

CASE

NUMBER:

99-493

HISTORY INDEX FOR CASE: 1999-493
GALLATIN COUNTY WATER DISTRICT
Construct, Financing
KY SPEEDWAY WATER SUPPLY PROJECT

IN THE MATTER OF GALLATIN COUNTY WATER DISTRICT FOR AN
APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY TO CONSTRUCT AND FINANCE A TEN INCH WATER LINE
EXTENSION FROM THE CITY OF WARSAW APPROXIMATELY 30,000
LINEAR FEET TO PROVIDE WATER SERVICE TO KENTUCKY SPEEDWAY
AND THE SURROUNDING COMMUNITY PURSUANT TO K.R.S. CHAPTER 278
AND 807 KAR 5:001

SEQ NBR	ENTRY DATE	REMARKS
0001	12/10/1999	Application.
0002	12/13/1999	Acknowledgement letter.
M0001	12/15/1999	PATRICK HUGHES KY SPEEDWAY LLC-MOTION REQUESTING LEAVE TO INTERVENE
M0002	12/17/1999	DENNY FRENCH GALLATIN CO WD-REQUEST FRO WAIVER FROM FILING REQUIREMENT
0003	12/28/1999	Order granting motion of the Kentucky Speedway, LLC to intervene.
M0003	12/28/1999	PATRICK HUGHES GALLATIN COUNTY-DESIGN SPECIFICATIONS FOR WATER STORAGE TANK
M0005	01/04/2000	PATRICK HUGHES GALLATIN CO WD-PROJEST & OPERATION COSTS,BID TABULATION CONTRACT SPWY-I,CONT
M0004	01/07/2000	GALLATIN CO WD DENNY FRENCH-RESPONSE TO TELEPHONE CONVERSATION CONCERNING SPEEDWAY LINE PRO
M0006	01/18/2000	PATRICK HUGHES KY SPEEDAY LLC-SUBMISSION OF ADDITIONAL INFORMATION
0004	01/20/2000	Order granting deviation from the 90-day requirement of 807 KAR 5:001, SEC 6
M0007	01/21/2000	PATICK HUGHES-FUNDING AGREEMENT
0005	01/25/2000	Final Order granting C/N to construct and granting the financing plan.
M0008	01/26/2000	PATRICK HUGHES GALLATIN CO WD-SUBMISSION OF ADDITIONAL INFORMATION
M0009	01/31/2000	PATRICK HUGHES GALLATIN CO WD-FUNDING AGREEMENT

V-E-44
54
99-493

DETERS, BENZINGER & LAVELLE, P.S.C.

Attorneys at Law

CHARLES H. DETERS*
GERALD E. BENZINGER
JOHN C. LAVELLE*
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JAMES A. DRESSMAN III*
KURT A. PHILLIPS, JR.*
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THOMAS MORE PARK
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OTHER OFFICES
CINCINNATI, OHIO (513) 241-4110
HAMILTON, OHIO (513) 868-3663

PLEASE REPLY TO:

COVINGTON

January 28, 2000

Ms. Teresa Weber
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40601

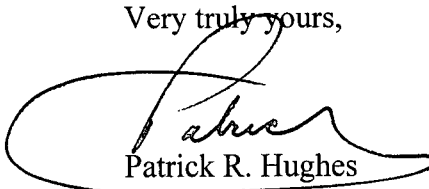
**Re: In the Matter of the Application of The Gallatin County Water District
for a Certificate of Public Convenience and Necessity; Docket No. 99-493**

Dear Ms. Weber:

Enclosed you will find a copy of the fully executed Funding Agreement between the Gallatin County Water District and the Kentucky Speedway, LLC with regard to the above referenced matter.

If you have any questions regarding the enclosed, please do not hesitate to contact me.

Very truly yours,



Patrick R. Hughes

PRH\pg

Enclosure

cc: Mr. Mark Simendinger

Q:\APPS\SHARE\PG\PRHL-00\weber-012800.doc

MICHAEL W. WESTLING*
THOMAS R. SCHOENFELD**
JED K. DETERS
EDWARD M. ZERHUSEN
R. STEPHEN BURKE*
WILLIAM J. MORAN, JR.**
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JAMES A. DIETZ
KELLY A. SCHOENING*†
JEREMY J. DETERS*
DAVID B. BREWER*

JAMES A. DRESSMAN, JR.
OF COUNSEL

* Also admitted in Ohio
** Admitted in Ohio
† Also admitted in Indiana

RECEIVED
JAN 31 2000
PUBLIC SERVICE
COMMISSION

**GALLATIN COUNTY WATER DISTRICT/
KENTUCKY SPEEDWAY, LLC**

RECEIVED
JAN 31 2000
PUBLIC SERVICE
COMMISSION

FUNDING AGREEMENT

THIS FUNDING AGREEMENT ("Agreement") is made and entered into this 7th day of January, 2000, by and between **GALLATIN COUNTY WATER DISTRICT**, a Kentucky local government agency ("District"), and **KENTUCKY SPEEDWAY, LLC**, a Kentucky limited liability company ("Company").

WHEREAS, District and Company entered into a water supply agreement dated October 1, 1999, whereby District would construct a water withdrawal and distribution system to provide water service to Company, and in exchange Company would design and construct a 400,000 to 500,000 water storage tank to be donated to District and pay District an annual rate of \$28,800 (the "Water Supply Agreement");

WHEREAS, the construction cost will likely exceed the existing budget of \$600,000 by approximately \$152,610 (the project and operation costs are set forth on **Exhibit A** hereto);

WHEREAS, pursuant to Section I(G) of the Water Supply Agreement, in the event it appears that the construction costs may exceed \$600,000, District and Company shall determine an appropriate source for the additional funding;

WHEREAS, District and Company agree that the parties should seek additional loan funding in the total amount of \$152,610 from the Kentucky Infrastructure Authority ("KIA") in addition to the \$600,000 already committed by the KIA.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, District and Company agree as follows:

I. OBLIGATIONS OF DISTRICT

Supplemental Loan Application. District, within five (5) days of the date of this Agreement, shall request an additional \$60,000 from KIA by way of letter, a form of which is attached hereto as **Exhibit B**. Said letter shall also include a request for an additional \$92,610 in funding from KIA.

II. OBLIGATIONS OF COMPANY

Funding Guaranty. Until such time as District's request for additional funding is approved by KIA, Company hereby guarantees the

availability of the additional \$92,610 ("Guaranteed Funds") for use in connection with the construction of the Water Withdrawal System and the Water Line (as those terms are defined in the Water Supply Agreement). Draws upon the Guaranteed Funds shall only be made after all other available funds are exhausted by District in the construction of the Water Withdrawal System and the Water Line. Upon receipt of loan proceeds from KIA, District shall reimbursement Company for any withdrawals upon the Guaranteed Funds immediately upon receipt. In the event KIA does not approve District's supplemental application, Company shall not be entitled to reimbursement for any draws upon the Guaranteed Funds.

III MUTUAL OBLIGATIONS

Company and District shall enter into an amendment of the Water Supply Agreement to modify the Annual Minimum Charge (as that term is defined in the Water Supply Agreement) to an amount sufficient to allow District to pay the debt service on the KIA loan.

IV GENERAL PROVISIONS

A. Term. This Agreement shall effective as of the date first written above and shall end upon the earlier of the date on which Company is fully reimbursed for any draws upon the Guaranteed Funds or the completion of the project described in the Water Supply Agreement.

B. Incorporation By Reference. The terms and conditions of the Water Supply Agreement are incorporated herein by reference.

COMPANY:

KENTUCKY SPEEDWAY, LLC,
a Kentucky limited liability company

BY: 

JERRY CARROLL, Manager

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: 

DENNY FRENCH, Chairman

GALLATIN COUNTY WATER DISTRICT/ KENTUCKY SPEEDWAY, LLC

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COMPANY:

KENTUCKY SPEEDWAY, LLC,
a Kentucky Limited liability company

BY:  FOR JERRY CARROL
JERRY CARROLL, Manager PER AUTHORIZATION

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: 
BENNY FRENCH, Chairman

01/20/2000 07:06 PM FROM-DETERS, BENZINGER & LA VELLE, PSC

GALLATIN COUNTY WATER DISTRICT
KY SPEEDWAY WATER SUPPLY
PROJECT AND OPERATION COSTS
27-Dec-99

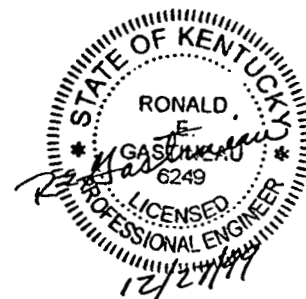
PROJECT COSTS

CONSTRUCTION COST (Low bids 12-22-99)

Contract SPWY-I	\$195,082.00
Contract SPWY-II	\$198,536.00
Pipe	\$225,000.00
Engineering	
Design	\$55,242.00
Construction Inspection	\$35,447.00
Contingencies @ 7% of Construction & Pipe	<u>\$43,303.00</u>
Total Estimated Project Cost	\$752,610.00

OPERATION COSTS (ANNUAL)

Pump Replacement	\$7,225.00
Line Maintenance	\$1,800.00
Chemicals	\$768.00
Electrical Power	<u>\$8,581.00</u>
Total Operation and Maintenance (Annual)	\$18,374.00



GALLATIN COUNTY WATER DISTRICT

P.O. Box 159
Warsaw, Kentucky 41095
(606) 567-2268

January 6, 2000

Ms. Suzanne Anderson
Kentucky Infrastructure Authority
Finance & Administration Cabinet
702 Capitol Avenue
Capitol Annex, Suite 261
Frankfort, KY 40601-3453

RE: Kentucky Infrastructure Authority Revolving Infrastructure
Loan Fund Conditional Loan Commitment B99-02

Dear Suzanne:

Pursuant to your conversation with Patrick Hughes of Deters, Benzinger & LaVelle, attorneys for Kentucky Speedway, LLC ("Kentucky Speedway"), this letter constitutes the request of Gallatin County Water District ("District") for an additional ten percent, i.e. \$60,000, funding in connection with the above-referenced loan commitment, bringing the present total loan commitment to \$660,000.

The additional ten percent funding is required as a result of cost overruns in connection with the project. On December 22, 1999, the District received bids for the construction of the water withdrawal system and the water line. As a result of the bid amounts, the total project cost is now estimated to be \$752,610 (see attached report of project and operation costs). The low bids for the project were accepted by the District on December 22, 1999, pending all regulatory approvals and sufficient funding.

Further, please accept this letter as the District's request for an amendment to the above-referenced loan commitment to be considered by the Kentucky Infrastructure Authority ("KIA") at its next meeting for an additional \$92,610.

The District understands that the next earliest meeting of the KIA will be February, or perhaps later. As such, the District and Kentucky Speedway have entered into a Funding Agreement, a copy of which is attached hereto, whereby Kentucky Speedway agrees to guaranty the availability of funds for construction of the project until such time as the District receives a decision on this amendment request. If the KIA grants the District's amendment request, the District will use the loan proceeds to reimburse Kentucky Speedway for any advances of construction costs. If the KIA rejects the District's amendment requests, Kentucky Speedway will not be reimbursed for advances.

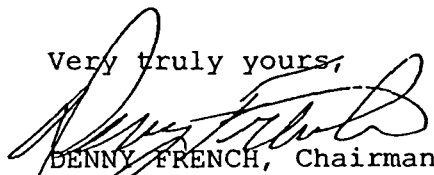
Further, pursuant to the loan commitment, enclosed are the following documents:

1. Fully executed Water Purchase Agreement between Kentucky Speedway and the District guaranteeing payment of a monthly minimum fee in a sufficient amount to cover debt service and operating costs, including a clause stating that Kentucky Speedway will provide a letter of credit to guaranty full payment for the first three years of service. Please note, this agreement will be modified to reflect increased debt service requirements resulting from the additional ten percent funding and, if approved, the additional \$92,610 in funding.
2. Proof of title to the well site in the form of a general warranty deed.
3. Division of Water approval evidencing that well tests support quantity and quality of water required by Kentucky Speedway.
4. A completed "authorization for electronic deposit of vendor payment" form.
5. The final "as bid" project budget and operating expenses certified by Ronald E. Gasteneau, P.E.

With respect to Standard Condition No. 9, no adjustment in utility service rates will be necessary in connection with this project. Further, the project is currently being reviewed by the Kentucky Public Service Commission ("PSC") for compliance with applicable statutes and regulations. Upon approval by the PSC, we will forward the same to your attention and to DLG along with the other standard conditions.

We appreciate your continued assistance in this matter. If you have any questions or require further information, please do not hesitate to contact me or Patrick Hughes at (606) 341-1881. We look forward to hearing from you with respect to the requests set forth in this letter.

Very truly yours,


DENNY FRENCH, Chairman
Gallatin County Water District

DF/dle
Encl.

cc: Mr. Robert Chandler
Q:\APPS\SHARE\DLG\Anderson,S 0105 00

DETERS, BENZINGER & LAVELLE, P.S.C.

Attorneys at Law

CHARLES H. DETERS*
GERALD E. BENZINGER
JOHN C. LAVELLE*
RICHARD G. MEYER
JAMES A. DRESSMAN III*
KURT A. PHILIPPS, JR.*
STEPHEN J. BREWER*
ROBERT M. HOFFER
JOSEPH A. CLEVES, JR.*
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ELIZABETH GRAHAM WEBER*
MATHEW R. KLEIN, JR.*

THOMAS MORE PARK
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OTHER OFFICES
CINCINNATI, OHIO (513) 241-4110
HAMILTON, OHIO (513) 868-3663

PLEASE REPLY TO:

MICHAEL W. WESTLING*
THOMAS R. SCHOENFELD**
JED K. DETERS
EDWARD M. ZERHUSEN
R. STEPHEN BURKE*
WILLIAM J. MORAN, JR.**
PATRICK R. HUGHES*
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JAMES A. DIETZ
KELLY A. SCHOENING*†
JEREMY J. DETERS*
DAVID B. BREWER*

JAMES A. DRESSMAN, JR.
OF COUNSEL

COVINGTON

* Also admitted in Ohio
** Admitted in Ohio
† Also admitted in Indiana

January 25, 2000

RECEIVED

JAN 26 2000

PUBLIC SERVICE
COMMISSION

Ms. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
Frankfort, Kentucky 40602

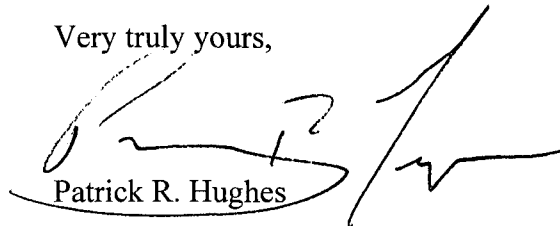
**Re: In the Matter of the Application of The Gallatin County Water District
for a Certificate of Public Convenience and Necessity; Docket No. 99-493**

Dear Ms. Helton:

Enclosed are an original and ten copies of the Submission of Additional Information submitted by the Kentucky Speedway, LLC in the above referenced matter.

Thank you for your attention to this matter.

Very truly yours,


Patrick R. Hughes

PRH/pg

Enclosures

Q:\APPS\SHARE\PG\PRH\00\helton-012500.doc

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

JAN 26 2000


PUBLIC SERVICE
COMMISSION

IN THE MATTER OF THE APPLICATION OF)
THE GALLATIN COUNTY WATER)
DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY)

DOCKET NO. 99-493

SUBMISSION OF ADDITIONAL INFORMATION

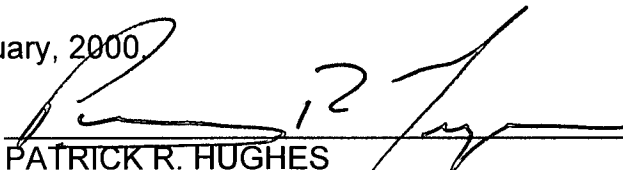
Comes now Kentucky Speedway, LLC ("Kentucky Speedway"), by and through counsel, and hereby submits the following attached documentation: Funding Agreement between the Gallatin County Water District and Kentucky Speedway, LLC for the construction of a water withdrawal and distribution system in connection with the above referenced matter.



PATRICK R. HUGHES
Attorney for Movant, Kentucky Speedway, LLC
Deters, Benzinger & LaVelle, PSC
2701 Turkeyfoot Road
Covington, Kentucky 41017
(606) 341-1881
(606) 341-4879 (fax)

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served upon Denny French, Chairman, Gallatin County Water District, P.O. Box 159, Warsaw, Kentucky 41095, by regular U.S. Mail, this 25th day of January, 2000.



PATRICK R. HUGHES

GALLATIN COUNTY WATER DISTRICT/ KENTUCKY SPEEDWAY, LLC

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COMPANY:

KENTUCKY SPEEDWAY, LLC,
a Kentucky limited liability company

BY:  FOR JERRY CARROLL
JERRY CARROLL, Manager PER AUTHORIZATION

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: 
DENNY FRENCH, Chairman

Q:\INFO\100\ARE\IDLE\100\ED\100\Funding Agreement

GALLATIN COUNTY WATER DISTRICT
KY SPEEDWAY WATER SUPPLY
PROJECT AND OPERATION COSTS
27-Dec-99

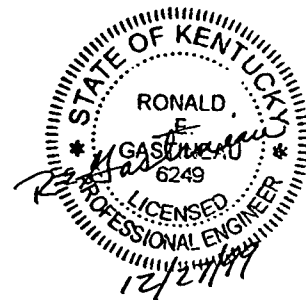
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Total Operation and Maintenance (Annual)	\$18,374.00



GALLATIN COUNTY WATER DISTRICT

P.O. Box 159

Warsaw, Kentucky 41095

(606) 567-2268

January 6, 2000

Ms. Suzanne Anderson
Kentucky Infrastructure Authority
Finance & Administration Cabinet
702 Capitol Avenue
Capitol Annex, Suite 261
Frankfort, KY 40601-3453

RE: Kentucky Infrastructure Authority Revolving Infrastructure
Loan Fund Conditional Loan Commitment B99-02

Dear Suzanne:

Pursuant to your conversation with Patrick Hughes of Deters, Benzinger & LaVelle, attorneys for Kentucky Speedway, LLC ("Kentucky Speedway"), this letter constitutes the request of Gallatin County Water District ("District") for an additional ten percent, i.e. \$60,000, funding in connection with the above-referenced loan commitment, bringing the present total loan commitment to \$660,000.

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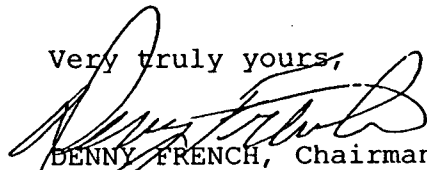
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Very truly yours,



DENNY FRENCH, Chairman
Gallatin County Water District

DF/dle
Encl.

cc: Mr. Robert Chandler
Q:\APPS\SHARE\DLE\L\Anderson,S 0105 00

99-493

COVER

SHEET

FAX

To: Anita Mitchell, Esq.
Fax#: (502) 564-7279
Subject: Galatin County Water District/Kentucky Speedway, LLC
Date: January 21, 2000
Pages: 3, including this cover sheet.

RECEIVED
 JAN 21 2000
 PUBLIC SERVICE
 COMMISSION

Pursuant to your request, please see the attached Funding Agreement with regard to the above-referenced subject.

Patrick R. Hughes

Q:\APPS\SHAKE\MPL\PH\FAX\MITCHELL, ANITA.DOC

RECEIVED

JAN 21 2000

GENERAL COUNSEL

From the desk of
 Patrick R. Hughes
 Attorney
 Deters, Benzinger & LaVelle
 2701 Turkeyfoot Rd
 Covington, KY 41017

(505) 341-1881
 Fax: (606) 341-1489

GALLATIN COUNTY WATER DISTRICT/ KENTUCKY SPEEDWAY, LLC

FUNDING AGREEMENT

THIS FUNDING AGREEMENT ("Agreement") is made and entered into this _____ day of January, 2000, by and between **GALLATIN COUNTY WATER DISTRICT**, a Kentucky local government agency ("District"), and **KENTUCKY SPEEDWAY, LLC**, a Kentucky limited liability company ("Company").

WHEREAS, District and Company entered into a water supply agreement dated October 1, 1999, whereby District would construct a water withdrawal and distribution system to provide water service to Company, and in exchange Company would design and construct a 400,000 to 500,000 water storage tank to be donated to District and pay District an annual rate of \$28,800 (the "Water Supply Agreement");

WHEREAS, the construction cost will likely exceed the existing budget of \$600,000 by approximately \$152,610 (the project and operation costs are set forth on **Exhibit A** hereto);

WHEREAS, pursuant to Section I(G) of the Water Supply Agreement, in the event it appears that the construction costs may exceed \$600,000, District and Company shall determine an appropriate source for the additional funding:

WHEREAS, District and Company agree that the parties should seek additional loan funding in the total amount of \$152,610 from the Kentucky Infrastructure Authority ("KIA") in addition to the \$600,000 already committed by the KIA.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, District and Company agree as follows:

I. OBLIGATIONS OF DISTRICT

Supplemental Loan Application. District, within five (5) days of the date of this Agreement, shall request an additional \$60,000 from KIA by way of letter, a form of which is attached hereto as **Exhibit B**. Said letter shall also include a request for an additional \$92,610 in funding from KIA.

II. OBLIGATIONS OF COMPANY

Funding Guaranty. Until such time as District's request for additional funding is approved by KIA, Company hereby guarantees the

availability of the additional \$92,610 ("Guaranteed Funds") for use in connection with the construction of the Water Withdrawal System and the Water Line (as those terms are defined in the Water Supply Agreement). Draws upon the Guaranteed Funds shall only be made after all other available funds are exhausted by District in the construction of the Water Withdrawal System and the Water Line. Upon receipt of loan proceeds from KIA, District shall reimburse Company for any withdrawals upon the Guaranteed Funds immediately upon receipt. In the event KIA does not approve District's supplemental application, Company shall not be entitled to reimbursement for any draws upon the Guaranteed Funds.

III MUTUAL OBLIGATIONS

Company and District shall enter into an amendment of the Water Supply Agreement to modify the Annual Minimum Charge (as that term is defined in the Water Supply Agreement) to an amount sufficient to allow District to pay the debt service on the KIA loan.

IV GENERAL PROVISIONS

A. Term. This Agreement shall be effective as of the date first written above and shall end upon the earlier of the date on which Company is fully reimbursed for any draws upon the Guaranteed Funds or the completion of the project described in the Water Supply Agreement.

B. Incorporation By Reference. The terms and conditions of the Water Supply Agreement are incorporated herein by reference.

COMPANY:

KENTUCKY SPEEDWAY, LLC,
a Kentucky limited liability company

BY:  FOR JERRY CARROLL
JERRY CARROLL, Manager PER AUTHORIZATION

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: 
DENNY FRENCH, Chairman

0 10/17/2008 10:59:00 AM

GALLATIN COUNTY WATER DISTRICT

P.O. Box 159

Warsaw, Kentucky 41095

(606) 567-2268

RECEIVED

JAN 07 2000

PUBLIC SERVICE
COMMISSION

January 6, 2000

Public Service Commission
Commonwealth of Kentucky
730 Shenkel Lane
P.O. Box 615
Frankfort, KY 40602

ATTN: Ms. Helen Helton, Executive Director

RE: PSC Docket No. 99-493:
Gallatin County Water District ("District")/
Kentucky Speedway Water Line Project

Dear Ms. Helton:

Pursuant to the telephone conversation between Patrick Hughes of Deters, Benzinger & LaVelle and attorney Anita Mitchell, we submit this letter.

First, to supplement our letter of December 14, 1999, Section 11(2)(b) does not apply to the above-referenced project.

Second, as communicated to attorney Anita Mitchell, the project has exceeded the original estimate of \$600,000. As evidenced by the attached report of project and operation costs, the total project cost is now \$752,610.

The project was originally to be financed with a \$600,000 loan from the Kentucky Infrastructure Authority ("KIA") Revolving Loan Fund as evidenced by Attachment C to the District's initial application submitted on December 10, 1999. In light of the cost overruns, the District will now require an additional \$152,610 to complete the project. The KIA has agreed to presently loan the District an additional \$60,000 without further review or approval. In addition, the District has requested an amendment to the loan commitment for an additional \$92,610, bringing the total loan commitment to \$752,610.

The requested amendment will not be considered by the KIA until February at the earliest. In light of this, and to avoid any delay in the PSC's approval process, Kentucky Speedway, LLC ("Kentucky Speedway") has agreed to guaranty the availability of additional funding necessary to complete the project as evidenced by the attached funding agreement. Pursuant to the agreement, Kentucky Speedway has

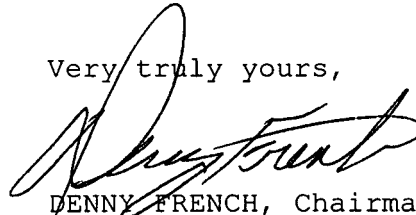
Ms. Helen Helton
01/06/2000
Page 2

agreed to advance funds up to \$92,610 to allow construction to proceed. If the KIA approves the requested amendment, any loan proceeds received will be used to reimburse Kentucky Speedway for advances made. In the event the KIA does not approve the requested amendment, Kentucky Speedway will not be reimbursed for advances.

Please note, the additional loan proceeds will require an amendment to the Water Supply Agreement submitted as Attachment L to the District's original application. The amendment to the Water Supply Agreement will increase the amount of the Annual Minimum Charge (as that term is defined in the Water Supply Agreement) to an amount necessary to cover the District's annual debt service requirements in connection with a loan from KIA in the amount of \$752,610.

We appreciate your continued assistance and expedited review in this matter. If you have any questions or require further information, please do not hesitate to contact me or Patrick Hughes at (606) 341-1881. As set forth in our original application we still hope to begin construction on or before January 17, 2000.

Very truly yours,



DENNY FRENCH, Chairman
Gallatin County Water District

DF/dle
Encl.

cc: Mr. Robert Chandler

Q:\APPS\SHARE\DLE\L\Helton,H 0105 00

GALLATIN COUNTY WATER DISTRICT
KY SPEEDWAY WATER SUPPLY
PROJECT AND OPERATION COSTS
27-Dec-99

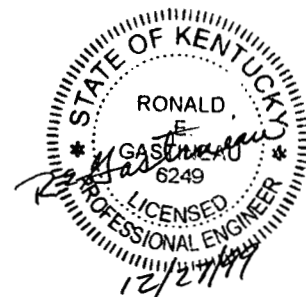
PROJECT COSTS

CONSTRUCTION COST (Low bids 12-22-99)

Contract SPWY-I	\$195,082.00
Contract SPWY-II	\$198,536.00
Pipe	\$225,000.00
Engineering	
Design	\$55,242.00
Construction Inspection	\$35,447.00
Contingencies @ 7% of Construction & Pipe	<u>\$43,303.00</u>
Total Estimated Project Cost	\$752,610.00

OPERATION COSTS (ANNUAL)

Pump Replacement	\$7,225.00
Line Maintenance	\$1,800.00
Chemicals	\$768.00
Electrical Power	<u>\$8,581.00</u>
Total Operation and Maintenance (Annual)	\$18,374.00



GALLATIN COUNTY WATER DISTRICT/ KENTUCKY SPEEDWAY, LLC

FUNDING AGREEMENT

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WHEREAS, District and Company entered into a water supply agreement dated October 1, 1999, whereby District would construct a water withdrawal and distribution system to provide water service to Company, and in exchange Company would design and construct a 400,000 to 500,000 water storage tank to be donated to District and pay District an annual rate of \$28,800 (the "Water Supply Agreement");

WHEREAS, the construction cost will likely exceed the existing budget of \$600,000 by approximately \$152,610 (the project and operation costs are set forth on **Exhibit A** hereto);

WHEREAS, pursuant to Section I(G) of the Water Supply Agreement, in the event it appears that the construction costs may exceed \$600,000, District and Company shall determine an appropriate source for the additional funding;

WHEREAS, District and Company agree that the parties should seek additional loan funding in the total amount of \$152,610 from the Kentucky Infrastructure Authority ("KIA") in addition to the \$600,000 already committed by the KIA.

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, District and Company agree as follows:

I. OBLIGATIONS OF DISTRICT

Supplemental Loan Application. District, within five (5) days of the date of this Agreement, shall request an additional \$60,000 from KIA by way of letter, a form of which is attached hereto as **Exhibit B**. Said letter shall also include a request for an additional \$92,610 in funding from KIA.

II. OBLIGATIONS OF COMPANY

Funding Guaranty. Until such time as District's request for additional funding is approved by KIA, Company hereby guarantees the

availability of the additional \$92,610 ("Guaranteed Funds") for use in connection with the construction of the Water Withdrawal System and the Water Line (as those terms are defined in the Water Supply Agreement). Draws upon the Guaranteed Funds shall only be made after all other available funds are exhausted by District in the construction of the Water Withdrawal System and the Water Line. Upon receipt of loan proceeds from KIA, District shall reimburse Company for any withdrawals upon the Guaranteed Funds immediately upon receipt. In the event KIA does not approve District's supplemental application, Company shall not be entitled to reimbursement for any draws upon the Guaranteed Funds.

III MUTUAL OBLIGATIONS

Company and District shall enter into an amendment of the Water Supply Agreement to modify the Annual Minimum Charge (as that term is defined in the Water Supply Agreement) to an amount sufficient to allow District to pay the debt service on the KIA loan.

IV GENERAL PROVISIONS

A. Term. This Agreement shall effective as of the date first written above and shall end upon the earlier of the date on which Company is fully reimbursed for any draws upon the Guaranteed Funds or, if KIA rejects District's request for additional funding, on the date of said rejection.

B. Incorporation By Reference. The terms and conditions of the Water Supply Agreement are incorporated herein by reference.

COMPANY:

KENTUCKY SPEEDWAY, LLC,
a Kentucky limited liability company

BY: _____
JERRY CARROLL, Manager

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: _____
DENNY FRENCH, Chairman

**GALLATIN COUNTY WATER DISTRICT/
KENTUCKY SPEEDWAY, LLC**

FUNDING AGREEMENT

RECEIVED
JAN 07 2000
PUBLIC SERVICE
COMMISSION

THIS FUNDING AGREEMENT ("Agreement") is made and entered into this 7th day of January, 2000, by and between **GALLATIN COUNTY WATER DISTRICT**, a Kentucky local government agency ("District"), and **KENTUCKY SPEEDWAY, LLC**, a Kentucky limited liability company ("Company").

WHEREAS, District and Company entered into a water supply agreement dated October 1, 1999, whereby District would construct a water withdrawal and distribution system to provide water service to Company, and in exchange Company would design and construct a 400,000 to 500,000 water storage tank to be donated to District and pay District an annual rate of \$28,800 (the "Water Supply Agreement");

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a Kentucky limited liability company

BY: 
JERRY CARROLL, Manager

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: 
DENNY FRENCH, Chairman

GALLATIN COUNTY WATER DISTRICT/ KENTUCKY SPEEDWAY, LLC

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a Kentucky limited liability company

BY: _____
JERRY CARROLL, Manager

GALLATIN COUNTY WATER DISTRICT,
a Kentucky local government agency

BY: _____
DENNY FRENCH, Chairman

GALLATIN COUNTY WATER DISTRICT
KY SPEEDWAY WATER SUPPLY
PROJECT AND OPERATION COSTS
27-Dec-99

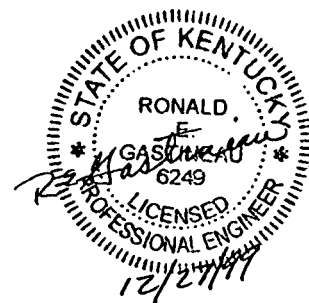
PROJECT COSTS

CONSTRUCTION COST (Low bids 12-22-99)

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Contract SPWY-II	\$198,536.00
Pipe	\$225,000.00
Engineering	
Design	\$55,242.00
Construction Inspection	\$35,447.00
Contingencies @ 7% of Construction & Pipe	<u>\$43,303.00</u>
Total Estimated Project Cost	\$752,610.00

OPERATION COSTS (ANNUAL)

Pump Replacement	\$7,225.00
Line Maintenance	\$1,800.00
Chemicals	\$768.00
Electrical Power	<u>\$8,581.00</u>
Total Operation and Maintenance (Annual)	\$18,374.00



GALLATIN COUNTY WATER DISTRICT
P.O. Box 159
Warsaw, Kentucky 41095
(606) 567-2268

January 5, 2000

Ms. Suzanne Anderson
Kentucky Infrastructure Authority
Finance & Administration Cabinet
702 Capitol Avenue
Capitol Annex, Suite 261
Frankfort, KY 40601-3453

RE: Kentucky Infrastructure Authority Revolving Infrastructure
Loan Fund Conditional Loan Commitment B99-02

Dear Suzanne:

Pursuant to your conversation with Patrick Hughes of Deters, Benzinger & LaVelle, attorneys for Kentucky Speedway, LLC ("Kentucky Speedway"), this letter constitutes the request of Gallatin County Water District ("District") for an additional ten percent, i.e. \$60,000, funding in connection with the above-referenced loan commitment, bringing the present total loan commitment to \$660,000.

The additional ten percent funding is required as a result of cost overruns in connection with the project. On December 22, 1999, the District received bids for the construction of the water withdrawal system and the water line. As a result of the bid amounts, the total project cost is now estimated to be \$752,610 (see attached report of project and operation costs). The low bids for the project were accepted by the District on December 22, 1999, pending all regulatory approvals and sufficient funding.

Further, please accept this letter as the District's request for an amendment to the above-referenced loan commitment to be considered by the Kentucky Infrastructure Authority ("KIA") at its next meeting for an additional \$92,610.

The District understands that the next earliest meeting of the KIA will be February, or perhaps later. As such, the District and Kentucky Speedway have entered into a Funding Agreement, a copy of which is attached hereto, whereby Kentucky Speedway agrees to guaranty the availability of funds for construction of the project until such time as the District receives a decision on this amendment request. If the KIA grants the District's amendment request, the District will use the loan proceeds to reimburse Kentucky Speedway for any advances of construction costs. If the KIA rejects the District's amendment requests, Kentucky Speedway will not be reimbursed for advances.

Ms. Suzanne Anderson
January 5, 2000
Page 2

Further, pursuant to the loan commitment, enclosed are the following documents:

1. Fully executed Water Purchase Agreement between Kentucky Speedway and the District guaranteeing payment of a monthly minimum fee in a sufficient amount to cover debt service and operating costs, including a clause stating that Kentucky Speedway will provide a letter of credit to guaranty full payment for the first three years of service. Please note, this agreement will be modified to reflect increased debt service requirements resulting from the additional ten percent funding and, if approved, the additional \$92,610 in funding.
2. Proof of title to the well site in the form of a general warranty deed.
3. Division of Water approval evidencing that well tests support quantity and quality of water required by Kentucky Speedway.
4. A completed "authorization for electronic deposit of vendor payment" form.
5. The final "as bid" project budget and operating expenses certified by Ronald E. Gasteneau, P.E.

With respect to Standard Condition No. 9, no adjustment in utility service rates will be necessary in connection with this project. Further, the project is currently being reviewed by the Kentucky Public Service Commission ("PSC") for compliance with applicable statutes and regulations. Upon approval by the PSC, we will forward the same to your attention and to DLG along with the other standard conditions.

We appreciate your continued assistance in this matter. If you have any questions or require further information, please do not hesitate to contact me or Patrick Hughes at (606) 341-1881. We look forward to hearing from you with respect to the requests set forth in this letter.

Very truly yours,

DENNY FRENCH, Chairman
Gallatin County Water District

DF/dle
Encl.

cc: Mr. Robert Chandler
Q:\APPS\SHARE\DLE\Anderson,S 0105 00

99-493

DETERS, BENZINGER & LAVELLE, P.S.C.

Attorneys at Law

CHARLES H. DETERS
GERALD E. BENZINGER
JOHN C. LAVELLE
RICHARD G. MEYER
JAMES A. DRESSMAN III
KURT A. PHILLIPS, JR.
STEPHEN J. BREWER
ROBERT M. HOFFER
JOSEPH A. CLEVES, JR.
ROBERT G. STEVENS
DANIEL T. MISTLER
DAVID V. KRAMER
MARK D. GUILPOYLE
ELIZABETH GRAHAM WEBER
MATHEW R. KLEIN, JR.

THOMAS MORE PARK
2701 TURKEYFOOT ROAD
COVINGTON, KENTUCKY 41017
TELEPHONE (606) 341-1881
TELECOPIER (606) 341-1469

OTHER OFFICES
CINCINNATI, OHIO (513) 241-4110
HAMILTON, OHIO (513) 868-3663

PLEASE REPLY TO:

RECEIVED
JAN 04 2000
PUBLIC SERVICE COMMISSION

MICHAEL W. WESTLING
THOMAS R. SCHOENFELD*
JED K. DETERS
EDWARD M. ZERHUSEN
R. STEPHEN BURKE
WILLIAM J. MORAN, JR.*
PATRICK R. HUGHES
DAVID W. BURLEIGH
THOMAS W. RUMPKE
RACHEL PAYNE VARDIMAN
JAMES A. DIETZ
KELLY A. SCHOENING
JEREMY J. DETERS
DAVID B. BREWER

* Admitted in Ohio

JAMES A. DRESSMAN, JR.
OF COUNSEL

COVINGTON

December 29, 1999

Public Service Commission
Commonwealth of Kentucky
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

ATTN: Ms. Helen Helton, Executive Director

RE: Gallatin County Water District/Kentucky Speedway
Waterline Project

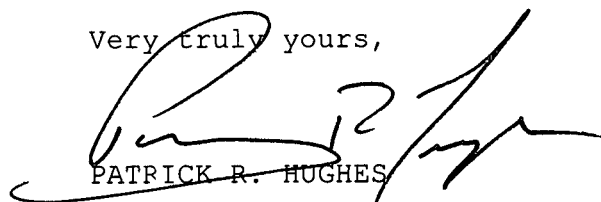
Dear Ms. Helton:

Enclosed are the originals and ten copies of the following items:

1. Project and Operation Costs
2. Bid Tabulation-Contract SPWY-I (3 pages); and
3. Bid Tabulation-Contract SPWY-II

Thank you for your attention to this matter. Please contact me with any questions.

Very truly yours,


PATRICK R. HUGHES

PRH/dle

Encl.

Q:\APPS\SHARE\DLE\L\Helton,H 122899

RECEIVED
JAN 04 2000
PUBLIC SERVICE COMMISSION

RECEIVED

JAN 04 2000

PUBLIC SERVICE
COMMISSION

GALLATIN COUNTY WATER DISTRICT
KY SPEEDWAY WATER SUPPLY
PROJECT AND OPERATION COSTS
27-Dec-99

PROJECT COSTS

CONSTRUCTION COST (Low bids 12-22-99)

Contract SPWY-I	\$195,082.00
Contract SPWY-II	\$198,536.00
Pipe	\$225,000.00

Engineering

Design	\$55,242.00
Construction Inspection	\$35,447.00

Contingencies @ 7% of Construction & Pipe

\$43,303.00

Total Estimated Project Cost

\$752,610.00

OPERATION COSTS (ANNUAL)

Pump Replacement	\$7,225.00
Line Maintenance	\$1,800.00
Chemicals	\$768.00
Electrical Power	\$8,581.00

Total Operation and Maintenance (Annual)

\$18,374.00

BID TABULATION
 OF BIDS RECEIVED FOR THE
 GALLATIN COUNTY WATER DISTRICT
 FOR CONTRACT SPWY 1
 BID DATE: DECEMBER 22, 1999

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	ELITE EXCAVATING		COOMER CONSTRUCTION CO.		KENNEY, INC.		ALPHA RECLAMATION CONTRACTING CORP.		GARRISON CONST. CO., INC	
				UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM
1	10" D.I. PIPE	LF	16,710	\$4.25	\$71,017.50	\$6.00	\$100,260.00	\$8.25	\$104,437.50	\$6.00	\$100,260.00	\$8.25	\$137,857.50
2	10" D.I. Restrained Joint Pipe	LF	600	\$5.00	\$4,000.00	\$6.10	\$4,860.00	\$6.50	\$5,200.00	\$10.00	\$8,000.00	\$9.35	\$7,480.00
3	10" CL 200 PVC Pipe (SDR 21)	LF	12,194	\$4.25	\$51,824.50	\$5.25	\$84,018.50	\$5.50	\$67,067.00	\$6.00	\$73,164.00	\$6.60	\$80,480.40
4	10" Resilient Seat Gate Valve	EA	6	\$1,500.00	\$9,000.00	\$1,085.00	\$6,510.00	\$920.00	\$5,520.00	\$1,200.00	\$7,200.00	\$875.80	\$5,253.60
5	10" Restrained Joint 45 Deg Bend	EA	1	\$500.00	\$500.00	\$380.00	\$380.00	\$495.00	\$495.00	\$200.00	\$200.00	\$429.00	\$429.00
6	10" Restrained Joint 90 Deg Bend	EA	6	\$500.00	\$3,000.00	\$420.00	\$2,520.00	\$500.00	\$3,000.00	\$300.00	\$1,800.00	\$428.00	\$2,574.00
7	16" Steel Casing Pipe, B & J	LF	175	\$175.00	\$30,625.00	\$63.00	\$11,025.00	\$130.00	\$22,750.00	\$110.00	\$19,250.00	\$137.50	\$24,062.50
8	10" Type II Creek Crossing	LF	75	\$75.00	\$5,625.00	\$35.00	\$2,625.00	\$100.00	\$7,500.00	\$90.00	\$6,750.00	\$73.70	\$5,527.50
9	10" Type III Creek Crossing	LF	45	\$50.00	\$2,250.00	\$30.00	\$1,350.00	\$75.00	\$3,375.00	\$70.00	\$3,150.00	\$66.00	\$2,970.00
10	3/4" By Pass Meter Assembly	EA	2	\$750.00	\$1,500.00	\$1,000.00	\$2,000.00	\$850.00	\$1,700.00	\$1,500.00	\$3,000.00	\$680.00	\$1,320.00
11	Air Release Valve Assembly	EA	1	\$1,500.00	\$1,500.00	\$1,000.00	\$1,000.00	\$800.00	\$800.00	\$700.00	\$700.00	\$522.50	\$522.50
12	Crushed Stone Bedding	TONS	394	\$20.00	\$7,880.00	\$8.50	\$3,349.00	\$13.00	\$5,122.00	\$10.00	\$3,940.00	\$8.80	\$3,467.20
13	Crushed Stone Roadway Repair	TONS	286	\$20.00	\$5,760.00	\$9.50	\$2,736.00	\$12.50	\$3,600.00	\$10.00	\$2,880.00	\$8.80	\$2,534.40
14	Blacktop Replacement	TONS	8	\$75.00	\$600.00	\$80.00	\$640.00	\$120.00	\$960.00	\$200.00	\$1,600.00	\$110.00	\$880.00

TOTAL BID \$195,082.00 \$203,293.50 \$231,526.50 \$231,894.00 \$275,358.60

We certify that the above is a true and accurate recording of the bids received by the Gallatin Co. Water District on December 22, 1999, at 10:00 A.M. for the Contract SPWY 1.

Ronald E. Gastineau
 Ronald E. Gastineau, P.E., Gastineau and Associates, Inc.

BID TABULATION
 OF BIDS RECEIVED FOR THE
 GALLATIN COUNTY WATER DISTRICT
 FOR CONTRACT SPWY 1
 BID DATE: DECEMBER 22, 1999

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	CHARLES CONTRACTING Co., Inc.		REYNOLDS, INC.		MUSIC CONSTRUCTION, INC		BECKNELL & COGHILL INC.		CLAY PIPE, INC.	
				UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM
1	10" D.I. PIPE	LF	16,710	\$10.50	\$175,455.00	\$9.00	\$150,390.00	\$10.00	\$167,100.00	\$11.90	\$198,849.00	\$12.00	\$200,520.00
2	10" D.I. Restrained Joint Pipe	LF	800	\$10.50	\$8,400.00	\$9.00	\$7,200.00	\$10.00	\$8,000.00	\$14.00	\$11,200.00	\$12.00	\$9,600.00
3	10" CI 200 PVC Pipe (SDR 21)	LF	12,194	\$7.00	\$85,358.00	\$9.00	\$109,746.00	\$7.00	\$85,358.00	\$9.00	\$109,746.00	\$12.00	\$146,328.00
4	10" Resilient Seat Gate Valve	EA	6	\$1,000.00	\$6,000.00	\$820.00	\$4,920.00	\$900.00	\$5,400.00	\$1,100.00	\$6,600.00	\$877.00	\$5,262.00
5	10" Restrained Joint 45 Deg Bend	EA	1	\$225.00	\$225.00	\$270.00	\$270.00	\$150.00	\$150.00	\$500.00	\$500.00	\$300.00	\$300.00
6	10" Restrained Joint 90 Deg Bend	EA	6	\$250.00	\$1,500.00	\$290.00	\$1,740.00	\$150.00	\$900.00	\$500.00	\$3,000.00	\$325.00	\$1,950.00
7	16" Steel Casing Pipe, B & J	LF	175	\$120.00	\$21,000.00	\$150.00	\$26,250.00	\$200.00	\$35,000.00	\$200.00	\$35,000.00	\$65.00	\$11,375.00
8	10" Type II Creek Crossing	LF	75	\$40.00	\$3,000.00	\$39.00	\$2,925.00	\$40.00	\$3,000.00	\$67.00	\$5,025.00	\$50.00	\$3,750.00
9	10" Type III Creek Crossing	LF	45	\$20.00	\$900.00	\$35.00	\$1,575.00	\$40.00	\$1,800.00	\$92.00	\$4,140.00	\$50.00	\$2,250.00
10	3/4" By Pass Meter Assembly	EA	2	\$400.00	\$800.00	\$805.00	\$1,210.00	\$500.00	\$500.00	\$500.00	\$1,000.00	\$1,125.00	\$2,250.00
11	Air Release Valve Assembly	EA	1	\$500.00	\$500.00	\$555.00	\$555.00	\$500.00	\$500.00	\$500.00	\$500.00	\$400.00	\$400.00
12	Crushed Stone Bedding	TONS	394	\$12.00	\$4,728.00	\$6.00	\$2,364.00	\$10.00	\$3,940.00	\$12.00	\$4,728.00	\$38.00	\$14,972.00
13	Crushed Stone Roadway Repair	TONS	288	\$12.00	\$3,456.00	\$9.00	\$2,592.00	\$10.00	\$2,880.00	\$12.00	\$3,456.00	\$38.00	\$10,944.00
14	Blacktop Replacement	TONS	8	\$100.00	\$800.00	\$134.00	\$1,072.00	\$100.00	\$800.00	\$125.00	\$1,000.00	\$80.00	\$640.00

TOTAL BID

\$312,122.00

\$312,809.00

\$315,028.00

\$384,744.00

\$414,041.00

BID TABULATION
OF BIDS RECEIVED FOR THE
GALLATIN COUNTY WATER DISTRICT
FOR CONTRACT SPWY 1
BID DATE: DECEMBER 22, 1999

ITEM NO.	ITEM	UNIT	ESTIMATED QUANTITY	JAMES PARSONS CONST. CO., Inc.		LONKARD CONSTRUCTION		SEEVERS EXCAVATING, Inc.	
				UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM	UNIT PRICE	COST OF ITEM
1	10" D.I. PIPE	LF	16,710	\$14.00	\$233,940.00	\$15.25	\$254,827.50	\$26.00	\$434,460.00
2	10" D.I. Restrained Joint Pipe	LF	800	\$16.00	\$12,800.00	\$15.50	\$12,400.00	\$40.00	\$32,000.00
3	10" CL 200 PVC Pipe (SDR 21)	LF	12,194	\$10.00	\$121,940.00	\$14.00	\$170,716.00	\$24.00	\$292,656.00
4	10" Resilient Seal Gate Valve	EA	6	\$1,000.00	\$6,000.00	\$850.00	\$5,100.00	\$1,100.00	\$6,600.00
5	10" Restrained Joint 45 Deg Bend	EA	1	\$800.00	\$800.00	\$500.00	\$500.00	\$500.00	\$500.00
6	10" Restrained Joint 90 Deg Bend	EA	6	\$800.00	\$4,800.00	\$500.00	\$3,000.00	\$500.00	\$3,000.00
7	16" Steel Casing Pipe, B & J	LF	175	\$190.00	\$33,250.00	\$100.00	\$17,500.00	\$400.00	\$70,000.00
8	10" Type II Creek Crossing	LF	75	\$40.00	\$3,000.00	\$60.00	\$4,500.00	\$150.00	\$11,250.00
9	10" Type III Creek Crossing	LF	45	\$40.00	\$1,800.00	\$50.00	\$2,250.00	\$100.00	\$4,500.00
10	3/4" By Pass Meter Assembly	EA	2	\$800.00	\$1,600.00	\$850.00	\$1,700.00	\$700.00	\$1,400.00
11	Air Release Valve Assembly	EA	1	\$500.00	\$500.00	\$900.00	\$900.00	\$1,500.00	\$1,500.00
12	Crushed Stone Bedding	TONS	394	\$12.00	\$4,728.00	\$15.00	\$5,910.00	\$16.00	\$6,304.00
13	Crushed Stone Roadway Repair	TONS	288	\$12.00	\$3,456.00	\$20.00	\$5,760.00	\$16.00	\$4,608.00
14	Blacktop Replacement	TONS	8	\$80.00	\$640.00	\$150.00	\$1,200.00	\$100.00	\$800.00

TOTAL BID

\$429,254.00

\$486,263.50

\$869,578.00

**BID TABULATION
 OF BIDS RECEIVED FOR THE
 GALLATIN COUNTY WATER DISTRICT
 FOR CONTRACT SPWY II
 BID DATE DECEMBER 22, 1999**

ITEM NO.	ITEM	Reynolds Inc.	Moody's of Dayton, Inc.
		COST	COST
1	Well Including Pump & Controls	\$74,788.00	\$118,800.00
2	Meter Pit	\$15,500.00	\$21,000.00
3	Chemical Feed	\$88,250.00	\$74,000.00
4	Site Grading & Surface Restoration	\$4,000.00	\$5,000.00
5	1157 linear feet of 6' high chain link fence including one 1-12' wide double gate and 3 strands of barbed wire per KYDOT Specifications	\$18,000.00	\$15,000.00
TOTAL BID		\$198,538.00	\$231,600.00

We certify that the above is a true and accurate recording of the bids received by the Gallatin Co. Water District on December 22, 1999, at 10:00 A.M. for the Contract SPWY II.

 12/27/99
 Ronald E. Gastineau, P.E., Gastineau and Associates, Inc.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-493
GALLATIN COUNTY WATER DISTRICT

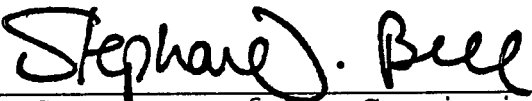
I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on January 25, 2000.

Parties of Record:

Tammy Hendren
Secretary
Gallatin County Water District
Box 159
Warsaw, KY. 41095

Honorable Patrick R. Hughes
Attorney for KY Speedway, LLC
Deters, Benzinger & LaVelle, PSC
Thomas More Park
2701 Turkeyfoot Road
Covington, KY. 41017

Denny French
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095


Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF GALLATIN COUNTY)
WATER DISTRICT FOR A CERTIFICATE OF)
PUBLIC CONVENIENCE AND NECESSITY TO) CASE NO. 99-493
CONSTRUCT AND FINANCE AN IMPROVEMENTS)
PROJECT)

O R D E R

On December 10, 1999, Gallatin County Water District ("Gallatin District") applied for a Certificate of Public Convenience and Necessity to construct a \$752,610 waterworks improvement project and for approval of its plan for financing the project.

The proposed project includes the construction of a ground water well system, a chlorine and fluoride building, approximately 30,000 linear feet of 10-inch water transmission main and its related appurtenances to provide water service to Kentucky Speedway, LLC ("Kentucky Speedway") and the surrounding communities. The Division of Water of the Natural Resources and Environmental Protection Cabinet has approved the plans and specifications for the proposed project, prepared by Gastineau and Associates, Inc. of Nicholasville, Kentucky. The project is to be funded pursuant to a loan from Kentucky Infrastructure Authority ("KIA") in the amount of \$660,000 and a Funding Agreement with Kentucky Speedway guaranteeing the remaining \$92,610.

The Commission, having reviewed the evidence of record and being otherwise sufficiently advised, finds that:

1. Public convenience and necessity require that the construction proposed be performed and that a Certificate of Public Convenience and Necessity be granted.
2. The proposed construction consists of a ground water well system, a chlorine and fluoride building, approximately 30,000 linear feet of 10-inch water transmission main, and its related appurtenances.
3. Gallatin District should obtain approval from the Commission prior to performing any additional construction not expressly authorized by this Order.
4. Any deviation from the construction or financing approved should be undertaken only with the prior approval of the Commission.
5. Gallatin District should furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Construction costs should be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.
6. Gallatin District should require construction to be inspected under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering.
7. The financing plan proposed by Gallatin District is for lawful objects within the corporate purpose of its utility operation, is necessary and appropriate for and consistent with the proper performance of the utility's service to the public and will not impair its ability for such purpose. It should, therefore, be approved.