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

May 17, 2006

CASE 2006-00205

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

Re: Bath County Water District - Public Service Commission Application for the Water System Improvements Project

Dear Ms. O'Donnell:

Enclosed please find the original and ten (10) copies of the Application of the Bath County Water District for a Certificate of Public Convenience and Necessity to construct and finance a water improvement project pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required, with the **exception of the Preliminary and Final Engineering Reports two (2) are enclosed**.

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

Sincerely,

Rubin & Hays

By
W. Randall Jones

WRJ:jlm
Enclosures
cc: Distribution List

DISTRIBUTION LIST

Account No. 2022.0000

Re: Bath County Water District Waterworks Revenue Bonds, Series 2006, in the principal amount of $1,039,000

Mr. Kenneth Slone
State Director
Rural Development
771 Corporate Drive, Suite 200
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336
Fax: (859) 224-7340

Ms. Pam Farmer
Rural Development
220 West First Street
Morehead, Kentucky 40351

Telephone: (606) 784-6447
Fax: (606) 784-2076

Ms. Jeanette Walton
Bath County Water District
21 Church Street
P.O. Box 369
Salt Lick, Kentucky 40371

Telephone: (606) 683-6363

Ms. Holly Nicholas
O'Brien & Gere Engineers
1019 Majestic Drive, Suite 110
Lexington, Kentucky 40513

Telephone: (859) 223-0137
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W. Randall Jones, Esq.
Rubin & Hays
Kentucky Home Trust Building
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Louisville, Kentucky 40202

Telephone: (502) 569-7534
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BATH COUNTY WATER	)	
DISTRICT OF BATH, MONTGOMERY AND	)	
MENIFEE COUNTIES, KENTUCKY, FOR	)	
A CERTIFICATE OF PUBLIC CONVENIENCE	)	**CASE NO.** 2006-00205
AND NECESSITY TO CONSTRUCT, FINANCE	)	
AND INCREASE RATES PURSUANT TO KRS 278.023.	)	

APPLICATION

This Application of the Bath County Water District ("Applicant") of Bath, Montgomery and Menifee Counties, Kentucky, respectfully shows:

1. That Applicant is a water district of Bath, Montgomery and Menifee Counties, Kentucky, created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.

2. That the post office address of Applicant is:

Bath County Water District
c/o Ms. Jeanette Walton, Manager
P.O. Box 369
Salt Lick, Kentucky 40371

3. That Applicant, pursuant to the provisions of KRS 278.020 and 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of Applicant; (ii) an Order approving revised rates; and (iii) approval of the proposed plan of financing said Project.

4. That the proposed project includes the renovation of two storage tanks, construction of a new tank in the Olympia area, and extension of water service to the areas of Mudlick, Elm, Turly, and Prickley Ash. To improve efficiencies in its operations, the District will install telemetry and radio read meters.

5. That Applicant proposes to finance the construction of the Project through (i) the issuance of $1,039,000 of its Waterworks Revenue Bonds; (ii) a USDA, Rural Development ("RD") Grant in the amount of $550,100; and (iii) a Menifee County Fiscal Court contribution in the amount

of $34,573. Applicant has a commitment from RD to purchase said $1,039,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 4.25% per annum, as set out in the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

6. That Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.

7. That Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:

A. Copy of RD Letter of Conditions, as amended.

B. Copy of RD Letter of Concurrence in Bid Award.

C. Copy of Preliminary and Final Engineering Reports.

D. Certified statement from the Chairman of Applicant, based upon statements of the Engineers for Applicant, concerning the following:

(1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10;

(2) All other state approvals or permits have already been obtained;

(3) The proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and

(4) Setting out the dates when it is anticipated that construction will begin and end.

8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the Bath County News-Outlook, Mt. Sterling Advocate and Morehead Shopping News, which are the newspapers of general circulation in Applicant's service area and in Bath, Montgomery and Menifee Counties, Kentucky. Said Notice sets out the Applicant's current rates and proposed rates and a short description of the Project. A copy of said Notice is filed herewith as an Exhibit.

9. That the foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the Filing Requirements specified in 807 KAR 5:069, Section 1.

WHEREFORE, Applicant, the Bath County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to Applicant the following:

a. A Certificate of Public Convenience and Necessity permitting Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of Applicant.

b. An Order approving the financing arrangements made by Applicant, viz., the issuance of (i) $1,039,000 of Bath County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 4.25% per annum; (ii) an RD Grant in the amount of $550,100; and (iii) a Menifee County Fiscal Court contribution in the amount of $34,573.

c. An Order approving the proposed increased rates as set out in Section 25 of the Amended RD Letter of Conditions filed herewith as an Exhibit.

BATH COUNTY WATER DISTRICT

By: Mitchell Crowe
Chairman
Board of Water Commissioners

W. Randall Jones, Esq.
Rubin & Hays
Counsel for Applicant
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
(502) 569-7534

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF BATH)

The undersigned, Mitchell Crooks, being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Bath County Water District, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this May 10, 2006.

Mitchell Crooks, Chairman
Bath County Water District

Subscribed and sworn to before me by Mitchell Crooks, Chairman of the Board of Commissioners of the Bath County Water District, on this May 10, 2006.

My Commission expires: 10-7-07.

Notary Public

United States Department of Agriculture
Rural Development
Kentucky State Office

March 16, 2005

Mr. Mitchell Crooks, Chairman
Bath County Water District
P.O. Box 369
Salt Lick, Kentucky 40371

Dear Mr. Crooks:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan and/or grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed $1,039,000, a RUS grant not to exceed $550,100.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 240 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

1. Number of Users and Their Contribution:

There shall be 3,341 water users, of which 3,326 are existing users and 15 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. No contribution is required from the Water District.

1a. Grant Agreement:

Attached is a copy of RUS Bulletin 1780-12, "Water and Waste System Grant Agreement," for your review. You will be required to execute a completed form at the time of grant closing.

1b. Drug-Free Work Place:

Prior to grant approval, the Water District will be required to execute Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants) Alternative I - For Grantees Other Than Individuals."

2. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the bond. Principal payment will not be deferred for a period in excess of two years from the date of the bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1st and July 1st) and principal will be due on or before the first of January. Rural Development may require the Water District to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the bond is held or insured by RUS. Monthly payments will be approximate amortized installments.

3. Recommended Repayment Method:

Payments on this loan can be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the District to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

4. Funded Depreciation Reserve Account:

The Water District will be required to deposit $465.00 per month into a "Funded Depreciation Reserve Account" until the account reaches $55,800. The deposits are to be resumed any time the account falls below the $55,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Water District's prior bond resolutions. The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

5. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible. If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the Water District will be required to abrogate its right to issue additional bonds ranking on a parity with the existing bonds, so long as any unpaid indebtedness remains on this bond issue.

6. Land Rights and Real Property:

The Water District will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible. Easements and options are to be secured prior to advertising for construction bids.

7. Organization:

The Water District will be legally organized under applicable KRS which will permit them to perform this service, borrow and repay money.

8. Business Operations:

The Water District will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Water District after review by Rural Development. At no later than loan pre-closing, the Water District will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, bookkeeping, making and delivering required reports and audits.

9. Accounts, Records and Audits:

The Water District will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits) in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed.

10. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

The Water District will accomplish audits in accordance with OMB Circular A-133, during the years in which federal funds are received. The Water District will provide copies of the audits to the Area Office and the appropriate Federal cognizant agency as designated by OMB Circular A-133.

11. Insurance and Bonding:

The following insurance and bonding will be required:

A. Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Water District. The Water District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

B. Worker's Compensation - The Water District will carry worker's compensation insurance for employees in accordance with applicable state laws.

C. Fidelity Bond - The Water District will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is $164,000.

D. Real Property Insurance - The Water District will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Water District from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.

E. Flood Insurance - The Water District will obtain and maintain adequate coverage on any facilities located in a special flood and mudslide prone areas.

12. Planning and Performing Development:

A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 210 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.

B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:

1. Final plans, specifications and bid documents.
2. Applicant's letter on efforts to encourage small business and minority-owned business participation.
3. Legal Service Agreements.
4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.

Prior to receipt of an authorization to advertise for construction bids, the Water District will obtain advance clearance from Bond Counsel regarding compliance with KRS 424 pertaining to publishing of the advertisement for construction bids in local newspapers and the period of time the notice is required to be published.

13. Civil Rights & Equal Opportunity:

You should be aware of and will be required to comply with other federal statute requirements including but not limited to:

A. Section 504 of the Rehabilitation Act of 1973:

Under Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), no handicapped individual in the United Sates shall, solely by reason of their handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Rural Development financial assistance.

B. Civil Rights Act of 1964:

All borrowers are subject to, and facilities must be operated in accordance with, Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.) and Subpart E of Part 1901 of this Title, particularly as it relates to conducting and reporting of compliance reviews. Instruments of conveyance for loans and/or grants subject to the Act must contain the covenant required by paragraph 1901.202(e) of this Title.

C. The Americans with Disabilities Act (ADA) of 1990:

This Act (42 U.S.C. 12101 et seq.) prohibits discrimination on the basis of disability in employment, state and local government services, public transportation, public accommodations, facilities, and telecommunications. Title II of the Act applies to facilities operated by state and local public entities that provide services, programs, and activities. Title III of the Act applies to facilities owned, leased, or operated by private entities that accommodate the public.

D. Age Discrimination Act of 1975:

This Act (42 U.S.C. 6101 et seq.) provides that no person in the United States shall, on the basis of age, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

Rural Development financial programs must be extended without regard to race, color, religion, sex, national origin, marital status, age, or physical or mental handicap.

14. Closing Instructions:

The Office of General Counsel, our Regional Attorney, will be required to write closing instructions in connection with this loan. Conditions listed therein must be met by the Water District.

15. Compliance with Special Laws and Regulations:

The Water District will be required to conform with any and all state and local laws and regulations affecting this type project.

16. System Operator:

The Water District is reminded that the system operator must have an Operator's Certificate issued by the State.

17. Prior to Pre-Closing the Loan, the Water District Will Be Required to Adopt:

A. Form RUS Bulletin 1780-27, "Loan Resolution (Public Bodies)."

B. Form RD 400-1, "Equal Opportunity Agreement."

C. Form RD 400-4, "Assurance Agreement."

D. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."

E. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."

F. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."

18. Refinancing and Graduation Requirements:

The Water District is reminded that if at any time it shall appear to the Government that the Water District is able to refinance the amount of the RUS indebtedness then outstanding, in whole or in part, by obtaining a loan from commercial sources at reasonable rates and terms, upon the request of the Government, the Water District will apply for and accept such loan in sufficient amount to repay the Government.

19. Commercial Interim Financing:

The Water District will be required to use commercial interim financing for the project during construction for the RUS loan portion of the financing, if available at reasonable rates and terms.

Before the loan is closed, the Water District will be required to provide Rural Development with statements from the contractor, engineer and attorneys that they have

20. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Water District prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

During construction, the Water District shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780. Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Water District, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Water District.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Water District and submitted to Rural Development in order that a periodic advance of federal cash may be requested.

Monthly audits of the Water District's construction account records shall be made by Rural Development.

21. Disbursement of Grant Funds:

The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of obligations due and payable by the Water District. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3016 (as applicable). Interest earned on grant funds in excess of $100 (as applicable) per year will be submitted to RUS at least quarterly.

22. Cost of Facility:

Breakdown of Costs:

Development		$ 1,255,200
Land and Rights		2,500
Legal and Administrative		15,200
Engineering		180,700
Interest		10,000
Contingencies		125,500
	TOTAL	$ 1,589,100

Financing:

RUS Loan		$ 1,039,000
RUS Grant		550,100
	TOTAL	$ 1,589,100

23. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, Operating Budget, or similar form may be utilized for this purpose.

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused grant funds exceeds the grant, that part would be RUS loan funds.

25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

A. 3/4" x 5/8" Meters:

First	2,000	gallons @ $	11.17 - Minimum Bill.
Next	3,000	gallons @ $	4.66 - per 1,000 gallons.
Next	5,000	gallons @ $	3.36 - per 1,000 gallons.
Next	10,000	gallons @ $	2.76 - per 1,000 gallons.
Next	30,000	gallons @ $	2.56 - per 1,000 gallons.
All Over	50,000	gallons @ $	2.46 - per 1,000 gallons.

B. 1" Meters:

First	10,000	gallons @ $	42.95 - Minimum Bill.
Next	10,000	gallons @ $	2.86 - per 1,000 gallons.
Next	30,000	gallons @ $	2.66 - per 1,000 gallons.
All Over	50,000	gallons @ $	2.56 - per 1,000 gallons.

C. 2" Meters:

First	50,000	gallons @ $	151.35 - Minimum Bill.
All Over	50,000	gallons @ $	2.56 - per 1,000 gallons.

D. WHOLESALE RATES:

1. City of Sharpsburg: $ 2.22 - per 1,000 gallons.

2. City of Frenchburg:

First	1,000	gallons @ $	2.56 - Minimum Bill.
Next	99,000	gallons @ $	2.56 - per 1,000 gallons.
All Over	100,000	gallons @ $	2.03 - per 1,000 gallons.

3. City of Owingsville:

First	1,000	gallons @ $	3.10 - Minimum Bill.
Next	9,000	gallons @ $	3.03 - per 1,000 gallons.
Next	15,000	gallons @ $	2.90 - per 1,000 gallons.
Next	25,000	gallons @ $	2.57 - per 1,000 gallons.
Next	50,000	gallons @ $	2.17 - per 1,000 gallons.
All Over	100,000	gallons @ $	1.76 - per 1,000 gallons.

26. Water Purchase Contract:

The Water District will submit a Water Purchase Contract for approval by Rural Development before advertising for construction bids. If the contract is not on Form RD 442-30, "Water Purchase Contract," the contract will require approval by our Regional Attorney. The contract must meet the requirements of subsection 1780.62 of RUS Instruction 1780.

27. Floodplain Construction:

The Water District will be required to pass and adopt a Resolution or amend its By-Laws whereby the Water District will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Water District and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

29. Mitigation Measures:

A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated March 18, 2004, from Mr. Ronald A. Cook, Manager.

B. The design and construction shall be in compliance with the requirements of the U.S. Fish and Wildlife Service as requested by letter dated June 23, 2004, and signed by Virgil Lee Andrews, Jr., Field Supervisor.

C. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without affect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.

D. The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.

30. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic

If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,

Kenneth Slone

KENNETH SLONE
State Director

Enclosures

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Flemingsburg, Kentucky
Gateway ADD - Owingsville, Kentucky
Paula Hughes - Owingsville, Kentucky
✓ Rubin and Hays - Louisville, Kentucky
Tetra Tech, Inc. - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky

United States Department of Agriculture
Rural Development
Kentucky State Office

April 26, 2006

Mr. Mitchell Crooks, Chairman
Bath County Water District
P.O. Box 369
Salt Lick, Kentucky 40371

Re: Letter of Conditions Dated March 16, 2005

Dear Mr. Crooks:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated March 16, 2005. The purpose of this amendment is to revise the 1) total cost of the proposed project, 2) project funding, and 3) rates and charges.

The Second Paragraph on Page 1 is revised to read as follows:

" This letter is not to be considered as loan and/or grant approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed $1,039,000, a RUS grant not to exceed $550,100, and a $34,573 contribution from the Menifee County Fiscal Court. "

Paragraph numbered "22" is revised to read as follows:

" 22. Cost of Facility:

Breakdown of Costs:

Development	$ 1,287,126
Land and Rights	4,000
Legal and Administrative	15,200
Engineering	177,880
Interest	10,000
Contingencies	129,467
TOTAL	$ 1,623,673

Financing:

RUS Loan	$ 1,039,000
RUS Grant	550,100
Menifee Co. F.C. Contribution	34,573
TOTAL	$ 1,623,673 "

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7390 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: http://www.rurdev.usda.gov/ky

Paragraph numbered "25" is revised to read as follows:

" 25. Rates and Charges:

Rates and charges for facilities and services rendered by the Water District must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

A. 3/4" x 5/8" Meters:

First	2,000	gallons @ $	11.37 - Minimum Bill.
Next	3,000	gallons @ $	4.76 - per 1,000 gallons.
Next	5,000	gallons @ $	3.46 - per 1,000 gallons.
Next	10,000	gallons @ $	2.86 - per 1,000 gallons.
Next	30,000	gallons @ $	2.66 - per 1,000 gallons.
All Over	50,000	gallons @ $	2.56 - per 1,000 gallons.

B. 1" Meters:

First	10,000	gallons @ $	42.95 - Minimum Bill.
Next	10,000	gallons @ $	2.86 - per 1,000 gallons.
Next	30,000	gallons @ $	2.66 - per 1,000 gallons.
All Over	50,000	gallons @ $	2.56 - per 1,000 gallons.

C. 2" Meters:

First	50,000	gallons @ $	151.35 - Minimum Bill.
All Over	50,000	gallons @ $	2.56 - per 1,000 gallons.

C. WHOLESALE RATES:

1. Sharpsburg Water District: $ 2.54 - per 1,000 gallons.

2. City of Frenchburg:

First	100,000	gallons per day @ $	2.66 - per 1,000 gallons.
Next	250,000	gallons per day @ $	2.13 - per 1,000 gallons.

3. City of Owingsville:

Monthly Debt Service Payment	$	4,733.91 - Minimum Bill.
All Usage	$	1.70 - per 1,000 gallons.

4. Bulk Sales: $ 7.15 - per 1,000 gallons. "

Paragraph numbered "32." is added to read as follows:

" 32. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the Water District will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA). "

All other provisions of the referenced Letter of Conditions remain in full force and unchanged.

Sincerely,

Vernon C Brewer
for KENNETH SLONE
State Director

cc: Area Director - Morehead, Kentucky
Rural Development Manager - Flemingsburg, Kentucky
Gateway ADD - Owingsville, Kentucky
Earl Rogers - Morehead, Kentucky
✓ Rubin and Hays - Louisville, Kentucky
Tetra Tech, Inc. - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky

United States Department of Agriculture
Rural Development
Kentucky State Office

April 20, 2006

SUBJECT: Bath County Water District
Water System Improvements
Contract Award Concurrence

TO: Area Director
Morehead, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 7, Utility Services, Inc., in the amount of $494204.00, on Contract 8, Kentucky Glass Lined Tanks, Inc., in the amount of $247,099.00, on Contract 9, C & K Contracting, LLC, in the amount of $336,872.90, and on Contract 10, Micro-Comm, Inc., in the amount of $209,950.00.

If you have any questions, please contact Julie Anderson, State Engineer, at (859) 224-7348.

for KENNETH SLONE
State Director
Rural Development

cc: O'Brien and Gere
Lexington, Kentucky

Rubin and Hayes
Randy Jones
Louisville, Kentucky

CERTIFICATE OF CHAIRMAN OF BATH COUNTY WATER DISTRICT, AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069

I, Mitchell Crooks, hereby certify that I am the duly qualified and acting Chairman of the Bath County Water District and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with O'Brien & Gere, Lexington, Kentucky, the Engineers for the District (the "Engineers").

Based on information furnished to me by said Engineers for the District, I hereby certify as follows:

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.

2. That all other state approvals and/or permits have already been obtained.

3. That the rates proposed by the District in its current Application filed with the Public Service Commission of Kentucky are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.

4. That it is now contemplated that construction of the Project will begin on or about June 1, 2006, and will end on or about February 28, 2007.

IN TESTIMONY WHEREOF, witness my signature this May 10, 2006.

Mitchell Crooks
Chairman
Bath County Water District

STATE OF KENTUCKY)
) SS
COUNTY OF BATH)

Subscribed and sworn to before me by Mitchell Crooks, Chairman of the Board of Commissioners of the Bath County Water District, on this May 10, 2006.

Juanitta Walton
Notary Public
In and For Said State and County

(Seal of Notary)

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Bath County Water District of a change to the District's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development in connection with a loan by the RD to the District in the amount of $1,039,000 to be evidenced by the issuance by the District of its Waterworks Revenue Bonds in such amount, which RD has agreed to purchase provided the District meets certain conditions of RD, including revising the water rates as set forth below:

Current Monthly Rates

5/8" x 3/4" Meters:

First 2,000 gallons	$10.37 minimum bill
Next 3,000 gallons	4.26 per 1,000 gallons
Next 5,000 gallons	2.96 per 1,000 gallons
Next 10,000 gallons	2.36 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
All over 50,000 gallons	2.06 per 1,000 gallons

1" Meters:

First 10,000 gallons	$37.95 minimum bill
Next 10,000 gallons	2.36 per 1,000 gallons
Next 30,000 gallons	2.16 per 1,000 gallons
All over 50,000 gallons	2.06 per 1,000 gallons

2" Meter:

First 50,000 gallons	$126.35 minimum bill
All over 50,000 gallons	2.06 per 1,000 gallons

Current Wholesale Rates

Sharpsburg Water District	$2.32 per 1,000 gallons
City of Frenchburg	
First 100,000 gallons per day	$2.66 per 1,000 gallons
Next 250,000 gallons per day	2.13 per 1,000 gallons
City of Owingsville	
Monthly Debt Service Payment	$4,733.91 minimum bill
All Usage	1.55 per 1,000 gallons
Bulk Sales	$6.51 per 1,000 gallons

Proposed Monthly Rates

5/8" x 3/4" Meters:

First 2,000 gallons	$11.37 minimum bill
Next 3,000 gallons	4.76 per 1,000 gallons
Next 5,000 gallons	3.46 per 1,000 gallons
Next 10,000 gallons	2.86 per 1,000 gallons
Next 30,000 gallons	2.66 per 1,000 gallons
All over 50,000 gallons	2.56 per 1,000 gallons

1" Meters:

First 10,000 gallons	$42.95 minimum bill
Next 10,000 gallons	2.86 per 1,000 gallons
Next 30,000 gallons	2.66 per 1,000 gallons
All over 50,000 gallons	2.56 per 1,000 gallons

2" Meter:

First 50,000 gallons	$151.35 minimum bill
All over 50,000 gallons	2.56 per 1,000 gallons

Proposed Wholesale Rates

Sharpsburg Water District	$2.54 per 1,000 gallons
City of Frenchburg	
First 100,000 gallons per day	$2.66 per 1,000 gallons
Next 250,000 gallons per day	2.13 per 1,000 gallons
City of Owingsville	
Monthly Debt Service Payment	$4,733.91 minimum bill
All Usage	1.70 per 1,000 gallons
Bulk Sales	$7.15 per 1,000 gallons

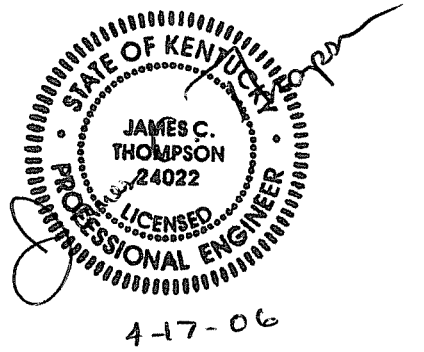
The RD loan proceeds will be used in conjunction with a contribution from the Menifee County Fiscal Court in the minimum amount of $34,573, and an RD Grant in the amount of $550,100 to finance the renovation of two storage tanks, construct a new tank in the Olympia area, and extend water service to the areas of Mudlick, Elm, Turly, and Prickley Ash. To improve efficiencies in its operations, the District will install telemetry and radio read meters. Signed: Mitchell Crooks, Chairman, Bath County Water District, Salt Lick, Kentucky.

PRELIMINARY ENGINEERING REPORT

BATH COUNTY WATER DISTRICT

RURAL DEVELOPMENT PROJECT

MARCH 2004



4-17-06

BATH COUNTY WATER DISTRICT
PRELIMINARY ENGINEERING REPORT

The Bath County Water District is proposing to renovate three storage tanks - the Owingsville, Ore Mines and Perry Road tanks, construct a new tank in the Olympia area, and extend water service to the areas of Mudlick, Elm, Turly, Prickley Ash. To improve efficiencies in its operation the District is proposing to install telemetry and radio read meters as part of the project.

Project Planning Area

The Bath County Water District's service area covers all of Bath County with the exception of the Cities of Owingsville and Sharpsburg. Bath County wholesales water to these two communities. In addition to serving customers in Bath County, the District has customers in Menifee and Montgomery Counties.

Bath County and the service area in surrounding counties are rural in nature with numerous farms and small communities. A map showing the existing coverage area of the District and the location of the proposed line extensions is included at the end of this report.

Environmental Resources Present

Bath and Menifee Counties are considered Appalachian Counties. The southeastern portion of Bath and most of Menifee County is located in the Daniel Boone National Forest. Bath County is characterized by rolling hills with scattered communities, some incorporated and many not. Menifee County by contrast has much more hilly terrain and even more sparsely populated.

The Kentucky State Nature Preserves Commission lists numerous plants, fish, birds, mammals, and other species as of special concern, threatened, or endangered. The fact that a large portion of the Water District's service area is in the National Forest will influence when and where facilities are constructed. As part of the environmental assessment process, the US Fish and Wildlife Service will be contacted for input on potential impacts on threatened and/or endangered species and possible mitigation measures required to less the potential impacts.

The nearest air monitoring stations are in Carter and Fayette Counties. No significant violations occurred during year 2000 at these stations.

There are numerous streams that run through both counties. The 2002 report "*303(d) List of Waters For Kentucky*" identifies a number of streams in Bath County that do not support of one or more designated uses.

Growth Area and Population Trends

In 1990, the population of Bath County was 9,692 persons. By the year 2000, the population had increased 14.3 percent to 11,085. From 1998 to the current time, the customer base of the District has grown 19.5 percent from 2,723 customers to 3,255 customers today. Approximately 297 of the District's total customers are located in Menifee County and another 262 are located in Montgomery County.

The Kentucky State Data Center projects that by the year 2030, Bath County will grow by 21.4 percent (low projection).

Existing Facilities

The Bath County Water District was established in 1968-9. It began providing water service in June 1970. The District purchases water from the Morehead Utility Plant Board (MUPB) and the City of Mt. Sterling. The District purchases an average of 1,020,000 MGD from MUPB and its contract allows a maximum of 2,066,000 MGD. The District purchases a small amount from Mt. Sterling, averaging approximately 53,000 GPD and the contract allows a maximum of 116,700 GPD.

Bath County wholesales water to the Cities of Sharpsburg and Frenchburg. The City of Frenchburg will be purchasing water from the Cave Run Water Authority once its facilities are operational, approximately 12 months from February 2004. When it begins purchasing water from Cave Run, it will no longer purchase water daily from Bath County Water District. The connection with Bath County will be for emergencies only.

The City of Owingsville has a project that advertised for construction bids in November 2003 that will result in facilities sufficient to allow the District to wholesale water to the City of Owingsville. The City of Owingsville's projected usage is expected to make up for the loss of Frenchburg.

The amount sold and projected to be sold to the three cities is shown below.

City	Average GPD Sold	Contract Maximum
Frenchburg	265,000 GPD	350,000 GPD
Sharpsburg	192,000 GPD	288,000 GPD
Owingsville		300,000 GPD

The District has approximately 185 miles of waterline ranging in size from 3 inch to 12 inch. There are seven storage tanks in the system with a total capacity of 766,000 gallons. A storage tank was advertised for construction in November 2003. It was originally sized at 1 million gallons but due to bid overruns, has been reduced to 500,000 gallons. There are nine pump stations in the system; four of which are hydro-pneumatic stations.

The District has maintained its system well. Its water loss is approximately 10 percent. A section of pipe along KY 36 is low pressure class pipe and cannot handle increased pressure. The storage tank in the Means area is too small for the demand in the area and needs to be at a higher elevation. The District has Coal Development funds to replace this tank and add a pump station to serve the new Means tank. The District's telemetry is outdated and some components do not have any telemetry.

Need for Project

Residents in the District's service area do not have a good alternative to public water service. Area groundwater is for the most part high in mineral content which adversely affect the taste and use for laundry. Most persons without public water service rely on hauled water and cisterns. Very few wells are drilled in the service area.

Cisterns are easily contaminated by surface runoff and/or infiltration from septic tank lateral fields. Wells, when used, can also be adversely affected by septic tanks and straight pipes.

All three tanks slated for renovation have been in service since 1989 and have never been re-painted. Many of the District's components, i.e. tanks, pump stations, and master meters do not have telemetry. The District personnel must actually visit these components to determine their operating status. The District's service area is quite large geographically and it is ineffective to not be able to control and observe the operations of the various system components from a central location such as the office located in Salt Lick.

In order to reduce the amount of time required to read the meters and reduce reading and entry errors, the District is proposing to install radio read meters. This will enable the District to continue to grow and keep cost down. After the initial cost of the equipment, the District will save money over the long run by not having to add additional personnel for meter reading purposes.

Alternative Considered

Primarily, the alternatives considered relate to the storage tanks. Two tanks, Ore Mines and Perry Road, have lead based paint (LBP) on the exterior and will require abatement. So the District considered as an alternative to abating the LBP and re-painting the tank replacing them with new tanks.

Proposed Project

The District will be seeking funding assistance from Rural Development to renovate the Ore Mines, Perry Road and Owingsville tanks in addition to the construction of a new

tank in Olympia. Water lines will be extended into four areas, telemetry installed on 22 sites throughout the water district, and radio read meters will be installed.

The improvements proposed will be designed following the *Ten States Standards* utilized by the State of Kentucky. Tetra Tech, Inc., the selected professional engineers by the District, has utilized KYPIPE 2000 to determine the appropriate size waterlines, tanks, and pump stations.

The project budget on the following page shows the project costs. The District wants to make the most of this opportunity and secure additional funding from Rural Development to make even more improvements to its system.

Financial Status of District and Project Impact

The Summary Addendum to the Preliminary Engineering Report which details the financial impact of the project on the District is attached to this report.

KENTUCKY GUIDE 7
MAY 1998

SUMMARY ADDENDUM

TO

PRELIMINARY ENGINEERING REPORT

DATED: **March 2004**

FOR

Bath County Water District

APPLICANT CONTACT PERSON: **Jeanette Walton**

APPLICANT PHONE NUMBER: **606.683.6363**

APPLICANT TAX IDENTIFICATION NUMBER (TIN): **61-0712234**

ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.

In order to avoid unnecessary delays in application processing, the applicant and its consulting engineer should prepare a summary of the preliminary report in accordance with this Guide.

Please complete the applicable sections of the Summary Addendum. ***Please note, if water and sewer revenue will both be taken as security for the loan, all user information and characteristics of both utility systems will be needed even though the project will benefit only one utility.***

Feasibility review and grant determinations may be processed more accurately and more rapidly if the Summary/Addendum is submitted simultaneously with the preliminary engineering report, or as soon thereafter as possible.

General

A. Proposed Project: Provide a brief description of the proposed project. In addition to this summary, the applicant/engineer should submit a project map of the service area.

This project will involve the construction of two new storage tanks at Ore Mines and Perry Road, replacing the existing tanks which are too small and have lead based paint inside and out. The Owingsville tank will be renovated. Telemetry will be installed at 22 sites (pump stations and storage tanks) and radio read meters will be installed throughout the District. These activities are one phase of a three phase project. The other two phases will be funded independently of the Rural Development phase.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. Sewage Treatment: ***Bath County Water District does not own or operate a sewer system. A portion of their service area has sewer service provided by the City of Morehead and another area by the City of Frenchburg.***

1. ***Type:***

2. ***Method of Sludge Disposal:***

3. ***Cost per 1,000 gallons if sewage treatment is contracted:***

4. ***Date Constructed:***

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: *6"____ 8"____ 10"____ 12"____ Larger*

Date(s) Constructed:

F. Conditions of Existing System. Briefly describe the conditions and suitability for continued use of facilities now owned by the applicant. Include any major renovation that will be needed within five to ten years.

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

The Bath County Water District purchases water from the City of Morehead's Utility Plant Board (MUPB). MUPB completed in year 2002 the construction of a new water intake structure and renovation/expansion of its water treatment plant. The District also purchases water from the City of Mt. Sterling. The District purchases an average of 30m gallons a month from MUPB and approximately 2.7m gallons a month from Mt. Sterling.

With the improvements made by MUPB, it has an ample supply of water to sell Bath County.

If the applicant purchases water:

Seller(s):

1. Morehead Utility Plant Board
2. City of Mt. Sterling

Price/1,000 gallons:

1. $18,634.13 Capital Cost, $10.00 meter billing charge, and $0.70 per 1,000 gallons
2. First 100 cf $4.82, next 600 cf $2.32, next 1,300 cf $2.27, next 1,300 cf $2.17, next 3,400 cf $1.92, next 6,600 cf $1.62, next 13,300 cf $1.32, over 26,000 cf $1.28

Present Estimated Market Value of Existing System: $

B. Water Storage:

Type: Ground Storage Tank - 5 Elevated Tank - 1
Standpipe - 1 Other

Number of Storage Structures - Seven (7) One additional tank, 500,000 gallon should be under construction mid-late spring 2004

Total Storage Volume Capacity - 766,000

Date Storage Tank(s) Constructed – 1970, 1977, 1983, 1989, 1991

C. Water Distribution System:

Pipe Material - PVC, ductile iron

Lineal Feet of Pipe: 3"- 220,739 LF 4" – 211,002 LF
6" – 432,594 LF 8" – 81,330 LF
10" – 10,519 LF 12" – 65,174 LF

Date(s) Water Lines Constructed - 1970 and after

Number and Capacity of Pump Station(s) - Nine (9); Fearing Rd – 300 GPM, Slate – 230 GPM, Preston – 80 GPM, Means – 40 GPM, Midland – 1000 GPM, White Oak – 50 GPM, Alexander – 10 GPM, Pine Grove – 25 GPM, Pendelton Branch – 30 GPM

D. Condition of Existing Water System:

Briefly describe the condition and suitability for continued use of facility now owned by the applicant. Include any major renovation that will be needed within five to ten years.

The system is in good to excellent condition. This phased project is to extend service to areas presently un-served. A number of renovations are proposed to increase storage volume and pressure. Two tanks have lead based paint inside and out. These tanks also need to be larger to serve additional customers beyond the end of the existing lines. The District is proposing to replace these tanks to eliminate having to deal with the LBP and to increase the size to better serve existing and new customers.

E. Percentage of Water Loss Existing System - Eight (8) percent

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

DATE OF ISSUE	BOND HOLDER	PRINCIPAL BALANCE	PAYMENT DATE	BOND TYPE* WATER/SEWER		AMOUNT ON DEPOSIT IN RESERVE ACCOUNT
1970	EDA	$66,000	Jan/July	100%		$64,953 at 12/31/02 in sinking fund and $124,998 in Depreciation Fund at 12/31/02
1977	RD	$76,000	Jan/July	100%		
1982	RD	$79,000	Jan/July	100%		
1988	RD	$307,000	Jan/July	100%		
1989	RD	$117,000	Jan/July	100%		
1991	RD	$90,900	Jan/July	100%		
1994	RD	$258,500	Jan/July	100%		
1998	RD	$193,400	Jan/July	100%		

2004 **	RD	$500,000	Jan/July	100%		

* If a combined issue, show attributable portion to each system.
** This project was bid in late 2003 but exceeded the approved budget. The District is working with its engineer to re-size portions of the project. Construction is expected to begin in mid to late spring 2004.

B. Principal and Interest Payments: (Begin with Next Fiscal Year Payment)

		PAYMENT YEAR: 2005		PAYMENT YEAR: 2006		PAYMENT YEAR: 2007	
DATE OF ISSUE	BOND HOLDER	PRINCIPAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT
1970	EDA	$10,000	$2,380	$11,000	$1,955	$11,000	$1,490
1977	RD	$4,000	$3,600	$4,000	$3,400	$5,000	$3,200
1982	RD	$2,000	$3,850	$3,000	$3,750	$3,000	$3,600
1988	RD	$7,000	$15,000	$8,000	$14,650	$8,000	$14,250
1989	RD	$2,000	$5,750	$3,000	$5,650	$3,000	$5,500
1991	RD	$1,600	$4,465	$1,700	$4,385	$1,800	$4,300
1994	RD	$4,000	$11,475	$4,000	$11,295	$4,500	$11,115
1998	RD	$2,500	$8,595	$2,600	$8,480	$2,700	$8,370
2004	RD	$2,740	$13,450	$2,900	$13,320	$3,000	$13,200

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: (Do Not Show Any Debt Listed in Paragraph IV above)

LENDER OR LESSOR	DATE OF ISSUE (MONTH & YEAR)	PRINCIPAL PAYMENT	PURPOSE (WATER and/or SEWER)	PAYMENT DATE	PRINCIPAL & INTEREST PAYMENT	DATE TO BE PAID IN FULL

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water – 0	*Sewer*
Number of Storage Tank Sites:	Water - 7	*Sewer*
Number of Pump Stations:	Water - 9	*Sewer*
Total Acreage:	Water -	*Sewer*
Purchase Price:	Water $	*Sewer $*

VII. NUMBER OF EXISTING USERS

	Water	*Sewer*
Residential (In Town)*	3,138	
Residential (Out of Town)*		

Non-Residential (In Town)	71
Non-Residential (Out of Town)	3 (wholesale)
Total	3,212
Number of Total Potential Users Living in the Service Area	2,000

*Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residence.

VIII. CURRENT WATER AND SEWER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION

Meter Size	Water Connection Fee	Sewer Connection Fee
5/8" x 3/4"	$400.00	
1 – Inch & larger	Actual Cost	

IX. SEWER RATES (EXISTING SYSTEM)

Percentage of water bill _____%. Minimum Charge $ _____.

Other: (Sewer charge if not based on water bill)

Date this rate went into effect:

X. WATER RATES EXISTING SYSTEM

Existing Rate Schedule:

5/8" meter

First 2,000 Gallons	$10.37 minimum bill
Next 3,000 Gallons	$4.26 per 1,000 gallons
Next 5,000 Gallons	$2.96 per 1,000 gallons
Next 10,000 Gallons	$2.36 per 1,000 gallons
Next 30,000 Gallons	$2.16 per 1,000 gallons
Over 50,000 Gallons	$2.06 per 1,000 gallons

1" meter

First 10,000 Gallons	$37.95 minimum bill
Next 10,000 Gallons	$2.36 per 1,000 gallons
Next 30,000 Gallons	$2.16 per 1,000 gallons
Over 50,000 Gallons	$2.06 per 1,000 gallons

2" meter

First 50,000 Gallons	$126.35 minimum bill
Over 50,000 Gallons	$2.06 per 1,000 gallons

Date This Rate Went Into Effect: February 2004

If More Than One Rate Schedule, Please Include All Schedules.

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment: *NOT APPLICABLE*

1. Type:

2. Method of Sludge Disposal:

3. Cost per 1,000 gallons if sewage treatment is contracted:

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: *6"____* *8"____*
10"____ *12"____* *Larger*

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

Number of Treatment Plant Sites

Number of Pump Stations

Number of Other Sites

Total Acreage

Purchase Price

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM

MONTHLY SEWER USAGE	*Average*	*Residential* No. of Users	*Residential* Usage 1,000	*Non-Residential* No. of Users	*Non-Residential* Usage 1,000
5/8 x 3/4 meter					
0 - 1,000 Gal.	*1,000*		*0*		*0*
1,000 - 2,000 Gal.	*1,500*		*0*		*0*
2,000 - 3,000 Gal.	*2,500*		*0*		*0*
3,000 - 4,000 Gal.	*3,500*		*0*		*0*
4,000 - 5,000 Gal.	*4,500*		*0*		*0*
5,000 - 6,000 Gal.	*5,500*		*0*		*0*
6,000 - 7,000 Gal.	*6,500*		*0*		*0*
7,000 - 8,000 Gal.	*7,500*		*0*		*0*
8,000 - 9,000 Gal.	*8,500*		*0*		*0*
9,000 - 10,000 Gal.	*9,500*		*0*		*0*
10,000 - 11,000 Gal.	*10,500*		*0*		*0*
11,000 - 12,000 Gal.	*11,500*		*0*		*0*
12,000 - 13,000 Gal.	*12,500*		*0*		*0*
13,000 - 14,000 Gal.	*13,500*		*0*		*0*
14,000 - 15,000 Gal.	*14,500*		*0*		*0*
15,000 - 16,000 Gal.	*15,500*		*0*		*0*
16,000 - 17,000 Gal.	*16,500*		*0*		*0*
17,000 - 18,000 Gal.	*17,500*		*0*		*0*
18,000 - 19,000 Gal.	*18,500*		*0*		*0*
19,000 - 20,000 Gal.	*19,500*		*0*		*0*
20,000 & Over			*0*		*0*
	Subtotal	*0*	*0*	*0*	*0*
Average Monthly Usage			*#DIV/0!*		*#DIV/0!*
	Totals	***0***	**-**	***0***	**-**

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM

MONTHLY WATER USAGE	Average	Residential No. of Users	Residential Usage 1,000	Commercial No. of Users	Commercial Usage 1,000
5/8 x 3/4 meter					
0 - 1,000 Gal.	1,000	657	657	25	25
1,000 - 2,000 Gal.	2,000	461	922	7	14
2,000 - 3,000 Gal.	3,000	477	1,431	6	18
3,000 - 4,000 Gal.	4,000	419	1,676	4	16
4,000 - 5,000 Gal.	5,000	315	1,575	2	10
5,000 - 6,000 Gal.	6,000	217	1,302	2	12
6,000 - 7,000 Gal.	7,000	152	1,064	1	7
7,000 - 8,000 Gal.	8,000	101	808	3	24
8,000 - 9,000 Gal.	9,000	69	621	1	9
9,000 - 10,000 Gal.	10,000	52	520	1	10
10,000 - 11,000 Gal.	11,000	40	440	1	11
11,000 - 12,000 Gal.	12,000	24	288	0	0
12,000 - 13,000 Gal.	13,000	22	286	2	26
13,000 - 14,000 Gal.	14,000	18	252	0	0
14,000 - 15,000 Gal.	15,000	14	210	1	15
15,000 - 16,000 Gal.	16,000	14	224	0	0
16,000 - 17,000 Gal.	17,000	11	187	2	34
17,000 - 18,000 Gal.	18,000	8	144	0	0
18,000 - 19,000 Gal.	19,000	5	95	0	0
19,000 - 20,000 Gal.	20,000	5	100	0	0
20,000 & Over	37,140	44	1,634	4	149
	Subtotal	*3,125*	*14,436*	*62*	*380*
Average Monthly Usage			4,620		6,122
1 inch meter					
0 - 10,000	3,950	7	28	3	12
11,000 - 20,000	15,900	3	48	2	32
21,000 - 50,000	25,400	2	51	2	51
50,000 & Over	149,000	0	0	1	149
	Subtotal	*12*	*126*	*8*	*243*
2 inch meter					
	83,700	1	84	0	0
	223,500	0	0	1	224
	Subtotal	*1*	*83.7*	*1*	*224*
Wholesale - Sharpsburg					
	5,749,000	0	0	1	5,749
	Subtotal	*0*	*0*	*1*	*5,749*
Wholesale - Frenchburg					
	8,130,300	0	0	1	8,130
	Subtotal	*0*	*0*	*1*	*8,130*
Wholesale - Owingsville					
	54,000	0	0	1	54
	Subtotal	*0*	-	*1*	*54*
	Totals	**3,138**	**14,646**	**74**	**14,780**

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

There will be no change to the wholesale agreements. The maximums allowed should be adequate for the foreseeable future.

B. Water Storage:

Type:	Ground Storage Tank	X	Elevated Tank	X
	Standpipe		Other	

Number of Storage Structures Three (one renovated; two new)

Total Storage Volume Capacity 550,000 gallons

C. Water Distribution System: -

Pipe Material

Lineal Feet of Pipe:	3" Diameter	4"
	6"	8"
	10"	12"

Number and Capacity of Pump Station(s) -

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites

Number of Pump Sites

Number of Other Sites 3 – already owned by BCWD

Total Acreage

Purchase Price

REVISED
11/02/04

XV. FACILITY CHARACTERISTICS OF PROPOSED WATER SYSTEM

A. Water Source: Describe adequacy of source (quality and quantity). Include an explanation of raw water source, raw water intake structure, treatment plant capacity, and current level of production (WTP). Also describe the adequacy of Water Purchase Contract if applicable.

There will be no change to the wholesale agreements. The maximums allowed should be adequate for the foreseeable future.

B. Water Storage:

Type:	Ground Storage Tank	X	Elevated Tank	X
	Standpipe		Other	

Number of Storage Structures Four (three renovated; one new)

Total Storage Volume Capacity 750,000 gallons

C. Water Distribution System: -

Pipe Material PVC

Lineal Feet of Pipe:	3" Diameter – 33.500	4"
	6"	8" – 6,500
	10"	12"

Number and Capacity of Pump Station(s) -

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites

Number of Pump Sites

Number of Other Sites 3 – already owned by BCWD; one purchased

Total Acreage

Purchase Price

REVISED
11/02/04

XVII. NUMBER OF NEW SEWER USERS

*Residential (In Town)**

*Residential (Out of Town)**

Non-Residential (In Town)

Non-Residential (Out of Town)

Total

Number of Total Potential Users Living in the Service Area

** NOTE: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.*

XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE METER CONNECTION

Meter Size	*Connection Fee*
5/8" x 3/4"	
1 – Inch and larger	

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)*	15
Residential (Out of Town)*	
Non-Residential (In Town)	
Non-Residential (Out of Town)	
Total	15

Number of Total Potential Users Living in the Service Area

* Note: Residential Users: Classify by type of user regardless of quantity of water used. This classification should include those meters serving individual rural residences.

If more than one rate, use additional sheets.

XXII. WATER RATES - PROPOSED

A. Proposed Rate Schedule without RUS Grant:

First	2,000	Gallons @	$11.57	Minimum
Next	3,000	Gallons @	$4.86	per 1,000 Gallons
Next	5,000	Gallons @	$3.56	per 1,000 Gallons
Next	10,000	Gallons @	$2.96	per 1,000 Gallons
Next	30,000	Gallons @	$2.76	per 1,000 Gallons
All Over	50,000	Gallons @	$2.66	per 1,000 Gallons

The above proposed rate, without RUS grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RUS grant in the Table below. However, the preparer should remember that the Table (A) above must be completed prior to Table (B).

B. Recommended Rate Schedule with RUS Grant:

First	2,000	Gallons @	$11.37	Minimum
Next	3,000	Gallons @	$4.76	per 1,000 Gallons
Next	5,000	Gallons @	$3.46	per 1,000 Gallons
Next	10,000	Gallons @	$2.86	per 1,000 Gallons
Next	30,000	Gallons @	$2.66	per 1,000 Gallons
All Over	50,000	Gallons @	$2.56	per 1,000 Gallons

If more than one rate, use additional sheets.

XXIII. FORECAST OF SEWER - INCOME - EXISTING SYSTEM - EXISTING USERS

MONTHLY SEWER USAGE	Average	Average Rate	Residential No. of Users	Residential Usage 1,000	Residential Income	Commercial No. of Users	Commercial Usage 1,000	Commercial Income
5/8 x 3/4 meter								
0 - 1,000 Gal.	1,000		0	0	0	0	0	0
1,000 - 2,000 Gal.	1,500		0	0	0	0	0	0
2,000 - 3,000 Gal.	2,500		0	0	0	0	0	0
3,000 - 4,000 Gal.	3,500		0	0	0	0	0	0
4,000 - 5,000 Gal.	4,500		0	0	0	0	0	0
5,000 - 6,000 Gal.	5,500		0	0	0	0	0	0
6,000 - 7,000 Gal.	6,500		0	0	0	0	0	0
7,000 - 8,000 Gal.	7,500		0	0	0	0	0	0
8,000 - 9,000 Gal.	8,500		0	0	0	0	0	0
9,000 - 10,000 Gal.	9,500		0	0	0	0	0	0
10,000 - 11,000 Gal.	10,500		0	0	0	0	0	0
11,000 - 12,000 Gal.	11,500		0	0	0	0	0	0
12,000 - 13,000 Gal.	12,500		0	0	0	0	0	0
13,000 - 14,000 Gal.	13,500		0	0	0	0	0	0
14,000 - 15,000 Gal.	14,500		0	0	0	0	0	0
15,000 - 16,000 Gal.	15,500		0	0	0	0	0	0
16,000 - 17,000 Gal.	16,500		0	0	0	0	0	0
17,000 - 18,000 Gal.	17,500		0	0	0	0	0	0
18,000 - 19,000 Gal.	18,500		0	0	0	0	0	0
19,000 - 20,000 Gal.	19,500		0	0	0	0	0	0
20,000 - Over			0	0	0	0	0	0
	Sub-Total		0	0	$0	0	0	$0
Average Monthly Rate		#DIV/0!						
Average Monthly Usage				#DIV/0!			#DIV/0!	
1 inch meter								
				0	0		0	0
	Subtotal		0	-	$ -	0	-	$ -
2 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
3 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
4 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
	Totals		-	-	$ -	-	-	$ -
Annual Total:					$ -			$ -

XXIV. FORECAST OF SEWER - INCOME - NEW USERS - EXTENSION ONLY

MONTHLY SEWER USAGE	Average	Average Rate	Residential No. of Users	Residential Usage 1,000	Residential Income	Commercial No. of Users	Commercial Usage 1,000	Commercial Income
5/8 x 3/4 meter								
0 - 1,000 Gal.	1,000	-		0	0		0	0
1,000 - 2,000 Gal.	1,500	-		0	0		0	0
2,000 - 3,000 Gal.	2,500	-		0	0		0	0
3,000 - 4,000 Gal.	3,500	-		0	0		0	0
4,000 - 5,000 Gal.	4,500	-		0	0		0	0
5,000 - 6,000 Gal.	5,500	-		0	0		0	0
6,000 - 7,000 Gal.	6,500	-		0	0		0	0
7,000 - 8,000 Gal.	7,500	-		0	0		0	0
8,000 - 9,000 Gal.	8,500	-		0	0		0	0
9,000 - 10,000 Gal.	9,500	-		0	0		0	0
10,000 - 11,000 Gal.	10,500	-		0	0		0	0
11,000 - 12,000 Gal.	11,500	-		0	0		0	0
12,000 - 13,000 Gal.	12,500	-		0	0		0	0
13,000 - 14,000 Gal.	13,500	-		0	0		0	0
14,000 - 15,000 Gal.	14,500	-		0	0		0	0
15,000 - 16,000 Gal.	15,500	-		0	0		0	0
16,000 - 17,000 Gal.	16,500	-		0	0		0	0
17,000 - 18,000 Gal.	17,500	-		0	0		0	0
18,000 - 19,000 Gal.	18,500	-		0	0		0	0
19,000 - 20,000 Gal.	19,500	-		0	0		0	0
20,000 - Over		-		0	0		0	0
	Sub-Total		0	0	$0	0	0	$0
Average Monthly Rate		#DIV/0!						
Average Monthly Usage				#DIV/0!			#DIV/0!	
1 inch meter								
				0	0		0	0
	Subtotal		0	-	$ -	0	-	$ -
2 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
3 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
4 inch meter								
			0	0	0		0	0
	Subtotal		0	0	0	0	-	$ -
	Totals		-	-	$ -	-	#VALUE!	$ -
Annual Total:					$ -			$ -

XXV. FORECAST OF WATER - INCOME - EXISTING SYSTEM

MONTHLY WATER USAGE	Average	Average Rate	Residential No. of Users	Residential Usage 1,000	Residential Income	Commercial No. of Users	Commercial Usage 1,000	Commercial Income
5/8 x 3/4 meter								
0 - 1,000 Gal.	1,000	$ 11.37	681	681	7,743	25	25	284
1,000 - 2,000 Gal.	2,000	11.37	478	956	5,435	7	14	80
2,000 - 3,000 Gal.	3,000	16.13	494	1,482	7,968	6	18	97
3,000 - 4,000 Gal.	4,000	20.89	434	1,736	9,066	4	16	84
4,000 - 5,000 Gal.	5,000	25.65	327	1,635	8,388	2	10	51
5,000 - 6,000 Gal.	6,000	29.11	226	1,356	6,579	2	12	58
6,000 - 7,000 Gal.	7,000	32.57	159	1,113	5,179	1	7	33
7,000 - 8,000 Gal.	8,000	36.03	106	848	3,819	3	24	108
8,000 - 9,000 Gal.	9,000	39.49	73	657	2,883	1	9	39
9,000 - 10,000 Gal.	10,000	42.95	54	540	2,319	1	10	43
10,000 - 11,000 Gal.	11,000	45.81	41	451	1,878	1	11	46
11,000 - 12,000 Gal.	12,000	48.67	24	288	1,168	0	0	0
12,000 - 13,000 Gal.	13,000	51.53	22	286	1,134	2	26	103
13,000 - 14,000 Gal.	14,000	54.39	18	252	979	0	0	0
14,000 - 15,000 Gal.	15,000	57.25	14	210	802	1	15	57
15,000 - 16,000 Gal.	16,000	60.11	14	224	842	0	0	0
16,000 - 17,000 Gal.	17,000	62.97	11	187	693	2	34	126
17,000 - 18,000 Gal.	18,000	65.83	8	144	527	0	0	0
18,000 - 19,000 Gal.	19,000	68.69	5	95	343	0	0	0
19,000 - 20,000 Gal.	20,000	71.55	5	100	358	0	0	0
20,000 & Over	37,140	117.14	45	1,671	5,271	4	149	469
	Sub-Total		*3,239*	*14,912*	*$73,373*	*62*	*380*	*$1,677*
Average Monthly Rate		11.37						
Average Monthly Usage				4,604			6,122	
1 inch meter								
0 - 10,000	3,950	42.95	7	28	301	3	6	129
11,000 - 20,000	15,900	59.82	3	48	179	2	6	120
21,000 - 50,000	25,400	85.91	2	51	172	2	8	172
50,000 & Over	149,000	404.79	0	0	0	1	6	405
	Subtotal		*12*	*126*	*$ 652*	*8*	*26*	*$ 825*
2 inch meter								
	83,700	237.62	1	84	238	0	0	0
	223,500	595.51	0	0	0	1	224	596
		Subtotal	*1*	*83.7*	*237.622*	*1*	*224*	*$ 596*
Wholesale - Sharpsburg								
	5,749,000	12,763	0	0	0	1	5,749	12,763
		Subtotal	*0*	*0*	*0*	*1*	*5,749*	*$ 12,763*
Wholesale - Frenchburg								
	8,130,300	16,558	0	0	0	1	8,130	16,558
		Subtotal	*0*	*0*	*0*	*1*	*8,130*	*$ 16,558*

Wholesale - Owingsville

54,000	147.08	0	0	0	1	54	147
Subtotal		*0*	*0*	*0*	*1*	*54*	*$ 147*
Totals		**3,252**	**15,122**	**$ 74,262**	**74**	**14,562**	**$ 32,565**

Annual Total: **$891,145** **$390,785**

XXVI. FORECAST OF WATER - INCOME - NEW USERS - EXTENSION ONLY

MONTHLY WATER USAGE	Average	Average Rate	Residential No. of Users	Residential Usage 1,000	Residential Income	Commercial No. of Users	Commercial Usage 1,000	Commercial Income
5/8 x 3/4 meter								
0 - 1,000 Gal.	1,000	11.37	3	3	34		0	0
1,000 - 2,000 Gal.	1,500	11.37	2	3	23		0	0
2,000 - 3,000 Gal.	2,500	16.13	2	5	32		0	0
3,000 - 4,000 Gal.	3,500	20.89	2	7	42		0	0
4,000 - 5,000 Gal.	4,500	25.65	2	9	51		0	0
5,000 - 6,000 Gal.	5,500	29.11	1	6	29		0	0
6,000 - 7,000 Gal.	6,500	32.57	1	7	33		0	0
7,000 - 8,000 Gal.	7,500	36.03	1	8	36		0	0
8,000 - 9,000 Gal.	8,500	39.49	1	9	39		0	0
9,000 - 10,000 Gal.	9,500	42.95		0	0		0	0
10,000 - 11,000 Gal.	10,500	45.81		0	0		0	0
11,000 - 12,000 Gal.	11,500	48.67		0	0		0	0
12,000 - 13,000 Gal.	12,500	51.53		0	0		0	0
13,000 - 14,000 Gal.	13,500	54.39		0	0		0	0
14,000 - 15,000 Gal.	14,500	57.25		0	0		0	0
15,000 - 16,000 Gal.	15,500	60.11		0	0		0	0
16,000 - 17,000 Gal.	16,500	62.97		0	0		0	0
17,000 - 18,000 Gal.	17,500	65.83		0	0		0	0
18,000 - 19,000 Gal.	18,500	68.69		0	0		0	0
19,000 - 20,000 Gal.	19,500	71.55		0	0		0	0
20,000 & Over		-		0			0	0
	Sub-Total		*15*	*55*	*$319*	*0*	*0*	*$0*
Average Monthly Rate		24.44						
Average Monthly Usage				3,667			#DIV/0!	
	Totals		**15**	**55**	**$ 319**	**-**	**-**	**$ -**
Annual Total:					**$ 3,833**			**$ -**

XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM)

(As of the last full operating year) *Year Ending*

A.	*Operating Income:*	
	Sewer Revenue	*$0*
	Late Charge Fees	
	Other (Describe)	
	Less Allowances and Deductions	
	Total Operating Income	*$0*
B.	*Operation and Maintenance Expenses:* *(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)*	
	Operation Expense	
	Maintenance Expense	
	Customer Accounts Expense	
	Administrative and General Expense	
	Total Operating Expenses	*$0*
	Net Operating Income	*$0*
C.	*Non-Operating Income:*	
	Interest on Deposits	
	Other (Identify)	
	Total Non-Operating Income	*$0*
D.	*Net Income*	*$0*
E.	*Debt Repayment:*	
	RUS Interest	
	RUS Principal	
	Non-RUS Interest	
	Non-RUS Principal	
	Total Debt Repayment	*$0*
F.	*Balance Available for Coverage*	*$0*

XXVIII. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - EXISTING SYSTEM AND NEW USERS *(1ST Full Year of Operation)* *Year Ending*

A.	*Operating Income:*	
	Sewer Revenue	*$0*
	Late Charge Fees	
	Other (Describe)	
	Less Allowances and Deductions	
	Total Operating Income	*$0*
B.	*Operation and Maintenance Expenses:* *(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)*	
	Operation Expense	
	Maintenance Expense	
	Customer Accounts Expense	
	Administrative and General Expense	
	Total Operating Expenses	*$0*
	Net Operating Income	*$0*
C.	*Non-Operating Income:*	
	Interest on Deposits	
	Other (Identify)	
	Total Non-Operating Income	*$0*
D.	*Net Income*	*$0*
E.	*Debt Repayment:*	
	RUS Interest	
	RUS Principal	
	Non-RUS Interest	
	Non-RUS Principal	
	Total Debt Repayment	*$0*
F.	*Balance Available for Coverage*	*$0*

XXIX. PROPOSED OPERATING BUDGET - (SEWER SYSTEM) - NEW USERS - EXTENSION ONLY *(1ST Full Year of Operation)* *Year Ending*

A.	*Operating Income:*	
	Sewer Revenue	*$0*
	Late Charge Fees	
	Other (Describe)	
	Less Allowances and Deductions	
	Total Operating Income	*$0*
B.	*Operation and Maintenance Expenses:* *(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)*	
	Operation Expense	
	Maintenance Expense	
	Customer Accounts Expense	
	Administrative and General Expense	
	Total Operating Expenses	*$0*
	Net Operating Income	*$0*
C.	*Non-Operating Income:*	
	Interest on Deposits	
	Other (Identify)	
	Total Non-Operating Income	*$0*
D.	*Net Income*	*$0*
E.	*Debt Repayment:*	
	RUS Interest	
	RUS Principal	
	Non-RUS Interest	
	Non-RUS Principal	
	Total Debt Repayment	*$0*
F.	*Balance Available for Coverage*	*$0*

XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)

(As of the last full operating year)

A.	Operating Income:		
	Water Sales	$	1,146,296
	Disconnect/Reconnect/Late Charge Fees	$	11,950
	Other (Describe)		
	Less Allowances and Deductions		
	Total Operating Income	$	1,158,246
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	$	526,435
	Pumping Expense	$	35,032
	Water Treatment Expense	$	-
	Transmission and Distribution Expense	$	215,096
	Customer Accounts Expense	$	106,871
	Administrative and General Expense	$	102,252
	Total Operating Expenses	$	985,686
	Net Operating Income	$	172,560
C.	Non-Operating Income:		
	Interest on Deposits		
	Other (Identify)	$	14,303
	Total Non-Operating Income	$	14,303
D.	Net Income	$	186,863
E.	Debt Repayment:		
	RUS Interest	$	54,916
	RUS Principal	$	22,300
	Non-RUS Interest	$	3,188
	Non-RUS Principal	$	9,000
	Total Debt Repayment	$	89,404
F.	Balance Available for Coverage	$	97,459

XXXI. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - EXISTING SYSTEM AND NEW USERS (1st Full Year of Operation) Year Ending 2006

A.	Operating Income:		
	Water Sales	$	1,260,408
	Disconnect/Reconnect/Late Charge Fees		
	Other (Describe) Tap Fees & Misc		
	Less Allowances and Deductions		
	Total Operating Income	$	1,260,408
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	$	538,138
	Pumping Expense	$	35,811
	Water Treatment Expense	$	-
	Transmission and Distribution Expense	$	219,878
	Customer Accounts Expense	$	109,246
	Administrative and General Expense	$	104,526
	Total Operating Expenses	$	1,007,600
	Net Operating Income	$	252,808
C.	Non-Operating Income:		
	Interest on Deposits		
	Other (Identify)		
	Total Non-Operating Income	$	-
D.	Net Income	$	252,808
E.	Debt Repayment:		
	RUS Interest	$	104,440
	RUS Principal	$	37,700
	Non-RUS Interest	$	1,955
	Non-RUS Principal	$	11,000
	Total Debt Repayment	$	155,095
F.	Balance Available for Coverage	$	97,713

XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS EXTENSION ONLY (1st Full Year of Operation) Year Ending 2006

A.	Operating Income:		
	Water Sales	$	28,662
	Disconnect/Reconnect/Late Charge Fees		
	Other (Describe) Tap Fees & Misc		
	Less Allowances and Deductions		
	Total Operating Income	$	28,662
B.	Operation and Maintenance Expenses: (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Source of Supply Expense	$	4,300
	Pumping Expense	$	300
	Water Treatment Expense	$	-
	Transmission and Distribution Expense	$	7,800
	Customer Accounts Expense	$	3,900
	Administrative and General Expense	$	3,700
	Total Operating Expenses	$	20,000
	Net Operating Income	$	8,662
C.	Non-Operating Income:		
	Interest on Deposits		
	Other (Identify)		
	Total Non-Operating Income	$	-
D.	Net Income	$	8,662
E.	Debt Repayment:		
	RUS Interest	$	1,050
	RUS Principal	$	230
	Non-RUS Interest		
	Non-RUS Principal		
	Total Debt Repayment	$	1,280
F.	Balance Available for Coverage	$	7,382

FINAL
ENGINEERING REPORT

BATH COUNTY WATER DISTRICT

RURAL DEVELOPMENT PROJECT

APRIL 2006

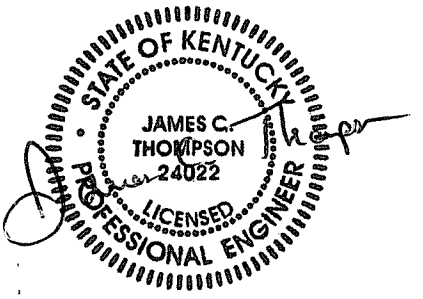
O'BRIEN & GERE

FINAL
ENGINEERING REPORT

BATH COUNTY WATER DISTRICT

RURAL DEVELOPMENT PROJECT

APRIL 2006



4-17-06

BATH COUNTY WATER DISTRICT
FINAL ENGINEERING REPORT
WATER SYSTEM IMPROVEMENTS

I. GENERAL

The Bath County Water District is proposing to renovate three storage tanks - the Owingsville, Ore Mines and Perry Road tanks, construct a new tank in the Olympia area, and extend water service to the areas of Mudlick, Elm, Turly, Prickley Ash. To improve efficiencies in its operation the District is proposing to install telemetry and radio read meters as part of the project.

II. PROJECT PLANNING AREA

The Bath County Water District's service area covers all of Bath County with the exception of the Cities of Owingsville and Sharpsburg. Bath County wholesales water to these two communities. In addition to serving customers in Bath County, the District has customers in Menifee and Montgomery Counties.

Bath County and the service area in surrounding counties are rural in nature with numerous farms and small communities.

III. EXISTING FACILITIES

The Bath County Water District was established in 1968-9. It began providing water service in June 1970. The District purchases water from the Morehead Utility Plant Board (MUPB) and the City of Mt. Sterling. The District purchases an average of 1,020,000 MGD from MUPB and its contract allows a maximum of 2,066,000 MGD. The District purchases a small amount from Mt. Sterling, averaging approximately 53,000 GPD and the contract allows a maximum of 116,700 GPD.

Bath County wholesales water to the Cities of Sharpsburg, Frenchburg and Owingsville. The City of Owingsville began purchasing water in September 2006. The City of Frenchburg began purchasing the majority of their water from the Cave Run Water Authority in November 2005.

The amount currently being sold to the three cities is shown below.

City	Average GPD Sold	Contract Maximum
Frenchburg	20,000 GPD	350,000 GPD
Sharpsburg	219,000 GPD	288,000 GPD
Owingsville	220,000 GPD	300,000 GPD

The District has approximately 200 miles of waterline ranging in size from 3 inch to 12 inch. There are seven storage tanks in the system with a total capacity of 1,222,000

gallons. Two new storage tanks and 3 new pump stations were constructed in 2005 to improve pressure and storage within the system.

IV. NEED FOR PROJECT

Residents in the District's service area do not have a good alternative to public water service. Area groundwater is for the most part high in mineral content which adversely affect the taste and use for laundry. Most persons without public water service rely on hauled water and cisterns. Very few wells are drilled in the service area.

Cisterns are easily contaminated by surface runoff and/or infiltration from septic tank lateral fields. Wells, when used, can also be adversely affected by septic tanks and straight pipes.

All three tanks slated for renovation have been in service since 1989 and have never been re-painted. Many of the District's components, i.e. tanks, pump stations, and master meters do not have telemetry. The District personnel must actually visit these components to determine their operating status. The District's service area is quite large geographically and it is ineffective to not be able to control and observe the operations of the various system components from a central location such as the office located in Salt Lick. The current telemetry system covers only a portion of the system and is outdated. The manufacturer no longer offers support for this type system.

In order to reduce the amount of time required to read the meters and reduce reading and entry errors, the District is proposing to install radio read meters. This will enable the District to continue to grow and keep cost down. After the initial cost of the equipment, the District will save money over the long run by not having to add additional personnel for meter reading purposes.

V. ALTERNATIVES CONSIDERED

Primarily, the alternatives considered relate to the storage tanks. Two tanks, Ore Mines and Perry Road, have lead based paint (LBP) on the exterior and will require abatement. So the District considered as an alternative to abating the LBP and re-painting the tank replacing them with new tanks.

VI. PROPOSED DESIGN

The project was separated into four contracts based on type of construction. Contract No. 7 was for the rehabilitation of the Ore Mines, Perry Road and Owingsville water storage tanks. Contract No. 8 was a new 234,000 gallon water storage tank in the Olympia area and the demolition of the existing 64,000 gallon Preston water storage tank. Contract No. 9 was for various 3", 4" and 8" water main extensions. Contract No. 10 was for a county wide telemetry system. The projects were approved by the Kentucky Division of Water in November of 2005.

Contract No. 9 was for various 3", 4" and 8" water main extensions. Contract No. 10 was for a county wide telemetry system. The projects were approved by the Kentucky Division of Water in November of 2005.

The four contracts were advertised on February 22, 2006 and the bid opening was held at the district office on March 14, 2006. Lots of interest was shown as there were ten plan holders on Contract No. 7, four plan holders on Contract No. 8, 10 plan holders on Contract No. 9 and 9 plan holders on Contact No. 10. The results were as follows:

Contract No.	Engineer's Estimate	Low Bid Amount	Low Bidder
7	$ 175,000.00	$ 494,204.00	Utility Services, Inc.
8	$ 315,000.00	$ 247,099.00	Kentucky Glass Lined Tank Systems, Inc.
9	$ 650,000.00	$ 336,872.90	C & K Contracting, LLC
10	$ 250,000.00	$ 208,950.00	Micro-Comm, Inc.

Please see attached Bid Tabulations for complete list of bidding contractors. The bid amounts, when added to the project non-construction cost, exceeds the project budget. Awarding the contracts "as-is" would mean reducing the contingency to 6%.

VII. CONCLUSION AND RECOMMENDATIONS

O'Brien & Gere recommended award to the low bidders for Contracts 7, 8, 9 and 10 with no changes.

The District accepted the recommendations to award Contracts 7, 8, 9 and 10 with no changes.

The revised project budget is as follows:

Construction Cost

Contract No. 7	Utility Services, Inc.	$ 494,204.00
Contract No. 8	Kentucky Glass Lined Tank Systems, Inc.	$ 247,099.00
Contract No. 9	C & K Contracting, LLC	$ 336,872.90
Contract No. 10	Micro-Comm, Inc.	$ 208,950.00
	Construction Cost	**$ 1,287,125.90**
	Contingency-10%	**$ 129,466.40**
	Sub-Total Construction Cost	**$ 1,416,592.30**

Non Construction Cost

Engineering/Admin/Inspection		$ 177,880.00
Land Acquisition		$ 4,000.00
Legal		$ 15,200.00
Interest		$ 10,000.00
	Sub-Total Non Construction Cost	**$ 207,080.00**
	Total Project Cost	**$ 1,623,672.30**

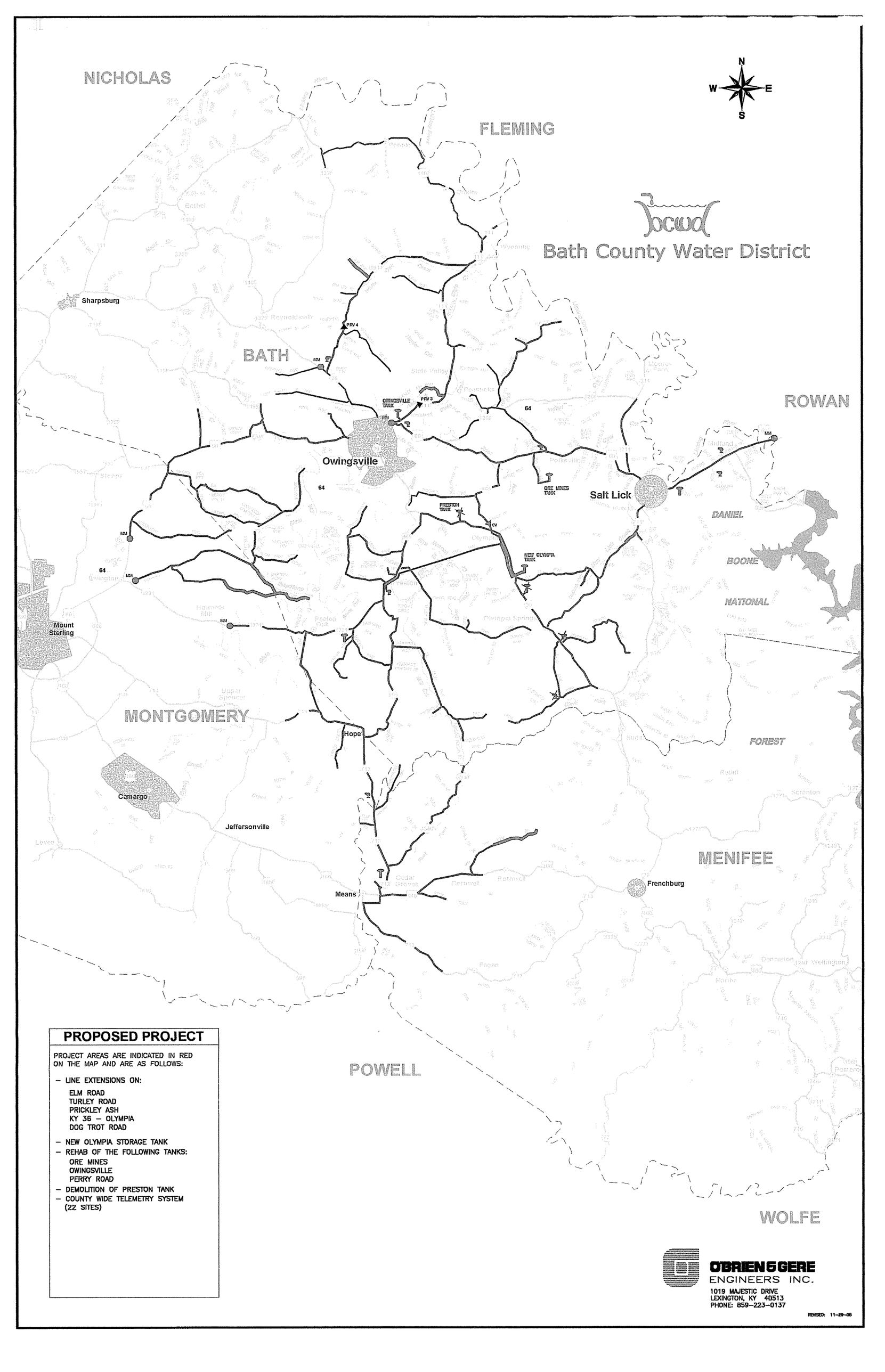
Project Funding is as follows:

Rural Development Loan		$ 1,039,00.00
Rural Development Grant		$ 50,100.00
Menifee Co. Fiscal Court[1]		$ 34,572.30
	Total Available Funding	**$ 1,623,672.30**

[1] Menifee Co. Fiscal Court Paying for line extension that is in Menifee Co. (Dog Trot Rd.)

ATTACHMENTS

Map of System with project areas highlighted
Bid tabulations
Engineer's Letters of Recommendation



PROPOSED PROJECT

PROJECT AREAS ARE INDICATED IN RED ON THE MAP AND ARE AS FOLLOWS:

- LINE EXTENSIONS ON:
  - ELM ROAD
  - TURLEY ROAD
  - PRICKLEY ASH
  - KY 36 – OLYMPIA
  - DOG TROT ROAD
- NEW OLYMPIA STORAGE TANK
- REHAB OF THE FOLLOWING TANKS:
  - ORE MINES
  - OWINGSVILLE
  - PERRY ROAD
- DEMOLITION OF PRESTON TANK
- COUNTY WIDE TELEMETRY SYSTEM (22 SITES)

O'BRIEN & GERE
ENGINEERS INC.
1019 MAJESTIC DRIVE
LEXINGTON, KY 40513
PHONE: 859-223-0137

REVISED: 11-29-06

BID TABULATION

BATH COUNTY WATER DISTRICT
CONTRACT NO. 7 - WATER TANK REHABILITATION AND IMPROVEMENTS
TUESDAY, MARCH 14, 2006 - 1:00 PM

Item No.	Description	Quantitiy	Unit	Utility Services, Inc. Perry, GA $/unit	Utility Services, Inc. Perry, GA Bid Amount	Currens Company, Inc. Harrodsburg, KY $/unit	Currens Company, Inc. Harrodsburg, KY Bid Amount	Average Unit Cost	Average Bid Amount
1	Field Preperation and Painting - Ore Mines Tank (250,000) Ground Storage	1	EA	$ 100,478.00	$ 100,478.00	$ 134,375.00	$ 134,375.00	$ 117,426.50	$ 117,426.50
2	Chain Link Fencing - Ore Mines Rd. and Perry Rd. Tank	1	EA	$ 20,000.00	$ 20,000.00	$ 18,200.00	$ 18,200.00	$ 19,100.00	$ 19,100.00
3	Re-grade Ore Mines Rd. Access Road	1	EA	$ 81,200.00	$ 81,200.00	$ 73,000.00	$ 73,000.00	$ 77,100.00	$ 77,100.00
4	Field Preperation and Painting - Perry Rd. Tank (100,000) Ground Storage	1	EA	$ 66,069.00	$ 66,069.00	$ 112,600.00	$ 112,600.00	$ 89,334.50	$ 89,334.50
5	Re-grade Perry Rd. Access Road	1	EA	$ 58,800.00	$ 58,800.00	$ 52,000.00	$ 52,000.00	$ 55,400.00	$ 55,400.00
6	Field Preperation and Painting - Owingsville Tank (100,000) Elevated	1	EA	$ 167,657.00	$ 167,657.00	$ 117,200.00	$ 117,200.00	$ 142,428.50	$ 142,428.50
					$ -		$ -		
	TOTAL BID CALCULATED BID AMOUNT				**$ 494,204.00**		**$ 507,375.00**		

The above is a true and complete tabulation of the bids received at 1:00 p.m. local time, Tuesday, March 14, 2006 at the Bath County Water District Office.
I certify that this is true and accurate tabulation of the bids.

O'BRIEN & GERE ENGINEERS, INC.

By: James C. Thompson

James C. Thompson, PE
Project Engineer

BID TABULATION

BATH COUNTY WATER DISTRICT
CONTRACT NO. 8 - OLYMPIA WATER STORAGE TANK
TUESDAY, MARCH 14, 2006 - 1:00 PM

Item No.	Description	Quantitiy	Unit	Kentucky Glass Lined Tanks, Inc. Lexington, KY $/unit	Kentucky Glass Lined Tanks, Inc. Lexington, KY Bid Amount	Laurel Construction Co., Inc. London,KY $/unit	Laurel Construction Co., Inc. London,KY Bid Amount	Caldwell Tanks, Inc. Louisville, KY $/unit	Caldwell Tanks, Inc. Louisville, KY Bid Amount	Average Unit Cost	Average Bid Amount
1	234,000 Gallon Glass Lined Ground Storage Tank	1	EA	$ 114,517.23	$ 114,517.23		$ -		$ -	$ 114,517.23	$ 57,258.62
1-A	234,000 Gallon Welded Steel Ground Storage Tank	1	EA		$ -	$ 200,000.00	$ 200,000.00	$ 294,892.00	$ 294,892.00	$ 247,446.00	$ 164,964.00
2	Foundation, Site Grading and Access Road	1	EA	$ 96,469.77	$ 96,469.77	$ 60,000.00	$ 60,000.00	$ 205,000.00	$ 205,000.00	$ 120,489.92	$ 120,489.92
3	Valve Vault, Check Valve and all Yard Piping	1	EA	$ 14,512.00	$ 14,512.00	$ 18,000.00	$ 18,000.00	$ 20,000.00	$ 20,000.00	$ 17,504.00	$ 17,504.00
4	Chain Link Fencing and Gate	1	EA	$ 6,400.00	$ 6,400.00	$ 12,000.00	$ 12,000.00	$ 8,600.00	$ 8,600.00	$ 9,000.00	$ 9,000.00
5	2 1/2" SCH 40 Electrical Conduit	1	EA	$ 8,000.00	$ 8,000.00	$ 7,000.00	$ 7,000.00	$ 14,000.00	$ 14,000.00	$ 9,666.67	$ 9,666.67
6	Geotechnical Report and Foundation Design	1	EA	$ 3,200.00	$ 3,200.00	$ 4,000.00	$ 4,000.00	$ 4,000.00	$ 4,000.00	$ 3,733.33	$ 3,733.33
7	Demolition of One 64,000 Gallon Standpipe	1	EA	$ 4,000.00	$ 4,000.00	$ 11,000.00	$ 11,000.00	$ 11,500.00	$ 11,500.00	$ 8,833.33	$ 8,833.33
					$ -		$ -		$ -		
					$ -		$ -		$ -		
	TOTAL BID CALCULATED BID AMOUNT				**$ 247,099.00**		**$ 312,000.00**		**$ 557,992.00**		

The above is a true and complete tabulation of the bids received at 1:00 p.m. local time, Tuesday, March 14, 2006 at the Bath County Water District Office.

I certify that this is true and accurate tabulation of the bids.

O'BRIEN & GERE ENGINEERS, INC.

By: James C. Thompson

James C. Thompson, PE
Project Engineer

BID TABULATION

BATH COUNTY WATER DISTRICT
CONTRACT NO. 9 - WATER MAIN EXTENSIONS
TUESDAY, MARCH 14, 2006 - 1:00 PM

Item No.	Description	Quantitiy	Unit	C & K Contracting LLC Grayson, KY $/unit	C & K Contracting LLC Grayson, KY Bid Amount	R Risner Const., Inc. West Liberty, KY $/unit	R Risner Const., Inc. West Liberty, KY Bid Amount	G & W Constrution Morehead, KY $/unit	G & W Constrution Morehead, KY Bid Amount	Kinder Construction Morehead, KY $/unit	Kinder Construction Morehead, KY Bid Amount	SJ Cox Enterprises Flemingsburg, KY $/unit	SJ Cox Enterprises Flemingsburg, KY Bid Amount	Little Creek Const. Greenup, KY $/unit	Little Creek Const. Greenup, KY Bid Amount	Average Unit Cost	Average Bid Amount
1	3" PVC Pipe Class 200, SDR 21	15,340	LF	$ 4.59	$ 70,410.60	$ 4.58	$ 70,257.20	$ 4.36	$ 66,882.40	$ 5.75	$ 88,205.00	$ 6.00	$ 92,040.00	$ 9.70	$ 148,798.00	$ 6.08	$ 89,432.20
2	3" PVC Pipe Class 250, SDR 17	19,965	LF	$ 4.90	$ 97,828.50	$ 4.73	$ 94,434.45	$ 4.56	$ 91,040.40	$ 5.95	$ 118,791.75	$ 7.20	$ 143,748.00	$ 9.90	$ 197,653.50	$ 6.47	$ 123,916.10
3	4" PVC Pipe Class 200, SDR 21	4,200	LF	$ 5.73	$ 24,066.00	$ 5.67	$ 23,814.00	$ 5.32	$ 22,344.00	$ 6.80	$ 28,560.00	$ 7.25	$ 30,450.00	$ 10.55	$ 44,310.00	$ 7.12	$ 28,924.00
4	6" PVC Pipe Class 200, SDR 21	320	LF	$ 7.69	$ 2,460.80	$ 7.99	$ 2,556.80	$ 8.94	$ 2,860.80	$ 9.50	$ 3,040.00	$ 11.00	$ 3,520.00	$ 11.00	$ 3,520.00	$ 9.69	$ 2,993.07
5	8" PVC Pipe Class 200, SDR 21	5,600	LF	$ 10.54	$ 59,024.00	$ 11.09	$ 62,104.00	$ 11.30	$ 63,280.00	$ 11.65	$ 65,240.00	$ 12.00	$ 67,200.00	$ 14.75	$ 82,600.00	$ 12.16	$ 66,574.67
6	3" Gate Valve & Box	13	EA	$ 550.00	$ 7,150.00	$ 450.00	$ 5,850.00	$ 509.99	$ 6,629.87	$ 615.58	$ 8,002.54	$ 435.00	$ 5,655.00	$ 430.00	$ 5,590.00	$ 488.11	$ 6,479.57
7	6" Gate Valve & Box	4	EA	$ 710.00	$ 2,840.00	$ 552.00	$ 2,208.00	$ 630.59	$ 2,522.36	$ 786.17	$ 3,144.68	$ 675.00	$ 2,700.00	$ 515.00	$ 2,060.00	$ 631.75	$ 2,579.17
8	8" Gate Valve & Box	3	EA	$ 924.00	$ 2,772.00	$ 753.00	$ 2,259.00	$ 874.32	$ 2,622.96	$ 1,030.00	$ 3,090.00	$ 925.00	$ 2,775.00	$ 800.00	$ 2,400.00	$ 876.46	$ 2,653.16
9	Highway Bore for 3" W.M.	80	LF	$ 55.00	$ 4,400.00	$ 85.00	$ 6,800.00	$ 88.50	$ 7,080.00	$ 118.00	$ 9,440.00	$ 100.00	$ 8,000.00	$ 95.00	$ 7,600.00	$ 97.30	$ 7,220.00
10	Highway Bore for 8" W.M.	40	LF	$ 74.00	$ 2,960.00	$ 98.00	$ 3,920.00	$ 119.63	$ 4,785.20	$ 165.00	$ 6,600.00	$ 140.00	$ 5,600.00	$ 115.00	$ 4,600.00	$ 127.53	$ 4,744.20
11	Highway Open Cut	110	LF	$ 19.00	$ 2,090.00	$ 30.00	$ 3,300.00	$ 65.00	$ 7,150.00	$ 45.00	$ 4,950.00	$ 65.00	$ 7,150.00	$ 60.00	$ 6,600.00	$ 53.00	$ 5,206.67
12	Cut & Plug Existing W.M.	2	LF	$ 500.00	$ 1,000.00	$ 1,000.00	$ 2,000.00	$ 531.02	$ 1,062.04	$ 565.00	$ 1,130.00	$ 500.00	$ 1,000.00	$ 200.00	$ 400.00	$ 559.20	$ 1,098.67
13	Type "B" Creek Crossing	80	LF	$ 50.00	$ 4,000.00	$ 65.00	$ 5,200.00	$ 68.61	$ 5,488.80	$ 130.00	$ 10,400.00	$ 130.00	$ 10,400.00	$ 80.00	$ 6,400.00	$ 94.72	$ 6,981.47
14	Type "C" Creek Crossing	90	LF	$ 40.00	$ 3,600.00	$ 85.00	$ 7,650.00	$ 80.83	$ 7,274.70	$ 130.00	$ 11,700.00	$ 145.00	$ 13,050.00	$ 100.00	$ 9,000.00	$ 108.17	$ 8,712.45
15	PVC Encasement Pipe	80	LF	$ 30.00	$ 2,400.00	$ 40.00	$ 3,200.00	$ 41.34	$ 3,307.20	$ 32.00	$ 2,560.00	$ 30.00	$ 2,400.00	$ 35.00	$ 2,800.00	$ 35.67	$ 2,777.87
16	Connection to Existing W.M. w/ Wet Tap	1	EA	$ 976.00	$ 976.00	$ 2,400.00	$ 2,400.00	$ 2,118.19	$ 2,118.19	$ 1,315.50	$ 1,315.50	$ 1,725.00	$ 1,725.00	$ 1,500.00	$ 1,500.00	$ 1,811.74	$ 1,672.45
17	Connection to Existing W.M.	9	LF	$ 500.00	$ 4,500.00	$ 1,800.00	$ 16,200.00	$ 1,618.19	$ 14,563.71	$ 2,985.00	$ 26,865.00	$ 1,100.00	$ 9,900.00	$ 700.00	$ 6,300.00	$ 1,640.64	$ 13,054.79
18	Blowoff Assembly	8	EA	$ 1,975.00	$ 15,800.00	$ 800.00	$ 6,400.00	$ 1,242.81	$ 9,942.48	$ 2,050.00	$ 16,400.00	$ 1,750.00	$ 14,000.00	$ 1,000.00	$ 8,000.00	$ 1,368.56	$ 11,757.08
19	Air Release Valve	5	EA	$ 545.00	$ 2,725.00	$ 700.00	$ 3,500.00	$ 474.07	$ 2,370.35	$ 475.00	$ 2,375.00	$ 575.00	$ 2,875.00	$ 450.00	$ 2,250.00	$ 534.81	$ 2,682.56
20	Reconnect Exist. Customer Service	2	EA	$ 350.00	$ 700.00	$ 600.00	$ 1,200.00	$ 353.16	$ 706.32	$ 310.00	$ 620.00	$ 300.00	$ 600.00	$ 300.00	$ 600.00	$ 372.63	$ 737.72
21	Customer Services Same Side	23	EA	$ 775.00	$ 17,825.00	$ 590.00	$ 13,570.00	$ 604.57	$ 13,905.11	$ 575.00	$ 13,225.00	$ 900.00	$ 20,700.00	$ 500.00	$ 11,500.00	$ 633.91	$ 15,120.85
22	Customer Services Opposite Side	8	EA	$ 875.00	$ 7,000.00	$ 750.00	$ 6,000.00	$ 1,093.57	$ 8,748.56	$ 850.00	$ 6,800.00	$ 1,450.00	$ 11,600.00	$ 600.00	$ 4,800.00	$ 948.71	$ 7,491.43
23	Additional Service Tubing	100	LF	$ 3.45	$ 345.00	$ 8.87	$ 887.00	$ 5.24	$ 524.00	$ 5.25	$ 525.00	$ 5.00	$ 500.00	$ 5.00	$ 500.00	$ 5.87	$ 546.83
	TOTAL BID CALCULATED BID AMOUNT				**$ 336,872.90**		**$ 345,710.45**		**$ 347,209.45**		**$ 432,979.47**		**$ 457,588.00**		**$ 559,781.50**		

The above is a true and complete tabulation of the bids received at 1:00 p.m. local time, Tuesday, March 14, 2006 at the Bath County Water District.
I certify that this is true and accurate tabulation of the bids.

O'BRIEN & GERE ENGINEERS, INC.

By: James C. Thompson

James C. Thompson, PE
Project Engineer

BID TABULATION

BATH COUNTY WATER DISTRICT
CONTRACT NO. 10 - COUNTY WIDE TELEMETRY SYSTEM
TUESDAY, MARCH 14, 2006 - 1:00 PM

				Micro-Comm, Inc. Olathe, KS			
Item No.	Description	Quantitiy	Unit	$/unit	Bid Amount	Average Unit Cost	Average Bid Amount
1	MTU - BCWD Office	1	EA	$ 22,700.00	$ 22,700.00	$ 22,700.00	$ 22,700.00
2	RTU-1 Midland PS	1	EA	$ 9,800.00	$ 9,800.00	$ 9,800.00	$ 9,800.00
3	RTU-2 Alexander PS	1	EA	$ 9,700.00	$ 9,700.00	$ 9,700.00	$ 9,700.00
4	RTU-3 Fearing Rd. PS	1	EA	$ 9,900.00	$ 9,900.00	$ 9,900.00	$ 9,900.00
5	RTU-4 Preston PS	1	EA	$ 9,900.00	$ 9,900.00	$ 9,900.00	$ 9,900.00
6	RTU-5 Means PS	1	EA	$ 9,800.00	$ 9,800.00	$ 9,800.00	$ 9,800.00
7	RTU-6 Wyoming PS	1	EA	$ 9,900.00	$ 9,900.00	$ 9,900.00	$ 9,900.00
8	RTU-7 White Oak PS	1	EA	$ 9,700.00	$ 9,700.00	$ 9,700.00	$ 9,700.00
9	RTU-8 Midland Tank	1	EA	$ 8,400.00	$ 8,400.00	$ 8,400.00	$ 8,400.00
10	RTU-9 Ore Mines Tank	1	EA	$ 10,750.00	$ 10,750.00	$ 10,750.00	$ 10,750.00
11	RTU-10 Olympia Tank	1	EA	$ 8,300.00	$ 8,300.00	$ 8,300.00	$ 8,300.00
12	RTU-11 Perry Rd. Tank	1	EA	$ 10,850.00	$ 10,850.00	$ 10,850.00	$ 10,850.00
13	RTU-12 Means Tank	1	EA	$ 10,750.00	$ 10,750.00	$ 10,750.00	$ 10,750.00
14	RTU-13 Owingsville Tank	1	EA	$ 8,400.00	$ 8,400.00	$ 8,400.00	$ 8,400.00
15	RTU-14 Farmers Master Meter	1	EA	$ 8,000.00	$ 8,000.00	$ 8,000.00	$ 8,000.00
16	RTU-15 Howards Mill Master Meter	1	EA	$ 10,500.00	$ 10,500.00	$ 10,500.00	$ 10,500.00
17	RTU-16 Stepstone Rd. Master Meter	1	EA	$ 8,000.00	$ 8,000.00	$ 8,000.00	$ 8,000.00
18	RTU-17 US 60 Master Meter	1	EA	$ 8,000.00	$ 8,000.00	$ 8,000.00	$ 8,000.00
19	RTU-18 Sharpsburg Master Meter	1	EA	$ 8,000.00	$ 8,000.00	$ 8,000.00	$ 8,000.00
20	RTU-19 Owingsville Master Meter	1	EA	$ 10,500.00	$ 10,500.00	$ 10,500.00	$ 10,500.00
21	RTU-20 Hart Pike Control Valve	1	EA	$ 7,100.00	$ 7,100.00	$ 7,100.00	$ 7,100.00
	TOTAL BID CALCULATED BID AMOUNT				**$ 208,950.00**		

The above is a true and complete tabulation of the bids received at 1:00 p.m. local time, Tuesday, March 14, 2006 at the Bath County Water District Office.

I certify that this is true and accurate tabulation of the bids.

O'BRIEN & GERE ENGINEERS, INC.

By: James C. Thompson

James C. Thompson, PE
Project Engineer

O'BRIEN & GERE

March 27, 2006

Mr. Mitchell Crooks, Cairman
Bath County Water District
P.O. Box 369
Salt Lick, KY 40371

RE: Recommendation of Award of Construction Contract
Contract No. 7
Water Tank Rehabilitation and Improvements

Dear Mitchell:

Bids for the above referenced project were opened Tuesday, March 14, 2006 at 1:00 pm local time. Two (2) bid were opened and read a load. The low bidder was Utility Services, Inc. with a bid of $494,204.00.

In order to reduce the amount bid and to bring the contract within budget, our recommendation is to delete by contract change order from the project: Bid Item No. 3 – Re-grade Ore Mines Rd. Access Road at $81,200.00, Bid Item No. 5 – Re-grade Perry Rd. Access Road at $58,800.00 and Bid Item No. 6 – Field Preparation and Painting – Owingsville Tank at $167,657.00 for a total reduction of $307,657.00 and a revised contract amount of $186,547.00.

If the low bidder, Utility Services, Inc. is in agreement with the reduction in the bid amount we recommend award of Contract No. 7 to Utility Services, Inc. for $186,547.00.

Enclosed along with this letter is the bid tabulation worksheet.

If you have any questions or need additional information please contact me.

Sincerely,

O'BRIEN & GERE ENGINEERS, INC.

James C. Thompson

James C. Thompson, PE
Project Engineer

pc w/enclosure: Utility Services, Inc.

File

1019 Majestic Drive / Suite 110 / Lexington, KY 40513 G:\Lexington\Projects\BCWD 36326 BCWD - Water Syst Exp & Imp\003 - RD\2_corres\Award Recommendation-Cont7.doc
(859) 223-0137 / FAX (859) 223-0629 a http://www.obg.com
...with offices in 25 major metropolitan areas and growing

O'BRIEN & GERE

March 27, 2006

Mr. Mitchell Crooks, Cairman
Bath County Water District
P.O. Box 369
Salt Lick, KY 40371

RE: Recommendation of Award of Construction Contract
Contract No. 8
Olympia Water Storage Tank

Dear Mitchell:

Bids for the above referenced project were opened Tuesday, March 14, 2006 at 1:00 pm local time. Three (3) bids were opened and read a load. The low bidder was Kentucky Glass Lined Tank Systems, Inc. with a bid of $247,099.00.

We recommend to the Bath County Water District that this contract be awarded to the low bidder, Kentucky Glass Lined Tank Systems, Inc. in the amount of $247,099.00.

Enclosed along with this letter is the bid tabulation worksheet.

If you have any questions or need additional information please contact me.

Sincerely,

O'BRIEN & GERE ENGINEERS, INC.

James C. Thompson

James C. Thompson, PE
Project Engineer

pc w/enclosure: Kentucky Glass Lined Tank Systems, Inc.

File

O'BRIEN & GERE

March 27, 2006

Mr. Mitchell Crooks, Cairman
Bath County Water District
P.O. Box 369
Salt Lick, KY 40371

RE: Recommendation of Award of Construction Contract
Contract No. 9
Water Main Extensions

Dear Mitchell:

Bids for the above referenced project were opened Tuesday, March 14, 2006 at 1:00 pm local time. Six (6) bids were opened and read a load. The low bidder was C & K Contracting, LLC with a bid of $336,872.90.

We recommend to the Bath County Water District that this contract be awarded to the low bidder, C & K Contracting, LLC in the amount of $336,872.90.

Enclosed along with this letter is the bid tabulation worksheet.

If you have any questions or need additional information please contact me.

Sincerely,

O'BRIEN & GERE ENGINEERS, INC.

James C. Thompson

James C. Thompson, PE
Project Engineer

pc w/enclosure: C & K Contracting, LLC

File

O'BRIEN & GERE

March 27, 2006

Mr. Mitchell Crooks, Cairman
Bath County Water District
P.O. Box 369
Salt Lick, KY 40371

RE: Recommendation of Award of Construction Contract
Contract No. 10
County Wide Telemetry System

Dear Mitchell:

Bids for the above referenced project were opened Tuesday, March 14, 2006 at 1:00 pm local time. One (1) bid was opened and read a load. The low bidder was Micro-Comm, Inc. with a bid of $208,950.00.

We recommend to the Bath County Water District that this contract be awarded to the low bidder, Micro-Comm, Inc. in the amount of $208,950.00.

Enclosed along with this letter is the bid tabulation worksheet.

If you have any questions or need additional information please contact me.

Sincerely,

O'BRIEN & GERE ENGINEERS, INC.

James C. Thompson

James C. Thompson, PE
Project Engineer

pc w/enclosure: Micro-Comm, Inc.

File