY Hwy. 248, KY Hwy. 13358 (Tanner Road), Burgin Road, US 127, Bypass from Sidney to US 127, Cox Road, Willow Creek Road, KY Hwy. 44, west of Glensboro, Ashby Road, Gilberts Creek Road, Wooldridge Road, Rice Road and Fox Creek Road.

If ADDITIONAL FUNDS become available the following roads will be considered:

- 1. Dawson Ferry Road
- 2. Bear Creek Road
- 3. Dennis Road
- 4. Ashby Road (Off of KY Hwy. 248)
- 5. Burke Road
- 6. Mays Branch/Leathers Road

If implemented, the proposed action may impact important farmland and designated flood plain within the corridors and/or sites of the proposed improvements. The purpose of this notice is to inform the public of this possible result and to request comments concerning (1) the impacts of the proposed location of farmland and flood plain, (2) alternative sites or actions that would avoid these impacts, and (3) methods that could be used to reduce these impacts.

The proposed action is available for review at the following RD Office:
RD District Office
P.O. Box 1227
Shelbyville, KY 40066-1227

Any persons interested in commenting on the proposed action may do so by sending such comments within 30 days following the date of this publication to Thomas G. Fern, State Director, 771 Corporate Drive, Suite 200, Lexington, Kentucky 40503.

Federal law prohibits discrimination on the grounds of race, color, national origin, religion, age, handicap, and sex in this program.

Petition - Willow Creek 1-9-98 Rewritten

Def.
 EXHIBIT NO. 1
 V. LEWIS

- diff. + property*
- * ① Dwight Conway 1121 Willow Creek *Service on 62 presently*
- ② Rudy Jewell 1210 Willow Creek
- ③ Ronnie Jewell 1212 Willow Creek
- ④ Allen Chambers 1282 Willow Creek
- ⑤ Danny Armstrong & Shelia Barnes 1316 Willow Creek Rd
- ⑥ Mark Clark 1181 Willow Creek *Now Naagy*
- ⑦ Kathy Dwyer ^(Bosch) 1081 Willow Creek
- ⑧ Steve Drury 1320 Willow Creek
- ⑨ Mike Tipton 1202 Willow Creek Rd

Post-it® Fax Note	7671	Date	1.25.00	# of pages	2
To	KENTAY LOR	From	SAWD		
Co./Dept.		Co.			
Phone #		Phone #			
Fax #	There is no date on Petition				

Shawn made this coversheet 1.9.98

*Recd.
 Exhibit 1*

WILLOW CREEK

0 Dwight & Barbara Conway
1121 Willow Ck Rd
Lawrenceburg, Ky 40342

1 Rudy & Della Jewell
1210 Willow Creek Rd.
Lawrenceburg, Ky. 40342

1 Ronnie Jewell
1212 Willow Creek Rd.
Lawrenceburg Ky 40342

1 Allen & Patsy Chou
1282 Willow Creek Rd
Lawrenceburg Ky 40342

1 Sheila Barnes & Jimmy Armstrong
1316 Willow Creek Rd.
Lawrenceburg, Ky. 40342

1 Mark A. Clark
1181 Willow Creek Rd
Lawrenceburg, KY 40342

1 Cathy D. King
1081 Willow Creek Rd
Lawrenceburg, Ky 40342

1 Steve + Lisa Drury
1320 Willow Creek Road
Lawrenceburg, Ky 40342

1 Mike + Delores Dipton
1202 Willow Creek Rd.
Lawrenceburg 40342

able to take care of it at any time."

Social Security's toll-free number, (800) 772-1213, provides automated services around the clock, Schuler said. You can apply for a Social Security number, request a "Personal Earnings and Benefit Estimate Statement," verify your benefits, find out the location of the nearest Social Security office, request publications or receive general

early in the week and early in the month, so if your business can wait, it's best to call at other times. However, if you are planning to file for benefits, you should call us as soon as possible," Schuler said.

"When you call, have your Social Security Number handy, a list of questions you want to ask, any recent correspondence you received from us and a pencil and paper to record information and answers to your questions."

loan program) If aggregate principal amount not exceeding \$117,000,000.

II. Summary

The Supplement supplements the Resolution by approving the delivery of a bond insurance policy by ACA Financial Guaranty Corporation, a Maryland stock insurance company, to be

NOTICE

The Lawrenceburg National Bank is currently accepting sealed bids for the purchase of a 1995 Chevy Corsica. Seller reserves the right to bid. This vehicle will be sold without any warranty or fitness for a particular purpose. Purchaser will pay all taxes and transfer fees. Bids will be received until 4:00 p.m. Friday, August 14, 1998. Call 839-2600 for more information.

INVITATION

30' X 70' OFFICE AND

Alton Water & Sewer District is a... tion office and storage building. The South and adjacent to the fire station obtained at the Alton Water and Sewer Office by 10:00... opened and read aloud at that time, reject any and all bids and to wait interest of the Alton Water and Sewer

PUBLIC HEARING NOTICE

SOUTH ANDERSON WATER DISTRICT EXPANSION PROJECT

To all interested citizens of Anderson County, Kentucky, the Kentucky Department for Local Government is accepting applications under the 1998 Community Development Block Grant (CDBG) Program. The following information concerning the CDBG Program is available for public inspection.

- A. Amount of funds available and range of activities that may be undertaken.
- B. Estimated amount of funds proposed to be used for activities benefiting persons of low to moderate income.
- C. Plans for minimizing displacement persons as a result of activities assisted with CDBG funds and plans for providing assistance to those persons to be actually displaced as a result of CDBG funded activities.
- D. Records regarding the past use of CDBG funds.
- E. A summary of those important program requirements.

The above information is available at the office of the County Judge Executive from August 4th through August 17th, 1998, during regular business hours.

The County will hold a Public Hearing prior to submission of any application. The Public Hearing will be held on August 18th, 1998, 8:00 p.m., at the Anderson County Courthouse's District Courtroom, South Main Street, Lawrenceburg, Kentucky. The purpose of this hearing is to obtain views on housing, economic development and community development needs, review proposed applications, solicit public comments and inform citizens that technical assistance is available to help groups representing low and moderate income persons in developing proposals.

COMMENTS ON APPLICATIONS

A copy of the CDBG application will be on file at the County Judge Executive's Office for citizen review and comment during regular business hours from August 18th through August 25th, 1998. Comments on the proposed application may be submitted to the attention of the County Judge Executive until August 28th, 1998. TOD# for the hear-

NOTICE TO CREDITORS

APPOINTED BY ANDERSON COUNTY JUDGE

DURING MONTE

All persons having claims against Deceased, 331 South Main Street, Lawrenceburg, Kentucky 40342, through Honorable Law, 250 West Main Street, Suite 1743, on or before January 1, 1999.

All persons having claims against Deceased, 1204 Jenny Lill, 40342, must file same with Linda Sparks, Deceased, 1212 Jenny Lillard Road, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 305 Saffell Street, Lawrenceburg, Kentucky 40342, must file same with Katherine K. Combs, Deceased, 1204 Jenny Lillard Road, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 1100 Kaye Road, Lawrenceburg, Kentucky 40342, must file same with N. Daine Waiford, Deceased, 1100 Kaye Road, Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 1305 Anderson Street, Lawrenceburg, Kentucky 40342, through Betty Jo H. Lawrenceburg, Kentucky 40342, on or before January 15, 1999.

All persons having claims against Deceased, 1484 Bonds Mill Road, Lawrenceburg, Kentucky 40342, must file same with Carolyn Harris, Deceased, 1484 Bonds Mill Road, Lawrenceburg, Kentucky 40342, on or before January 22, 1999.

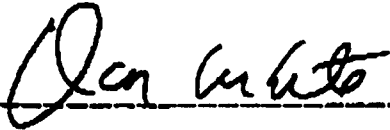
All persons having claims against Deceased, 430 Saffell Street, Lawrenceburg, Kentucky 40342, must file same with Roger Michael Indiana 47001 and William Edward Lawrenceburg, Kentucky 40342, on or before January 22, 1999.

EXHIBIT NO. 4

V. LEWIS

AFFIDAVIT

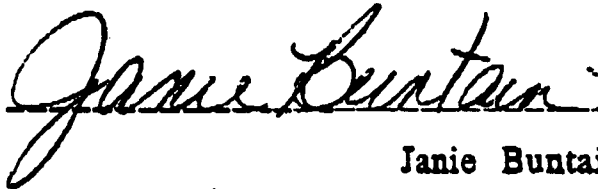
Don White, publisher of The Anderson News, being a publication with the greatest circulation in Lawrenceburg, Kentucky hereby declares that a public notice relating to the expansion project by the South Anderson Water District and accepting applications under the 1998 Community Development Block Grant ran in the August 5, 1998 issue.



Don White, Publisher, The Anderson News

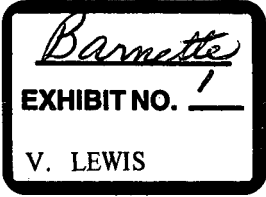
Subscribed and sworn to before me, a Notary Public within and for the State of Kentucky and County of Anderson, by Don White, Publisher of The Anderson News, to me personally known, this 5th day of August, 1998.

My commission expires the 15th day of March, 2002.



Janie Buntain

Notary Public, State at Large



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT COMPLAINANT

-vs- SWORN STATEMENT OF RUBEN BARNETT

SOUTH ANDERSON WATER DISTRICT DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOTYPIST

The foregoing sworn statement was taken on
Tuesday, February 8, 2000, in the first floor conference
room, Anderson County Courthouse, Lawrenceburg, Anderson
County, Kentucky, beginning at the hour of 3:10 p.m.,
for all purposes permitted under the Kentucky Rules of
Civil Procedure.

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RUBEN BARNETT

1
2 the said witness, being first duly sworn, testifies as
3 follows:

4 DIRECT EXAMINATION

5 By Mr. Thomas

6 Q Could you state your name for the record, please?

7 A Ruben Barnett.

8 Q And you are the Ruben Barnett who is the
9 complainant in the action before the Public Service
10 Commission, Complaint Number 99-431, Complainant against
11 the South Anderson Water District, is that correct?

12 A Yes.

13 Q And, Ruben, could you state your address, please?

14 A 1560 Aaron-Barnett Road.

15 Q And, Ruben, how long have you lived at 1560
16 Aaron-Barnett Road?

17 A I have lived in that one house since July of '63.
18 I lived on that road all of my life.

19 Q And how old are you, Ruben?

20 A 60.

21 Q 60? So you are--needless to say, you are very
22 familiar with that area of Anderson County?

23 A Yeah.

24 Q Life-long resident?

25 A Yeah.

1 Q Now, Ruben, is it fair to say that the house
2 where you reside has always been without water, some
3 kind of city water or county water?

4 A Yes, it's been without water.

5 Q And, Ruben, how has water been supplied in that
6 house?

7 A I have water hauled and put it in the cistern.

8 Q And has it always been that way as long as you
9 can remember?

10 A Yeah.

11 Q Ruben, how often do you have to haul water to
12 your home?

13 A Most of the time, every 2 weeks. Sometimes a
14 little bit quicker than that according to how I am using
15 it.

16 Q And you have to haul water irrespective of the
17 weather conditions, whether it's pleasant, whether it's
18 raining, whether it's snowing, ice, you still have to
19 obtain water?

20 A Yeah.

21 Q And, Ruben, who else lives in that household
22 besides yourself?

23 A Me and my 2 kids.

24 Q What are the ages of your children?

25 A 8 and 11.

1 Q And the 8 year old is a son, is that correct?

2 A Yeah.

3 Q 11 year old is a daughter?

4 A Yeah.

5 Q Ruben, are you aware of a notice that was
6 published by the South Anderson Water District in the
7 Anderson News that's the local newspaper back in August
8 of 1998 and then again in February of 1999 indicating
9 that Willow Creek Road, which is Aaron-Barnett Road, was
10 to become part of a water expansion project of the South
11 Anderson Water District and therefore that road would to
12 receive water?

13 A Yes.

14 Q Okay.

15 Ruben, I show you a copy of the notice. This was
16 a notice that was run in the February 17 and February 24
17 Anderson News, 1999, and I am going to ask you, is that
18 the notice that you read?

19 A Yeah, that's it.

20 Q And that notice does, indeed, indicate, as you
21 have testified, that the South Anderson Water District
22 was going to build water lines along Willow Creek Road?

23 A Yeah.

24 Q When you first read this notice, Ruben, what was
25 your impression or belief about this notice?

1 A I didn't have no doubts what water wasn't going
2 all the way through.

3 Q Was there anything about the notice or outside or
4 any information outside the notice that led you to
5 believe that the entire Willow Creek Road was not going
6 to receive water?

7 A No.

8 Q But at some point, Ruben, you did find out, of
9 course, that only part of Willow Creek Road was going to
10 receive water, is that correct?

11 A Yeah.

12 Q And how did you find out that the proposed
13 expansion project was not to include all of Willow Creek
14 Road, especially not to include the section where you
15 live?

16 A The--one of my realtors sent a man down there to
17 look at a piece of ground. And I told him city water
18 was coming through and he wanted to know when. And I
19 told him I couldn't answer that. He would have to go to
20 the South Anderson Water District and find out.

21 And after he come down there 3 times, he went
22 back to the South Anderson Water District and asked them
23 when was water coming through. And they told him water
24 was coming through part of Willow Creek Road, but coming
25 through Ruben Barnett property wasn't in no future.

1 And so he dropped up his ground and went
2 somewhere else and bought one.

3 Q You were told that by the realtor that a
4 representative of the South Anderson Water District said
5 that coming through Ruben Barnett's Road was not in the
6 future?

7 A I don't remember the boy's name that was looking
8 at the piece of ground. But he told the realtor and
9 then the realtor told me.

10 MR. THOMAS: Okay.

11 I am going to mark this as Ruben Barnett Exhibit
12 1. I will get a copy of that so we can attach to the
13 transcription.

14 Q Ruben, once you found this out that there was no
15 plans to build water along your portion of Aaron-Barnett
16 Road, what did you do then?

17 A Well, I went to talking to different ones, the
18 rest of the people that lived on that road. And I
19 talked with different ones of them.

20 And I think Stevie Drury is about one of the
21 first ones I talked to. And where the water was coming,
22 he wasn't going to get city water. Then, he told me he
23 talked with the magistrate and then he talked to Allison
24 Walker and they changed their minds and said it would
25 come on down another six-tenths of a mile and get the 5

1 or 6 houses there water.

2 But they wouldn't come no further.

3 Q Did you talk to some others besides Mr. Drury who
4 were not going receive water?

5 A I talked to everybody up and down that road that
6 wasn't going to get water, yeah.

7 Q Do you recall how many people that was, Ruben?

8 A I talked to that Ray Eric (sic) and that Ruckor.
9 I don't know what his first name is, though.

10 Q Would that be Tim Ruckor?

11 A Yeah.

12 And then I talked to Elvis Thompson. And I
13 talked to Lou is from Lexington. I don't remember his
14 *last* first name.

15 Q Would that be Lou DeFino?

16 A Yeah. I can't remember his last name. And I
17 talked to Jim Riggle.

18 Q So that's about 5 or 6 people that you spoke to?

19 A Yeah.

20 Q Okay.

21 Did they all seem interested in trying to obtain
22 water from the South Anderson Water District?

23 A Yeah. They was all upset because it wasn't
24 coming on through.

25 Q Did you ever go talk to the South Anderson Water

1 District and ask them to run water lines throughout your
2 property on up the road? Did you ever go talk with the
3 people?

4 A No.

5 Q But at some point you did hire an attorney
6 obviously?

7 A Yeah.

8 Q And did you instruct your attorney to go talk
9 with the people from the South Anderson Water District
10 to ask them to modify their plans.

11 A I give the attorney to do what he needed to do
12 and what he had to do, anything he had to.

13 Q Ruben, with the water that you use from your
14 cistern, your water that you have now that you haul in,
15 I am going to ask you a set of functional uses and tell
16 me whether you use the water for those functional uses.

17 Do you use the water, Ruben, for instance to
18 bathe?

19 A Yes.

20 Q What about to cook?

21 A Yes.

22 Q Ruben, what about--you have animals on your
23 property. What about to feed animals?

24 A Yes.

25 Q What about to drink?

1 A No, we don't drink that water.

2 Majority of them, they drink soft drinks and tea.

3 I got a boy that loves water. I even went and had a
4 filter put in 3 months ago. And it didn't work out
5 because it wouldn't pump water through right. And he
6 had to come back and take it out.

7 Q So when you and your children want to drink
8 water, do you purchase water from the store, bottled
9 water to drink?

10 A Yeah, when I do. I don't buy that much of it.
11 But the boys won't drink the water either. Says it
12 tastes nasty.

13 Q Ruben, have you ever been given any explanation
14 as to why the South Anderson Water District will not run
15 the water lines up along your property?

16 A All I have ever heard they said it wasn't but 2
17 houses on through there. And that wasn't enough houses
18 but--

19 Q But from your previous testimony, that's not true
20 now? There are more than just 2 houses up there?

21 A There was more than 2 then.

22 Q How many were there, Ruben?

23 A I know there was 5.

24 Q 5 counting yourself or 5 excluding yours?

25 A Really including myself.

1 Q Ruben, have you ever measured the area that would
2 remain incomplete in terms of water lines along
3 Aaron-Barnett Road? Do you have an idea how long a
4 stretch that is?

5 A Where they say they are going to run?

6 Q You indicated that you told me that they are
7 going to run a little bit longer than what was initially
8 proposed, what they had initially proposed.

9 From the point where you believe the water line
10 is now going to stop through the remainder--to the
11 remained--remaining end of Aaron-Barnett Road, do you
12 have any idea how long that is?

13 A Yeah, I measured ever way that I heard anything
14 about where they said they--you told me they had it on
15 paper they were going to run it a mile and two-tenths.
16 Then it was--said they was going to stop at a mile and
17 seven-tenths. And I measured both of them ways and I
18 measured it all the way through.

19 Q If they run it a mile and seven-tenths or a mile
20 and eight-tenths and there is a portion that's
21 incomplete, what I am trying to ask you and get an
22 answer, if you know it, if you know it, is what is the
23 length of the road that's going to remain unfinished?

24 A How much?

25 Q How much?

1 A If they run it a mile and eight-tenths, it will
2 be and mile and two-tenths not run.

3 Q So somewhere between a mile and two-tenths and a
4 mile and three-tenths will remain incomplete--

5 A Yeah.

6 Q Under the proposed water expansion project?
7 Okay.

8 Ruben, you have also looked at some other roads
9 other than Willow Creek Road that have been proposed for
10 expansion by the South Anderson Water District, isn't
11 that true?

12 A Yes, it's true.

13 Q You have looked at a Lick Skillet Road. You have
14 looked at Rice Road.

15 And when you looked at those roads, what did you
16 find or what did you observe? Let's take Lick Skillet
17 first?

18 A Well Lick Skillet was 2 mile and eight-tenths
19 long. The first time I looked at it, it just had one
20 house in Anderson County. And I believe it was 7
21 trailers and houses in Washington County. Because part
22 of that road is in Washington County and part of it is
23 in Anderson County.

24 The last time I drove across it, there had been a
25 new house went up in Anderson County.

1 Q There are 2 houses?

2 A Yes. But one of them now is abandoned.

3 Q And there is still 7 houses that remain in
4 Washington County?

5 A Yeah.

6 Q So installation of water lines along Lick Skillet
7 would benefit Washington Countians more than it would
8 benefit Anderson Countians, is that your observation?

9 A Yeah.

10 Q What about Rice Road?

11 A Uh, it was a mile and--

12 Q To the best of your knowledge?

13 A I believe a mile and two-tenths back to the last
14 house. I don't know whether they is going back just to
15 the last house or whether they are going on to the
16 river. But--and it was 4 hookups.

17 Q Okay.

18 Anything else?

19 A No, not that I know of.

20 Q All right.

21 Ruben, if the South Anderson Water District were
22 to continue to construct water lines along the remaining
23 part of Aaron-Barnett Road which would include your
24 house, would you be willing to be a customer--

25 A Yes.

1 Q Of the water district? So you really want city
2 water?

3 A Yeah.

4 Q And you would sign up for and become a user of
5 the water provided by the South Anderson Water District?

6 A Yeah.

7 Q Ruben, this is not the first time that you have
8 had problems with the South Anderson Water District,
9 that you have had a conflict with them, isn't that
10 correct?

11 A That's right.

12 Q You had a conflict with them 5 years ago?

13 A Yeah.

14 Q And what was the nature of that disagreement
15 between the South Anderson Water District? Why did you
16 all disagree 5 years ago?

17 A I hired South Anderson to run the water down to
18 my river bottoms on Rice Road. And they told me when I
19 signed up, when I went up there and talked to them and
20 all it was 2 ways I could set it up and they would pay
21 me back.

22 I could set it up where everybody would pay for,
23 on the outside of the bottoms where I had 8 lots at the
24 bottom, and if anybody hooked up outside of the bottoms,
25 like the 9th person hooked on, they would pay me 1/9 of

1 what it cost me. And that a way on the 10th person
2 would pay me eight parts, say the ninth person for one
3 part, that a way for 5 years. Or I could take it and
4 let everybody, including the 8 lots at the bottom, let
5 everybody pay to me for 50 foot of what it cost me for
6 10 years.

7 And I told Allison Walker then that I would take
8 it for the 5 year deal. And he said all right. He sent
9 it to Frankfort to where he was supposed to send it to
10 and get it approved and sent it to me. And he did. He
11 sent it and got it approved and signed it and sent it to
12 me.

13 And then later on when a couple of the houses in
14 the bottom hooked up, he seen me in town one day and he
15 told me he needed to get with me and pay me for--there
16 had been a couple of them houses hooked up out there and
17 he needed get with me to pay me for 50 foot of each one
18 of them.

19 And I told him that he didn't owe me 50 foot at
20 each one of the bottoms. That all he owed me any time a
21 person hooked up on outside of the bottom. And he got
22 mad and said, no, it wasn't approved that way and we
23 won't pay you that way.

24 Q And so you ended up taking this matter to the
25 Public Service Commission?

1 A Yeah.

2 Q And what was the result?

3 A They wouldn't give us no hearing.

4 Q So you didn't get a hearing then?

5 A No. Huh, uh. They wouldn't even give us a
6 hearing. They just come back and said they didn't know
7 it was going to be a subdivision and all South Anderson
8 had to pay was the 50 foot of each hookup. And I never
9 received a payment one on none of them yet.

10 Q So there is still some outstanding monies owed to
11 you by the South Anderson Water District, is that your
12 opinion?

13 A Yeah.

14 Q Do you think that this agreement had any
15 influence or effect on the decision by the South
16 Anderson Water District not to run water lines
17 throughout the entire Willow Creek Road?

18 A I think that's the only reason.

19 Q I want to go back to the notice again that's
20 Exhibit 1 to your testimony.

21 Did you ever, Ruben, attend any of the public
22 hearings sponsored by the South Anderson Water District
23 to discuss their proposed expansion project?

24 A I attended one after I hired an attorney, with
25 him.

1 Q But other than that, back in August of 1998 or
2 February of 1999, you didn't go to any of the public
3 hearings mentioned in the notice?

4 A No.

5 Q And why not?

6 A Well, I didn't have no reason to go until I found
7 out later on about the middle of '99 that it
8 wasn't--that water wasn't going all the way through.
9 And that's when I got together and hired an attorney. I
10 knew it wasn't any use in me talking to them.

11 Q I cut you off?

12 A I knew I couldn't talk with them. So I just went
13 and hired an attorney and got it over with.

14 Q So is it correct to say, Ruben, that you assumed
15 from reading the notice that all of Willow Creek Road
16 was going to be served by the water expansion project?

17 A Yeah. That's what I thought. Who wouldn't think
18 it? That's what it had in there, Willow Creek Road is
19 going to be run.

20 Q Ruben, were you ever told by your attorney or by
21 the commissioners for the water district themselves that
22 after this water expansion project was finished, it
23 would be about 10 years before another expansion project
24 would be approved by South Anderson Water District.

25 Did you ever hear that?

1 A Yes.

2 Q And you were told that by whom?

3 A By you.

4 Q Okay.

5 And your attorney relayed that to you?

6 A Yeah.

7 Q Based upon a meeting that he had with the Board
8 of Commissioners?

9 A Yes.

10 Q Ruben, why are you pursuing this matter before
11 the Public Service Commission? Why do you feel that you
12 have been wronged in some way here?

13 A Well, to start with, when I--when I first
14 started, I had about 6 lots or tracts of land for sale
15 up and down the road. And I knew city water would make
16 it sell better. And I knew it wasn't right to put it in
17 the paper they was going to run the road and then just
18 run part of it.

19 And I felt like they was doing it to spite me.
20 But now then, I have sold 4 tracts of the ground. But I
21 still would like to have city water. But I think they
22 are wrong putting the ad in the paper they are going to
23 run the road and not run all of it.

24 If they wasn't going to run all it, they ought to
25 have put in there we are going to run a mile and

1 two-tenths of the road and run a mile and two-tenths,
2 you know. And I wouldn't have no reason to hire a
3 lawyer and brought suit against them.

4 Q Any other reasons, Ruben, why you are upset and
5 feel like you are being harmed by the South Anderson
6 Water District because of their refusal to extend water
7 lines along your property?

8 A Yes.

9 Not right now, but in the near future when my
10 kids gets ready to go college or something, then I will
11 need to sell more of the land to get money to send them
12 to college with.

13 But if they wait 10 years before they run the
14 line, then my kids will already be in college or if they
15 can get to college. And, in my opinion, they won't be
16 able to get there.

17 And another thing, once they run city water to
18 all of the roads they got down there and just run city
19 water on part of Willow Creek, if they do that, my land
20 is done selling unless I want to take half-price for it
21 because people is going to buy where there is city
22 water.

23 And it's just not right to run water down part of
24 the way of Willow Creek and run every road up and down
25 the road before you get to Willow Creek. And then run a

1 mile and two-tenths, a mile and eight-tenths or whatever
2 they are going to run down Willow Creek and then skip a
3 mile and two-tenths. And then go on down the road a
4 half a mile and start running another road and run all
5 the roads on down through there for a long ways, it just
6 is not right.

7 Q There are no plans to--oh, you say skip a mile
8 and two-tenths. You mean skip--

9 A On Aaron-Barnett Road.

10 Q On Aaron-Barnett Road? Okay.

11 Ruben, you have a pretty firm knowledge of how
12 much it is going to cost the entire scope of the
13 proposed water project, is that correct? You know about
14 how much money the water district is going to obtain to
15 build these water lines, correct?

16 A I have been told \$2.2 million.

17 Q And you were told that by whom?

18 A My attorney.

19 Q Ruben, I realize you are not an engineer. But
20 you said you did build some lines down in Rice Road
21 about 5 years ago, you had some water lines built?

22 A Yeah.

23 Q To the best of your knowledge, based upon what
24 you had to pay to build water lines 5 years ago, about
25 how much would it cost to complete the water line

1 construction along Aaron-Barnett Road.

2 What do you think?

3 A Well, it's hard to say. But I paid South
4 Anderson Water District \$21,495 to run six-tenths of a
5 mile. But that road is different than it is down home.
6 It wasn't nothing but rock, just about the whole
7 six-tenths of a mile.

8 And down home, I don't think there is no rock to
9 amount to nothing. They will hit rock. I am talking
10 about they are going to hit small rock. But I am
11 talking about ledges like was on Rice Road.

12 But I also know things have went up some. But I
13 don't feel like it went up that much.

14 Q So is your answer then, Ruben, you think it would
15 cost something in the neighborhood of--

16 A \$30,000 or \$35,000 would run it the rest of the
17 way easy.

18 Q And that would serve you and at least 5 other
19 people is your testimony?

20 A Yes. At this time. And there is also another
21 man, Lou De--

22 Q DeFino?

23 A DeFino is trying to get a permit to build 2
24 houses for him and his daughter. But he has not got it
25 yet.

1 Q Ruben, what would you like to see the water
2 district do?

3 A I would like to see them run the whole road like
4 they had in the paper.

5 * * *

6 OFF THE RECORD

7 * * *

8 MR. THOMAS: That's all of my questions.

9 A I would like to add one thing.

10 Q Go ahead?

11 A I don't think the grant people has the right to
12 turn that money loose to South Anderson Water District.
13 They knowed it was in the paper in August of '98 and
14 also again in February of--

15 Q '99?

16 A No.

17 Q 2,000?

18 A 2,000. It wasn't February. It was November '99.

19 Q January. December of '99?

20 A No. It was in November and December, wasn't it?

21 However, and that's not their money. That's the
22 taxpeople's money. And they knowed it was in the paper
23 they was going to run Willow Creek Road both times. And
24 if they wasn't, they should have spoke up and said
25 something to South Anderson Water District and got it

1 right.

2 Now, then, they didn't. And I don't think they
3 have any right to turn the money loose until Willow
4 Creek Road has been approved to run.

5 Q You think the notice was misleading in terms of
6 what the South Anderson Water District represented it
7 was going to do in terms of constructing water lines?

8 A Yes.

9 Q And so, therefore, you think the--to summarize,
10 you think the federal money should not be released until
11 the notice has been corrected?

12 A That's right.

13 Q Ruben, I knew there was one other question I
14 wanted to ask you. Let me ask you this.

15 With regards to your children, your children have
16 lived at 1560 Aaron-Barnett Road all of their lives, is
17 that correct?

18 A Yeah.

19 Q Have you ever noticed any illnesses or health
20 problems with them as a result of their constant
21 exposure to water from a cistern?

22 A I can't say.

23 They have been sick different times. All kids, I
24 guess, get sick different times. But really I have
25 never brought it up to a doctor about the water and I

1 can't say whether it's the water or whether it's not the
2 water.

3 Anybody knows that city water is better to drink
4 and everything than water you haul. Your cistern, when
5 you catch water off the house and have water hauled to
6 the house, you know you get dirt in it and leaves in it
7 and grit in it. And it don't taste right.

8 That's the reason my boy won't drink water at
9 all. And the girl, she don't say much about it. She
10 don't care much about water and I don't either to drink,
11 you know, like he does.

12 But he goes to his mother's or he goes up to his
13 grandmother's and all he comes back and talks about how
14 good the water is.

15 Q Ruben, there has been some testimony by some of
16 your neighbors that they have had busted water tanks as
17 a result of the constant hauling of water back and
18 forth.

19 Have you ever busted a water tank trying to haul
20 water?

21 A No. I have never.

22 I bought a water truck that had a big tank on it
23 and hauled water for about 2 years until I had my right
24 knee replaced. Then I come home and fallen on that when
25 I went to get water one day. And I promised myself if I

1 made it back home without hurting my knee that I
2 wouldn't haul no more and I didn't. I sold my truck and
3 went to hiring it all.

4 Q So now you pay to have water hauled to you, is
5 that right?

6 A Yeah, yeah.

7 Q But you injured your knee by having to have to
8 haul water one time?

9 A No. I said I come almost falling. And if I had
10 of, I would have injured it. And I decided to quit
11 hauling water before I did.

12 Q Okay. All right.

13 And again, Ruben, just to clear--make one thing
14 clear. Just to be clear about one point.

15 If the South Anderson Water District did run
16 water through your property, you would hook on to it?

17 A Yes.

18 Q No questions, no doubts about that?

19 A There is no doubt.

20 MR. THOMAS: That's it.

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CERTIFICATE

STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of RUBEN BARNETT, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February, 2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003



AFFIDAVIT

Don White, publisher of The Anderson News, being a publication with the greatest circulation in Lawrenceburg, Kentucky hereby declares that a public notice relating to the South Anderson Water District's notification for informing the public of possible impact to an important land resource. The action involves the construction of water line extensions comprised of approximately 25,000 linear feet of 8" water mains, 240,000 linear feet of 4" water mains, 11,000 linear feet of 3" water mains, a pump station and system appurtenances such as gate values, air release values, blow-off values, meters, etc. The ads ran in the issues of Feb. 17, 24,,1999.

Don White, Publisher
The Anderson News

Subscribed and sworn to before me, a Notary Public within and for the State of Kentucky and County of Anderson, by Don White, Publisher of The Anderson News, to me personally known, this 16th day of March, 1999.

My commission expires the 15th day of March, 2002.

Janie Buntain
Notary Public, State at Large

EXHIBIT

Barnett
EXHIBIT NO. 2
V. LEWIS

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT

COMPLAINANT

-vs-

SWORN STATEMENT OF THOMAS REDMON

SOUTH ANDERSON WATER DISTRICT

DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 1:10 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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1 A Thomas Redmon, R-E-D-M-O-N.

2 Q And, Tom, where do you reside?

3 A 1451 Aaron-Barnett Road.

4 Q And, Tom, how long have you lived at 1451
5 Aaron-Barnett Road?

6 A 2 months.

7 Q So you just moved there in December of 1999?

8 A Yes.

9 Q Now, Tom, are you aware that the South Anderson
10 Water District is planning to build water lines along a
11 part of Aaron-Barnett Road?

12 A Yes.

13 Q And are you aware that their proposed
14 construction of those water lines plans to stop
15 somewhere along a creek at the bottom of Aaron-Barnett
16 Road? If you went along Aaron-Barnett Road from, I
17 guess, milemarker 8 on US 62, it's going to travel about
18 1.7 miles.

19 Are you aware of that?

20 A Yes.

21 Q Where do you live? Where is 1451 Aaron-Barnett
22 Road in relation to where the proposed water line is
23 going to stop?

24 A I am not exactly sure the exact point where it
25 is. But I am just past the second bridge down at the

1 bottom of the creek at the turn.

2 Q Okay.

3 So if I were traveling along Aaron-Barnett Road
4 from about milemarker 8 on US 60--off of US 62, would I
5 come to your residence before I would come to Ruben
6 Barnett's residence?

7 A Yes.

8 Q Okay.

9 Tom, what is your present water supply at your
10 house?

11 A I have a cistern.

12 Q Do you have to go to a filling station or a water
13 supply station to go purchase water?

14 A I have it hauled in instead of doing it.

15 Q And how often do they haul water to your home,
16 Tom?

17 A Generally about every 2 to 3 weeks.

18 Q How much do you pay for that, Tom?

19 A \$25 each time.

20 Q Is that \$25 per haul?

21 A Yes.

22 Q So they charge you per haul rather than by the
23 gallon or by the ton or something like that?

24 A Well, it's by a haul. But one load is enough to
25 fill my tank.

1 Q Okay. All right.

2 Tom, you already indicated that you are aware
3 that the South Anderson Water District is building water
4 lines along part of Aaron-Barnett Road but not along the
5 part where you reside.

6 If the water district were to extend its water
7 lines past your residence, would you be willing to be a
8 customer of the South Anderson Water District?

9 A Definitely.

10 Q Would you take water?

11 A For sure.

12 Q Okay.

13 Tom, are you aware that about sometime around
14 August 1998 and then again in February of 1999, the
15 South Anderson Water District published a notice in the
16 newspaper indicating that it was going to construct
17 water lines along Aaron-Barnett Road. I think they said
18 Willow Creek Road in the notice.

19 Are you aware of that?

20 A Yes.

21 Q Did you go to any of those meetings that were
22 scheduled and planned by the South Anderson Water
23 District to discuss its proposed water expansion?

24 A No.

25 Q And why didn't you go, Tom?

1 A I wasn't living in the area then, didn't own
2 property in the area and it didn't really concern me at
3 that time.

4 Q Okay.

5 Well, you said you read the notice. And when you
6 read the notice where it said they was going to build
7 water lines along Willow Creek Road, what did you think?

8 Did you have any impressions as to what that
9 meant?

10 A It said along Willow Creek Road. So I assumed
11 they were going to do the entire road.

12 Q Did you have any reason to believe differently?

13 A No, not according to what was written.

14 Q Okay.

15 Tom, is there anything else that you would like
16 to say regarding your desire or your interest to receive
17 water from the South Anderson Water District?

18 A Just basically I wish they would run it all the
19 way through to allow everyone to have the same
20 opportunity to have, you know, city water. So I don't
21 have to go get water myself or have someone haul it in,
22 the inconvenience of that. Or live out of a cistern
23 because it's not near as safe for my family and I.

24 Q Okay.

25 When you say your family and I, who else lives in

1 your household besides yourself, Tom?

2 A It's just my wife and I.

3 Q Okay.

4 And when you say that it is not as safe, what do
5 you mean by safe?

6 A I mean just the water. It can't be as safe, you
7 know, sitting there in that cistern like that. Has to
8 be some type of bacteria or some type of something.

9 Q Have you or your wife ever noticed or ever felt
10 any ill effects from the water that you use from the
11 cistern?

12 A Not yet. We can't say that for sure.

13 Q That's probably due to the fact that you have
14 only been there such a short time?

15 A Right. We have only been there 2 months. I know
16 you could definitely tell a difference in the water, you
17 know, as far as taste of the water. We very rarely
18 drink the water. We usually go to the grocery and buy
19 bottled water and things like that for drinking or for
20 cooking or food most of the time.

21 Usually just use the water for bathing, things,
22 like that.

23 MR. THOMAS: Okay. Tom, that will do it. That's
24 it for you. Thank you very much.

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CERTIFICATE

STATE OF KENTUCKY

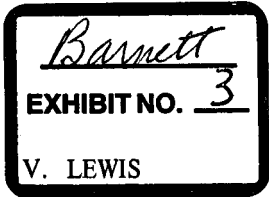
COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of THOMAS REDMON, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February,
2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT COMPLAINANT

-vs- SWORN STATEMENT OF ELVIS THOMPSON

SOUTH ANDERSON WATER DISTRICT DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOYPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 1:55 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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ELVIS THOMPSON

1
2 the said witness, being first duly sworn, testifies as
3 follows:

4 DIRECT EXAMINATION

5 By Mr. Thomas

6 Q Elvis, before we went on the record, I went over
7 with you the purpose of your testimony here today.
8 Again, let me state for the record my name is Reginald
9 Thomas. I am the attorney for Ruben Barnett in the
10 litigation, Ruben Barnett versus the South Anderson
11 Water District, before the Public Service Commission.

12 And I informed you, Elvis, that this testimony
13 that we are going to take today is to be filed of record
14 so that you will be able to testify at the March 9
15 hearing before the Public Service Commission.

16 If at any time, Elvis, you don't understand any
17 of my questions or they are not clear, ask me to repeat
18 them and I will be glad to repeat them so that you can
19 respond adequately and appropriately to my questions.

20 Before I start asking you questions, do you have
21 any questions you want to ask me?

22 A No.

23 Q Okay.

24 Let's go ahead and begin, Elvis.

25 A All right.

1 Q Elvis, state your name for the records, please?

2 A Elvis Thompson.

3 Q And, Elvis, where do you reside?

4 A 1421 Aaron-Barnett Road.

5 Q 1421 Aaron-Barnett Road?

6 Elvis, if you were coming along Aaron-Barnett
7 Road from US 62 at milemarker 8, and you come down that
8 hill and across that creek and you start coming up
9 again, where is your house in relation to that creek?

10 A First house on the left after you cross that
11 little bridge.

12 Q Are you aware, Elvis, that the proposed
13 construction of water lines along Aaron-Barnett Road is
14 going to stop just short of that creek?

15 A Yes, I am.

16 Q Elvis, how long have you lived at 1421
17 Aaron-Barnett Road?

18 A I moved in in what, May, I bought it in May.
19 Something like that.

20 Q So you moved there about May of 1999?

21 A Right.

22 Q So it's fair to say you have been there now about
23 9 months?

24 A Yes.

25 Q Do you like it out there?

1 A Oh, yeah.

2 See, that's why I bought the place because in the
3 paper it said they was going to go all the way through.
4 And that's why I bought. I read the paper and then I
5 went and checked with him about buying it, with him and
6 John.

7 Q I was going to ask you that.

8 So you read in the paper about the notice that
9 said we are going--we, being the South Anderson Water
10 District, let me rephrase that.

11 You read in the paper where the South Anderson
12 Water District said that it was going to construct water
13 lines along Willow Creek Road, Willow Creek Road and
14 Aaron-Barnett Road being the same road?

15 A Yes. The way I understood it, going all the way
16 through.

17 Q So, therefore, that encouraged you or motivated
18 to you buy in that area?

19 A Right.

20 I wouldn't probably--I probably wouldn't have
21 thought about it until I read that, you know. I
22 thought--because that's a hassle hauling water, you
23 know.

24 Q Why is it a hassle?

25 A When it's cold, snow, icy, you got to have water

1 you got to have water. That isn't something you say I
2 will get it tomorrow. You got to take a bath.

3 Q And I guess it would be dangerous to try to get
4 it during snow or ice along those roadways?

5 A Oh, yeah.

6 Q But if you have got to have it, you have to have
7 it?

8 A That's right.

9 Q Is it fair to say, Elvis, that you would not have
10 that problem if you had city water?

11 A Why, yeah. I wouldn't have to worry about it.

12 Q If the water lines were going to come along your
13 property, if the South Anderson Water District decided
14 to build water lines that would cross your property,
15 would you be a customer, Elvis?

16 A Definitely.

17 Q You would hook up?

18 A Oh, yes.

19 Q And purchase water, I guess, from South Anderson
20 Water District?

21 A As soon as possible.

22 Q Tomorrow wouldn't be too soon?

23 A Yeah, very true.

24 Q Elvis, what is your present water supply?

25 A I got a cistern. I got to haul it and got a pump

1 to pump it in the house.

2 Q How often do you haul water now?

3 *What*
4 *neighbor*
5 A Well, I was hauling like every week. But, you
6 know, my neighbor, I borrow his truck. It lasts me
7 about 3 weeks to a month.

8 Q And as you testified, you find that awfully
9 inconvenient?

10 A Oh, yeah. I mean, you know, like I say if the
11 roads are bad, if you have got to have water you have
12 got to have water somehow.

13 Q With the water you use from a cistern, what do
14 you primarily use that for? Do you use that for
15 bathing, for cooking, for drinking?

16 A No. You got to buy water to drink. It don't
17 taste right.

18 Q So your drinking water, you buy bottled water to
19 drink?

20 A Right.

21 Q And you wouldn't have that problem if you had
22 city water?

23 A Right.

24 Q Or water from the water district?

25 A Right.

26 Q Elvis, when you read the notices of the South

27 Anderson Water District that said we are going to build

1 water lines along Willow Creek Road--

2 A We had a whole bunch of roads.

3 Q Right. And Willow Creek, though, was one of
4 them?

5 A Right.

6 Q But did you attend any of the meetings that were
7 being sponsored by the water district?

8 A No.

9 Q And why not?

10 A Well, I just--it said Willow Creek Road. I
11 figured we was going to, you know, have water, you know.

12 Q In other words, when it said Willow Creek Road,
13 you said it is going to come all along Willow Creek Road
14 so I don't need to--

15 A That's what everybody thought.

16 Q Everybody being whom?

17 A See, my sister used to live there. She sold.
18 And I have got a nephew that lives up there, you know,
19 and we all thought it was going, you know.

20 Q Your sister no longer lives on Aaron-Barnett
21 Road, is that right?

22 A Right.

23 Q But your nephew still does?

24 A Right.

25 Q What's your nephew's name?

1 A Shannon Howard.

2 Q Is he scheduled to get water?

3 A He lives on the end, right.

4 Q So he is going to be one of those who benefit
5 from the partial construction--

6 A Right.

7 Q Of the water line but you will not?

8 A Right.

9 Q Because you live outside the planned
10 construction?

11 A Right.

12 Q Although if they did agree to construct along
13 with your house, you would become a customer?

14 A Oh, yeah.

15 Q Elvis, who presently lives in your residence
16 other than yourself?

17 A My home?

18 Q Uh, huh?

19 A My wife and my dad.

20 Q So there are 3 of you there?

21 A Right.

22 Q Have any of you ever experienced any ill effects
23 or illness or unpleasantness as a result of having to
24 use the water from the cistern?

25 A No. Like I said, we don't drink it, though.

1 Q It's used primarily for cooking and bathing?

2 A Bathing, right.

3 Q You said bathing. Do you use it--I am not trying
4 to put words in your mouth--do you use it for cooking?

5 A Yes.

6 * * *

7 OFF THE RECORD

8 * * *

9 Q Elvis, is there anything else that you would like
10 to say regarding your desire to obtain water from the
11 water district?

12 A Well, yeah.

13 I would love to have water. It would be less
14 hassle. I don't have to worry about hauling water.
15 When I take a bath, I know it's there, you know. If I
16 want to get a drink, I can go get a drink don't have to
17 go out and buy water.

18 MR. THOMAS: Okay. Thank you very much.

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CERTIFICATE

STATE OF KENTUCKY

COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of ELVIS THOMPSON, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February,
2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003

Barnett
EXHIBIT NO. *4*
V. LEWIS

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT

COMPLAINANT

-vs-

SWORN STATEMENT OF JAMES RIGGLE

SOUTH ANDERSON WATER DISTRICT

DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOTYPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 1:20 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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JAMES RIGGLE

the said witness, being first duly sworn, testifies as follows:

DIRECT EXAMINATION

By Mr. Thomas

Q Again, let me state for the record. My name is Reginald Thomas and I am the attorney for Ruben Barnett.

And the purpose of this transcription today is to provide testimony before the Public Service Commission as to the witnesses that we will present on behalf of Ruben Barnett at his hearing scheduled before the Public Service Commission on March 9 of 2,000.

I am going to ask you a series of questions. If at any time you don't understand any question I ask you, I will be glad to repeat it or rephrase it to make it clearer. I am here to get information from you. And I want you to be as informative as possible in answering my questions.

And that pretty much sums up how we are going to proceed.

Do you have any questions of me?

A No.

Q Let's begin. State your name for the record, please?

A James Riggle, R-I-G-G-L-E.

1 Q And, James, where do you live?

2 A At the moment, I am living at 1161 Watts Run
3 Road. But I am building a house at 1615 Aaron-Barnett
4 Road.

5 Q And I believe that house is directly across from
6 where Ruben Barnett lives about a quarter of a mile?

7 A Approximately, yes.

8 Q Directly in the sight?

9 A Correct.

10 Q When do you plan to move in?

11 A Hopefully in the next 2 months.

12 Q The house is substantially complete now, is that
13 correct?

14 A It's probably three-quarters of the way done.

15 Q When you move over to Aaron-Barnett Road, what is
16 going to be your water supply?

17 A At the moment, it's a cistern system.

18 Q And how do you feel about that?

19 A Well, at the moment, at the time that we
20 purchased the property, that was all that was available.
21 And then I was informed later on that city water would
22 be provided which I would have preferred.

23 Q Who informed you or who told that you city water
24 would be provided?

25 A When I bought the property from Ruben, he said he

1 had originally was going to have--pay for the water to
2 be put down Aaron-Barnett Road on our side. And then
3 later on, it was determined that there was a grant to
4 bring water onto Aaron-Barnett Road.

5 Q And when you mentioned the grant, is that because
6 of a notice that you read in the paper published by the
7 South Anderson Water District which said that they had
8 received a grant to construct water lines along
9 Aaron-Barnett Road? Or I guess the notice said Willow
10 Creek Road, is that correct?

11 A Correct.

12 Q And Willow Creek Road and Aaron-Barnett Road are
13 the same road?

14 A Correct.

15 Q When you read that notice, is that what gave the
16 indication that there was going to be water lines built
17 along that road?

18 A I don't really recall how I heard it. I know
19 that Ruben mentioned to me that there was a grant, but
20 they were going to stop it part of the way down
21 Aaron-Barnett Road.

22 Q So Ruben actually told you that the water line
23 was going to stop short of his property, is that
24 correct?

25 A Correct.

1 Q And, therefore, you decided at that point that
2 you were going to have to use a cistern?

3 A No. I knew that before. I was informed that a
4 cistern was the only available water at the time. And
5 then I had heard through other people in the area that
6 the county had received a grant and I was only told that
7 Aaron-Barnett Road was going to receive water which I
8 thought would be the entire length of Aaron-Barnett
9 Road.

10 Q And only then did Ruben tell you then that it was
11 going to be a part of Aaron-Barnett Road?

12 A Correct. He told me it was going to stop quite a
13 ways short of where all of us were.

14 Q If the water lines were to be extended through
15 the entire Aaron-Barnett Road past your property, would
16 you be a customer of the water district?

17 A Most definitely.

18 Q You would attach on to the water line?

19 A Correct.

20 Q And so it is fair to say that you would prefer
21 city water as opposed to the cistern?

22 A I most certainly would.

23 Q And why is that?

24 A Mainly for the availability, the convenience and
25 it's always going to be there. I won't have to worry

1 about having a truck come in to fill my cistern all the
2 time and health matters.

3 Q Have you been told that if you don't--if water
4 lines are not built along your portion of Aaron-Barnett
5 Road, that it may be several years before
6 another--before water lines are built along that
7 project?

8 Have you been told that or have you heard that?

9 A I have heard that.

10 Q And how do you feel about that?

11 A I am very angry about it.

12 Q James, other than yourself, who is going to live
13 at this house that you are building on Aaron-Barnett
14 Road?

15 A My wife, Christine.

16 Q Anyone else other than your wife?

17 A No. But we do expect frequent visitors.

18 * * *

19 OFF THE RECORD

20 * * *

21 Q James, you had testified earlier that Ruben told
22 you that he was going to build water lines along your
23 property.

24 Did he say--did he mean that he was going to
25 provide water lines even if the water district stopped

1 short of your property? Is that what he had promised
2 you?

3 A No.

4 Q When he said he was going to build water lines,
5 can you elaborate in terms of what you meant by that?

6 A This was prior to me even purchasing the
7 property. He had mentioned that he was going to provide
8 water I guess for his own convenience as well as to
9 other property he had down the road.

10 Q And how long ago was that? Are we talking about
11 a year ago, two years ago?

12 A That he mentioned this to me?

13 Q Right?

14 A Oh, gosh. Over a year ago I would say.

15 Q Okay.

16 And did Ruben Barnett subsequently change his
17 mind about that, about building water lines?

18 A From what he told me, he did.

19 Q What did he share with you?

20 A He said that there had been a problem that he
21 thought it was too expensive for one thing and he had
22 some difficulties with some other people and he just
23 decided not to do it at the time.

24 Q So there hasn't been an intention by him to build
25 water lines that would attach onto that portion of

1 Aaron-Barnett Road that's presently not going to be
2 supplied with water and build water lines throughout the
3 remainder of Aaron-Barnett Road?

4 A From what I understand from speaking with Mr.
5 Barnett was he had abandoned the complete project.

6 MR. THOMAS: Thank you.
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CERTIFICATE

STATE OF KENTUCKY
COUNTY OF FRANKLIN

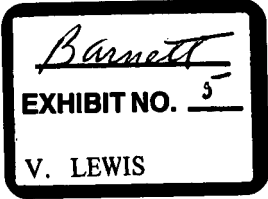
I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of JAMES RIGGLE, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February, 2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT COMPLAINANT

-vs- SWORN STATEMENT OF CHRISTINE RIGGLE

SOUTH ANDERSON WATER DISTRICT DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOTYPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 1:30 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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CHRISTINE RIGGLE

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the said witness, being first duly sworn, testifies as

3

follows:

4

DIRECT EXAMINATION

5

By Mr. Thomas

6

Q Could you state your name for the record?

7

A Christine Riggle, R-I-G-G-L-E.

8

Q And, Christine, where do you reside?

9

A Presently at 1161 Watts Run Road. And we are

10

moving, building a new home at 1615 Aaron-Barnett Road.

11

Q And when you say we, you are referring to you and

12

your husband, Jim Riggle?

13

A Yes.

14

Q Or James Riggle?

15

A Yes, sir.

16

Q And how soon do you intend to move into your new

17

home?

18

A Within the next 2 to 3 months, hopefully.

19

Q What is going to be the source of your water

20

supply at your new residence?

21

A A cistern.

22

Q And how do you feel about that?

23

A I am okay with it. But I would prefer to have

24

either city or county water due to the fact that that's

25

more reliable and I don't have to have it shipped in by

1 truck. And also the fact that I don't have to be so
2 water conservative as to worry about if we have people
3 over to visit or anything, that we will use too much
4 water.

5 Q So if you had city or county water available, you
6 you would definitely become a customer of that utility
7 or supplier?

8 A Yes, most definitely.

9 Q Are you aware of a--of proposed plans by the
10 South Anderson Water District to build water lines along
11 part of Aaron-Barnett Road but will stop short of your
12 property?

13 A Yes, I was told that by my husband, James.

14 Q And what are your feelings about that?

15 A I wasn't too happy.

16 I was wondering why they would stop and not
17 complete the whole project when people have purchased,
18 you know, are either building homes or purchased
19 property in that area. And I felt that it wasn't very
20 fair that part of the road got it and the other half
21 didn't.

22 Q Are you aware of a notice published by the South
23 Anderson Water District in August of 1998 and again in
24 February 1999 in which they had announced plans to build
25 water lines along Willow Creek Road, Willow Creek Road

1 and Aaron-Barnett Road being the same road?

2 A I have never personally read those at all.

3 Q And, of course, it's also fair to say then since
4 you didn't read them, you never attended any of the
5 hearings?

6 A Right.

7 Q Is there anyone else who is going to be living in
8 the residence besides you and your husband?

9 A No. But we do have family who live in Florida.
10 Our sons and grandchildren and our family, and they do
11 plan to come and visit us.

12 Q It's a nice home you are building up there.

13 A Thank you.

14 MR. THOMAS: Nice home. I don't have any more
15 questions.

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CERTIFICATE

STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of CHRISTINE RIGGLE, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving her testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

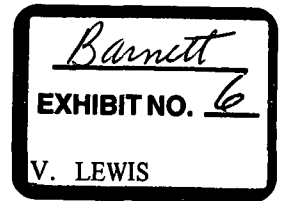
Given under my hand this 10th day of February, 2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION



In the Matter of:

RUBEN BARNETT)	
)	
COMPLAINANT)	
)	
V.	)	CASE NO. 99-431
)	
SOUTH ANDERSON WATER DISTRICT)	
)	
DEFENDANT)	

AFFIDAVIT OF TIMOTHY RUCKER

Comes the Affiant, and being duly sworn, states and affirms as follows:

1. That he is a resident of 1511 Aaron-Barnett Road, Lawrenceburg, Anderson County, Kentucky and has maintained said residence with his wife and three children since June, 1998.
2. That he presently has to haul water to his residence and place said water in a cistern because his residence is not located along a water utility line.
3. That he and his wife must haul water twice a week because of the needs of their family and that they purchase three loads (tanks) of water each time they go to obtain water.
4. That it requires from one to three hours for him to haul water depending upon the amount of time he must wait in line to obtain water and the weather conditions in which he must travel.

5. That therefore on occasion he and his wife must use up to six (6) hours a week simply to purchase water for their family.

6. That twice he and his wife have broken water tanks traveling back and forth to retrieve water. Each time they have broken a water tank, it has cost the Affiant Two Hundred Dollars (\$200.00) to replace the water tank.


7. That his cost for hauling water is approximately Twenty-Five Dollars (\$25.00) weekly.

8. That he was aware of notices placed in the Anderson News newspaper about the intent of the South Anderson Water District to construct water lines along Willow Creek Road (now Aaron-Barnett Road), but that he did not attend any of the scheduled meetings by the South Anderson Water District because he assumed from the language of the notice that the District intended to build water lines along the full length of Aaron-Barnett Road.

9. That he did not realize until the beginning of calendar year 2000 that his residence was not to be included in the proposed construction of water lines by the South Anderson Water District.

10. That he would definitely become a customer of the South Anderson Water District if the District would provide water lines to his residence. He believes that obtaining water from the South Anderson Water District would be cheaper, safer, and healthier for his family.

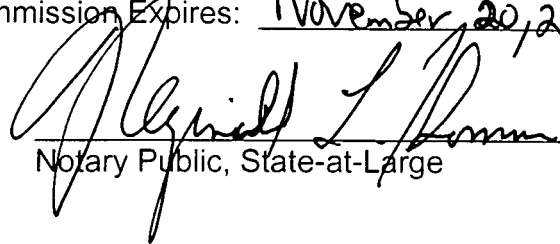
FURTHER THE AFFIANT SAYETH NAUGHT.


TIMOTHY RUCKER

STATE OF KENTUCKY)
)
COUNTY OF ANDERSON)

This AFFIDAVIT was Subscribed, Sworn to, and Acknowledged before me by
TIMOTHY RUCKER on this the 12th day of February, 2000.

My Commission Expires: November 20, 2000



Notary Public, State-at-Large

Barnett
EXHIBIT NO. *7*
V. LEWIS

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT

COMPLAINANT

-vs-

SWORN STATEMENT OF SCARLET MICHELLE
RUCKOR

SOUTH ANDERSON WATER DISTRICT

DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOYPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 2:40 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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1 if at any time you don't understand what I am asking or
2 my questions are not clear, just let me know and I will
3 be glad to repeat my questions so that you can
4 understand it and therefore respond fully and
5 informatively to that.

6 A Okay.

7 Q Do you have any questions of me before we begin?

8 A No.

9 Q Are you ready?

10 A I am ready, I guess.

11 Q State your name for the record, please?

12 A Scarlet Michelle Ruckor.

13 Q Do you go by Scarlet or Michelle?

14 A I go by Missy, actually. That's my nickname.

15 Q So I can call you Missy?

16 A That's fine.

17 Q Missy, where do you live?

18 A 1511 Aaron-Barnett Road.

19 Q 1511 Aaron-Barnett Road?

20 Now, Missy, if I am coming on Aaron-Barnett Road
21 by milemarker 8 and US 62 and I go up and down that
22 terrain and I cross the creek and then I start coming up
23 towards Ruben's house, where do you live in relation to
24 Ruben's house?

25 A As you start up the hill past the creek, I am the

1 third house on your left.

2 Q Third house on your left? Okay?

3 A Actually the fourth house on your left. I forgot
4 to count one.

5 Q There has been a number of residences along that
6 stretch of Aaron-Barnett Road?

7 A Right.

8 Q And, Missy, of course you are aware that there
9 are plans to build water lines along part of
10 Aaron-Barnett Road which will stop short of where you
11 live?

12 A Right.

13 Q Missy, how long have you lived--you said 1561?

14 A 1511.

15 Q 1511. How long have you lived at 1511
16 Aaron-Barnett Road?

17 A It will be 2 years in June of this year.

18 Q So you first moved there in June of '98?

19 A Right.

20 Q And who lives there at 1511 Aaron-Barnett Road
21 other than yourself?

22 A My husband and 3 children.

23 Q How old are your children?

24 A 12, 10 and 8.

25 Q All girls?

1 A No. 2 boys and a girl.

2 Q 2 boys and the girl is the youngest?

3 A The girl's the youngest.

4 Q Missy, tell me, what is your present water? How
5 do you presently receive water?

6 A We haul it and have a cistern.

7 Q And how often do you haul water to your residence
8 with there being 5 there?

9 A I would say--I would average 6 loads a week.

10 Q 6 loads a week?

11 A Yep. With 3 kids, it takes a lot to keep all of
12 the clothes clean.

13 Q That means--are you then hauling water, then,
14 practically every day or every other day?

15 A Basically we haul twice a week, 3 loads at a
16 time.

17 Q Haul twice a week, 3 loads at a time. When you
18 say 3 loads at a time, you would go pick up one load and
19 then come back and then go pick up a second load and
20 then come back?

21 A Yep. 3 times.

22 Q Don't shake your head. You have to answer yes so
23 the court reporter will pick it up and so the person
24 reading the transcript will--

25 A We load it, drop it, go back, get another load,

1 load it, 3 times in one day.

2 Q How long does it take, Missy, when you do those 3
3 loads?

4 A Anywhere from an hour to 3 hours depending on how
5 many people is at the water station when we get there
6 and how long you have to wait in line.

7 Q So it could be as much as 3 hours a day to engage
8 in that activity, just for that activity?

9 A Yes, yes.

10 Q And you do it twice a week so we are talking
11 about 6 hours a week?

12 A Yes.

13 Q Missy, what happens when the weather is bad?
14 This is February now and we have had a pretty bad
15 January in terms of snow.

16 What happens when the weather is bad? Does that
17 prevent from you getting water or do you still fight
18 through the ice and snow to get water?

19 A You still fight through the ice and snow to get
20 water if you want water.

21 Q I imagine that could be pretty dangerous?

22 A Oh, it can be. We have slid our truck down in
23 our yard and I have busted a water tank once already.
24 It's cost us twice on a water tank already because I
25 slid it out of the back of the truck.

1 Q So there is a financial liability that you have
2 encountered or a financial loss that you have
3 experienced because you have had to haul water?

4 A Right.

5 Q If you break a water tank or you say bust a water
6 tank, how much does it cost to replace it, Missy?

7 A Around \$200 or better to replace one.

8 Q Missy, if you were able to get water from the
9 water district or as we commonly refer to it as city
10 water, would you and your husband do that?

11 A Oh, yes.

12 Q Sounds like to me there would be a cost savings
13 alone just in not having to risk busting a water tank?

14 A The way my household runs, the time would help
15 more than anything. Because my husband works first and
16 I work third. And we go, go, go all the time.

17 So that 3 hours has to be in our plans.

18 Q Or 6 hours a week?

19 A Yeah, 6 hours a week.

20 Q So if you had water, one, it would save you 6
21 hours a week in time, it would save you the risk and
22 loss of water tanks--

23 A Yes.

24 Q And, of course, the safety in traveling in
25 inclement weather to get the water, is that a fair

1 statement?

2 A That's a fair statement.

3 Q I don't want to put words in your mouth.

4 But all of those problems would be alleviated or
5 gone if you were able to get city water?

6 A Oh, yes.

7 Q So if water were provided, you would definitely
8 become a customer no questions asked?

9 A Oh, yes, we would be customers.

10 Q Missy, are you aware that in August of 1998 and
11 then again in February of 1999, the South Anderson Water
12 District published a notice in the Anderson News,
13 newspaper, saying that they were going to expand their
14 water facility through Willow Creek Road, they used the
15 term Willow Creek Road--Willow Creek Road being
16 Aaron-Barnett Road, them being the same roads just
17 different names.

18 Are you aware of that notice?

19 A Yes.

20 Q When you read that notice, what was your opinion
21 or impression from reading that notice?

22 A My impression, they were going to run the whole
23 road. They were going to put water on the whole road.

24 Q Did you go to any of the meetings, Missy,
25 scheduled or sponsored by the water district in

1 connection with its water expansion project?

2 A No. Because I thought it was a done deal and I
3 thought we were getting water.

4 Q I take it, then, you must have been quite
5 surprised when you found out that where you lived, you
6 were not going to receive water from this water
7 expansion project?

8 A Yeah, I was surprised.

9 Q How did you find out, Missy?

10 A Actually, if Aaron hadn't come around and told us
11 where the water stopped, we wouldn't know.

12 Q When you say Aaron, you mean Ruben?

13 A I mean Ruben.

14 Q Aaron being the Aaron-Barnett--

15 A Right. I am sorry.

16 Q When did Ruben tell you, Missy?

17 A I guess we found out probably 3 weeks ago, 3 or
18 4. Because once I read it in the paper, I just assumed
19 it was it was going to happen whenever it happened
20 however long it took.

21 So I didn't pay that much attention to it after
22 that.

23 Q Really up until the beginning of this year, you
24 thought that you and your husband and your 3 children
25 were going to receive water?

1 A Yes.

2 Q From the South Anderson Water District?

3 A Yes.

4 Q And because of that, you felt there is no need
5 for me to attend these meetings because I am going to
6 benefit from that, going to get water?

7 A Yeah, exactly.

8 Q Missy, the water that you use in your cistern,
9 what do you use that for? I am thinking of functional
10 uses now? For instance, do you use it for cooking?

11 A Yes.

12 Q Do you use it for bathing?

13 A Yes.

14 Q You mention you use it for washing clothes?

15 A Yes.

16 Q Do you use it for drinking?

17 A Yes.

18 Q I take you use it, do you have animals at your
19 home? Do you use it to feed the animals?

20 A Yes.

21 Q You use it for all purposes for which people
22 normally use water?

23 A Yes.

24 Q Have you ever noticed, Missy, any ill effects or
25 health problems that you and your family have

1 experienced since you have moved to 1511 Aaron-Barnett
2 Road from having the cistern, having to haul water?

3 A Well, all I can tell you is I have noticed that
4 my children are sick more often. But I don't know if
5 that's attributed to the water.

6 I do know they are sick more often up there than
7 they were in town on town water. I don't know.
8 Sometimes they just get a little sick. Sometimes they
9 have to go to the doctor.

10 But generally they are sick and throwing up. So
11 I can't actually say it's the water but I can't say it's
12 not the water.

13 Q When you have taken your 2 sons and a daughter to
14 the doctor for their health problems, has a doctor ever
15 suggested to you that the health problems may be
16 attributed to the water they drink or the water that's
17 used to cook?

18 Has the doctor every told you that?

19 A No. Then I have never told them that we have
20 moved and we live on cistern water either as far as, you
21 know, they don't know the difference. I haven't made
22 that clear to them.

23 Q Missy, is there anything else that you would like
24 to say regarding your interest or desire to obtain water
25 from the South Anderson Water District?

1 A Just that I would really like to have water. And
2 personally, I don't understand the point of running half
3 the road and not the whole road. If you are going to
4 start it, why not finish it? That's the way I look at
5 it.

6 Q Do you think it would be in the best interest of
7 your family?

8 A Mine and whole lot of other people. There is a
9 whole lot more people on that road just since I moved
10 out there. When I moved out there, there was 2 before
11 you got to Ruben's house. Now there is 4. There is a
12 lot of people out there and a lot of us have kids. So
13 it would definitely help all of us out if we got water.

14 MR. THOMAS: I think that is all.

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CERTIFICATESTATE OF KENTUCKY
COUNTY OF FRANKLIN

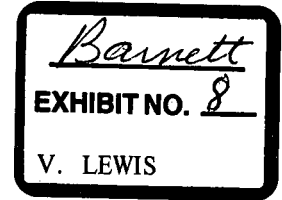
I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of SCARLET MICHELLE RUCKOR, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving her testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February,
2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION



In the Matter of:

RUBEN BARNETT)	
)	
COMPLAINANT)	
)	
V.	)	CASE NO. 99-431
)	
SOUTH ANDERSON WATER DISTRICT)	
)	
DEFENDANT)	

AFFIDAVIT OF RAY ELLIOTT

Comes the Affiant, and being duly sworn, states and affirms as follows:

1. That he is a resident of 1497 Aaron-Barnett Road, Lawrenceburg, Anderson County, Kentucky and has maintained said residence with his wife and three children since June, 1998.
2. That he presently has to haul water to his residence and place said water in a cistern because his residence is not located along a water utility line.
3. That he and his wife must haul water twice a week because of the needs of their family and that they purchase three loads (tanks) of water each time they go to obtain water.
4. That it requires from one to three hours for him to haul water depending upon the amount of time he must wait in line to obtain water and the weather conditions in which he must travel.

5. That therefore on occasion he and his wife must use up to six (6) hours a week simply to purchase water for their family.

6. That his cost for hauling water is approximately Twenty-Five Dollars (\$25.00) weekly.

7. That he and his family refuse to use the water they place in their cistern for drinking and that they acquire bottled water for drinking purposes.

8. That he was aware of notices placed in the Anderson News newspaper about the intent of the South Anderson Water District to construct water lines along Willow Creek Road (now Aaron-Barnett Road), but that he did not attend any of the scheduled meetings by the South Anderson Water District because he assumed from the language of the notice that the District intended to build water lines along the full length of Aaron-Barnett Road.

9. That he did not realize until the beginning of calendar year 2000 that his residence was not to be included in the proposed construction of water lines by the South Anderson Water District.

10. That he would definitely become a customer of the South Anderson Water District if the District would provide water lines to his residence. He believes that obtaining water from the South Anderson Water District would be cheaper, safer, and healthier for his family.

FURTHER THE AFFIANT SAYETH NAUGHT.

RAY ELLIOTT

STATE OF KENTUCKY)
)
COUNTY OF ANDERSON)

This AFFIDAVIT was Subscribed, Sworn to, and Acknowledged before me by
RAY ELLIOTT on this the _____ day of February, 2000.

My Commission Expires: _____

Notary Public, State-at-Large



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT

COMPLAINANT

-vs-

SWORN STATEMENT OF LOU DEFINO

ANDERSON WATER DISTRICT

DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOPIST

1 The foregoing sworn statement was taken on
2 Tuesday, February 8, 2000, in the first floor conference
3 room, Anderson County Courthouse, Lawrenceburg, Anderson
4 County, Kentucky, beginning at the hour of 3:55 p.m.,
5 for all purposes permitted under the Kentucky Rules of
6 Civil Procedure.

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1 I am going to ask you questions and therefore
2 elicit testimony and statements from you.

3 If you don't understand a question I ask, Lou, or
4 it is not clear, I will be glad to repeat it so that my
5 questions to you will be clear and therefore your
6 answers to my questions will be informative?

7 A (Nodding yes.)

8 Q Do you have any questions of me before we begin,
9 Lou?

10 A I understand.

11 Q This shouldn't take too long. It's going to be
12 straightforward and I will begin by asking you to state
13 your name on the record?

14 A My is Louis J. DeFino.

15 Q And, Lou, what is your address?

16 A 2047 Gainesville Court, Lexington.

17 Q Lou, you have a Lexington address.

18 Do you have any property interest on
19 Aaron-Barnett Road, or sometimes referred to as Willow
20 Creek Road in western Anderson County?

21 A Yes, I do.

22 Q Could you please state for the record what
23 property interest you have on Aaron-Barnett Road?

24 A I own 100 acres which is within about 15 to 20
25 feet of Willow Creek Road or Aaron-Barnett Road. And I

1 have intentions of building a home there.

2 Q When you say you have intentions. Is this
3 something that you are planning to do several years from
4 now or are you planning to do immediately or what's your
5 time frame?

6 A I plan to begin construction of my home this
7 summer, this spring. And if I start, my daughter wants
8 to go started. She wants to start simultaneously as I
9 start my home, she wants to start hers.

10 Q Are you aware, Lou, that presently the South
11 Anderson Water District is planning to construct water
12 lines along part of Willow Creek Road or Aaron-Barnett
13 Road, but that construction will stop short of your
14 property there on Aaron-Barnett Road?

15 A I understand that's the way it is, yes.

16 Q So, therefore, you are also aware that if you
17 build a home there right now or your daughter built a
18 home there, neither one of you would have access to
19 let's use the term city water presently?

20 A Yes. Yes, I understand.

21 Q If city water would be available to you, in other
22 words, if the water district did complete construction
23 of water lines throughout the entire Aaron-Barnett Road
24 or Willow Creek Road, would you become a customer and
25 user of that city water?

1 A Yes, I would.

2 Q Would that be preferable to you as opposed to
3 having to haul water and use a cistern?

4 A Definitely.

5 Q And why do you say definitely?

6 A Just knowing the trouble, number one, with
7 hauling water in a cistern. And, number two, the cost
8 of putting a cistern in and the pumps and the fact that
9 the water is cleaner.

10 Q Let me take each of those, not the third one, the
11 water is cleaner pretty much speaks for itself.

12 When you say the trouble of hauling water, what
13 do you mean by that? Can you elaborate upon that?

14 A What it would mean, in my case, is either hiring
15 someone to haul water for me or setting up a water tank
16 in the truck and hauling it up the hill and dumping it.
17 It's an inconvenience.

18 A And you also indicated the cost involved in
19 having to haul water as another reason why you prefer to
20 have city water.

21 What do you mean by the cost involved? You said
22 specifically the cost of a cistern. I assume you mean
23 the cost of a cistern as well as the cost of purchasing
24 the water itself?

25 A Right. And as well as a pump and what it

1 requires to set all of that up. And just the cost to
2 maintain it to either pay for a truck and a tank or hire
3 someone to haul the water in for you.

4 Q So your ability to tap into a water line, first
5 of all, would save you lot of time and inconvenience?

6 A Yes, sir.

7 Q Would save cost in terms of building a cistern,
8 maintaining a cistern and buying water?

9 A Correct.

10 Q And, thirdly, the water would be, in your
11 opinion, cleaner to use?

12 A Yes.

13 Q I guess we are talking about using and again I am
14 not trying to put words in your mouth. We are talking
15 about using in terms of being able to bathe in the
16 water?

17 A No. Mainly drinking water.

18 Q Drinking water, okay. You would feel comfortable
19 drinking from the city water. I take it you would not
20 feel comfortable drinking from water that you would haul
21 in?

22 A Not near as comfortable.

23 Q Did you ever see a notice published in the
24 Anderson News newspaper by the South Anderson Water
25 District in which they announced their plans to /

1 construct water lines along Willow Creek Road?

2 A My wife had told me something about the fact that
3 they were going to run water down Willow Creek.

4 Q Did she say that in her mind was the water going
5 to run along entirely along Willow Creek Road or did she
6 say only part of it or what was her impression from that
7 notice?

8 A That it was going to be Willow Creek meaning in
9 my interpretation of that was the full amount of Willow
10 Creek.

11 Q When did you or your wife find out that that was
12 not going to be the case?

13 A I am not sure of the time. But it's been at
14 least a month and a half, 2 months.

15 Q So either right before the end of last year, the
16 beginning of this year is when you first became aware
17 that the Water District did not plan to construct water
18 lines entirely along Willow Creek Road?

19 A Yes.

20 Q But they were going to leave your property out?

21 A Yes.

22 Q And it is your testimony today that if changes
23 were made and the water district did decide to construct
24 water lines that cut across your property, you would
25 become a customer of the water district?

1 A Yes, I would.

2 Q When your wife saw the notice in the newspaper by
3 the district of their plans to construct water lines
4 along Willow Creek Road, did she or you attend any of
5 the public meetings sponsored by the water district?

6 A No.

7 Q Why did neither of you attend the public
8 meetings?

9 A I guess first thing is I wasn't really aware that
10 there was a public meeting. And, secondly, I don't know
11 that I would have if I had known we were getting water.

12 In other words, if it were presented to me that
13 if I had an interest I needed to be there, then I would
14 have been there.

15 Q So the first thing that because your wife thought
16 you were getting water, you saw no need for you to be
17 there?

18 A Right.

19 Q But you if you had known that you were not going
20 to receive water, then you would have taken a different
21 attitude and would have been at the meeting, is that
22 your testimony?

23 A Yeah, that's basically.

24 Q Lou, is there anything else that you would like
25 to say regarding your desire or interest in obtaining

1 water from the South Anderson Water District?

2 A Only that it would make practical sense to me,
3 maintenance sense, that if the water did a full loop
4 around from 62 back onto 62, that it seems to me the
5 mechanics of it would be simpler and less expensive to
6 the--to Anderson County.

7 MR. THOMAS: Lou, thank you very much. That
8 concludes your testimony.

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STATE OF KENTUCKY

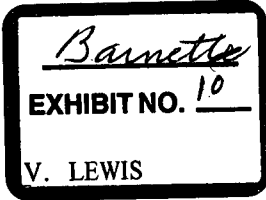
COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of LOU DEFINO, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February, 2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003



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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
CASE NO. 99-431

IN THE MATTER OF:

RUBEN BARNETT COMPLAINANT

-vs- SWORN STATEMENT OF JOHN NORMAN
CUNNINGHAM

ANDERSON WATER DISTRICT DEFENDANT

* * * * *
A P P E A R A N C E S
* * * * *

Hon. Reginald L. Thomas
P. O. Box 1704
Lexington, Kentucky 40588
FOR THE COMPLAINANT

FEBRUARY 8, 2000

GEORGENE R. SCRIVNER
COURT REPORTER
STENOYPIST

The foregoing sworn statement was taken on
Tuesday, February 8, 2000, in the first floor conference
room, Anderson County Courthouse, Lawrenceburg, Anderson
County, Kentucky, beginning at the hour of 4:10 p.m.,
for all purposes permitted under the Kentucky Rules of
Civil Procedure.

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1 don't we go ahead and begin?

2 A Let's begin.

3 Q State your name for the record?

4 A John Norman Cunningham.

5 Q And John, where do you reside?

6 A 200 West Lincoln Street in Lawrenceburg,
7 Kentucky, 40342.

8 Q And, John, are you a lifetime resident of
9 Anderson County?

10 A Yes.

11 Q As a matter of fact, you were once a city
12 councilman here in Anderson County, is that correct?

13 A That is correct.

14 Q And you have been active in civic affairs here in
15 Anderson County for at least most of your adult life, is
16 that fair to say?

17 A Yes.

18 Q John, how are you presently employed?

19 A Well, I am what you call semiretired. I retired
20 from IBM. I worked there 30 years. I have been selling
21 real estate for 22 years. And real estate is all that I
22 do now.

23 Q Is Ruben Barnett one of your real estate clients
24 or customers?

25 A Yes, he is.

1 Q And how long have you had a business relationship
2 with Ruben?

3 A I believe about 3 years.

4 Q Did you know Ruben before you established a
5 business relationship?

6 A I knew him through his brother, Aaron, because I
7 had had business with Aaron, his brother. And I had
8 sold some property for Aaron.

9 And after my success with Aaron, Ruben called me
10 and said he wanted to talk to me and that's how that's
11 that began.

12 Q And would you characterize your business
13 relationship as being one that's been mutually
14 beneficial?

15 A Oh, yes, yes.

16 Q What actions or what actions have you done in
17 terms of working with Ruben in his--in your real estate
18 transactions? Have you sold any property? Have you
19 purchased any property? What have you done on behalf of
20 Ruben?

21 A I have sold the trailer on the creek where his
22 mother-in-law used to live. Then up the hill behind
23 that, I sold I think it was over 100 acres to Mr.
24 Redmon. And then I sold to 2 people, brother-in-laws--I
25 will ask Mr. Barnett.

1 Q He can't testify. But you sold to 2 of his
2 brother-in-laws?

EMRs and
Rogers

A No. 2 guys that were brother-in-laws. I can't
remember their names.

5 Q That's not really necessary?

6 A And they put in trailers. And then I sold to Jim
7 Riggle from Florida 50-some acres. And that only leaves
8 us a 6.7 acre tract on Willow Creek Road. And then a 68
9 acre tract with 150 feet of road frontage on US 62. And
10 that will take care of everything Mr. Barnett owns that
11 lies in between Willow Creek and US 62, US 62 on the
12 south, Willow Creek on the north side.

13 Q So to your knowledge, then, he only has one tract
14 of land to be sold?

15 A No. We have got 2 tracts. 6.17 acres and
16 approximately 68 acre tract. And that's fronting on US
17 62. And there is already city water going down 62. So,
18 you know, that to me doesn't seem to come into play in
19 this situation.

20 Q So the only tract of land that he has to sell
21 along Aaron-Barnett or Willow Creek Road, they are one
22 in the same, will be the 6.7 tract?

23 A Uh, huh.

24 Q There have been allegations made by the South
25 Anderson Water District that Mr. Barnett's motivation

1 for wanting water is solely one for economic gain, that
2 he has several tracts of land or several lots that he
3 wants to sell. And by having water available, city
4 water available, this will enhance his value and enhance
5 his ability to sell these tracts or lots at a profit.

6 But your testimony that you have just given
7 indicates that that is not true?

8 A That is correct. There is only one tract, the
9 6.17 acres or 6.7, a little over 6 acres, that's the
10 only thing left on Willow Creek.

11 Q The 68 tract that you referred to already has
12 access to water lines?

13 A Yeah, on 62 because it has 150 feet of road
14 frontage on US 62.

15 Q Mr. Barnett does have a homestead on
16 Aaron-Barnett Road, isn't that correct?

17 A That is correct.

18 Q Where he lives with his 2 children, is that
19 correct?

20 A That's correct.

21 Q But that land is not for sale to your knowledge?

22 A No.

23 Q Mr. Barnett intends to continue to live there and
24 raise his children there?

25 A As far as I know, that's his intent.

1 Q And any water, to the best of your knowledge, any
2 water that came along Aaron-Barnett Road that he would
3 tap into would primarily benefit his homestead property?

4 A That's correct.

5 Q Are there any other land interests that I haven't
6 mentioned to you along Willow Creek Road that you know
7 of that would be relevant to this present case of Mr.
8 Barnett's desire to get water along Aaron-Barnett Road?

9 A No, other than the 5 pieces of property that's
10 been sold plus his home place, which makes 6, that's the
11 only ones I know of because from what I understand, the
12 water was going to go to the creek. So the rest of the
13 properties going back to the east on Willow Creek would
14 benefit from that. They would have their city water.

15 And I don't think it's as many houses going back
16 the other way as it is coming this way to where they
17 want to discontinue. Because I sold Mrs. Tipton's
18 property there on Willow Creek. And then she has a son
19 still there. And then the neighbors next to her. And
20 then Aaron Barnett's property which I sold--which I have
21 sold it twice. That's the only houses there.

22 Q Are there--so to your knowledge, there are a
23 number of residences along that stretch of Aaron-Barnett
24 Road that's not scheduled to get water that are affected
25 by this decision not to get water?

1 A Uh, huh. And let me back up. There is a couple
2 of other houses before you get to Aaron's house.

3 Q Aaron you are referring to would be Mr. Ruben's
4 brother?

5 A Correct. And he is deceased. But there were, I
6 think, when you turn off of Willow Creek off of 62,
7 there is a 2 story house. And then there is a brick
8 house. And I think there is only 2 houses before you
9 get to Aaron's house. Then after you pass his house,
10 there is the double-wide and a single-wide trailer and
11 then another trailer. And then one more trailer sets
12 back up on a hill.

13 Then you get to the creek. I think that's all on
14 there. I hope I haven't confused you.

15 Q No, no. I understand perfectly?

16 A I was trying to visualize as you drive down that
17 road.

18 Q Who lives out there.

19 Is there anything else you want to say, John,
20 before we conclude your testimony, anything that you
21 think I haven't asked you that would be relevant or
22 pertinent to this case?

23 A Every time that I have had clients or discussed a
24 parcel of land, and if it was out in the country,
25 agricultural, one of the things they ask me, does it

1 have city water. And the availability of city water to
2 me does induce the people to be more favorable in making
3 an offer on the property.

4 Because you would be surprised the people that
5 come out of the city and you talk to them about a
6 cistern and they look at you kind of strange. They
7 don't know what a cistern is.

8 So any time there is city water available, it
9 does make the property more desirable.

10 MR. THOMAS: That's it.

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CERTIFICATE

STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Georgene R. Scrivner, a notary public in and for the county aforesaid, do hereby certify that the above and foregoing is a true, correct and complete transcript of the sworn statement of JOHN NORMAN CUNNINGHAM, taken at the time and place and for the purpose set out in the caption hereof; that the witness was duly sworn before giving his testimony; that said testimony was taken down by me in stenotype and afterwards transcribed by me; that the appearances were as set out in the caption hereof; and that no request was made that the transcript be submitted to the witness for reading and signature.

Given under my hand this 10th day of February, 2000.

Georgene R. Scrivner
Notary Public
State of Kentucky at Large

My Commission Expires: 7/15/2003

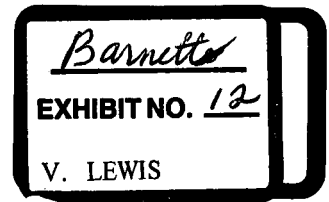
RAY EDELMAN

ATTORNEY AT LAW

150 SOUTH MAIN STREET

LAWRENCEBURG, KENTUCKY 40342

TELEPHONE
(502) 839-5111



FAX
(502) 839-3834

August 25, 1999

Hon. Reginald L. Thomas
Attorney at Law
P.O. Box 1704
Lexington, KY 40588-1704

In Re: South Anderson Water District

Dear Mr. Thomas:

Please find enclosed herein the minutes of the August 19, 1999 meeting of the South Anderson Water District.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Ray Edelman".

Ray Edelman

RE:rp

Attachment

SOUTH ANDERSON WATER DISTRICT
246 COURT STREET
P.O. BOX 16
LAWRENCEBURG, KY 40342

SOUTH ANDERSON WATER DISTRICT
MINUTES FROM AUGUST 19, 1999

THE AUGUST MEETING OF THE SOUTH ANDERSON WATER DISTRICT WAS CALL TO ORDER BY CHAIRMAN BOB KINCER. MINUTES OF THE PREVIOUS MEETING WERE READ AND A MOTION BY JANET TO APPROVE THE MINUTES AS READ.

THE BOARD REVIEWED WARRANT #282. BOB KINCER MADE A MOTION TO PAY ALL BILL LISTED IN WARRANT #282, SECOND BY GEORGE KINNE, MOTION CARRIED.

BOB WELCOMED OUR GUESTS, MR. JOHN CUNNINGHAM (REALTOR), MR. REUBIN BARNETT (PROPERTY OWNER), & MR. REGINALD L. THOMAS, ATTORNEY FOR MR. BARNETT.

MR. THOMAS REQUESTED THAT THE WATER BOARD HOLD UP ITS WATER PROJECT AND ADD MR. BARNETT'S PROPERTY ON WILLOW CREEK ROAD. MR. BARNETT WANTS WATER RAN SO HE CAN SELL HIS LOTS. THE BOARD EXPLAINED THAT MR. BARNETT HAD THE OPERATUNITY A YEAR AND A HALF AGO TO SIGN UP BUT AT THE TIME HE ONLY HAD THREE (3) HOUSES AND IT WASN'T FEASSABLE TO RUN WATER ONE (1) MILE FOR (3) HOUSES SO IT WAS NOT INCLUDED IN THE PROJECT. WE EXPLAINED THAT WE COULD NOT HOLD UP OUR 340 CUSTOMERS THAT HAVE BEEN WAITING A YEAR OR SO FOR WATER AND TAKE THE CHANCE OF LOOSING OUR GRANT MONEY OF NINE HUNDRED THOUSAND DOLLARS (\$900,000) AND HAVING THE WHOLE PROJECT FALL THRU. WE EXPLAINED THAT THERE ARE A LOT OF OTHERS WHO WANT WATER, BUT WILL HAVE TO BE PUT IN THE NEXT PROJECT DO TO THE AMOUNT OF MONEY WE HAVE TO DO THIS ONE ONLY AT THIS TIME.

CHAIRMAN BOB KINCER MADE A MOTION TO GO AHEAD WITH OUR PROJECT AND NOT DELAY IT. MOTION 2ND BY GEORGE KINNE, MOTION CARRIED.

THE BOARD VOTED TO ADOPT A RESOLUTION TO ENTER IN THE KENTUCKY PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN FOR ITS EMPLOYEES (COPY ATTACHED).

KEN TAYLOR (DISTRICT ENGINEER) UPDATED THE BOARD ON OUR PROJECT. HE SAID THAT THE MONEY MIGHT COME SOONER THAN EXPECTED. HE ALSO SAID THAT AN ENVIRONMENTAL GROUP WOULD HAVE TO CHECK OUR WATER LINE ROUTE BEFORE WE START THE PROJECT.

KEN TOLD THE BOARD THAT A MEETING IS SET UP FOR AUGUST 26, 1999 @ 1:00P.M. TO CLOSE THE PAPERWORK ON THE TANK PROJECT.

WITH NO OTHER BUSINESS, THE MEETING WAS ADJOURNED.

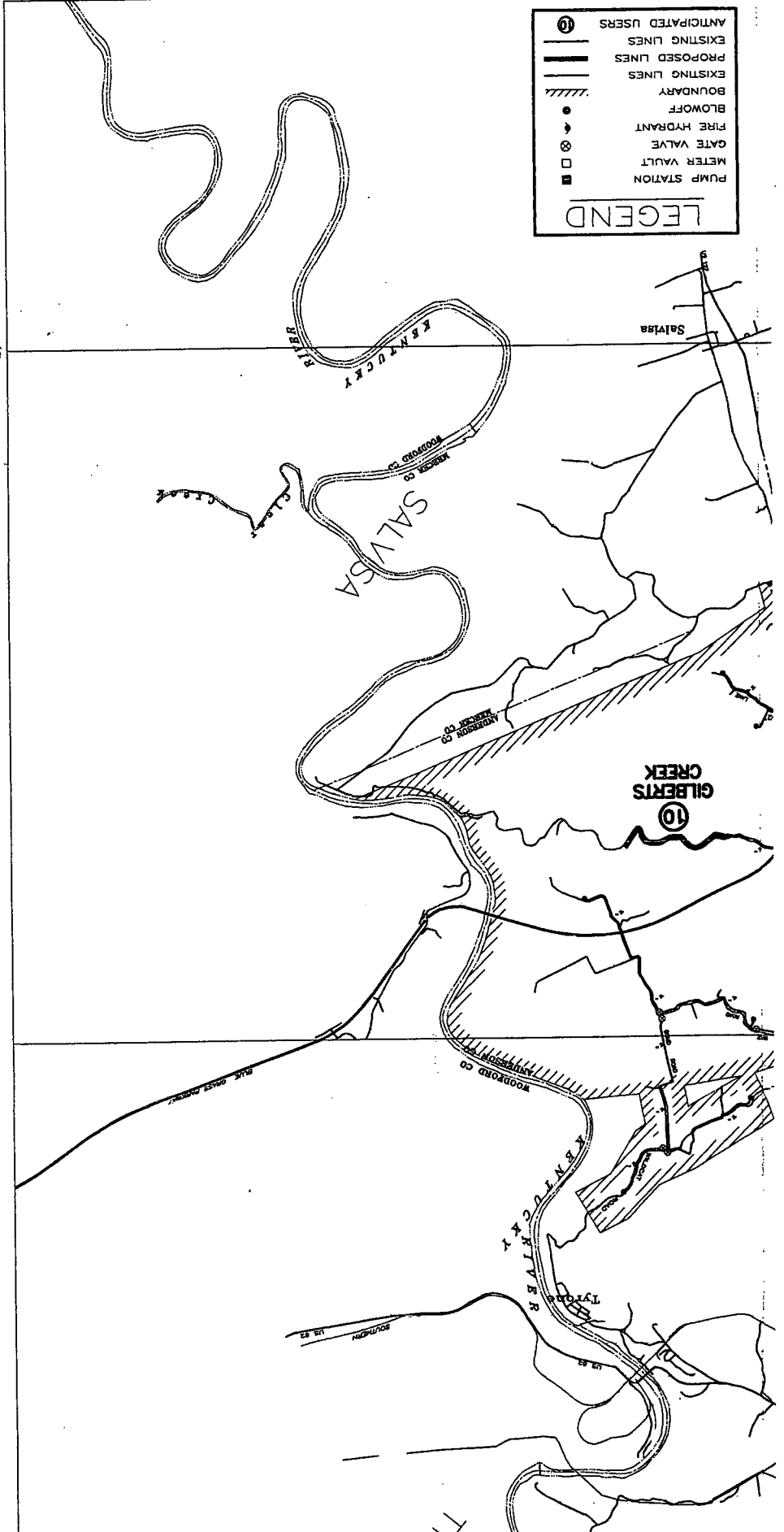
**** NEXT MEETING WILL BE SEPTEMBER 16, 1999 @ 7:30P.M.****

PRESENT AT MEETING
JOHN CUNNINGHAM, REBEN BARNETT, REGINALD L. THOMAS, KEN TAYLOR, JANET BRYANT, ALTON WARFORD, BOB KINCER, RAY EDELMAN, GEORGE KINNE

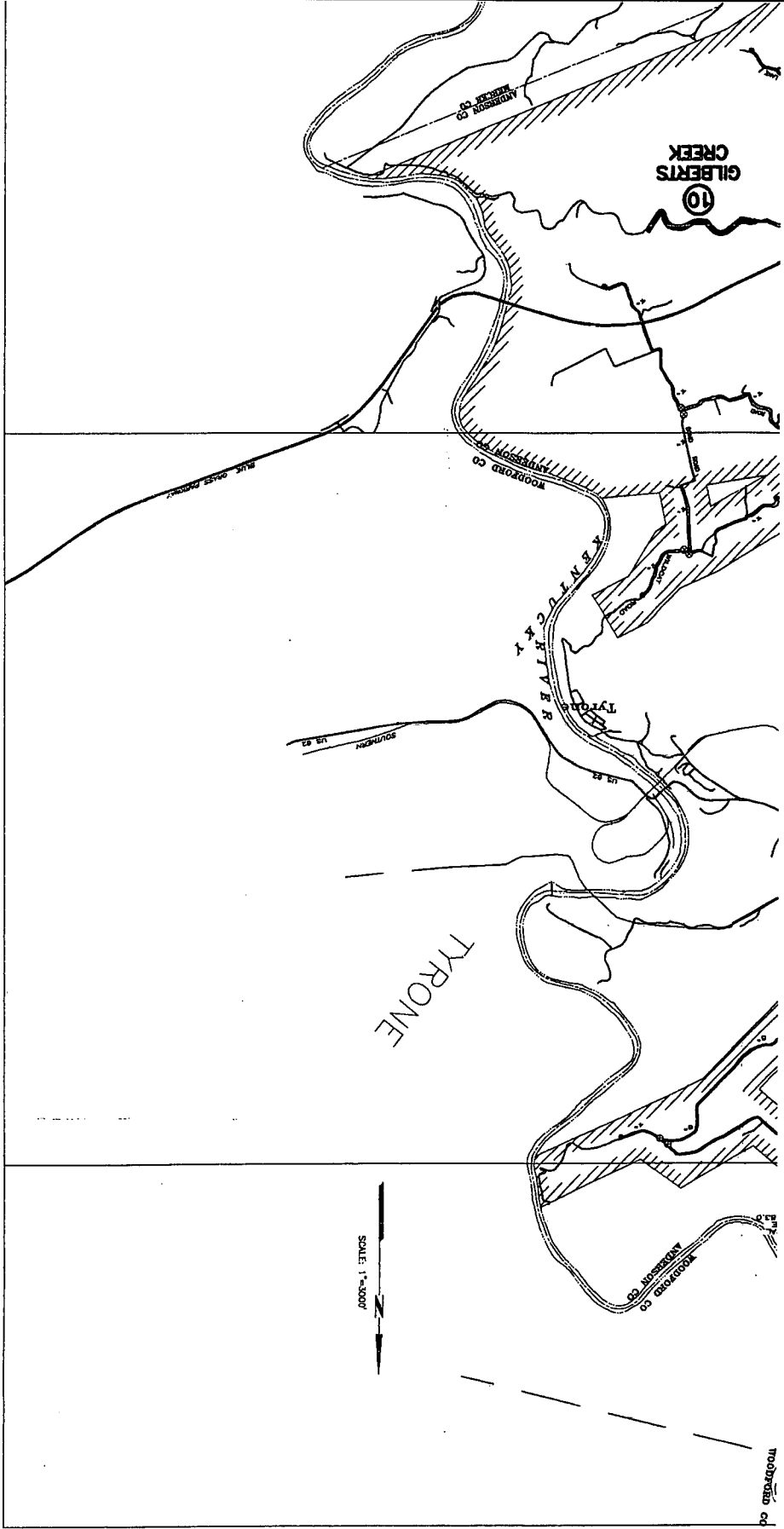
V. LEWIS
 EXHIBIT NO. 11
 [Signature]

LEGEND

⑩	ANTICIPATED USERS
—	EXISTING LINES
—	PROPOSED LINES
—	EXISTING LINES
—	BOUNDARY
•	BLOWOFF
•	FIRE HYDRANT
⊕	GATE VALVE
□	METER VAULT
■	PUMP STATION



57

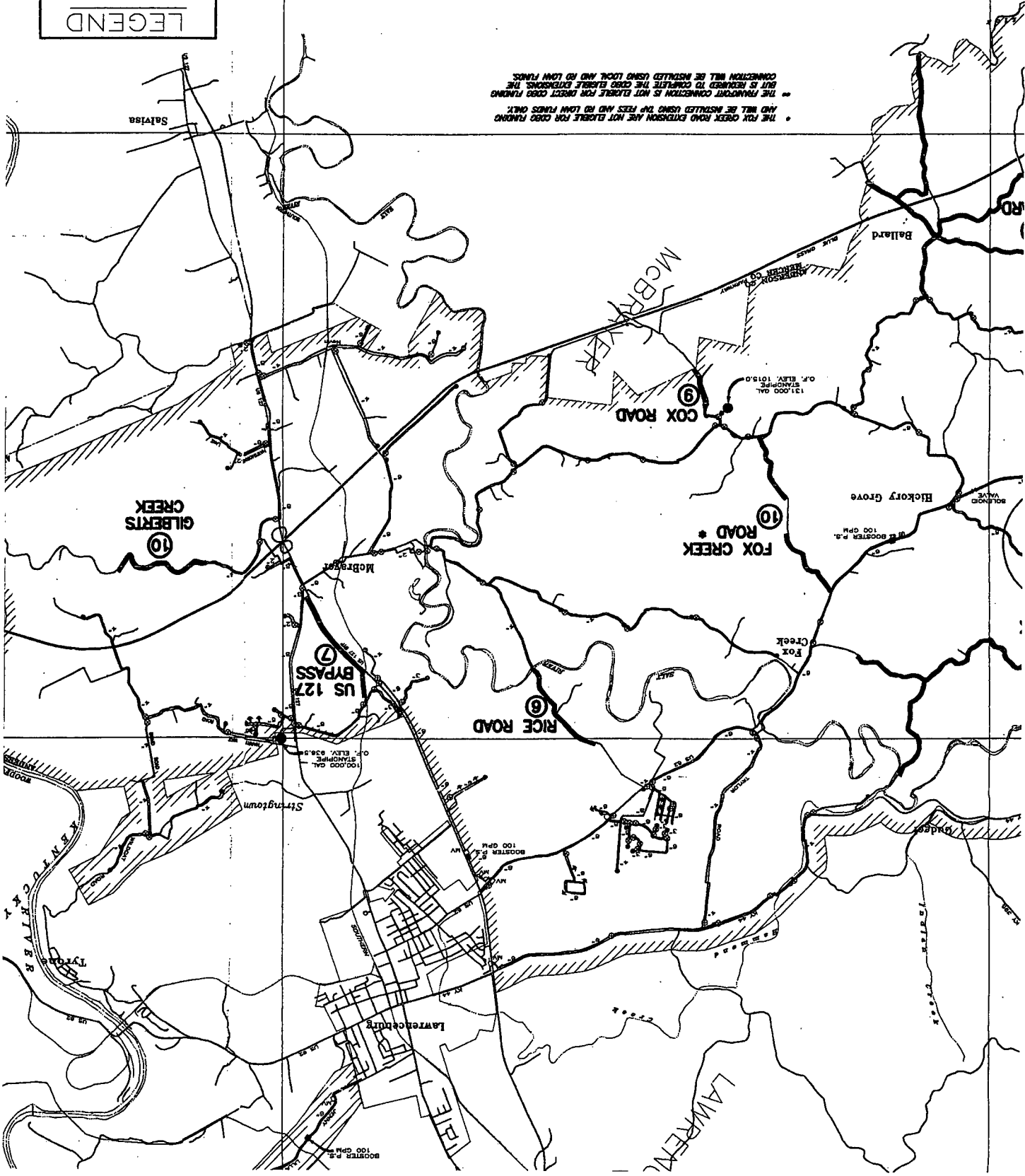


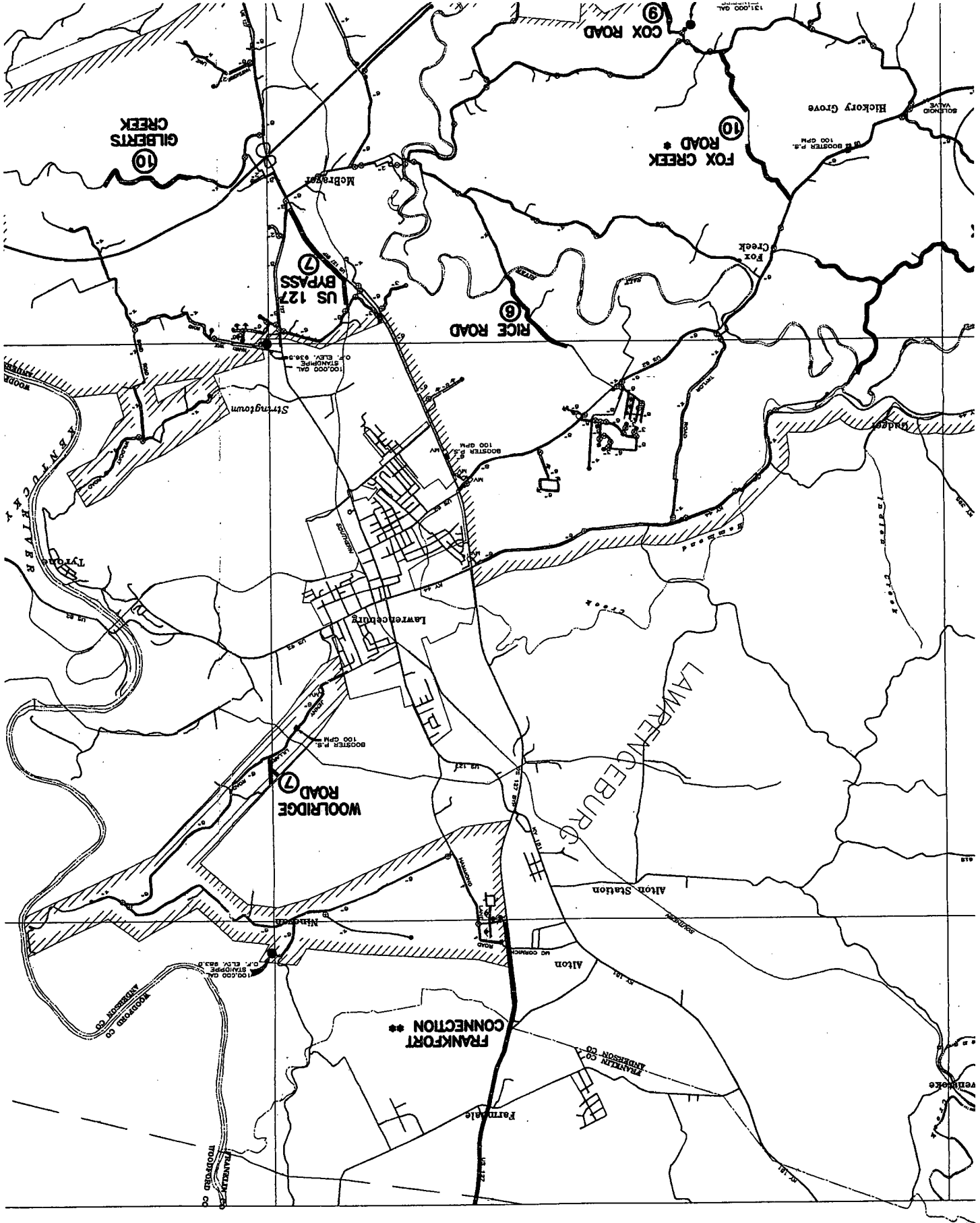
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PHASE 5 EXPANSION
SOUTH ANDERSON WATER DISTRICT
 246 COURT STREET
 LAWRENCEBURG, KENTUCKY 40342
 AUGUST, 1998

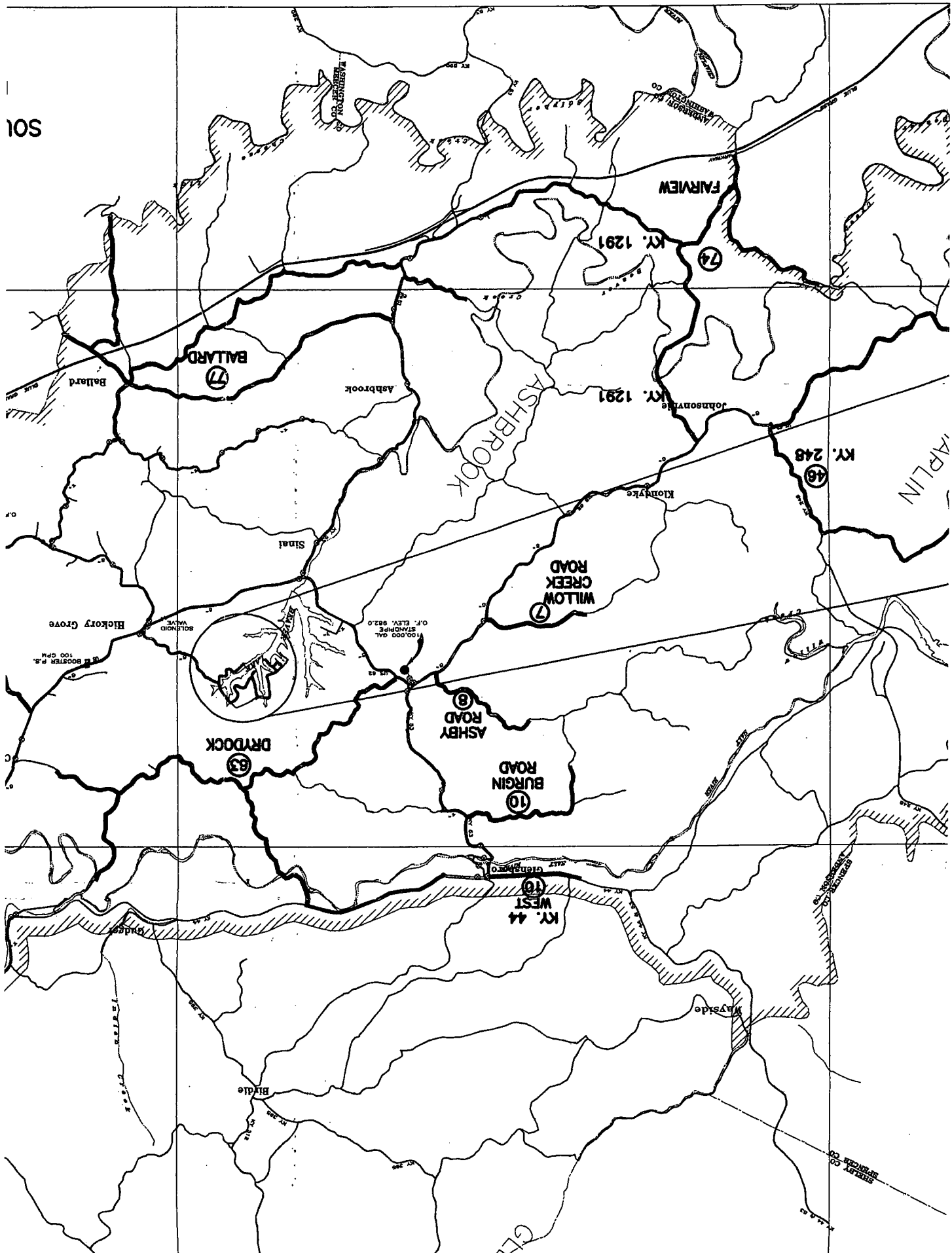
LEGEND	
■	PUMP STATION
□	METER VAULT
⊗	GATE VALVE
•	FIRE HYDRANT
////	BOUNDARY
—	EXISTING LINES
—	PROPOSED LINES
—	EXISTING LINES
—	PROPOSED LINES
○	ANTICIPATED USERS

* THE FOX CREEK ROAD EXTENSION ARE NOT ELIGIBLE FOR CROSS RAMPING AND WILL BE INSTALLED USING TAP FEES AND RD LOW FUNDING ONLY.
 ** THE RICE ROAD CONNECTION IS NOT ELIGIBLE FOR CROSS RAMPING BUT IS REQUIRED TO COMPLETE THE CROSS STREET EXPANSION. THE CONNECTION WILL BE INSTALLED USING LOCAL AND RD LOW FUNDING.





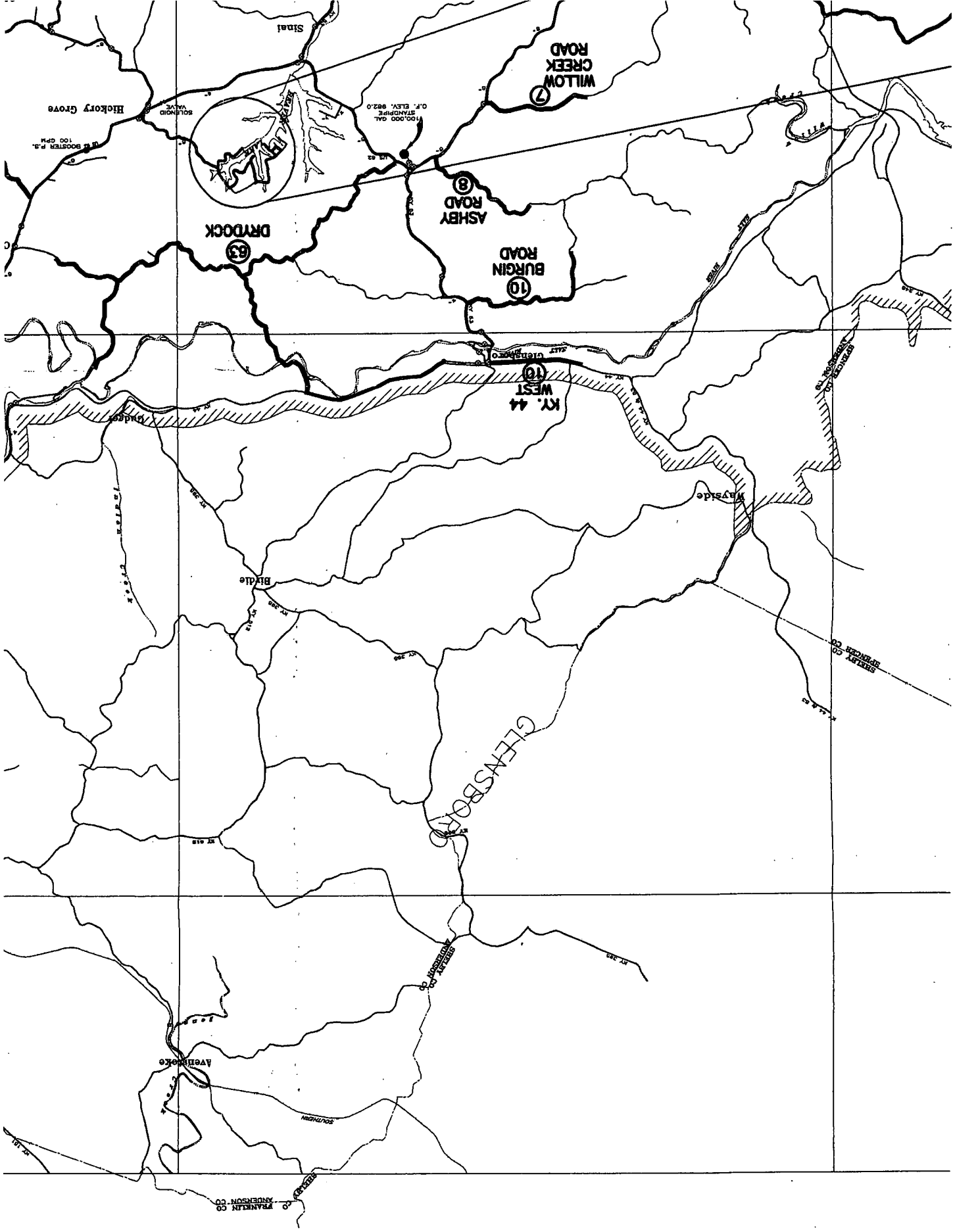
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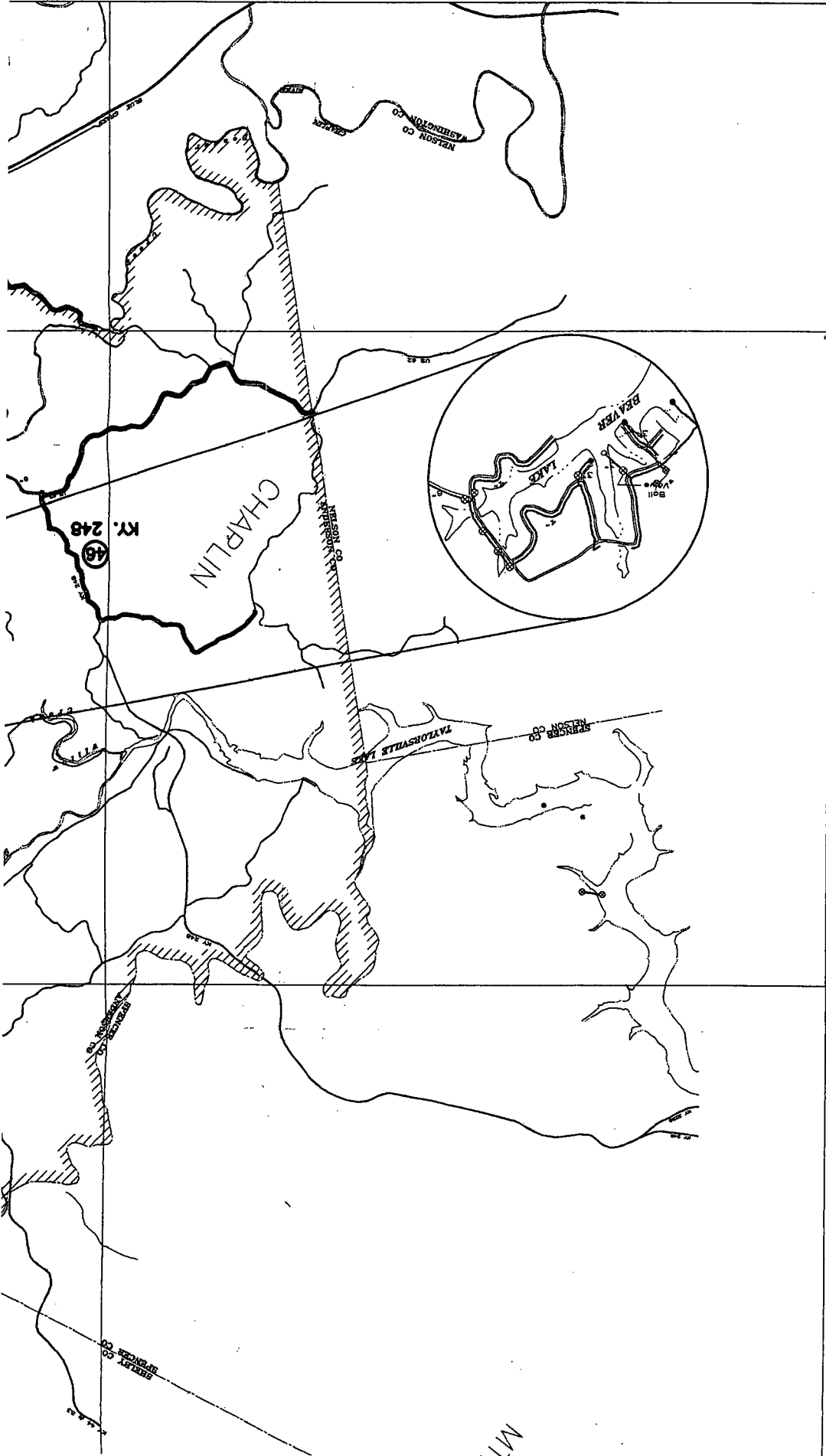


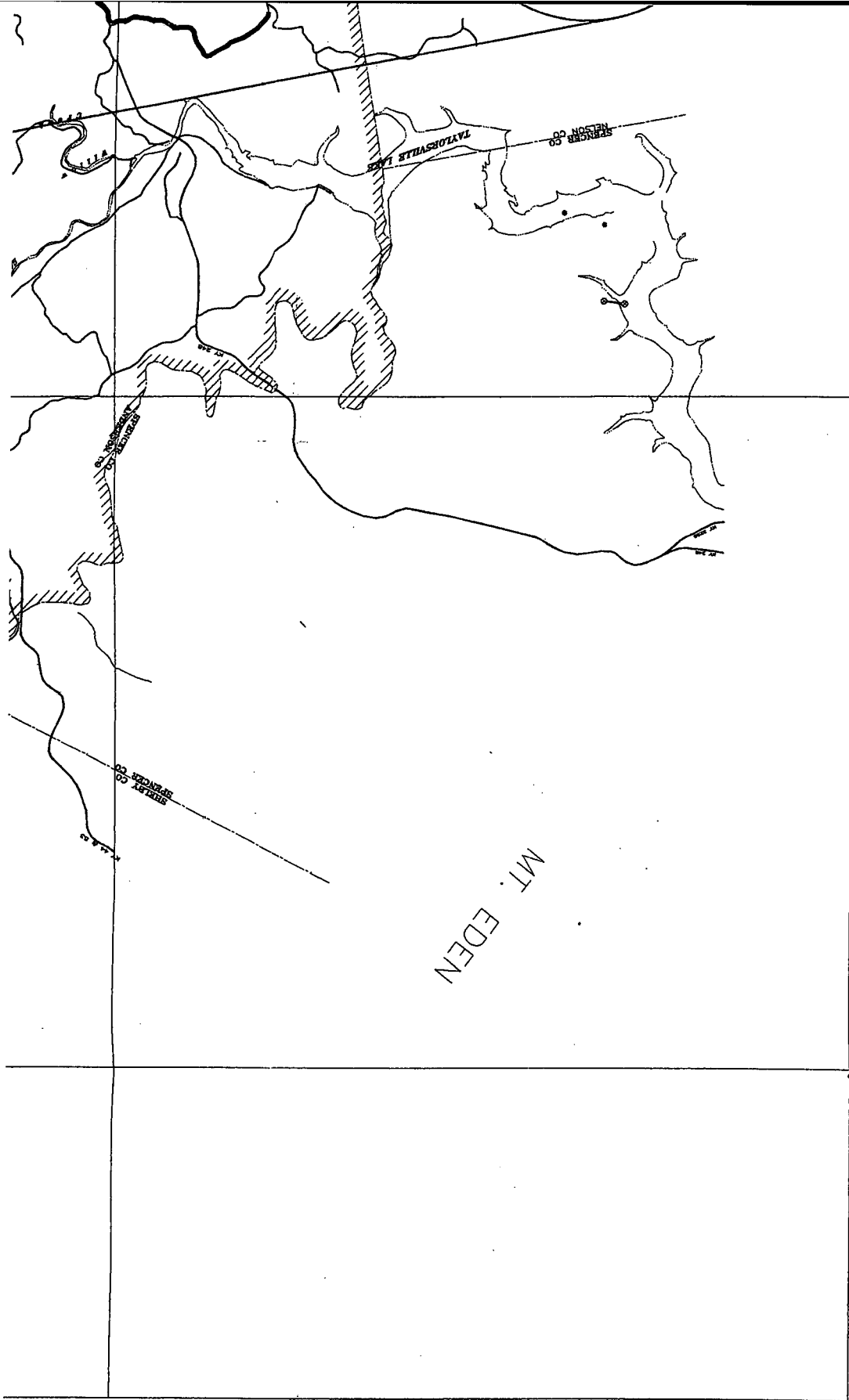
APLIN

SHREVEPORT CO. KY.

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