

# Rubin & Hays

ATTORNEYS AT LAW

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

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

PARALEGAL  
MARY M. EMBRY

June 16, 2005

RECEIVED

JUN 17 2005

PUBLIC SERVICE  
COMMISSION

Ms. Elizabeth O'Donnell  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

Case 2005-00230

Re: Big Sandy Water District - Kentucky Public Service Commission Application for a  
CPCN for a Water System Improvements Project and approval of financing

Dear Ms. O'Donnell:

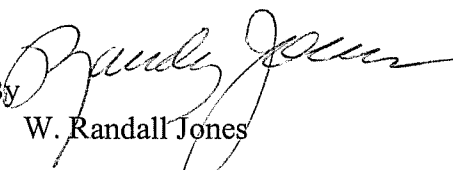
Enclosed please find the original and ten (10) copies of the Application of the Big Sandy Water District for a Certificate of Public Convenience and Necessity to construct and finance a water system improvements project pursuant to KRS Chapter 278.

Also enclosed are eleven (11) copies of the exhibits required, with the exception of the Plans and Specifications, prepared by SME Engineers, Inc., on the Project, two of which are being forwarded by said Engineers.

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

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:jl  
Enclosures

cc: Mr. Bob McGlothlin, BSWD  
Mr. Mike Maggard, SME

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

RECEIVED

JUL 17 2005

PUBLIC SERVICE  
COMMISSION

In the matter of:

**APPLICATION OF THE BIG SANDY WATER )**  
**DISTRICT FOR A CERTIFICATE OF PUBLIC )**  
**CONVENIENCE AND NECESSITY TO )**  
**CONSTRUCT AND FINANCE AN IMPROVE- ) Case No. 2005-00230**  
**MENTS PROJECT PURSUANT TO )**  
**KRS 278.020 AND 278.300 )**

**APPLICATION**

The Big Sandy Water District (the "District"), by counsel, pursuant to KRS 278.020, petitions the Commission for a certificate of public convenience and necessity to construct and finance a waterworks improvement project and finance said project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is 18200 State Route 3, Catlettsburg, Kentucky 41129. Its principal officers are listed in its 2004 Annual Report, which is on file with the Commission;
2. The District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws;
3. A description of the District's water system and its property stated at original cost by accounts is contained in its 2004 Annual Report, which is incorporated by reference pursuant to 807 KAR 5:001 Section (5)(5). All required normal financial schedules and other data are in the Annual Report;
4. The water improvements project (the "Project") consists of the construction and installation of 3, 4 and 6-inch waterlines to serve approximately 100 new customers in Lawrence County. A more detailed description of the Project is shown in the bid tabulations;

5. The Project is in the public interest and is providing potable water to needy families in Lawrence County;

6. The total project cost is approximately \$1,593,937.03, as forth in the Final Project Budget attached hereto as **Exhibit “A”**;

7. The District has obtained all easements are required for the Project;

8. This service will not compete with any other utility in the area;

9. Based on these facts, the District believes that it is in the public interest that this certificate be granted and that the plan of financing be authorized;

10. Copies of the certified bid tabulations are attached hereto as **Exhibit “B”**;

11. The following information is provided in response to 807 KAR 5:001 Section (8)(3);

a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74;

12. The following information is supplied to 807 KAR 5:001 Section (9)(2);

a. Facts relied upon to show that the Project is in the public interest: The installation of the new waterlines will provide potable water to approximately 100 new customers in Lawrence County. The completion of the Project will have no adverse affect or impact on the existing customers of the District, nor will the Project adversely affect the District’s ability to provide adequate water pressure and water supply to its existing and projected future customers located within the District’s geographic boundaries.

b. No new franchises are required. Copies of the permits are attached hereto as **Exhibit “C”**;

c. Diagrams of the proposed construction and construction specifications are contained in the Plans and Specifications on file with the Commission;

d. Three (3) maps of suitable scale showing location of the proposed facilities are attached hereto;

e. The construction costs will be funded from the proceeds of (i) a Coal Severance Grant in the amount of \$150,000; (ii) a Coal Severance Grant in the amount of \$500,000; (iii) a Kentucky 2020 grant in the amount of \$211,937.03; and (iv) a loan in the amount of \$732,000 from the Kentucky Rural Water Finance Corporation through it's Flexible Term Program (see schedules of Morgan Keegan attached as **Exhibit "D"**);

f. The estimated cost of operation of the system after Project completion is attached hereto as **Exhibit "E"**;

13. The following information is provided as required by 807 KAR 5:001 Section (11)(1);

a. A general description of the property is contained in the 2004 Annual Report;

b. Financial information relating to the KRWFC Loan is contained in the Schedules referred to in paragraph 12(e) above;

c. All funds are to be used in accordance with the Final Project Budget, see Exhibit "A";

d. No property is being acquired in connection with this Project;

e. No proceeds of the KRWFC Loan will be used to refund outstanding obligations.

f. The KRWFC Loan will be repaid out of the revenues of the District's system.

14. The following exhibits are provided pursuant to 807 KAR 5:001 section (11)(2);

a. The District hereby requests and moves for a deviation, pursuant to 807 KAR 5:001, Section 14, from the requirements of 807 KAR 5:001, Section 6, which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application. The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2004. The financial data filed herewith as **Exhibit "F"** is for the twelve (12) month period ending December 31, 2004. This is the most recent published financial data available. Because the Project has been bid and the District is under a bid-hold period by the Contractors, the District cannot run the risk of delaying the commencement of the Project and losing the favorable bids while more current financial data is compiled;

b. There are no trust deeds or mortgages applicable;

c. Maps and detailed plans are on file with the Commission. Detailed estimate of property acquired by USOA number is account #331 (waterlines and appurtenances)- \$1,271,329.

15. District requests that it be granted a deviation under 807 KAR 5:001(14), if necessary to accommodate any situation where inflexible compliance with a regulation would be impracticable, onerous or which would hinder District's daily operations.

**WHEREFORE**, the Applicant, Big Sandy Water District requests that the Public Service Commission of Kentucky grant to the Applicant the following:

A. A certificate of public convenience and necessity permitting the Applicant to construct a water system improvement project;

B. An order approving the financing arrangements, including the loan from the Kentucky Rural Water Finance Corporation in the amount of \$732,000.

C. Applicant's motion for a deviation from the 90 day requirement for financial information as required by 807 KAR 5:001 Section (11)(2)(a).

Big Sandy Water District

By Paul E. Thomas  
Chairman

Rubin & Hays

By W. Randall Jones  
W. Randall Jones  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525







**Big Sandy Water District**  
**Phase III Water Line Extension Project - Lawrence County**  
**Final Budget**  
**SME # 02090**  
**5/18/2005**

Description	Project Cost
<b>Construction (DF Bailey)</b>	\$1,271,329.86 *****
<b>Engineering</b>	
Preliminary	\$1,250.00
Design	\$91,417.48
Bidding & Negotiating	\$10,924.16
Construction Engineering	\$16,386.17
Closeout	\$5,462.08
Inspection	\$59,101.44
Other Engineering	\$18,000.00
Legal & Administration	\$15,000.00
Contingency	\$105,065.84
<b>Total Estimated Project Cost</b>	<b>\$1,593,937.03</b>
Project Funding	
Coal Severance Grant	\$150,000.00
Coal Severance Grant	\$500,000.00
2020 State Grant	\$211,937.03
KRWA Loan	\$732,000.00
<b>Total Project Funding</b>	<b>\$1,593,937.03</b>

\*\*\*\*\* BSWD elected to eliminate construction line items due to budget constraints



BIG SANDY WATER DISTRICT & PAINTSVILLE UTILITIES COMMISSION  
CONTRACT AB - WATERLINES AND PUMP STATION  
SME #02090/02116  
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BIG SANDY WATER DISTRICT & PAINTSVILLE UTILITIES COMMISSION  
CONTRACT AB - WATERLINES AND PUMP STATION  
SME #02090/02116

ITEM	DESCRIPTION	APPROX. QUANTITY	UNITS	UNIT COST	TOTAL COST	ENGINEER'S ESTIMATE		D.F. BAILEY, INC.		B.P. PIPELINE		KENNEY, INC.	
						UNITS	TOTAL COST	UNITS	TOTAL COST	UNITS	TOTAL COST	UNITS	TOTAL COST
<b>SECTION A - BIG SANDY WATER DISTRICT</b>													
1	6" W.I. CL. -250 PVC	64,000 LF	LF	\$7.00	\$448,000.00	7.96	509,440.00	10.00	640,000.00	9.25	592,000.00		
2	4" W.I. CL. 250	28,000 LF	LF	\$6.00	\$168,000.00	5.47	153,160.00	7.00	196,000.00	6.20	173,600.00		
3	3" W.I. CL. -250 PVC	72,000 LF	LF	\$4.75	\$342,000.00	4.70	338,400.00	5.00	360,000.00	4.45	320,400.00		
4	2" W.I. CL. 250 PVC	700 LF	LF	\$4.00	\$2,800.00	3.93	2,751.00	5.00	3,500.00	5.65	3,955.00		
5	1" W.I. CL. 200 Polyethylene Service Line	1,500 LF	LF	\$3.75	\$5,625.00	3.57	5,355.00	5.00	7,500.00	6.85	10,275.00		
6	3/4" W.I. CL. 300 Polyethylene Service Line	3,500 LF	LF	\$3.75	\$13,125.00	3.47	12,145.00	5.00	17,500.00	6.75	23,625.00		
7	6" Gate Valves	24 EA	EA	\$800.00	\$19,200.00	483.24	11,597.76	490.00	11,760.00	475.00	11,400.00		
8	4" Gate Valves	8 EA	EA	\$600.00	\$4,800.00	405.41	3,243.28	427.00	3,416.00	400.00	3,200.00		
9	3" Gate Valves	20 EA	EA	\$500.00	\$10,000.00	376.53	7,530.60	315.00	6,300.00	350.00	7,000.00		
10	2" Gate Valves	2 EA	EA	\$400.00	\$800.00	303.67	607.34	300.00	600.00	285.00	570.00		
11	Gate Valve w/Meter Assembly (All Sizes) (Leak Detection Assembly)	4 EA	EA	\$1,000.00	\$4,000.00	934.96	3,739.84	700.00	2,800.00	1,175.00	4,700.00		
12	Blowoff Valve Assembly (6")	12 EA	EA	\$1,000.00	\$12,000.00	738.41	8,860.92	1,200.00	14,400.00	985.00	11,820.00		
13	Blowoff Valve Assembly (4")	8 EA	EA	\$900.00	\$7,200.00	635.59	5,084.72	600.00	4,800.00	1,050.00	8,400.00		
14	Blowoff Valve Assembly (3")	14 EA	EA	\$800.00	\$11,200.00	602.38	8,433.32	600.00	8,400.00	1,000.00	14,000.00		
15	Air Release Valves	22 EA	EA	\$800.00	\$17,600.00	426.19	9,376.18	300.00	6,600.00	260.00	5,720.00		
16	Bore & Jack w/4" W.I. 10" Steel Casing	105 LF	LF	\$100.00	\$10,500.00	89.84	9,433.20	80.00	8,400.00	105.00	11,025.00		
17	Bore & Jack w/3" W.I. 12" steel casing	130 LF	LF	\$125.00	\$16,250.00	93.08	12,100.40	80.00	10,400.00	110.00	14,300.00		
18	Bore & Jack w/3" W.I. 10" steel casing	445 LF	LF	\$100.00	\$44,500.00	85.79	38,176.55	80.00	35,600.00	105.00	46,725.00		
19	Pavement Replacement (HDD)(County Roads)	400 SY	SY	\$60.00	\$24,000.00	107.09	42,836.00	30.00	12,000.00	54.50	21,800.00		
20	Pavement Replacement (LD)(Driveways, parking areas)	400 SY	SY	\$45.00	\$18,000.00	69.63	27,852.00	20.00	8,000.00	50.00	20,000.00		
21	Concrete Surface Replacement	100 SY	SY	\$60.00	\$6,000.00	50.83	5,083.00	100.00	10,000.00	110.00	11,000.00		
22	Gravel Surface Replacement	1,500 SY	SY	\$15.00	\$22,500.00	17.12	25,680.00	2.00	3,000.00	33.00	49,500.00		
23	Concrete Encasement	1,500 LF	LF	\$30.00	\$45,000.00	28.80	43,200.00	20.00	30,000.00	21.00	31,500.00		
24	The new 3" to existing 3"	2 EA	EA	\$700.00	\$1,400.00	967.29	1,934.58	400.00	800.00	975.00	1,950.00		
25	The new 4" to existing 4"	1 EA	EA	\$800.00	\$800.00	978.64	978.64	500.00	500.00	975.00	975.00		
26	The new 4" to existing 4"	2 EA	EA	\$900.00	\$1,800.00	1,043.20	2,086.40	500.00	1,000.00	975.00	1,950.00		
27	The new 6" to existing 4"	1 EA	EA	\$900.00	\$900.00	1,065.26	1,065.26	500.00	500.00	975.00	975.00		
28	The new 6" to existing 6"	7 EA	EA	\$1,000.00	\$7,000.00	1,044.83	7,313.81	800.00	5,600.00	975.00	6,825.00		
29	5/8"x3/4" Meter Assembly w/PRV	101 EA	EA	\$500.00	\$50,500.00	701.90	70,891.90	600.00	60,000.00	465.00	46,965.00		
30	Large Stream Crossing (3") (HDE)	80 LF	LF	\$75.00	\$6,000.00	96.06	7,684.80	20.00	1,600.00	85.00	6,800.00		
31	Large Stream Crossing (6") (HDE)	360 LF	LF	\$80.00	\$28,800.00	127.59	45,932.40	30.00	10,800.00	90.00	32,400.00		
32	Fire Hydrant Assembly w/ gate valve	3 EA	EA	\$2,000.00	\$6,000.00	2,178.44	6,535.32	1,800.00	5,400.00	2,050.00	6,150.00		
33	DGA Backfill	130 SY	SY	\$20.00	\$2,600.00	33.48	4,352.40	30.00	3,900.00	35.00	4,550.00		
34	Master Meter Vaults	2 EA	EA	\$6,000.00	\$12,000.00	6,246.08	12,492.16	9,000.00	18,000.00	7,000.00	14,000.00		
<b>AMOUNT BID (ITEMS NO. 1-34) SECTION A</b>					<b>\$1,370,900.00</b>		<b>\$1,445,353.78</b>		<b>1,509,676.00</b>		<b>1,520,055.00</b>		

Certification: Sister-Maggard Engineering, PLLC  
We hereby certify that the above bid tabulations accurately represents bids received,  
except for noted corrections, and the bids were promptly opened and read.

*Sister-Maggard Engineering*  
PROJECT ENGINEER

*S/1/7/05*  
DATE

REVISED UNITS  
12/28/04 4:00 P.M.

SECTION B - PAINTSVILLE UTILITIES COMMISSION		ENGINEER'S ESTIMATE	D.F. BAILEY	B.P. PIPELINE	KENNEY, INC.			
35	8" W.L. CL. 250 PVC	2,000 LF	\$12.00	\$24,000.00	12.00	24,000.00	13.30	26,600.00
36	6" W.L. CL. 250 PVC	4,250 LF	\$8.00	\$34,000.00	10.00	42,500.00	9.20	39,100.00
37	6" W.L. CL. 200 PVC	15,350 LF	\$7.50	\$115,125.00	9.30	143,825.00	8.60	132,070.00
38	8" Gate Valves	1 EA	\$1,000.00	690.06	690.06	690.00	675.00	675.00
39	6" Gate Valves	9 EA	\$800.00	\$7,200.00	483.24	4,349.16	490.00	4,275.00
40	Air Release Valves	1 EA	\$800.00	\$800.00	426.19	300.00	300.00	280.00
41	Bore & Jack w/6" W.L. (12" steel casing)	590 LF	\$150.00	\$87,500.00	99.45	54,687.50	100.00	105.00
42	Pavement Replacement (HD/County Roads)	100 SY	\$60.00	\$6,000.00	107.09	10,709.00	30.00	54.50
43	Pavement Replacement (LD/Drivers, parking areas)	20 SY	\$45.00	\$900.00	69.63	1,392.60	20.00	50.00
44	Gravel Surface Replacement	500 SY	\$15.00	\$7,500.00	17.12	8,560.00	2.00	33.00
45	Concrete Encasement	250 LF	\$30.00	\$7,500.00	28.80	7,200.00	20.00	21.00
46	11e new 6" to existing 6"	5 EA	\$1,000.00	\$5,000.00	1,087.71	5,438.55	800.00	975.00
47	Fiberclass Markers	20 EA	\$20.00	\$400.00	63.83	1,276.60	10.00	80.00
48	Pump Station	1 EA	\$90,000.00	\$90,000.00	93,837.58	93,837.58	110,000.00	115,500.00
49	PREV Vault (Manshine)	1 EA	\$30,000.00	\$30,000.00	16,376.30	32,756.60	6,000.00	17,650.00
50	Fire Hydrant Assembly w/Gate Valve	2 EA	\$3,000.00	\$6,000.00	10,892.20	10,892.20	9,000.00	10,375.00
AMOUNT BID (ITEMS NO. 35-50) SECTION B			\$397,925.00	\$400,724.54	1,800.00	\$417,285.00	2,075.00	\$438,870.00
TOTAL AMOUNT BID SECTION A & SECTION B			\$1,768,825.00	\$1,846,078.32		\$1,926,981.00		\$1,958,925.00

Certification: Sisler-Maggard Engineering, PLLC  
We hereby certify that the above bid tabulations accurately represents bids received,  
except for noted corrections, and the bids were promptly opened and read.

PROJECT ENGINEER \_\_\_\_\_ DATE \_\_\_\_\_

C:\Projects\02090\02090-02116\Bid File\CONTRACT A-B Bid Tab 12-21-04.xls\Sheet1



02090 (a)



ERNIE FLETCHER  
GOVERNOR

**ENVIRONMENTAL AND PUBLIC PROTECTION CABINET**

LAJUANA S. WILCHER  
SECRETARY

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

14 REILLY ROAD

FRANKFORT, KENTUCKY 40601-1190

www.kentucky.gov

November 15, 2004

Big Sandy Water District  
Mr. Bob McGlothlin, Superintendent  
18200 State Route 3  
Cattlettsburg, Kentucky 41129

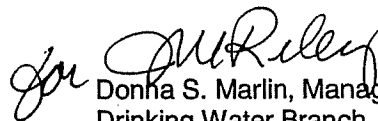
RE: AgencyID# 33801 APE20040001  
DW # 0100944-04-001  
Phase III, Contract B  
Lawrence County, KY

Dear Mr. McGlothlin:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 45,400 ft of 6-inch, 66,799 ft of 4-inch, 158,763 ft of 3-inch and 3,830 ft of 2-inch PVC waterline. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.


If you have any questions concerning this project, please contact Scott Thomson at (502) 564-2225, extension 549.

Sincerely,

  
Donna S. Marlin, Manager  
Drinking Water Branch  
Division of Water

DSM:JST

Enclosures

C:   
Lawrence County Health Department  
Public Service Commission  
Division of Plumbing



# Distribution-Major Construction

Big Sandy Water District

Subject Item Inventory

Activity ID No.: APE20040001

## Subject Item Inventory:

ID	Designation	Description
AIOO33801		
PORT1	waterline	Install 45,400 ft of 6-inch, 66,799 ft of 4-inch, 158,763 ft of 2-inch PVC waterline throughout Lawrence County.

## Subject Item Groups:

ID	Description	Components
GACT1	Install 274,792 feet of PVC waterline throughout Lawrence County.	PORT1 Install 45,400 ft of 6-inch, 66,799 ft of 4-inch, 158,763 ft of 2-inch PVC waterline throughout Lawrence County.

### KEY

ACTV = Activity

AREA = Area

EQPT = Equipment

PERS = Personnel

STOR = Storage

TRMT = Treatment

AIOO = Agency Interest

COMB = Combustion

MNPT = Monitoring Point

PORT = Transport

STRC = Structure

**Distribution-Major Construction**

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

**GACT1 (Phase III, Contract B) Install 274,792 feet of PVC waterline throughout Lawrence County.:**

**Monitoring Requirements:**

Condition No.	Parameter	Condition
M-1	Coliform	The presence or absence of total Coliform monitored by sampling and analysis as needed shall be determined for the new or relocated water line(s). Take samples at connection points to existing lines, at 1 mile intervals, and at dead ends without omitting any branch of the new or relocated water line. Sample bottles shall be clearly identified as "special" construction tests. [401 KAR 8:100 Section 1(7), 401 KAR 8:150 Section 4, Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

**Submittal/Action Requirements:**

**Coliform:**

Condition No.	Condition
S-1	Coliform For new construction projects, the distribution system, using the most expedient method, shall submit Coliform test results to the Cabinet: Due immediately following disinfection and flushing. [401 KAR 8:150 Section 4(2)]

Condition No.	Condition
S-2	For proposed changes to the approved plan, submit information: Due prior to any modification to the Cabinet for approval. Changes to the approved plan shall not be implemented without the prior written approval of the Cabinet. [401 KAR 8:100 Section 1(8)]



## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

### Submittal/Action Requirements:

Condition No.	Condition
S-3	The person who presented the plans shall submit the professional engineer's certification: Due when construction is complete to the Division of Water. The certification shall be signed by a registered professional engineer and state that the water project has been constructed and tested in accordance with the approved plans, specifications, and requirements. [401 KAR 8:100 Section 1(8)]

### Narrative Requirements:

#### Additional Limitations:

Condition No.	Condition
T-1	<b>Additional Limitations:</b> Chlorinated water resulting from disinfection of project components shall be disposed in a manner which will not violate 401 KAR 5:031. [401 KAR 8:020 Section 2(20)]

Condition No.	Condition
T-2	This project has been permitted under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies. Further, this permit does not address the authority of the permittee to provide service to the area to be served. [401 KAR 8:100 Section 1(7)]
T-3	Unless construction of this project is begun within 1 year from the issuance date of this permit, the permit shall expire. If requested prior to the permit expiration, an official extension from the Division of Water may be granted. If this permit expires, the original plans and specifications may be resubmitted for a new comprehensive review. If you have any questions concerning this project, please contact the Drinking Water Branch at 502/564-3410. [401 KAR 8:100 Section 1(9)]
T-4	During construction, a set of approved plans and specification shall be available at the job site at all times. All work shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 1(7)(a)]

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

Page 3 of 8

**PORT1 (waterline) Install 45,400 ft of 6-inch, 66,799 ft of 4-inch, 158,763 ft of 3-inch and 3,830 ft of 2-inch PVC waterline throughout Lawrence County.:**

### Limitation Requirements:

Condition No.	Parameter	Condition
L-1	Depth	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a Depth $\geq 6$ in below the bottom of the pipe. [Recommended Standards for Water Works 8.5.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-2	Depth	All water lines shall be covered to a Depth $\geq 30$ in to prevent freezing. [Recommended Standards for Water Works 8.5.3, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-3	Diameter	Some water lines may be Diameter = 2 in but 2" waterlines shall not be extended. [Recommended Standards for Water Works 8.1.4] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-4	Diameter	Water lines with Diameter < 6 in shall not have fire hydrants. [Recommended Standards for Water Works 8.1.5] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-5	Diameter	All new and existing water lines serving fire hydrants or where fire protection is provided shall have Diameter $\geq 6$ in. [Recommended Standards for Water Works 8.1.2] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-6	Distance	Water lines shall have a sufficient quantity of valves so that inconvenience and sanitary hazards will be minimized during repairs. A valve spacing Distance $\leq 1.0$ mi should be utilized. [Recommended Standards for Water Works 8.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.
L-7	Distance	Hydrant drains shall not be connected to sanitary sewers or storm drains and shall be located a Distance > 10 ft from sanitary sewers and storm drains. [Recommended Standards for Water Works 8.3.4] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

### Limitation Requirements:

Condition No.	Parameter	Condition
L-8	Distance	<p>Except when not practical, water lines shall be laid a horizontal Distance <math>\geq 10</math> ft from any existing or proposed sewer. The distance shall be measured edge to edge.</p> <p>In cases where it is not practical to maintain a 10 foot separation, water lines may be installed closer to a sewer provided that the water lines shall be laid in a separate trench or on an undisturbed shelf located on one side of the sewer at such an elevation that the bottom of the water line is at least 18 inches above the top of the sewer. [Recommended Standards for Water Works 8.6.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-9	Distance	<p>When water lines and sewers cross,</p> <ol style="list-style-type: none"><li>1) water lines shall be laid such that the bottom of the water line is a vertical Distance <math>\geq 18</math> in above the top of the sewer line,</li><li>2) 1 full length of the water pipe shall be located so that both joints of the water pipe will be as far from the sewer as possible, and</li><li>3) special structural support for the water and sewer pipes may be required. [Recommended Standards for Water Works 8.6.3]</li></ol> <p>This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-10	Distance	<p>The open end of an air relief pipe from automatic valves shall be extended a Distance <math>\geq 1.0</math> ft above grade and provided with a screened, downward-facing elbow. The pipe from a manually operated valve shall be extended to the top of the pit. Use of manual air relief valves is recommended wherever possible. [Recommended Standards for Water Works 8.4.2] This requirement is applicable during the following months: All Year. Statistical basis: Not applicable.</p>
L-11	Pressure	<p>Pipes shall not be installed unless all points of the distribution system remain designed for ground level Pressure <math>\geq 20</math> psi under all conditions of flow. [Recommended Standards for Water Works 8.1.1] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.</p>
L-12	Pressure	<p>Pressure <math>\geq 30</math> psi must be available on the discharge side of all meters. [401 KAR 8:100 Section 4(2)] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.</p>

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

### Limitation Requirements:

Condition No.	Parameter	Condition
L-13	Residual Disinfection	New or relocated water lines shall be thoroughly disinfected (in accordance with AWWA Standard C651) upon completion of construction and before being placed into service. To disinfect the new or relocated lines use chlorine or chlorine compounds in such amounts as to produce an initial disinfectant concentration of at least 50 ppm and a Residual Disinfection $\geq$ 25 ppm at the end of 24 hours. Follow the line disinfection with thorough flushing and place the lines into service if, and only if, Coliform monitoring applicable to the line does not show the presence of Coliform. If Coliform is detected, repeat flushing of the line and Coliform monitoring. If Coliform is still detected, repeat disinfection and flushing as if the line has never been disinfected. Continue the described process until monitoring does not show the presence of Coliform. [401 KAR 8:150 Section 4(1), Recommended Standards for Water Works 8.5.6] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.
L-14	Velocity	Each fire or flush hydrant shall be sized so that Velocity $\geq$ 2.5 ft/sec can be achieved in the water main served by the hydrant during flushing. [Recommended Standards for Water Works 8.1.6.b, 401 KAR 8:100 Section 1(7)] This requirement is applicable during the following months: All Year. Statistical basis: Minimum.

### Monitoring Requirements:

Condition No.	Parameter	Condition
M-1	leaks	The presence or absence of leaks monitored by physical testing as needed shall be determined in all types of installed pipe. Pressure testing and leakage testing shall be in accordance with the latest edition of AWWA Standard C600. [Recommended Standards for Water Works 8.5.5] This requirement is applicable during the following months: All Year. Statistical basis: Instantaneous determination.

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

Page 6 of 8

### Narrative Requirements:

#### Asbestos (Friable):

Condition No.	Condition
T-1	Asbestos (Friable): If the existing water line to be tapped is asbestos concrete, then the contractor shall conform to OSHA regulations governing the handling of hazardous waste during the process of tapping the asbestos concrete line. Pieces of asbestos concrete resulting from the tap shall be double bagged, placed in a rigid container and disposed of in an approved landfill. [401 KAR 8:100 Section 1(7)]

#### Additional Limitations:

Condition No.	Condition
T-2	Additional Limitations: Water line installation shall be in accordance with AWWA standards or manufacturer recommendations. [Recommended Standards for Water Works 8.5.1]
T-3	Additional Limitations: Pipes, fittings, valves and fire hydrants shall conform to the latest standards issued by the AWWA or NSF (if such standards exist). PVC and PE piping used must be certified to ANSI/NSF Standard 61. [Recommended Standards for Water Works 8.0.1]
T-4	Additional Limitations: At high points in water lines, where air can accumulate, provisions shall be made to remove the air by means of hydrants or air relief valves. Automatic air relief valves shall not be used in situations where manhole or chamber flooding may occur. [Recommended Standards for Water Works 8.4.1]
T-5	Additional Limitations: All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.5.4]
T-6	Additional Limitations: For lines that dead end, a fire hydrant shall be required at the end of each 6 inch or larger diameter line and a flush hydrant shall be required at the end of each line that is less than 6 inches in diameter. [Recommended Standards for Water Works 8.1.6]
T-7	Additional Limitations: For each fire or flush hydrant, auxiliary valves shall be installed in the hydrant lead pipe. [Recommended Standards for Water Works 8.3.3]

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

### Narrative Requirements:

#### Additional Limitations:

Condition No.	Condition
T-8	<p><b>Additional Limitations:</b> No flushing device, blow-off, or air relief valve shall be directly connected to any sewer. Chambers, pits or manholes containing valves, blow-offs, meters, or other such appurtenances shall not be directly connected to any storm drain or sanitary sewer. Such chambers, pits or manholes shall be drained to absorptions pits underground or to the surface of the ground where they are not subject to flooding by surface water. [Recommended Standards for Water Works 8.1.6, Recommended Standards for Water Works 8.4.3]</p>
T-9	<p><b>Additional Limitations:</b> If water lines are installed or replaced in areas of organic contamination or in areas within 200 ft of underground or petroleum storage tanks, ductile iron or other nonpermeable materials shall be used in all portions of the water line installation or replacement. [401 KAR 8:100 Section 1(5)(d)6, Recommended Standards for Water Works 8.0.2]</p>
T-10	<p><b>Additional Limitations:</b> No water pipe shall pass through or come in contact with any part of a sewer manhole. [Recommended Standards for Water Works 8.6.6]</p>
T-11	<p><b>Additional Limitations:</b> If a fire sprinkler system is to be installed, a double check detector assembly approved for backflow prevention shall be utilized. The double check detector assembly of the system shall be accessible for testing. [401 KAR 8:100 Section 1(7)]</p>
T-12	<p><b>Additional Limitations:</b> If water lines cross a stream or wetland, the provisions in the attached Water Quality Certification shall apply. If you have any questions please contact John Dovak of the Water Quality Branch at (502) 564-2225, extension 485. [401 KAR 8:100 Section 1(7)]</p>

## Distribution-Major Construction

Big Sandy Water District  
Facility Requirements

Activity ID No.: APE20040001

Page 8 of 8

### Narrative Requirements:

#### Subfluvial Pipe Crossings:

Condition No.	Condition
T-13	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings, a floodplain construction permit will not be required pursuant to KRS 151.250 if the following requirements of 401 KAR 4:050 Section 2 are met.</p> <ol style="list-style-type: none"><li>1) No material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc. during construction of pipe crossings.</li><li>2) Crossing trenches shall be backfilled as closely as possible to the original contour.</li><li>3) All excess material resulting from construction displacement in a crossing trench shall be disposed of outside the flood plain.</li><li>4) For erodible channels, there shall be at least 30 inches of backfill on top of all pipe or conduit points in the crossing.</li><li>5) For nonerodible channels, pipes or conduits in the crossing shall be encased on all sides by at least 6 inches of concrete with all pipe or conduit points in the crossing at least 6 inches below the original contour of the channel. [401 KAR 8:100 Section 1(7)]</li></ol>
T-14	<p>Subfluvial Pipe Crossings: For subfluvial pipe crossings greater than 15 feet in width,</p> <ol style="list-style-type: none"><li>1) the pipe shall be of special construction, having flexible, restrained, or welded watertight joints, and</li><li>2) valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair.</li></ol> <p>Valves shall</p> <ol style="list-style-type: none"><li>a) be easily accessible,</li><li>b) not be subject to flooding, and</li><li>c) if closest to the supply source, be in a manhole with permanent taps made on each side of the valve to allow insertion of a small meter to determine leakage and for sampling purposes. [Recommended Standards for Water Works 8.7.2]</li></ol>

County Laurence County  
 Type w/e  
 Name Phase III, Contract B

System Big Sandy Water District  
 Engineer Joe Sisler  
Sisler-Maggard Engineering, PLLC  
220 E Reynolds Road, suite A3  
Lexington, KY 40517

Eng Phone 859-271-2978  
 Fax 859-271-5670  
 e-mail \_\_\_\_\_

Chk'd by Scott Thomson  
 Date on Desk 9/1/2004  
 Routed to \_\_\_\_\_  
 and date \_\_\_\_\_  
 (C-facilities, M-mailed, P-Plumbing, F-filed)  
 Source \_\_\_\_\_  
 Certification \_\_\_\_\_  
 Remarks \_\_\_\_\_  
 Letter Code \_\_\_\_\_

6-in PVC	4-in PVC	3-in PVC	2-in PVC	
45,400	66,799	158,763	3,830	
45,400	66,799	158,763	3,830	

storage tank  
 \_\_\_\_\_' Diam. \_\_\_\_\_' feet OF-\_\_\_\_  
 4/13/2004-Tank  
 Latitude \_\_\_\_\_  
 Longitude \_\_\_\_\_

Meldrum Pump station				
0 Hp	0 Hp	0 Hp	size	
0 gpm	gpm	gpm	design flows	
	_____ ft TDH		design head	
	240V 1Ph		power	

0 gpm	size
	design flows
	design head
	power

11/4/2004-Received letter from engineer. Shared letter with supervisor who directed to accept and approve project.

C: Engineer Sisler-Maggard Engineering, PLLC  
 Laurence County H.D.  
 Carter County H.D.

Project No 0100944\_04\_001 33801 APE20040001  
 W.O. No. SME #02090  
 Fee Amt na Code 1-G  
 Submission Date 8/24/2004  
 Admin NOD Is'ued \_\_\_\_\_ Rec'vd \_\_\_\_\_  
 Tech NOD Issued 9/10/2004 Rec'vd 11/4/2004

Response Code 11/15/2004  
**A-approved, B-accepted**  
**as-built, D-denied, N-no action**  
**W-withdrawn, X-dead**

Response Date \_\_\_\_\_  
 Approval \_\_\_\_\_  
 EPA info. \_\_\_\_\_

Proposed Customers:	existing homes
Miles or Ft of Line	63 new customers total
Wells-Cap (gpm)	274,792 ft
Pump-Cap (gpm)	_____ gpm @ (ft) _____ TDH
Tanks-Cap (M.G.)	_____ MG (_____ tank)
Plants-Cap (MGD)	_____
Projected Demand (MGD)	15,750 gpd
Projected Cost (\$)	\$ 79,725 Coal, KIA, local

Attn: Bob McGlothlin, Superintendent  
606-928-2075

9/10/2004-Proposed is the installation of 45,400 ft of 6-inch, 66,799 ft of 4-inch, 158,763 ft of 3-inch and 3,830 ft of 2-inch PVC waterline throughout Lawrence County. 2,234 ft of the 66,799 ft of 4-inch PVC will be in Boyd County.

9/10/2004- Sheet 49 lacks valves at tee and line ends abruptly. Master Meter size not detailed on sheet 51. Sheet 67 lacks line size or type. Peak hour appears to only simulate avg day-avg hr of 366 gpm. Pk day-pk hr is estimated between 1,200 & 2,000 gpm. Unable to determine the demands on system during flushing simulations. MM Connections modelled as fixed grades. **NOD'd for deficiencies.**

9/24/2004-New plan sheets received. Called & asked status of Hydraulic Info

10/5/2004-Deman totals received, but they fall well short of MOR data which suggested a peak hour of 1,300 gpm. 674 gpm Modelled





10/28/2004-Met with Engineer to discuss a consistent method of submittals. Engineer agreed to provide a narrative to explain the discrepancies in the submittal and minimum requirements.

- gal	- 12-in PVC	12
66,645 gal	45,400 6-in PVC	6
43,581 gal	66,799 4-in PVC	4
58,264 gal	158,763 3-in PVC	3
625 gal	3,830 2-in PVC	2
169,115 gal	274,792 Total footage of pipe	

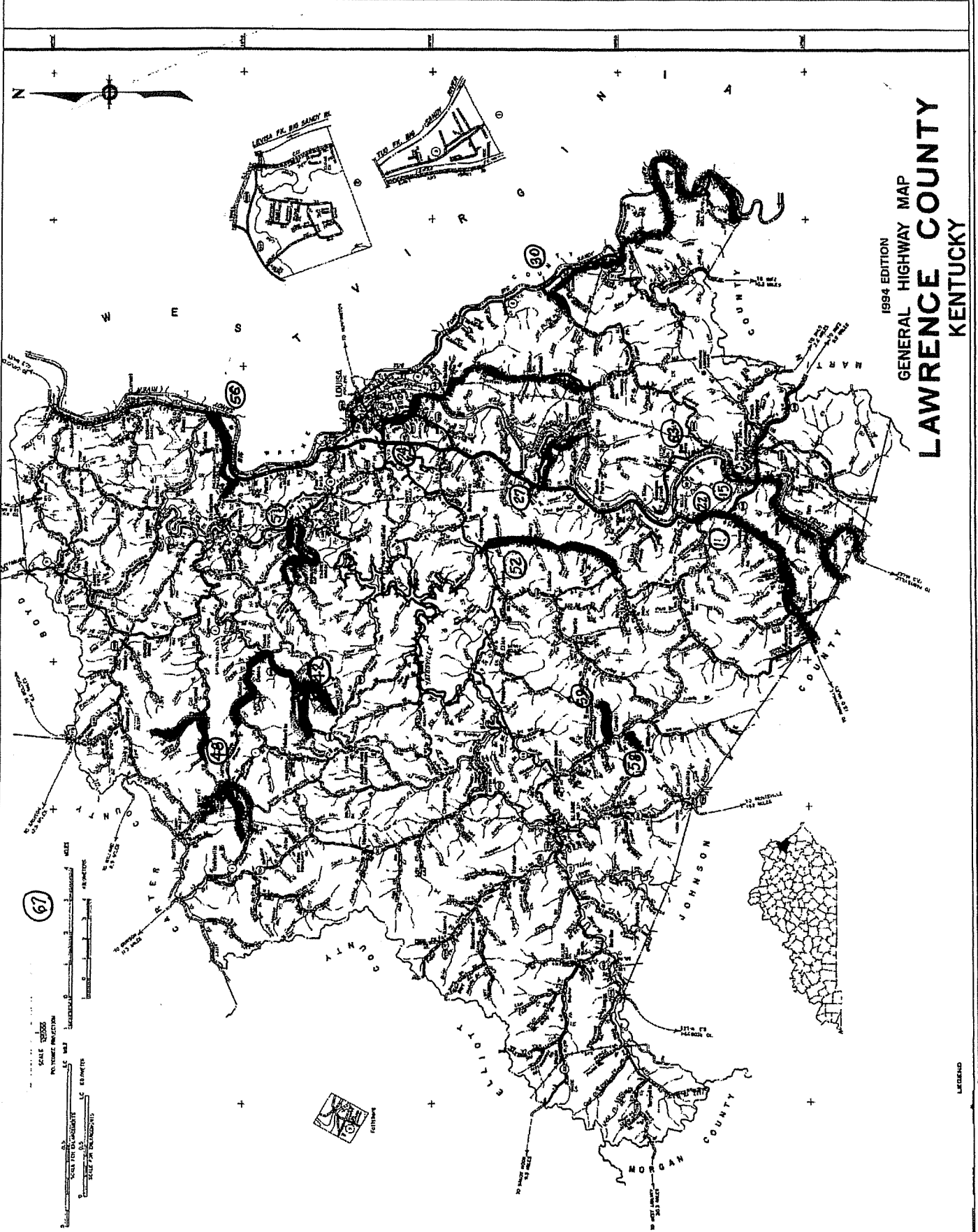
**10.74 days retention**

Hydraulic Summary	Sys Demand=	Minimum pressure	demand on proposed
Flushing	_____ gpm	36 psi	250 gpm
Peak hour	3000 gpm	_____ psi	_____ gpm
Static at high point	_____ gpm	_____ psi	_____ gpm



 PROPOSED PUMP STATION  PROPOSED WATER TANK  EXTENSIONS  PROPOSED WATER	CAD FILE NO: ENVIRON DWD NO: 1 OF 1	SISLER-MAGGARD ENGINEERING, PLLC Engineering - Surveying Lexington, Kentucky 40515	APPROVED BY: JFS
			CHECKED BY: MKM DRAWN BY: MCV
BIG SANDY WATER DISTRICT WATER SYSTEM IMPROVEMENTS LAWRENCE COUNTY, KENTUCKY			DATE: 8/04
			SCALE: NTS

LEGEND



1994 EDITION  
 GENERAL HIGHWAY MAP  
**LAWRENCE COUNTY**  
 KENTUCKY

LEGEND

**\$732,000**

Big Sandy Water District  
Kentucky Rural Water Finance Corporation  
Flexible Term Finance Program

## Sources & Uses

Dated 10/01/2004 | Delivered 10/19/2004

### SOURCES OF FUNDS

Par Amount of Bonds	\$732,000.00
Accrued Interest from 10/01/2004 to 10/19/2004	1,466.88

**TOTAL SOURCES** **\$733,466.88**

### USES OF FUNDS

Original Issue Discount (OID)	7,969.24
Total Underwriter's Discount (0.719%)	5,260.26
Costs of Issuance	15,029.00
Gross Bond Insurance Premium ( 31.5 bp)	3,711.66
Deposit to Debt Service Fund	1,466.88
Deposit to Project Construction Fund	700,000.00
Rounding Amount	29.84

**TOTAL USES** **\$733,466.88**

**\$732,000**

Big Sandy Water District  
Kentucky Rural Water Finance Corporation  
Flexible Term Finance Program

**Debt Service Schedule**

Part 1 of 2

Date	Principal	Coupon	Interest	Total P+I
02/01/2005	25,000.00	3.120%	9,979.97	34,979.97
08/01/2005	-	-	14,579.95	14,579.95
02/01/2006	29,000.00	3.120%	14,579.95	43,579.95
08/01/2006	-	-	14,127.55	14,127.55
02/01/2007	20,000.00	3.120%	14,127.55	34,127.55
08/01/2007	-	-	13,815.55	13,815.55
02/01/2008	20,000.00	3.220%	13,815.55	33,815.55
08/01/2008	-	-	13,493.55	13,493.55
02/01/2009	23,000.00	3.370%	13,493.55	36,493.55
08/01/2009	-	-	13,106.00	13,106.00
02/01/2010	23,000.00	3.370%	13,106.00	36,106.00
08/01/2010	-	-	12,718.45	12,718.45
02/01/2011	23,000.00	3.370%	12,718.45	35,718.45
08/01/2011	-	-	12,330.90	12,330.90
02/01/2012	24,000.00	3.500%	12,330.90	36,330.90
08/01/2012	-	-	11,910.90	11,910.90
02/01/2013	25,000.00	3.620%	11,910.90	36,910.90
08/01/2013	-	-	11,458.40	11,458.40
02/01/2014	24,000.00	4.120%	11,458.40	35,458.40
08/01/2014	-	-	10,964.00	10,964.00
02/01/2015	26,000.00	4.120%	10,964.00	36,964.00
08/01/2015	-	-	10,428.40	10,428.40
02/01/2016	27,000.00	4.120%	10,428.40	37,428.40
08/01/2016	-	-	9,872.20	9,872.20
02/01/2017	27,000.00	4.120%	9,872.20	36,872.20
08/01/2017	-	-	9,316.00	9,316.00
02/01/2018	28,000.00	4.120%	9,316.00	37,316.00
08/01/2018	-	-	8,739.20	8,739.20
02/01/2019	23,000.00	4.120%	8,739.20	31,739.20
08/01/2019	-	-	8,265.40	8,265.40
02/01/2020	25,000.00	4.120%	8,265.40	33,265.40
08/01/2020	-	-	7,750.40	7,750.40
02/01/2021	25,000.00	4.250%	7,750.40	32,750.40
08/01/2021	-	-	7,219.15	7,219.15
02/01/2022	31,000.00	4.250%	7,219.15	38,219.15
08/01/2022	-	-	6,560.40	6,560.40
02/01/2023	33,000.00	4.620%	6,560.40	39,560.40
08/01/2023	-	-	5,798.10	5,798.10
02/01/2024	35,000.00	4.620%	5,798.10	40,798.10
08/01/2024	-	-	4,989.60	4,989.60
02/01/2025	38,000.00	4.620%	4,989.60	42,989.60
08/01/2025	-	-	4,111.80	4,111.80
02/01/2026	40,000.00	4.620%	4,111.80	44,111.80
08/01/2026	-	-	3,187.80	3,187.80

\$732,000

Big Sandy Water District  
Kentucky Rural Water Finance Corporation  
Flexible Term Finance Program

## Debt Service Schedule

Part 2 of 2

Date	Principal	Coupon	Interest	Total P+I
02/01/2027	42,000.00	4.620%	3,187.80	45,187.80
08/01/2027	-	-	2,217.60	2,217.60
02/01/2028	44,000.00	4.620%	2,217.60	46,217.60
08/01/2028	-	-	1,201.20	1,201.20
02/01/2029	52,000.00	4.620%	1,201.20	53,201.20
<b>Total</b>	<b>\$732,000.00</b>	<b>-</b>	<b>\$446,304.97</b>	<b>\$1,178,304.97</b>

### Yield Statistics

Accrued Interest from 10/01/2004 to 10/19/2004	1,497.00
Bond Year Dollars	\$10,214.00
Average Life	13.954 Years
Average Coupon	4.3695415%
Net Interest Cost (NIC)	4.4990647%
True Interest Cost (TIC)	4.5193739%
Bond Yield for Arbitrage Purposes	4.2824437%
All Inclusive Cost (AIC)	4.8572045%
<b>IRS Form 8038</b>	<b>4.5471260%</b>
Net Interest Cost	13.753 Years
Weighted Average Maturity	





**BIG SANDY WATER DISTRICT  
O & M COST ESTIMATE FOR PUMP STATIONS  
PHASE III (02090)**

<b>SID GAP PUMP STATION</b>	
<b>ASSUMPTIONS:</b>	
1.) POWER = \$0.12 PER KW-HR	
2.) 2 TOTAL PUMPS @ 1/2 OPERATION & 10 HP	
3.) PUMPS ONLY OPERATE 12 HRS PER DAY	
4.) EFFICIENCY OF EACH PUMP IS CONSIDERED TO 80 PERCENT	
5.) 1 HP = 0.75 KW-HRS	
<b>CALCULATION:</b>	
$(2 \text{ PUMPS}) \times (1/2 \text{ OPERATION}) \times (10 \text{ HP}) \times (0.75 \text{ KW-HRS/HP}) \times (12 \text{ HRS/DAY}) \times (365 \text{ DAYS/YR}) \times (\$0.12/\text{KW-HR})$	
	0.8 EFFICIENCY
<b>ESTIMATED O &amp; M COST</b>	<b>\$3,153.60/YR</b>
Total Estimated usage ((101 customers) X 3900 gallons/month) = 393,900 gal/month	
Total estimated O & M COST/ 1000 gallons = \$0.42/1000 gallons	
Therefore total estimated annual O&M cost = \$0.42 X 393.9 gallons = \$165.44 X 12 months	
<b>TOTAL ESTIMATED O &amp; M COST</b>	<b>1,985.25/YR</b>
<b>TOTAL ESTIMATED O &amp; M COST</b>	<b>5,138.85/YR</b>





BIG SANDY WATER DISTRICT  
Statement of Net Assets  
Proprietary Funds  
December 31, 2004

ASSETS

Current Assets	
Cash and cash equivalents- unrestricted	\$281,342
Cash and cash equivalents- restricted	318,102
Investments - restricted	740,735
Accounts receivable	153,227
Inventory	48,260
Prepaid insurance	<u>16,223</u>
Total Current Assets	<u>1,557,889</u>
Noncurrent Assets	
Capital assets:	
Plant, equipment and lines	13,674,189
Less accumulated depreciation	<u>3,402,840</u>
Total Noncurrent Assets	<u>10,271,349</u>
Total Assets	<u>\$11,829,238</u>

LIABILITIES

Current Liabilities	
Accrued expenses	\$49,951
Bonds payable	58,000
Payable from restricted assets	<u>66,339</u>
Total Current Liabilities	<u>174,290</u>
Noncurrent Liabilities	
Bonds payable	<u>4,258,000</u>
Total Liabilities	<u>4,432,290</u>

NET ASSETS

Invested in capital assets, net of related debt	5,955,349
Restricted net assets	930,081
Unrestricted net assets	<u>511,518</u>
Total Net Assets	<u>\$7,396,948</u>

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

BIG SANDY WATER DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the year ended December 31, 2004

Operating Revenues	
User fees	\$1,452,551
Miscellaneous	24,516
Tap fee revenue	<u>95,845</u>
Total Operating Revenues	<u>1,572,912</u>
Operating Expenses	
Source of supply - operations	414,577
Transmission and distribution - operations	294,693
Transmission and distribution - maintenance	60,988
Customer accounts expense	12,887
Administrative and general	481,212
Taxes other than income	<u>28,097</u>
Total Operating Expenses	<u>1,292,454</u>
Operating Income (Loss)	<u>280,458</u>
Nonoperating Revenues (Expenses)	
Capital grants	1,394,738
Unrealized gain on investments	36,495
Interest expense	(214,448)
Interest income	<u>7,155</u>
Net Nonoperating Revenues (Expenses)	<u>1,223,940</u>
Net Income (Loss)	<u>1,504,398</u>
Total net assets- beginning	<u>5,998,583</u>
Depreciation charged to grants	<u>(106,033)</u>
Total net assets- ending	<u>\$7,396,948</u>

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

BIG SANDY WATER DISTRICT  
Statement of Cash Flows  
Proprietary Fund Type  
For the year ended June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating revenues	\$1,556,927
Cash paid for general and administrative expenses	<u>(1,081,144)</u>
Net Cash provided (used) by operating activities	<u>475,783</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest earned	7,155
Customer deposits	3,835
Unrealized gain on investments	<u>36,495</u>
Net Cash provided by investing activities	<u>47,485</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:	
Bond payments	(268,091)
New notes	732,000
Purchase of assets	(1,604,049)
Interest paid	(206,464)
Capital grants	<u>1,394,738</u>
Net Cash used in capital and financing activities	<u>48,134</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS - A	571,402
CASH AND CASH EQUIVALENTS- BEGINNING OF THE YEAR - A	<u>768,777</u>
CASH AND CASH EQUIVALENTS- END OF THE YEAR - A	<u>\$1,340,179</u>
RECONCILIATION OF NET INCOME CASH PROVIDED BY OPERATING ACTIVITIES:	
Net Operating Income	\$280,458
Adjustments to Reconcile Net Income to net Cash Provided by Operating Activities:	
(Increase) in prepaid	(712)
Depreciation	200,389
(Increase) in accounts receivable	(15,985)
Increase in accounts payable	1,299
Decrease in inventory	10,334
Net cash provided by operating activities	<u>\$475,783</u>

A - includes investments

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

PHASE III WATER DISTRIBUTION SYSTEM EXTENSIONS																			
<table border="1"> <tr> <td>VISIONS</td> <td>DATE</td> <td>FILE NO. 02090</td> </tr> <tr> <td>DOVAL</td> <td></td> <td>CAD FILE NO. DISTRIBIII</td> </tr> <tr> <td></td> <td></td> <td>DRAWN BY TCB</td> </tr> <tr> <td></td> <td></td> <td>CHECKED BY MKM</td> </tr> <tr> <td></td> <td></td> <td>APPROVED BY JFS</td> </tr> <tr> <td></td> <td></td> <td>DATE 6/03</td> </tr> </table>	VISIONS	DATE	FILE NO. 02090	DOVAL		CAD FILE NO. DISTRIBIII			DRAWN BY TCB			CHECKED BY MKM			APPROVED BY JFS			DATE 6/03	<p align="center"><b>BIG SANDY WATER DISTRICT</b></p> <p><b>SISLER-MAGGARD ENGINEERING, PLLC</b> ENGINEERING • SURVEYING 220 E. REYNOLDS ROAD, SUITE A3 LEXINGTON, KY. 40517 Telephone (859) 271-2978 Fax (859) 271-5670</p>
VISIONS	DATE	FILE NO. 02090																	
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SCALE																			
DRAWING NO.																			

REGISTERED  
 JUL 1 2003  
 PUBLIC WORKS  
 COMMISSION