



ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Ernie Fletcher
Governor

Division of Water
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Frankfort, Kentucky 40601-1190
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Lajuana S. Wilcher
Secretary

June 23, 2006

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PUBLIC SERVICE
COMMISSION

Mr. Robert A. Amato
Deputy Executive Director
Kentucky Public Service Commission
P.O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: Martin County Water District
Management Audit

Dear Mr. Amato:

Case No. 2006-00303

From the Drinking Water State Revolving Fund (DWSRF) Set-aside Program, the Division of Water (DOW) agrees to allocate funds for a contract to conduct a Management Audit as ordered by the Public Service Commission (PSC) for the Martin County Water District (MCWD).

These funds will be provided from the 2001 DWSRF Capacity Development Program Set-aside in an amount not to exceed \$95,000. In accordance with federal requirements, the DOW has revised the workplan to allow these funds to be used for the purpose described above.

It is our understanding that the PSC will issue a Request for Proposals and funds will be disbursed for the procurement of contractual services to conduct a Management Audit. The total amount of the services to be contracted is \$100,000, with the Division of Water providing \$95,000 and the Martin County Water District providing the remaining \$5,000. The payment for these services will be completed by the Division of Water upon the approval of invoices submitted by the contractor to the PSC.

Funding from the DWSRF set-aside will be contingent upon the following:

1. MCWD agrees to implement any findings from the Audit as deemed necessary by the PSC.
2. MCWD agrees to provide a match of 5% (\$5,000).

If you have any questions or need additional information, please contact Ronald Price at (502) 564-2225, extension 436.

Sincerely,

David W. Morgan, Director
Division of Water

DWM:KBR
C: Kentucky Infrastructure Authority