

OHIO COUNTY WATER DISTRICT

OHIO COUNTY COMMUNITY CENTER

130 East Washington Street • Suite 206 • P.O. Box 207 • Hartford, Kentucky 42347
270-298-7704 • 1-800-953-2880

May 13, 2004

Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RE: Rockport Water System - Letter Dated April 29, 2004

To Whom It May Concern:

This letter is to better explain the funds used to acquire the City of Rockport Water Distribution System. Rockport had two loans on the Distribution System:

- (1) Central Bank and Trust Company, Lexington, KY in the amount of \$288,061.58
- (2) GRADD in the amount of \$35,063.77

The total loans were \$323,125.35.

The Rockport loans and the cost for the necessary connections between Ohio County Water District and Rockport Water System were paid in full by Ohio County Water District with two separate Coal Severance Grants:

- (1) \$281,072.63
- (2) \$232,260.00

Rockport loans were paid in full as of May 12, 2004. Enclosed is a copy of the engineering report and the agreement with the City of Rockport.

Sincerely,

Ohio County Water District



Walt Beasley, General Superintendent

st/enc

RECEIVED
MAY 19 2004
PUBLIC SERVICE
COMMISSION
2004-00157

RECEIVED
MAY 17 2004

FINANCIAL ANALYSIS

Frank Martin Law Office

Telephone No. (270) 298-3283

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Otto C. Martin (1890-1962)
Earl F. Martin (1917-1980)
E. F. Martin, Jr., "Frank"

408 South Main Street
Hartford, Ky. 42347

August 7, 2003

Mr. Walt Beasley, Superintendent
Ohio County Water District
Washington Street
Hartford, Ky. 42347

Hon. Kermit Geary, Jr.
Mayor, City of Rockport
P.O. Box 128
Rockport, Ky. 42369

In RE: Petition to Ohio County Judge/Executive

Dear Walt & Mayor Geary:

You will find enclosed with this letter to each of you a signed copy of the Petition which was today filed with the Ohio County Judge/Executive Wayne Hunsaker.

Please keep this Petition with the appropriate minutes of its approval by your Board or in other permanent records which you should maintain on this project.

Yours truly,



Frank Martin

Mlm

Enc.

COMMONWEALTH OF KENTUCKY
OHIO COUNTY

TO: Hon. Wayne Hunsaker
Ohio County Judge/Executive

PETITION FOR ENLARGEMENT OF OHIO COUNTY WATER DISTRICT
TERRITORIAL LIMITS TO INCLUDE THE CITY OF ROCKPORT,
KENTUCKY AND ITS WATER SERVICE AREA

Comes the Board of Commissioners of the Ohio County Water District, acting by and through its Chairman, joined by the City of Rockport, Kentucky, acting by and through its Mayor, and pursuant to KRS 74.110, file this Petition with the Honorable Wayne Hunsaker, Judge/Executive of Ohio County, Kentucky, seeking an order approving the addition to or enlargement of the Ohio County Water District territorial limits to include the City of Rockport, Kentucky and that portion of Ohio County which is presently served by the water system of Rockport, Kentucky, more particularly identified as described in Exhibit "A" attached hereto.

The boundary description of the City of Rockport and service area which the Ohio County Water District seeks to have included in its territorial limits was excluded from the territorial limits of the Ohio County Water District by Order of Ohio County Judge/Executive Theron Kessinger, dated November 21, 1978, and recorded in Court Order Book 37, Page 448, office of the Ohio County Clerk.

This Petition is filed in order that the Ohio County Water District may be legally authorized to acquire and operate all that portion of the existing Rockport Municipal Water System and facilities as is necessary in order to be able to supply dependable, safe, potable water for the existing customers of the Rockport Municipal System in accordance with the "Agreement" by and between the City of Rockport and the Ohio County Water District entered into under date of May 1, 2003, which is attached hereto as Exhibit "B".

The acquisition of the Rockport Municipal Water System in accordance with the terms of said "Agreement" is necessary and desirable in view of the inability of the City of Rockport to meet its Bond and Infrastructure Revolving Loan Fund indebtednesses incurred by the City of Rockport in connection with the operation and maintenance of the Municipal Water System, both of which indebtednesses are now in default.

Upon the approval of this Petition and entry of an Order enlarging the boundaries of the Ohio County Water District to include the City of Rockport and its water service area, the Ohio County Water District has contracted, subject to approval of the Kentucky Public Commission, to assume the Bond and Loan indebtednesses of the City of Rockport against the said Municipal Water System and it has further contracted to provide a permanent water supply and service to the citizens of Rockport and to the customers of the City's water system, which service and provision of a safe, potable water supply is necessary for the protection of the public health, for fire protection, and for the safety and well being of the said citizens of the City of Rockport and its water service area; as well as providing for a dependable water supply that will result in an increase in the land values within the said City of Rockport and surrounding areas of Ohio County.

The Ohio County Judge/Executive is requested to publish a notice of this Petition pursuant to the publication requirement of KRS 424, and upon thirty (30) days public notice by such publication, to set this Petition for a hearing upon any objections or exceptions filed by any resident of the Ohio County Water District or of the territory proposed to be annexed by enlargement of the District's boundaries pursuant to this Petition.

At the conclusion of said hearing should the Ohio County Judge/Executive find that the enlargement of the District's territorial limits in accordance with this Petition is

reasonably necessary and desirable then an Order in compliance with KRS 74.110 should be entered.

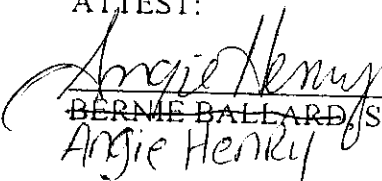
In accordance with KRS 74.120 and Ordinance 03-001 enacted by the Board of Commissioners of the City of Rockport under date May 22, 2003, the City of Rockport by and through its Mayor, joins in filing this Petition and seeking approval of an Order enlarging the boundaries of the Ohio County Water District to include the City of Rockport and its water service area as herein identified or described. See attached Exhibit "C"

This 7th day of ~~July~~ ^{August}, 2003.

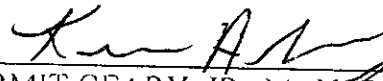
BOARD OF COMMISSIONERS OHIO
WATER DISTRICT:

BY: 
HENRY MORGAN, CHAIRMAN

ATTEST:


~~BERNIE BALLARD~~, SECRETARY
Angie Henry

CITY OF ROCKPORT, KENTUCKY

BY: 
KERMIT GEARY, JR., MAYOR

ATTEST

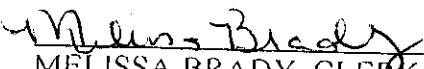

MELISSA BRADY, CLERK

EXHIBIT "A"

BOUNDARY DESCRIPTION OF THE CITY OF ROCKPORT AND ITS WATER SERVICE AREA TO BE INCLUDED IN THE OHIO COUNTY WATER DISTRICT'S TERRITORIAL LIMITS.

Beginning at a point located in the Ohio County and Muhlenberg County line and in the middle of Green River, said point being 1400 feet Northwest of the bridge on Highway #62, thence in a Northeastern direction to a point in Lewis Creek which point is located approximately 1200 feet West of the Lewis Creek Bridge on Highway #62; thence in a Northern direction to a point located 1,000 feet West of the intersection of Highway #85 and Maddox Lane, thence in a Eastern direction with Maddox Lane to a culvert in Highway #62; thence in a Southern direction to a point located approximately 1,200 feet East of the Lewis Creek Bridge in Highway #62; thence in a Eastern direction to the center of the Old County Road (also called Jake Sailing's Lane); thence in a Southeastern direction to the Ken Mines Y on the Illinois Central Rail Road; thence in a Southwestern direction with the Illinois Central Railroad approximately 6,699 feet, plus or minus, to the intersection with the Old Echols Road; thence in a Southern direction to the intersection with the Northern right of way line to the Western Kentucky Parkway; thence along the Northern right of way of the Western Kentucky Parkway to the Ohio County-Muhlenberg County lines in the center of Green River; thence with said boundary in a Northwestern direction to the point of beginning.

AGREEMENT

This Agreement is entered this 1st day of May, 2003, by and between the City of Rockport, Kentucky, whose address is City Hall, U.S. Highway 62 West, Rockport, Kentucky 42328 (the "City"), and the Ohio County Water District, 130 East Washington Street, Hartford, Kentucky 42347 (the "District"). The parties agree as follows:

1. For and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, City agrees to sell and the District agrees to purchase all property, real, personal, or mixed, including but not limited to its easements, equipment, accounts receivable, deposit accounts, and rights to obtain grants, loans, or other financing, and all existing or future rights to provide water service to customers in the City's service territory belonging to the City at the date of closing; provided, however there is excluded from said purchase the City's existing water plant and intake structure (the "Excluded Property"). As part of the transaction, the City will request that the District serve the City's territory and the City will consent to the District's continuing service of customers in the City's territory. As further consideration and an inducement for the District to acquire the water system of the City, assume the indebtedness against the City's water system as here-in-below set out, and to accept the responsibility for providing water service to the customers of the water system, the City covenants and agrees that the District shall have the exclusive right to provide such water service within the City's territory as here-in-below defined, and the City hereby consents to the District's exclusive continuing service to all water service users in the City's territory for a period of Fifty (50) years from the date of closing as here-in-below determined.

2. A map of the City's service territory as of the date of execution of this Agreement is attached as Exhibit A to this Agreement and the City warrants to the District that it has the right to provide water service within the territory delineated as of the date of execution and that it shall take no action which would reduce its territory or its right to provide water service within the territory after execution of this Agreement.

3. The date of closing shall be seventy-five (75) days following approval of this Agreement by the Kentucky Public Service Commission and any other regulatory or lending institution having the right to approve the transfer of control from the City to the District (including receipt of approval from the holders of any debt instruments secured by the revenues of the City's water system having the right to approve the assumption of the City's debt by the District.)

4. The City shall convey all of its water system assets and property as here-in-above described or identified to the District free of all encumbrances excepting only two indebtednesses on its water system which the District shall assume and pay, including the principle balances and all accumulated interest through date of closing, to-wit:

(A) The \$315,000 Lease/Purchase Agreement dated as of October 1, 1998 between the Kentucky Municipal Finance Corporation and the City of Rockport, Kentucky and the related \$315,000 Certificates of Participation (City of Rockport, Kentucky Water System Revenue

Project) Evidencing Proportionate Interest in Rental Payments to be Paid by City of Rockport, Kentucky, in the aggregate principal unpaid amount of \$295,000; and

(B) The GRADD Infrastructure Revolving Loan Fund debt with balance owing of \$33,571.37

The District does not assume any accounts payable or any other debts of the City.

5. The City shall not sell, encumber, or otherwise dispose of any of its City water system assets or property without the advanced written consent of the District.

6. The District may, in its sole discretion, elect to retain current employees of the City. The District shall not be obligated to do so, and any employees so retained shall be employed upon such terms as the District and such employees shall agree.

7. The City shall join the District as a joint petitioner for approval of this Agreement by the Kentucky Public Service Commission and shall provide all reasonable assistance, including the execution of necessary documents, as may be requested by the District for the District to obtain the approval of this Agreement by the Kentucky Public Service Commission and any other regulatory body, lending institution or holders of debt instruments of either the City or the District, which has the right, either by statute or contract, to approve this Agreement.

8. The District shall provide all reasonable assistance, including the execution of necessary documents, as may be requested by the City, for the City or the District to obtain any grants or appropriations for which the City has made or may make application with respect to the City's current water system (other than the Excluded Property) prior to the closing of the purchase and sale.

9. The City shall take all necessary action to ensure that all warranties on construction performed on its water system and on all equipment to be transferred to the District, including, without limitation, tanks, hydrants, valves and water mains, are assigned or transferred to the District in such manner that the District shall, upon closing, receive the benefit of all rights previously accruing to The City.

10. All tap-on fees received by the City for which the City has not completed the tap-on or customer water service connection by "closing date" shall be accounted for separately by the City and such tap-on fees transferred to the District on the said "closing date".

11. The City represents and warrants that it has made a full and complete disclosure to the District of its financial condition and has withheld no material information which would affect the financial terms of this Agreement. The City further agrees to provide to the District all additional material information it receives concerning its financial status and operations prior to the closing of this purchase and sale.

12. Upon closing of the purchase and sale, the District shall charge water customers previously served by the City the same rates and charges as are charged to the District's customers in accordance with schedules filed and approved by the Kentucky Public Service Commission.

13. Upon closing of the purchase and sale, the District shall provide the same level of maintenance and repair to all customers of its system.

14. Upon closing of the purchase and sale, the District shall use its best efforts to extend service to those persons within the City's service territory who do not currently have water service.

15. The City will deliver in writing to the District, if required or requested, at the closing of the purchase and sale the City's written request that the District serve its territory and the City's written consent for the District to provide water service to customers within the City's service territory.

16. After the closing of the purchase and sale, the City will not provide water service to customers within its service territory unless it has received the prior written approval of the District to do so.

17. The City shall make its books and records available for inspection by the District and its authorized representatives during the City's normal business hours and shall provide copies of all necessary contracts, deeds, inventories, and other documents which may be necessary to prepare the application to the Kentucky Public Service Commission for approval of the transfer and for closing of the purchase and sale.

18. This Agreement is the entire understanding of the parties relating to its subject matter, supersedes any other written or oral agreements between the parties, and may not be altered or amended except in a writing signed by the parties.

19. The parties represent each to the other that they have full power and authority to enter this Agreement and that all necessary official actions have been lawfully taken and duly recorded to empower their authorized representatives to execute this Agreement.

20. The obligations, representations and warranties of the parties shall survive the execution of this Agreement and the closing of the transaction contemplated by it.

WITNESS the signatures of the parties to duplicate originals hereof by and through their authorized representatives on the day and year first above written.

CITY OF ROCPORT, KENTUCKY

OHIO COUNTY WATER DISTRICT

BY: Nancy Roop
~~Kenneth Geary, Mayor~~

BY: Henry Morgan
Henry Morgan, Chairman

Nancy Roop, Mayor, Pro-Tem

COMMONWEALTH OF KENTUCKY
COUNTY OF OHIO

This is to certify the foregoing agreement was executed by the City of Rockport, Kentucky, by and through ~~Kermit Geary~~, Mayor, this 22 day of May, 2003, as its free act and deed.

Nancy Abood
MAYOR PRO TEM

Walt Beasley
NOTARY PUBLIC
Commonwealth at Large
My Commission expires 8/17/05

COMMONWEALTH OF KENTUCKY
COUNTY OF OHIO

This is to certify the foregoing agreement was executed by the Ohio County Water District, by and through Henry Morgan, Chairman, this 27 day of May, 2003, as its free act and deed.

Jenna P... ..
NOTARY PUBLIC
Commonwealth at Large
My Commission expires 7/8/04

ORDINANCE 03-001

AN ORDINANCE OF THE CITY OF ROCKPORT BOARD APPROVING AN AGREEMENT WITH THE OHIO COUNTY WATER DISTRICT FOR THE SALE AND TRANSFER OF THE CITY'S WATER SYSTEM ASSETS AND CUSTOMERS TO THE DISTRICT, EXCLUDING THE CITY'S EXISTING WATER PLANT AND INTAKE STRUCTURE, IN CONSIDERATION OF THE DISTRICT ASSUMING THE INDEBTEDNESSES OF THE CITY TO THE KENTUCKY MUNICIPAL FINANCE CORPORATION AND TO THE GREEN RIVER AREA DEVELOPMENT DISTRICT.

WHEREAS, the City is the owner and operator of a municipal water system providing water service to customers within the City's service territory; and,

WHEREAS, the City is in default upon an indebtedness made to the Kentucky Municipal Finance Corporation, and also upon a loan from Green River Area Development District's Infrastructure Revolving Loan Funds; and,

WHEREAS, extensive negotiations have occurred to reach an Agreement between the City and the Ohio County Water District to arrive terms and conditions by which the City shall transfer the water system assets and customers to the District and the District shall assume the liability for full payment of the outstanding indebtedness by the City to Kentucky Municipal Finance Corporation and to the Green River Area Development District; and,

WHEREAS, an Agreement has been completed and the contractual terms and conditions for the City to sell its water system assets, excluding the City's water plant and intake structure, together with the right to serve customers within the City's service territory to the District, upon the assumption of the full liability for payment of the aforementioned indebtednesses of the City;

NOW THEREFORE BE IT ORDAINED by the Board of Commissioners of the City of Rockport as follows:

SECTION 1. That in order to assure the ongoing continuing and future supply of a safe, sanitary, potable water supply to those customers within the City's water service territory, and to satisfy requirements for a continuing adequate supply of water for fire protection and business and economic development within the City and its water service territory, the "Agreement" between the City of Rockport and the Ohio County Water District dated as of the 1st day of May, 2003, and incorporated into and made a part of the official Minutes of the Board of Commissioners at the

EXHIBIT "C"

meeting held on May 6, 2003, shall be and is now approved as a binding and contractual agreement between the City and the District.

SECTION 2. That the Mayor of the City of Rockport shall be and is now authorized to execute the said "Agreement" between the City and the District, and further to execute, perform, and carry out all other obligations and responsibilities required on behalf of the City under the terms and conditions of said Agreement.

SECTION 3. That the Mayor and all other officers and employees of the City are now directed to provide their full cooperation and assistance to facilitate the successful and timely fulfillment of all obligations, duties, and responsibilities required on the part of the City by said "Agreement" in order to expedite the transition that will allow the District to provide all such services for the customers within the City's service territory as are set out and provided for in said "Agreement".

This Ordinance shall go in effect immediately upon passage.

FIRST READING: May 6th, 2003.

SECOND READING AND ADOPTED: May 22nd, 2003.

ATTEST:

Nancy Roop
Kermit Geary, Mayor

Nancy Roop, Mayor-Pro-Tem

Melissa Bradley
City Clerk

OHIO COUNTY WATER DISTRICT
OHIO COUNTY, KENTUCKY

ENGINEERING REPORT

**WATER SYSTEM IMPROVEMENTS
TO SERVE THE CITY OF ROCKPORT**

FEBRUARY, 2004

BOARD OF COMMISSIONERS:

Henry Morgan, Chairman
Angie Henry, Secretary
Bernard Ballard, Treasurer
Waymon Cambron
Julie Cartwright
James "Dewayne" Johnson
Harry Storm

DISTRICT SUPERINTENDENT:

Walt Beasley
Ohio County Water District
130 East Washington Street
Hartford, KY 42347

ATTORNEY:

Frank Martin, Attorney
408 North Main
Hartford, KY 42347

CERTIFIED PUBLIC ACCOUNTANT:

W. Gerald Watts, CPA
Clements, Guthrie & Robinson, LLP
130 Veller Drive
Beaver Dam, KY 42320

CONSULTING ENGINEER:

Rod H. Martin, P.E.
Hunter Martin & Associates, Inc.
3220 Lone Oak Road
Paducah, KY. 42003

**OHIO COUNTY WATER DISTRICT
OHIO COUNTY, KENTUCKY**

**ENGINEERING REPORT
WATER SYSTEM IMPROVEMENTS
TO SERVE THE CITY OF ROCKPORT**

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1. GEOGRAPHY AND POPULATION OF OHIO COUNTY:

1.1. Geography.

Ohio County is located in Kentucky's Western Coal Field Region, which is a major coal producing area of the State. The County is bounded on the Southwest by the Green River and lies adjacent to McLean County, Daviess County, Hancock County, Breckinridge County, Grayson County, Butler County, and Muhlenberg County. Ohio County is the fifth largest County in the State of Kentucky with approximately 593 square miles or 379,520 acres of land area.

The topography of the County is hilly and rocky with elevations ranging from approximately 390 MSL along the Green River on the Southwestern side of the County to approximately 700 MSL throughout the Central and Northeastern parts of the County. Several areas throughout the County are reclaimed strip mine ground, which provides a terrain with moderate slopes, but the majority of the County is dominated by terrain having steep slopes and abrupt changes in elevation.

Figure 1 on Page 5 is a General Location Map showing Kentucky Counties and their relationship to Ohio County.

1.2. Population.

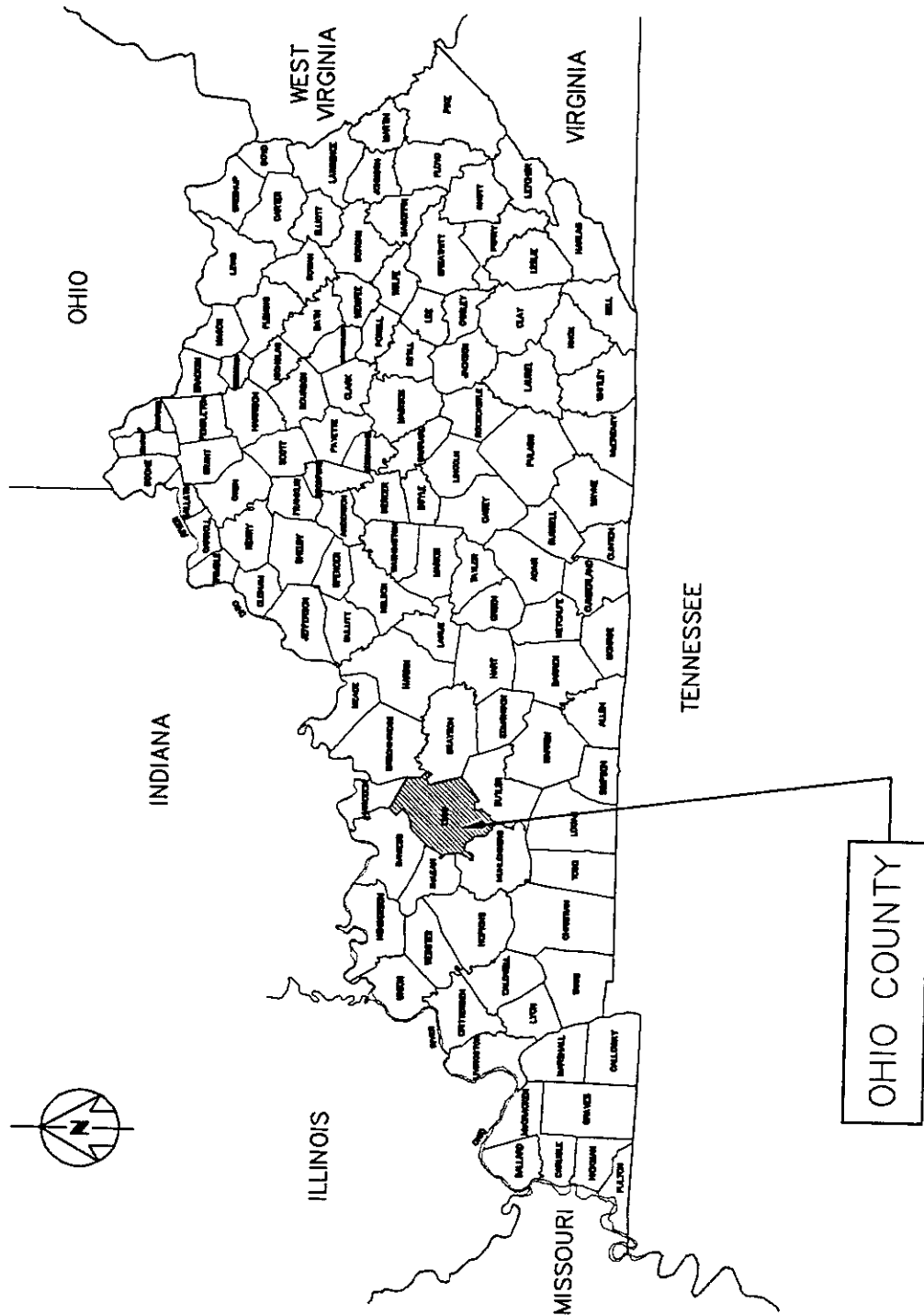
Based on the 2000 Census, the population of Ohio County was 22,916 persons or 46th in the State. Hartford, the County Seat, had an estimated population of 2,571 persons in 2000. Beaver Dam, which is located just South of Hartford, had the largest population in the County with approximately 3,033 persons. Other cities within Ohio County, listed in the order of largest population first, are Fordsville (531); Centertown (416); McHenry (324); and Rockport (263).

Population projections for Ohio County and some of the cities located in the County are shown in the following table.

**Table 1
OHIO COUNTY, KENTUCKY
POPULATION PROJECTIONS**

	1980 Census	1990 Census	2000 Census	2005 Projection	2010 Projection	2020 Projection
OHIO COUNTY	21,765	21,105	22,916	24,119	25,271	27,413
MUNICIPALITIES: **						
Beaver Dam	3,185	2,904	3,033	3,192	3,345	3,628
Hartford	2,512	2,532	2,571	2,706	2,835	3,076
Fordsville	561	522	531	559	588	635
Centertown	462	383	416	459	459	498
McHenry	582	414	324	357	357	388
Rockport	511	385	263	290	290	315

** Population projections for Municipalities are based on the same percent of the total population as shown for the 2000 Census.



HUNTER MARTIN & ASSOCIATES, INC.
ENGINEERS & SURVEYORS
 3220 LONG CREEK ROAD • PADUCAH, KENTUCKY 42003
 (502) 534-2737 • FAX (502) 564-2738

Drawn by KH
 Checked by RM
 Title KENTUCKY
 Date 10/18/02
 Project

FIGURE 1
KENTUCKY COUNTIES
OHIO COUNTY WATER DISTRICT

Sheet
1
 of sheets

1.3. Work Force.

Ohio County is basically a rural area with a civilian labor force of approximately 2,394 persons. Agricultural related jobs utilize approximately a third of the work force. The remaining jobs are related to those of manufacturing, government, service, trade and construction industries.

2. INFRASTRUCTURE OF OHIO COUNTY:

2.1. Transportation.

Two major, multi-lane parkways are located in Ohio County. The Wendell H. Ford Parkway (formally Western Kentucky Parkway) runs in an East-West direction through the County and has two interchanges within ten miles of Hartford. It connects with Interstate 24 approximately 85 miles West of Hartford and with Interstate 65 and the Blue Grass Parkway approximately 72 miles East of Hartford.

The William H. Natcher Parkway (formally Green River Parkway) runs in a North-South direction through the County and intersects the Wendell H. Ford Parkway approximately 5 miles East of Beaver Dam and has an interchange approximately 2 miles East of Hartford. This Parkway connects Owensboro, Kentucky and the Audubon Parkway approximately 26 miles Northwest of Hartford and Bowling Green, Kentucky, and Interstate 65 approximately 49 miles Southeast of Hartford.

Other major highways serving Ohio County include U.S. Highway 62, U.S. Highway 231 and Ky. Highway 69. Figure 2 on Page 7 is a General Highway Map showing State and Federal Highways within Ohio County.

The local airport provides chartered air freight services and serves the area with a 4,500 foot lighted runway. The nearest regional airport is located at Owensboro, approximately 29 miles Northwest of Hartford. The nearest scheduled commercial airline service is at Evansville, Indiana, located approximately 66 miles Northwest of Hartford.

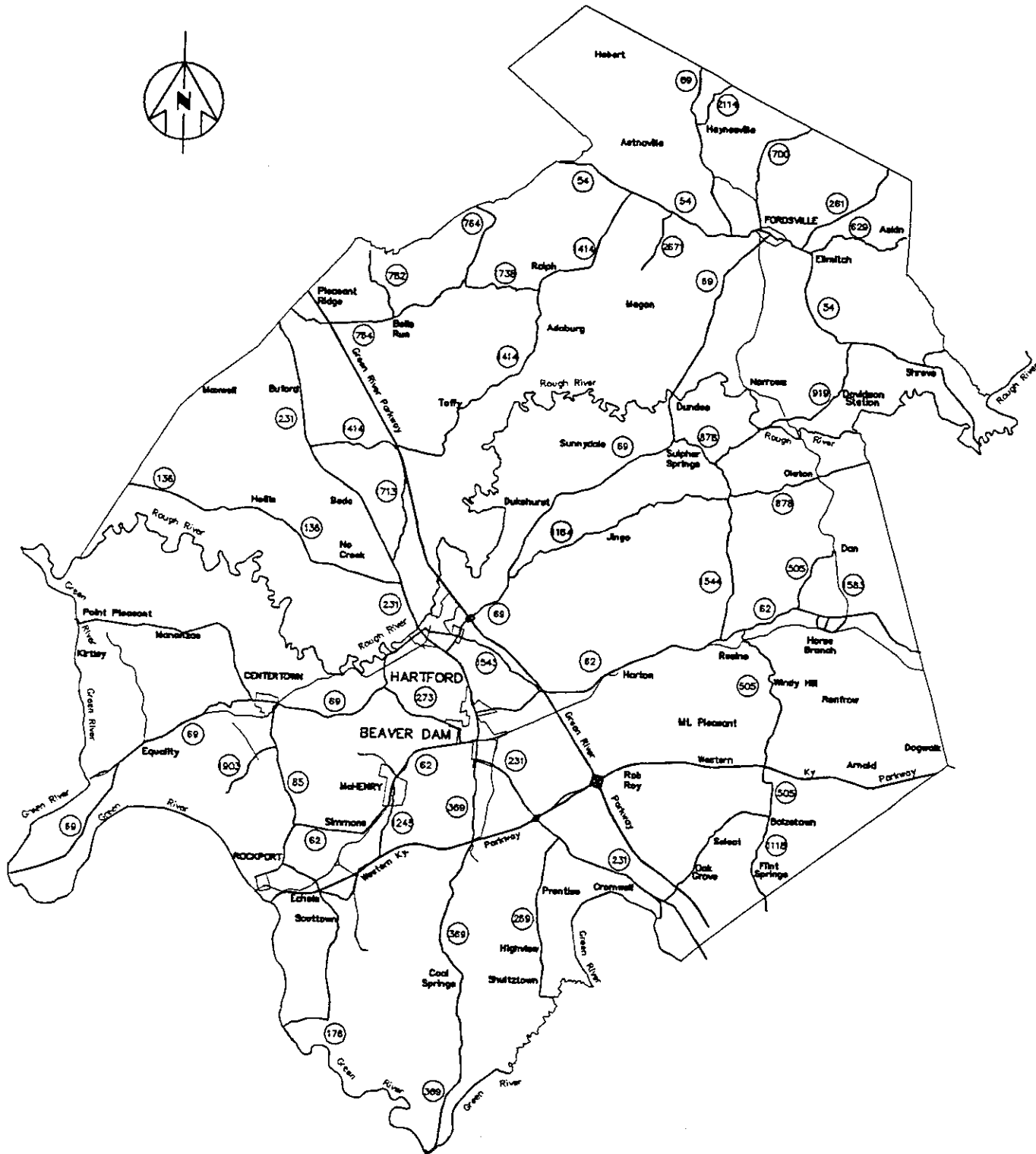
The Green River, located along the Southwestern border of Ohio County, is a nine foot navigation channel that is maintained from Rochester to its confluence with the Ohio River. Several coal-loading docks are located along the river through Ohio County. A public riverport facility is located near Owensboro approximately 26 miles Northwest of Hartford.

2.2. Electricity.

The Northern and Western portions of Ohio County are served with electricity by Green River Electric Corporation and Meade County Rural Electric Cooperative Corporation. The source of power for each of these companies is Big Rivers Electric Corporation.

Beaver Dam, Hartford and portions of Southwestern Ohio County are served with electricity by Kentucky Utilities Company, which has its own source of supply.

The Southern and Eastern portions of Ohio County are served with electricity by Warren Rural Electric Cooperative Corporation, which has as its source of supply the Tennessee Valley Authority.



HUNTER MARTIN & ASSOCIATES, INC.
ENGINEERS & SURVEYORS
 3220 LONE OAK ROAD • PADUCAH KENTUCKY 42003
 (270) 504-2727 • FAX (270) 504-2738

Drawn by: KIH
 Checked by: RIM
 P/E: O-COUNTY
 Date: 10/18/02
 Project: _____

FIGURE 2
GENERAL HIGHWAY MAP
OHIO COUNTY WATER DISTRICT

Sheet
2

2.3. Natural Gas.

Beaver Dam, Hartford, and Fordsville are served with natural gas by Western Kentucky Gas Company. The source of supply for Western Kentucky Gas is Texas Gas Transmission Corporation.

2.4. Potable Water Facilities.

In addition to the Ohio County Water District, there are other public water supply systems in Ohio County. Hartford owns and maintains its own treatment and distribution facilities. Beaver Dam owns its own distribution system and purchases water from Ohio County Water District. Centertown owns its distribution system and purchases its water from Hartford.

The City Of Fordsville owns its distribution and treatment facilities but is in the process of taking its treatment facilities off line in order to purchase water from the Ohio County Water District. Ownership and operation of the distribution will remain with the City Of Fordsville.

The City Of Rockport also owns its distribution and treatment facilities. With this project the treatment plant will be taken off line and the Ohio County Water District will assume ownership of the distribution system.

Perdue Farms, Inc. owns and operates a 3.0 MGD water treatment plant for its own use. Perdue Farms, Inc. provides Ohio County Water District with up to 1.0 MGD at a cost of \$0.00 per 1,000 gallons. The District adds fluoride and boosts the concentration of chlorine before pumping the treated water to the Eastern side of its service area.

2.5. Wastewater Facilities.

Hartford, Beaver Dam, and Centertown each have their own municipally owned wastewater collection and treatment facilities. Perdue Farms, Inc. has its own facility for treatment of the waste from the poultry processing plant. The remaining areas throughout the County are served by individual onsite systems, such as septic tanks with field tile.

3. OHIO COUNTY WATER DISTRICT - GENERAL INFORMATION:

3.1. Formation And Organization.

Ohio County Water District of Ohio County, Kentucky, was created by virtue of Chapter 74 of the Kentucky Revised Statutes, pursuant to Order No. 138 by the County Court of Ohio County, Kentucky, duly entered on April 2, 1962. The regulatory agencies for the District are the Public Service Commission and the Department For Environmental Protection, Division Of Water.

Additional territories in and around Ohio County were annexed as follows:

- a. In Ohio County by Orders of the Ohio County Court dated April 27, 1964, and November 21, 1978.
- b. In Daviess County by Orders of the Daviess County Court dated September 27, 1965, and July 31, 1976.
- c. In Grayson County by Order of the Grayson County Court dated January 29, 1985.
- d. In McLean County by Order of the McLean County Court dated January 14, 1985.

e. In Butler County by Order of the Butler County Court dated January 29, 1985.

The governing body of Ohio County Water District consists of 7 Commissioners. Five of the Commissioners are duly appointed by the County Judge Executive of Ohio County with approval of the Fiscal Court. The remaining 2 are appointed by the County Judge Executive of Daviess County with the approval of that Fiscal Court. The present Commissioners are:

Henry Morgan, Chairman	James "Dewayne" Johnson
Angie Henry, Secretary	Harry Storm
Bernard Ballard, Treasurer	
Waymon Cambron	
Julie Cartwright	

3.2. Customer Base.

Table 2
OHIO COUNTY WATER DISTRICT
USAGE FOR YEAR ENDING DECEMBER, 2002

	Annual Customers	Annual Gallons Sold	2,000	18,000	30,000	50,000	100,000
RETAIL:							
First 2,000 Gallons	14,782	12,500,000	12,500,000	1,272,893,000			
Next 18,000 Gallons	44,071	215,431,300	88,142,000	127,289,300			
Next 30,000 Gallons	580	15,184,900	1,160,000	10,440,000	3,584,900		
Next 50,000 Gallons	135	9,429,400	270,000	2,430,000	4,050,000	2,679,400	
Over 100,000 Gallons	82	19,276,400	164,000	1,476,000	2,460,000	4,100,000	11,076,400
SUBTOTAL	59,650	271,822,000	102,236,000	1,414,528,300	10,094,900	6,779,400	11,076,400
LEAK ADJUSTMENTS		12,000,000					
WHOLESALE:							
Beaver Dam		103,815,121					
Fordsville		12,812,115					
North McLean		7,701,800					
SUBTOTAL		124,329,036					
TOTAL	4,865	386,573,300					

Table 3
OHIO COUNTY WATER DISTRICT
REVENUE FOR YEAR ENDING DECEMBER, 2002

	Annual Customers	Annual Gallons Sold	Rate	Revenue
RETAIL:				
First 2,000 Gallons	59,650	102,236,000	17.23	\$ 1,027,770
Next 18,000 Gallons		141,635,300	7.55	\$ 1,069,347
Next 30,000 Gallons		10,094,900	6.56	\$ 66,223
Next 50,000 Gallons		6,779,400	5.56	\$ 37,693
Over 100,000 Gallons		11,076,400	4.58	\$ 50,730
SUBTOTAL	59,650	271,822,000		\$ 2,251,763
LEAK ADJUSTMENTS		12,000,000	1.53	\$ 18,360
WHOLESALE:				
Beaver Dam		103,815,121	1.53	\$158,837.14
Fordsville		12,812,115	1.53	\$19,602.54
North McLean		7,701,800	1.53	\$11,783.75
SUBTOTAL				
TOTAL				\$190,223.43

The Water District continues to grow and adds new customers monthly.

4. FINANCIAL CONDITION OF WATER DISTRICT:

4.1. Current Indebtedness.

The District has entered into several Agreements with the U. S. Department of Agriculture, Farmers Home Administration, pursuant to which revenue bonds were issued in 1966, 1971, 1976, 1980 and 1986.

On May 9, 1989, the District refinanced the Series 1966, 1976, 1980 and 1986 Revenue Bonds through a Loan Agreement with Kentucky Infrastructure Authority. On September 1, 1993, Ohio County Water District entered into a First Supplemental Assistance Agreement with Kentucky Infrastructure Authority amending the original Assistance Agreement. The Amendment retired the original loan of 1989 with a new loan in the amount of \$4,079,390. The outstanding balance as of 12/31/94 was \$3,987,979. The loan matures 1/01/2015.

Ohio County Water District assumed ownership, operation and maintenance of the Rough River Water System, Inc. in 1996 and the assumption was approved by PSC Case No. 95-459.

Rough River Water System, Inc. financed its initial construction through revenue bonds which are currently held by General Electric Capital Corporation. Of the original issue, \$119,437 principal amount remained outstanding as of 12/31/94. The bonds bear interest at 5 per cent per annum and have a maturity date of 1/01/2014. Ohio County Water District has assumed the G.E. Bonds and continues to make annual debt service payments as scheduled.

Series I Revenue Bonds in the amount of \$4,000,000 were sold in July, 1998. These bonds financed the first series of the District's Long Range Plan of water system improvements. These bonds mature in the year 2028.

Series II Revenue Bonds in the amount of \$4,035,000 were sold in August, 2000. These improvements continued to improve the system in accordance with the District's Long Range Plan.

Series III Revenue Bonds in the amount of \$1,865,000 were sold in November, 2003. These improvements will continue to improve the system in accordance with the District's Long Range Plan.

Table 4 on Page **Error! Bookmark not defined.** is a summary of the Annual Debt Service Requirements for all of the loans.

4.2. Annual Revenues And Expenses.

The Comparative Operating Statement for the years ending December 31, 2001 and 2002 are presented in Table 5 on Page 11. This information was taken from information presented annually to the Kentucky Public Service Commission.

Table 4
OHIO COUNTY WATER DISTRICT
SUMMARY OF ANNUAL DEBT SERVICE REQUIREMENTS

YEAR	KIA		SERIES I REVENUE BONDS	SERIES II REVENUE BONDS	SERIES III REVENUE BONDS	TOTAL
	SERIES	GECC				
2004	\$273,235	\$10,459	\$256,505	\$274,362	\$137,565	\$952,126
2005	\$274,371	\$10,459	\$257,665	\$270,950	\$138,068	\$951,513
2006	\$262,574	\$10,459	\$253,585	\$272,538	\$136,405	\$935,561
2007	\$266,668	\$10,459	\$254,505	\$273,862	\$134,743	\$940,237
2008	\$270,896	\$10,459	\$255,185	\$269,925	\$137,993	\$944,458
2009	\$271,737	\$10,459	\$255,625	\$270,988	\$135,930	\$944,739
2010	\$275,825	\$10,459	\$255,825	\$271,787	\$138,680	\$952,576
2011	\$276,375	\$10,459	\$255,785	\$272,325	\$136,080	\$951,024
2012	\$285,340	\$10,459	\$255,505	\$272,600	\$138,280	\$962,184
2013	\$285,950	\$3,979	\$254,985	\$272,613	\$135,093	\$952,620
2014	\$286,830	\$0	\$254,225	\$272,362	\$136,863	\$950,280
2015	\$2,267,698	\$0	\$253,225	\$271,850	\$138,443	\$2,931,216
2016	\$0	\$0	\$256,985	\$271,075	\$139,738	\$667,798
2017	\$0	\$0	\$255,265	\$269,980	\$135,738	\$660,983
2018	\$0	\$0	\$253,305	\$273,560	\$136,638	\$663,503
2019	\$0	\$0	\$256,030	\$271,540	\$137,228	\$664,798
2020	\$0	\$0	\$253,270	\$274,250	\$137,498	\$665,018
2021	\$0	\$0	\$255,268	\$271,275	\$137,438	\$663,981
2022	\$0	\$0	\$256,780	\$273,025	\$136,858	\$666,663
2023	\$0	\$0	\$252,808	\$269,225	\$136,045	\$658,078
2024	\$0	\$0	\$253,592	\$270,150		\$523,742
2025	\$0	\$0	\$253,892	\$270,525		\$524,417
2026	\$0	\$0	\$253,708	\$270,350		\$524,058
2027	\$0	\$0	\$253,038	\$269,625		\$522,663
2028	\$0	\$0	\$256,881	\$273,350		\$530,231
2029	\$0	\$0	\$0	\$271,250		\$271,250
2030	\$0	\$0	\$0	\$548,600		\$548,600
TOTAL	\$5,297,499	\$98,110	\$6,373,442	\$7,613,942	\$2,741,317	\$22,124,310

Table 5
OHIO COUNTY WATER DISTRICT
COMPARATIVE OPERATING STATEMENT

	Year Ending 2001	Year Ending 2002
TOTAL OPERATING REVENUES:	\$2,491,030.00	\$ 2,543,623.00
UTILITY OPERATING EXPENSES		
OPERATING EXPENSES:	\$1,307,790.00	\$1,395,120.00
DEPRECIATION EXPENSES:	\$364,267.00	\$449,040.00
TAXES OTHER THAN INCOME	\$51,735.00	\$53,284.00
SUBTOTAL - UTILITY OPERATING EXPENSES	\$1,723,792.00	\$1,897,444.00
UTILITY OPERATING INCOME	\$767,238.00	\$646,179.00
GAINS (LOSSES) FROM DISPOSITION OF PROPERTY	\$4,580.00	\$0.00
TOTAL UTILITY OPERATING INCOME	\$771,818.00	\$646,179.00
OTHER INCOME & DEDUCTIONS	\$161,392.00	\$129,899.00
INTEREST EXPENSE	(\$544,947.00)	(\$587,451.00)
NET INCOME	\$388,263.00	\$188,627.00

4.3. Rates - Existing.

The current rates and fees have been in effect since November, 2003. The following table shows the current rates for Ohio County Water District

**Table 6
OHIO COUNTY WATER DISTRICT
PRESENT RATES**

			BASIS OF CHARGE	PRESENT CHARGE
First	2,000	Gallons	MINIMUM	\$19.93
Next	8,000	Gallons	/1000 GALS.	\$8.28
Next	10,000	Gallons	/1000 GALS.	\$7.16
Next	30,000	Gallons	/1000 GALS.	\$6.03
Over	100,000	Gallons	/1000 GALS.	\$4.91
Wholesale Rate			/1000 GALS.	\$2.53

5. SYSTEM INVENTORY:

5.1. Supply.

Ohio County Water District operates a 2.08 MGD surface water treatment plant located in the community of Cromwell, Kentucky. The source of supply for the District is the Green River and the river intake structure, constructed in 1992, has the capability of being upgraded to 3.9 MGD.

The District's treatment plant was constructed around 1966 and consists of a mixing chamber, 2 sedimentation basins and 2 gravity sand filters operated in parallel. In 1979, the District added additional length to the sedimentation basins to increase settling times and installed tube settlers. Additional clearwells were added at this time. Several additional improvements have been made to increase the reliability and efficiency of the plant. The plant layout is designed for duplication of units and can be increased to 3.9 MGD.

The plant structures are in relatively good condition and the District has implemented an aggressive maintenance program to make repairs in the areas of most need. The District continues to work closely with Kentucky Division Of Water to comply with all State and Federal regulations and to operate the plant as efficiently as possible.

In 1997 Perdue located in Ohio County and constructed a 3.0 mgd water treatment plant for production of process water. Through negotiations with the County Perdue agreed to provide 1.0 mgd to the Ohio County Water District. The District now has the infrastructure in place to utilize this supply and currently uses about 0.60 mgd from the Perdue WTP.

This combination of supplies gives the District a current design capacity of 3.08 mgd and a future design capacity of 4.9 mgd.

5.2. Distribution System.

The District is divided into 3 different primary service areas or pressure zones. Booster stations supply water into each service area and are operated by radio telemetry from the storage facilities within each respective service area. The District's system is not designed to provide fire flows.

The service areas, as they exist today, are shown in Figure 3, Schematic Of Existing Service Areas on Page 14 and are identified as follows:

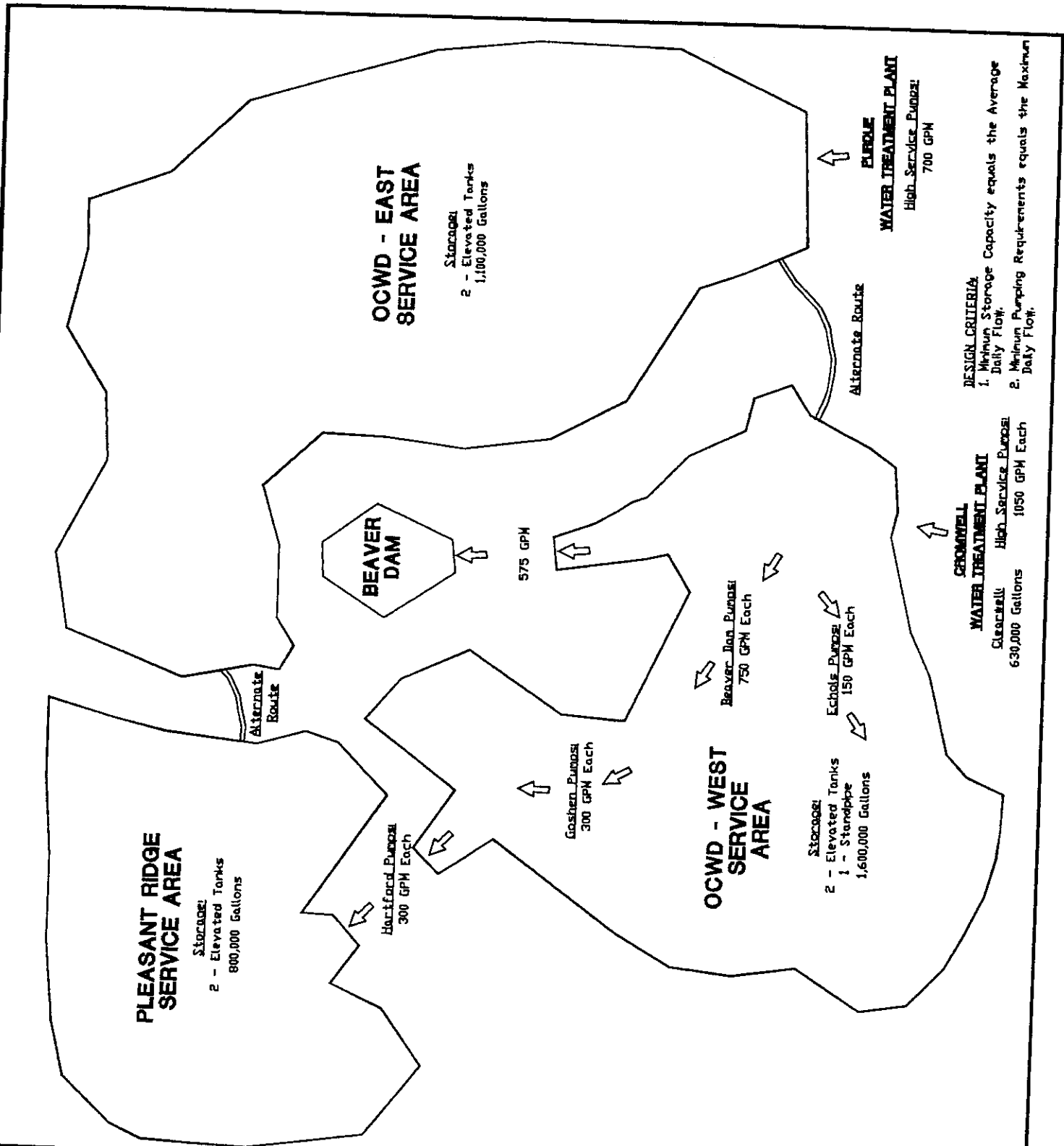
- OCWD - EAST SERVICE AREA
- OCWD - WEST SERVICE AREA
- PLEASANT RIDGE SERVICE AREA

5.3. Pumping Facilities.

The Schematic Of Existing Service Areas shows the available capacity of each pump station. A summary follows:

**Table 7
OHIO COUNTY WATER DISTRICT
SUMMARY OF PUMPING FACILITIES**

Service Area	Station Name	Number Of Pumps	Capacity, GPM
SUPPLY	Cromwell Water Treatment Plant	1 - High Service Pumps	1,050
	Perdue Water Treatment Plant	2 - High Service Pumps	700
OCWD - WEST	Beaver Dam Goshen Rd. Echols	2 Pumps	750
		2 Pumps	750
		2 Pumps	150
OCWD - EAST	Rough River	2 Pumps	Phasing Out
PLEASANT RIDGE	Hartford	2 Pumps	300



HUNTER MARTIN & ASSOCIATES, INC.
 2300 ...
 ...

Drawn by	JRU
Checked by	RHM
Title	LRP-SERV
Date	2-17-03
Revision	

FIGURE 3
SCHEMATIC OF EXISTING SERVICE AREAS
OHIO COUNTY WATER DISTRICT

5.4. Storage Facilities.

The Schematic Of Existing Service Areas shows the available capacity in each service area. A summary follows:

**Table 8
OHIO COUNTY WATER DISTRICT
SUMMARY OF STORAGE FACILITIES**

Service Area	Tank Name	Type	Capacity, Gallons	Overflow Elevation, MSL
OCWD – WEST	Bluegrass Crossings	Elevated	1,000,000	685
	Industrial Park East	Elevated	500,000	685
	Echols	Standpipe	100,000	685
OCWD – EAST	Windy Hill	Elevated	500,000	860
	Olaton	Elevated	500,000	860
	Rough River	Standpipe	100,000	666.5
PLEASANT RIDGE	Bells Run	Elevated	300,000	739.5
	Hoover Hill	Elevated	500,000	739.5

6. DESIGN FLOWS:

Average Daily Flows (ADF) created by existing users are computed & analyzed by two different methods. The first analyzes the system based on actual demands, as determined from meter readings. The second method considers the theoretical demand based on design criteria of 300 gpd per customer for residential users.

Maximum Daily Flows (MDF) are computed at 150% of the Average Daily Flows.

Flows that are expected long term were computed based on a 1.5% annual growth for 20 years and assuming the theoretical demand of 300 gpd per customer for residential users.

The Summary Of Design Flows for both wholesale and retail customers are summarized in Table 9 on Page 16.

Table 9
OHIO COUNTY WATER DISTRICT
SUMMARY OF DESIGN FLOWS

RETAIL FLOWS														
Daily Flow % Of Base Flow	BASE FLOWS (w/ 32 for Rockport)		Actual ADF (projected for Rockport)		Actual MDF (projected for Rockport)		Existing Theoretical ADF 5027 Customers @ 300 gpd per customer (incl Rockport)		Existing Theoretical MDF @ 150% of ADF		LR Theoretical ADF @ 1.5% Annual Growth For 20 Yrs		LR Theoretical MDF @ 150% Of ADF	
	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd
	955,728	1,311,643	1,987,465	2,958	1,508,100	2,282,150	2,3869	2,031,192	3,046,768					
	1,000	1,3724	2,0588	1,5780										
OCWD EAST	230.80	332,352.00	316.75	456,120.54	475.13	684,180.81	384.19	524,437.87	548.28	788,656.85	490.52	706,341.90	735.77	1,059,512.88
OCWD WEST	256.00	368,640.00	351.33	505,922.27	527.00	759,883.40	403.96	581,898.98	605.94	872,548.44	544.07	783,484.16	818.11	1,175,198.24
PRIDGE	177.40	255,456.00	243.46	350,588.32	365.20	525,892.48	279.93	403,098.20	419.80	604,848.80	377.03	542,918.18	585.54	814,374.27
TOTAL	664.20	956,448.00	911.55	1,312,631.13	1,387.32	1,988,940.69	1,048.08	1,508,230.13	1,572.12	2,283,854.20	1,411.61	2,032,722.24	2,117.42	3,049,083.36
WHOLESALE FLOWS														
Base Flows		Actual ADF		Actual MDF		Existing Theoretical ADF		Existing Theoretical MDF		LR Theoretical ADF		LR Theoretical MDF		
Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	
Beaver Dam	576.0	828,000.0	227.3	327,312.0	227.3	327,291.0	340.9	490,938.5	383.3	552,000.0	576.0	828,000.0		
Fordaville	18.0	25,920.0	0.0	0.0	18.0	25,970.0	27.1	38,855.0	100.0	144,000.0	150.0	216,000.0		
Centertown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Rockport	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
McLean Co	12.4	17,856.0	12.4	17,856.0	12.4	17,856.0	18.8	26,787.0	34.7	50,000.0	150.0	216,000.0		
Grayson	583.0	853,920.0	30.4	43,808.0	30.4	43,808.0	257.7	371,119.0	388.1	558,878.5	888.1	1,225.0	1,784,000.0	
TOTAL														
TOTAL FLOWS														
Base Flows		Actual ADF		Actual MDF		Existing Theoretical ADF		Existing Theoretical MDF		LR Theoretical ADF		LR Theoretical MDF		
Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	Rate, gpm	Daily, gpd	
OCWD EAST	248.8	358,272.0	334.8	482,040.5	505.5	727,986.8	382.2	550,408.0	573.3	825,612.0	625.2	900,341.9	1,035.8	1,491,512.9
OCWD WEST	831.0	1,196,640.0	578.8	833,234.3	527.0	758,883.4	631.2	908,990.0	946.9	1,363,484.9	1,090.7	1,527,484.2	1,581.1	2,281,198.2
PRIDGE	177.4	255,456.0	255.9	368,444.3	365.2	525,882.5	292.3	420,857.2	438.5	631,435.8	411.7	592,916.2	715.5	1,030,374.3
TOTAL	1,257.2	1,810,368.0	1,189.2	1,683,719.1	1,387.7	2,012,752.7	1,305.8	1,880,355.1	1,968.7	2,820,532.7	2,097.7	3,020,722.2	3,342.4	4,813,083.4
PLANT CAPACITY		3.08 MGD		3.08 MGD		3.08 MGD		3.08 MGD		4.9 MGD		4.9 MGD		

7. CITY OF ROCKPORT:

7.1. General.

The City Of Rockport owns, operates and maintains a water treatment plant and distribution system. Around 1999, the City implemented a badly need water system improvements project which replaced the majority of its distribution system and constructed a new standpipe. During this time, emergency type repairs were made to the treatment facility.

In 2002, the Kentucky Division Of Water inspectors advised the City that the current treatment facility would not meet pending treatment standards without some major upgrades or a new facility. Also during this time frame, First Securities Exchange contacted the Ohio County Water District about the possibility of taking over the Rockport system due to delinquent payments by Rockport on its outstanding bonds.

After much discussion and several meetings between City and District officials, the District agreed to take over the City of Rockport distribution system and add their customers to its customer base. Demolition and abandonment of the existing treatment facility will remain the responsibility of the City Of Rockport.

7.2. Existing Facilities.

Figure 4 at the end of this report shows a layout of the Rockport service area. The system primarily consists of 4", 6" and 8" mains and is in good condition. There are no known pressure deficient areas.

7.3. Customers And Flows.

Customers of the City of Rockport are typical for a small rural community. They consist of residential and small commercial establishments with no large users. According to records there are 134 users that live within the City limits of Rockport and 108 that live outside the City Limits for a total customer base of 242.

Water production records generated at the water treatment plant show the average daily flow at 62,300 gpd and the maximum daily flow of 143,000 gpd. These records do not document water lost or used during the treatment process.

Based on the industry standard of 300 gpdc and 242 customers the design Average Daily Flow is 72,600 gpd or 50 gpm. Using a maximum rate of 150% the design Maximum Daily Flow is 108,900 gpd or 75 gpm.

Using a 1.5% annual growth rate over a 20 year period, the ADF would be 67 gpm and the MDF would be 101 gpm.

7.4. Proposed Improvements.

The overflow elevation of the 138,000 gallon standpipe at Rockport is 620 mean sea level. The service area that will serve the Rockport system is called "OCWD-West" and operates at a static hydraulic grade of 685 msl. This is set by the overflow elevations of the Echols Standpipe (100,000 gallons), the Industrial Park East Elevated Tank (500,000 gallons), and the Bluegrass Crossings Elevated Tank (500,000 gallons).

In order to serve the Rockport system, a new 6" line will be installed on Echols Church Lane to connect the two systems. This connection will serve the District for some time and can be implemented at a minimal cost. Long range plans call for a new main to be

installed along U.S. Highway 62 from its intersection with Ky. Hwy 85 to an existing 6" located on the southerly side of McHenry.

It is also noted that the District has a pressure deficiency in McHenry due to a high elevation along Highland Drive and Render Road. This problem is not impacted by the connection to Rockport and is being addressed by the District through some future improvements to the system.

To control the flow of water to Rockport, a metering station is proposed on U.S. Highway 62 at the easterly edge of the City. When the Rockport standpipe drops to a preset elevation, telemetry will call for a control valve to open in the station allowing the tank to fill. A butterfly valve with an electric actuated motor will be utilized to control the rate of flow into the system, thus preventing a sudden drop in pressure in the OCWD West service area. All tanks and valve positions can be monitored and controlled at the Master Control Station located at the water treatment plant.

The proposed improvements are shown on Figure 5 located at the end of this report.

8. PROJECT COSTS:

A breakdown of Project Costs for the proposed improvements is shown in Table 10, on Page 19. This information shows an estimate of construction, technical, financing, and administrative costs associated with the proposed improvements.

9. SOURCE OF FUNDING:

The proposed improvements are being made with funds from a coal severance grant received by Ohio County. There will be no increase to the water rates and all indebtedness of the City of Rockport will be paid off.

10. CONSTRUCTION PROBLEMS:

Ohio County has several areas where rock formations are within 12 - 48 inches of the surface. Encountering rock for this type of utility work is normal for the area and will not unduly affect the project.

11. ENVIRONMENTAL EFFECTS:

There will be no displacement of households, businesses or any buildings required for the implementation of this project. The quality of both groundwater and surface water will not be diminished in any way by the proposed facilities and there will be no adverse effects on the topography, climate or soil.

No marketable timber will be affected by the project and there are no known unique or endangered plant or animal species in the area. Minor local noises and air pollution will result from construction, but shall be minimized by construction methods and will not be objectionable. There will be no reduction in the value of adjacent property and no adverse effects on the recreational potential of the area.

**Table 10
OHIO COUNTY WATER DISTRICT
PROJECT COSTS**

			Subtotal	Total	Percent Of Project
CONSTRUCTION COSTS:					
	<u>Length</u>	<u>Size</u>			
<i>Echols Church Lane</i>					
6" SDR 21 PVC Water Main	2,500	LF	\$14,375.00		
6" x 6" Tapping Sleeve w/ Valve	1	LS	\$1,525.00		
6" Bore With 12" Casing	50	LF	\$2,500.00		
Tie Into Existing Main At R.R	1	LS	\$850.00		
6" Gate Valve	1	LS	\$750.00		
Control Station					
Building	1	LS	\$17,500.00		
Site Work	1	LS	\$2,500.00		
Piping & Valves	1	LS	\$15,000.00		
Radio Telemetry	1	LS	\$30,000.00		
TOTAL CONSTRUCTION				\$85,000.00	18.60%
TECHNICAL					
Basic Engineering Fee		<i>Lump Sum</i>			
Preliminary Basic (10%)			\$10,200.00	\$1,020.00	
Design Basic (60%)			\$10,200.00	\$6,120.00	
Bidding/Award (10%)			\$10,200.00	\$1,020.00	
Construction Basic (20 %)			\$10,200.00	\$2,040.00	
SUBTOTAL - BASIC				\$10,200.00	
Inspection (Part-Time)				\$1,000.00	
Extra					
Surveys	<i>Hourly</i>		\$3,500.00		
Permits	<i>Hourly</i>		\$800.00		
Psc Rate & Construction Case	<i>Hourly</i>		\$1,500.00		
SUBTOTAL - EXTRA				\$5,800.00	
TOTAL TECHNICAL				\$17,000.00	3.72%
PLANNING & ADMINISTRATIVE					
DEBT RETIREMENT				\$5,000.00	1.09%
LEGAL				\$335,000.00	73.30%
CONTINGENCIES	14.12%	<i>Of Construction</i>		\$3,000.00	0.66%
TOTAL PROJECT COSTS				\$12,000.00	2.63%
				\$457,000.00	100.00%

NOTE: THE DEBT RETIREMENT FOR ROCKPORT INCLUDES \$35,000 TO GRADD AND \$300,000 TO THE BONDING COMPANY FOR A TOTAL OF \$335,000. THE DEBT WILL BE REPAYED WITH UNUSED GRANT FUNDS AND MONIES FROM THE DISTRICT'S RESERVES.

12. CONCLUSIONS AND RECOMMENDATIONS:

The foregoing report has been prepared for use by the:

1. Ohio County Water District Board Of Commissioners
2. Public Service Commission
3. Kentucky Division Of Water

This report is intended to provide a comprehensive analysis of the proposed improvements, and; provide cost estimates that are realistic

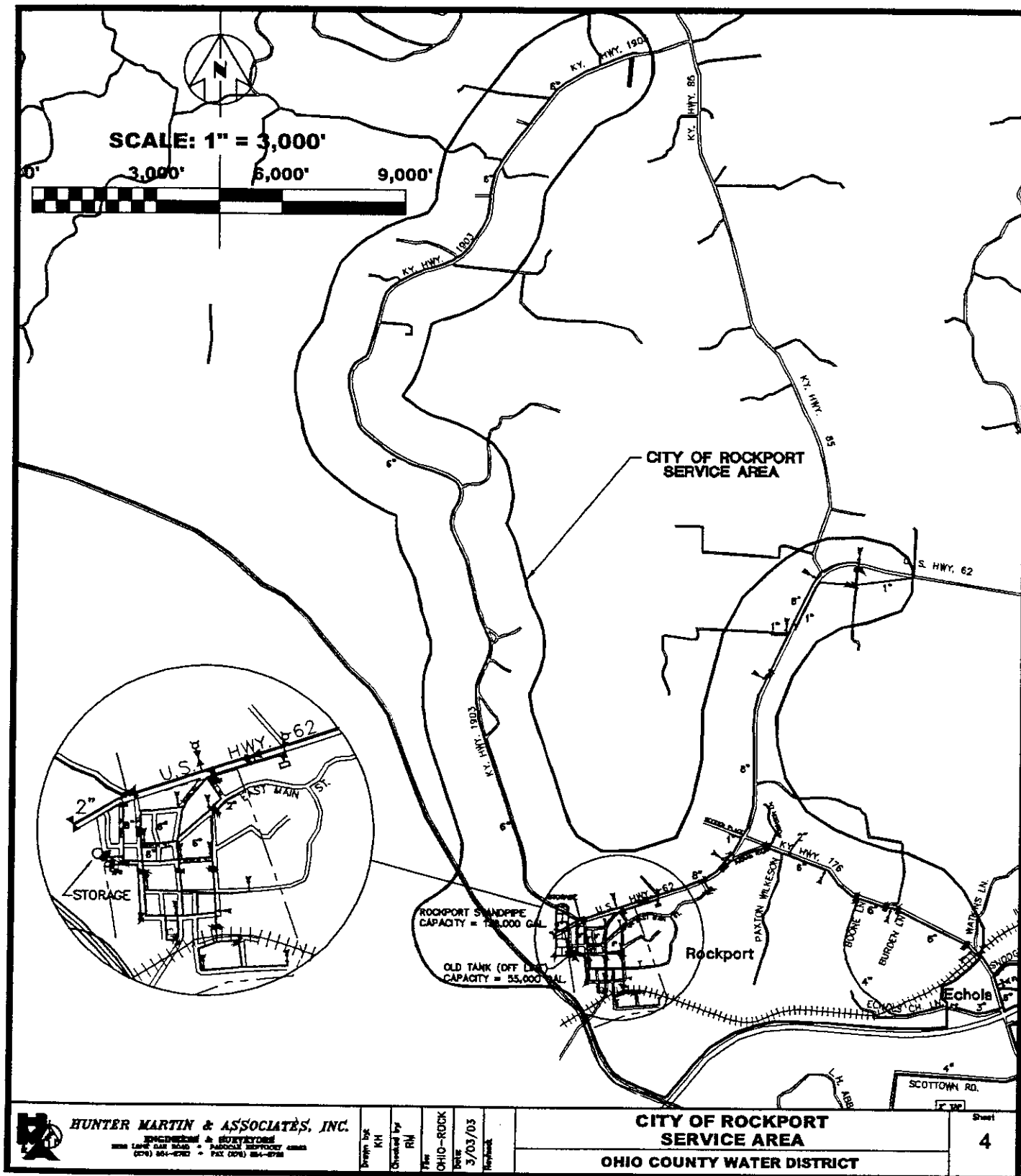
The improvements described herein are worthwhile and urgently needed for the health, welfare and economic development of the City Of Rockport. It is, therefore, recommended that the District submit this report and supporting documentation to the Public Service Commission for issuance of a Certificate Of Public Convenience and Necessity for the proposed improvements.

We trust that you will find this report complete in every respect and that it meets the planning and financial needs of the District.

Respectfully Submitted,

HUNTER MARTIN & ASSOCIATES, INC.

Rod H. Martin, P.E.



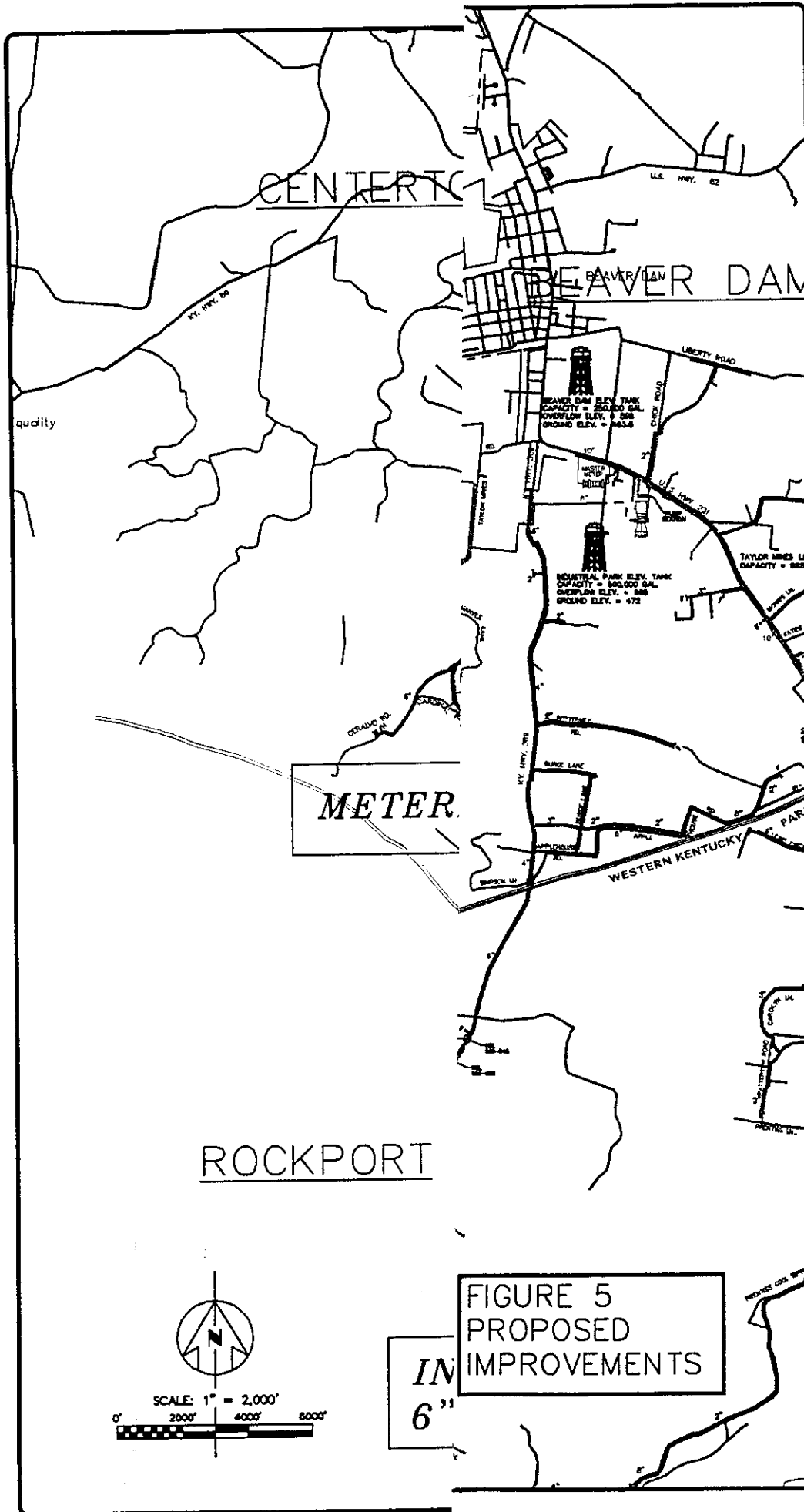
HUNTER MARTIN & ASSOCIATES, INC.
 ENGINEERING & SURVEYING
 1000 EAST MAIN ST. - P.O. BOX 1000000
 (704) 944-4200 - FAX (704) 944-8700

Drawn by: KM
 Checked by: RM
 Title: OHIO-ROCK
 Date: 3/03/03
 Project: Rockport

CITY OF ROCKPORT SERVICE AREA
OHIO COUNTY WATER DISTRICT

Sheet
4

FIGURE 4



HUNTER MARTIN & ASSOCIATES, INC.
 PROFESSIONAL ENGINEERS & SURVEYORS
 10000 W. STATE RD. SUITE 100
 CINCINNATI, OHIO 45241-1000
 PH: 513-752-1000 FAX: 513-752-1001



Drawn by: SB
 Checked by: RM
 Title: ROCK-SH2
 Date: 2/2/04
 Revision: 2/3/04

WATER SYSTEM IMPROVEMENTS
 TO SERVE THE CITY OF ROCKPORT
 PROPOSED IMPROVEMENTS
 OHIO COUNTY WATER DISTRICT

IN
6"
FIGURE 5
PROPOSED
IMPROVEMENTS