

LAW OFFICES
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110 NORTH MAIN STREET
NICHOLASVILLE, KENTUCKY 40356
(859) 887-1200
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BRUCE E. SMITH
bsmith@mislaw.com

RECEIVED
JAN 28 2008
PUBLIC SERVICE
COMMISSION

January 28, 2008

HAND DELIVERY

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

Re: Jessamine-South Elkhorn Water District
KRS 278.023/807 KAR 5:069 Application
North Jessamine Sewer Project

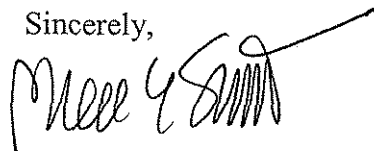
CASE NO: 2008-00036

Dear Ms. O'Donnell:

Delivered under cover of this letter is an original and ten (1) copies of my client's Application pursuant to KRS 278.023 and 807 KAR 5:069.

Any assistance the Commission can provide in expediting its approval of this Application would be appreciated since the contractor's bid on this federally financed project has already been extended by agreement for 30 days and will expire March 11, 2008.

Sincerely,



Bruce E. Smith

cc: Gerald E. Wuetcher, Esq.

ORIGINAL

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
JAN 28 2008
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF THE)
PETITION OF THE JESSAMINE-)
SOUTH ELKHORN WATER DISTRICT)
FOR APPROVAL OF THE FEDERALLY)
FUNDED SANITARY SEWER PROJECT)
FOR NORTH JESSAMINE COUNTY)
PURSUANT TO KRS 278.023 AND)
807 KAR 5:069 AND FOR APPROVAL)
OF INITIAL RATES IN CONJUNCTION)
THEREWITH)

NO. 2008-00036

APPLICATION

*** **

Comes the Jessamine-South Elkhorn Water District and for its Application and
Petition herein, states as follows:

1. The applicant's full name is Jessamine-South Elkhorn Water District.
2. The applicant's post office address is P.O. Box 731, Nicholasville,
Kentucky 40340-0731.
3. This application is filed under KRS 278.023 and 807 KAR 5:069.
4. The applicant is not a corporation, but a rural water district formed under
KRS Chapter 74.
5. The applicant proposes to construct a sanitary sewer collection system in
northern Jessamine County which will transport the effluent to the Lexington-Fayette
Urban County Government's West Hickman Waste Water Treatment Plant located off
Ashgrove Road in Jessamine County, Kentucky. The system is designed to address and

relieve the health hazards presently existing in all of the mobile home parks located on Ashgrove Road and in Tates Creek Estates mobile home park located off Tates Creek Road, all of which mobile home parks are situated in Jessamine County, Kentucky.

The project is funded by the following entities and in the following amounts:

US-EPA Grant	\$2,850,700.00
HUD-CDBG Grant	\$ 1,000.00
USDA-RD(RUS) Loan	\$1,272,000.00
USDA-RD(RUS) Grant	<u>\$ 941,135.00</u>
TOTAL	\$6,063,835.00

6. The applicant is requesting a Certificate of Public Convenience and Necessity approving construction of the proposed sanitary sewer collection system and the initial sewer rates which are as follows:

Minimum Billing – First 2,000 Gallons - \$20.00

Every 1,000 Gallons thereafter - \$10.00

7. Filed herewith are the following documents:

a. Copy of USDA-RD(RUS) documents approving project and imposing terms and conditions **(Tab 1)**:

b. Copy of USDA-RD(RUS) letter of concurrence in bid award **(Tab 2)**;

c. Copy of preliminary engineering reports **(Tab 3)**;

b. Copy of final engineering report **(Tab 4)**: and

e. Certified statement from the Chairman of the Jessamine-South Elkhorn Water District pursuant to 807 KAR 5:069, Section 1(5) **(Tab 5)**.

8. Notice to customers of this petition has been given and it is attached, same having been published on January 24, 2008 in the Jessamine Journal, a newspaper of general circulation in Jessamine County, Kentucky (**Tab 6**).

WHEREFORE, the applicant requests that the Public Service Commission of the Commonwealth of Kentucky make its order authorizing applicant to construct the aforementioned sanitary sewer collection system and charge the rates set forth herein.

Dated at Nicholasville, Kentucky, this 25th day of January, 2008.

JESSAMINE-SOUTH ELKHORN WATER DISTRICT

BY:



BRUCE E. SMITH, ESQ.
110 NORTH MAIN STREET
NICHOLASVILLE, KENTUCKY 40356
(859) 887-1200
ATTORNEY FOR APPLICANT

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United States Department of Agriculture
Rural Development
Kentucky State Office

January 10, 2008

Mr. Nick Strong, Chairman
Jessamine-South Elkhorn Water District
P.O. Box 731
Nicholasville, Kentucky 40340

Re: Letter of Conditions Dated April 7, 2005

Dear Mr. Strong:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated April 7, 2005. The purpose of this amendment is to outline conditions and requirements relevant to a subsequent RUS loan and grant, to revise project costs, to revise proposed rates, and to make other editorial changes in accordance to Rural Utilities Service (RUS) regulations.

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

“ This letter is not to be considered as loan and 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 \$1,272,000; a RUS grant not to exceed \$941,300; a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$1,000,000; and an Environmental Protection Agency (EPA) grant of \$2,850,700. ”

Paragraph numbered “1” is revised to read as follows:

“ 1. Number of Users and Their Contribution:

There shall be 625 sewer users and 2,052 water users. Of the sewer users, 25 are existing users and 600 are new users. The Area Director will review and authenticate the number of users prior to advertising for construction bids. ”

Paragraph numbered “4” is revised to read as follows:

“ 4. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The District will be required to deposit \$575 per month into a "Funded Depreciation Reserve Account" until the account reaches \$69,000. The deposits are to be resumed any time the account falls below the \$69,000.

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7336 • Fax: (859) 224-7444 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

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“USDA is an equal opportunity provider, employer and lender.”
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,
1400 Independence Avenue, SW, Washington, DC 20250-9410
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the District's prior bond ordinances.

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.

The District also needs to fund an account for short-lived assets by depositing a sum of \$312 monthly into the account. The funds in the short-lived asset account may be used by the District as needed to replace or add short-lived assets in the District's sewer system. "

Paragraph numbered "12" is revised to read as follows:

" 12. Insurance and Bonding:

The following insurance and bonding will be required:

- C. Fidelity Bond - The 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 \$210,000. "

Paragraph numbered "23" is revised to read as follows:

" 23. Cost of Facility:

Breakdown of Costs:

Development	\$ 5,011,079
Land and Rights	4,000
Legal and Administrative	167,000
Engineering	478,800
Interest	152,600
Contingencies	<u>250,521</u>
TOTAL	\$ 6,064,000

Financing:

RUS Loan	\$ 1,272,000
RUS Grant	941,300
HUD-CDBG Grant	1,000,000
EPA Grant	<u>2,850,700</u>
TOTAL	\$ 6,064,000 "

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

" 25. Rates and Charges:

Rates and charges for facilities and services rendered by the District must be at least adequate to meet cost of maintaining, repairing and operating the water and sewer 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:

First	2,000	gallons @ \$	21.38 - Minimum Bill.
Next	2,000	gallons @ \$	5.04 - per 1,000 gallons.
Next	2,000	gallons @ \$	4.94 - per 1,000 gallons.
Next	10,000	gallons @ \$	4.84 - per 1,000 gallons.
Next	8,000	gallons @ \$	4.74 - per 1,000 gallons.
All Over	24,000	gallons @ \$	4.64 - per 1,000 gallons.

Sewer rates will be at least:

First	2,000	gallons @ \$	20.00 - Minimum Bill.
All Over	2,000	gallons @ \$	10.00 - per 1,000 gallons. "

Paragraph numbered "23" is added to read as follows:

" 23. Compliance with the Bioterrorism Act:

Prior to pre-closing the loan, the 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,


KENNETH SLONE
State Director

- cc: Area Director - Shelbyville, Kentucky
- Bluegrass ADD - Lexington, Kentucky
- Peck, Shaffer, & Williams - Covington, Kentucky
- ✓ Bruce Smith - Nicholasville, Kentucky
- Strand Associates, Inc. - Lexington, Kentucky
- PSC - ATTN: Bob Amato - Frankfort, Kentucky



**United States Department of Agriculture
Rural Development
Kentucky State Office**

April 7, 2005

Mr. Charles Leon Taylor, Chairman
Jessamine South Elkhorn Water District
P.O. Box 731
Nicholasville, Kentucky 40340

Dear Mr. Taylor:

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 \$750,000, a RUS grant not to exceed \$555,300, a Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) of \$1,000,000, and an Environmental Protection Agency (EPA) grant of \$2,850,700.

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:

771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

1. Number of Users and Their Contribution:

There shall be 2,052 existing water users and 606 sewer users, of which 25 are existing users and 581 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 \$350.00 per month into a "Funded Depreciation Reserve Account" until the account reaches \$42,000. The deposits are to be resumed any time the account falls below the \$42,000.

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 combined pledge of gross water and sewer revenues 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 statistical and financial reports, quarterly and annually, in accordance with subsection 1780.47 of RUS Instruction 1780 and RUS Staff Instruction 1780-4, a copy of which is enclosed. The enclosed audit booklet will be used as a guide for preparation of audits. The Water District will be required to establish and maintain separate accounts for each system. Annual audits, budgets, and reports will be submitted to Rural Development showing separate accounts. The Water District shall be required to submit a copy of its audit agreement for review and approval prior to pre-closing the loan.

10. 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.

11. 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.

12. 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 \$181,000.
- 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.

13. 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 "23" 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.

14. 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 States 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.

15. 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.

16. 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.

17. System Operator:

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

18. 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."

19. 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.

20. 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 been paid to date in accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

21. 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.

22. 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.

23. Cost of Facility:

Breakdown of Costs:

Development	\$ 3,966,000
Land and Rights	40,000
Legal and Administrative	40,000
Engineering	478,800
Interest	90,000
Contingencies	<u>541,200</u>
TOTAL	\$ 5,156,000

Financing:

RUS Loan	\$ 750,000
RUS Grant	555,300
HUD-CDBG	1,000,000
EPA Grant	<u>2,850,700</u>
TOTAL	\$ 5,156,000

24. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS/HUD-CDBG/EPA grant funds and refunded in proportion to participation in the project. If the amount of unused grant funds exceeds the grants, 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 and sewer systems and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

A. Water rates will be at least:

First	2,000	gallons @ \$	21.38 - Minimum Bill.
Next	2,000	gallons @ \$	5.04 - per 1,000 gallons.
Next	2,000	gallons @ \$	4.94 - per 1,000 gallons.
Next	10,000	gallons @ \$	4.84 - per 1,000 gallons.
Next	8,000	gallons @ \$	4.74 - per 1,000 gallons.
All Over	24,000	gallons @ \$	4.64 - per 1,000 gallons.

B. Sewer rates will be at least:

First	2,000	gallons @ \$	15.50 - Minimum Bill.
All Over	2,000	gallons @ \$	7.75 - per 1,000 gallons.

26. Sewage Treatment Contract:

The Water District will submit a Sewage Treatment Contract for approval by Rural Development before advertising for construction bids. The contract must meet the requirements of subsection 1780.63 of RUS Instruction 1780.

27. Commitment of EPA and HUD-CDBG Grant Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the EPA grant in the amount of \$2,850,700 and for the HUD-CDBG grant in the amount of \$1,000,000.

28. Other Loan and Grant Approval Conditions:

- A. The 25 existing sewer users will become part of the Jessamine South Elkhorn Water District sewer system with the district having ownership and providing operation/maintenance, revenue collection, etc.
- B. Agreements will be entered into with the appropriate water suppliers of the sewer users for water billing information and disconnection of service for non-payment of bills.
- C. The proposed new sewer users will be required to execute user agreements or be required to connect to the sewer system by an enacted mandatory user ordinance.

29. 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.

30. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Kentucky Department for Local Government letter dated October 4, 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 January 18, 2005, 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.

31. 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 manner. Then too, final approval will depend on funds being available.

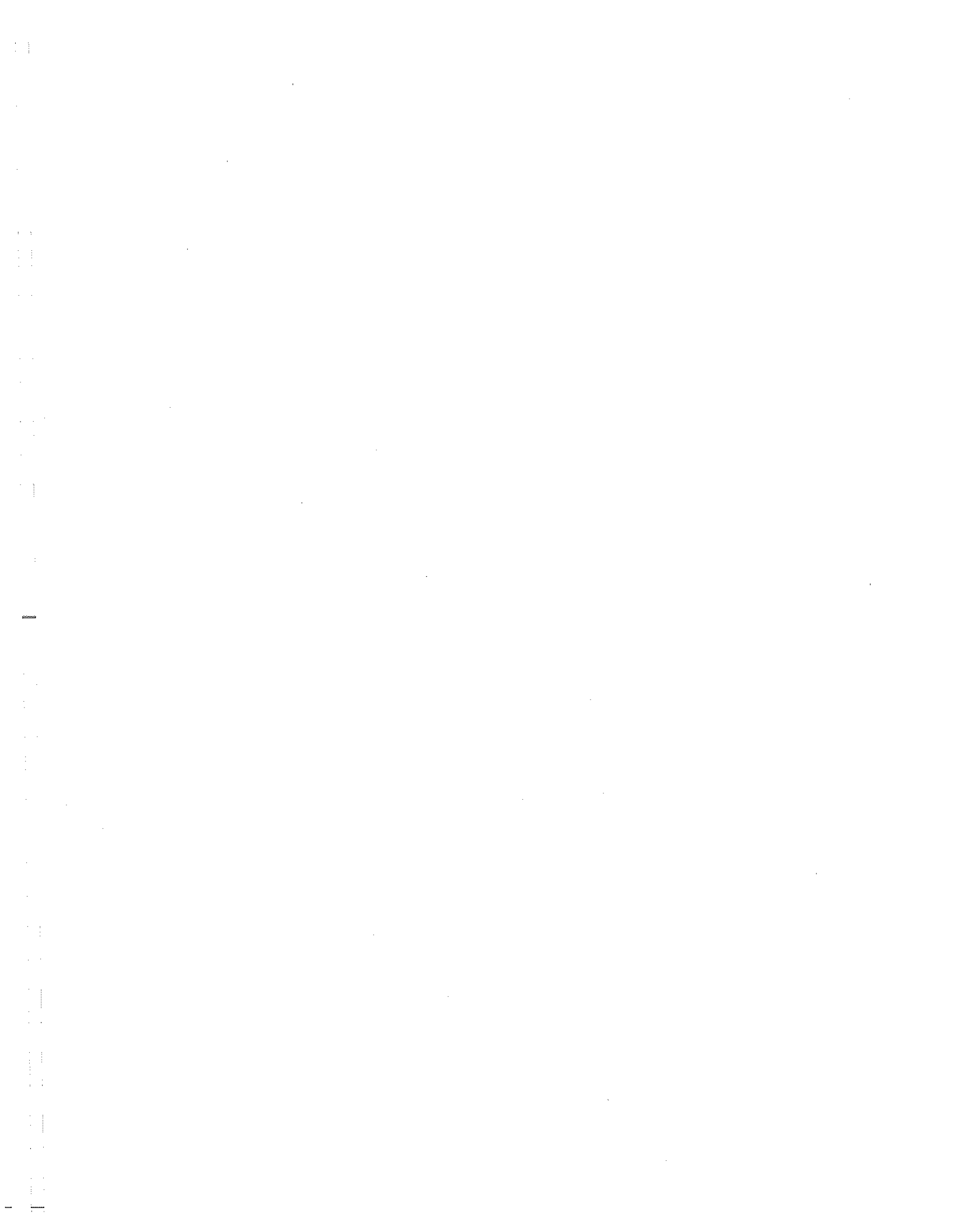
If you desire to proceed with your application, the Area Director will allot a reasonable portion of time to provide guidance in application processing.

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director - Shelbyville, Kentucky
Rural Development Manager - Nicholasville, Kentucky
Bluegrass ADD - Lexington, Kentucky
Bruce Smith, Attorney-at-Law - Nicholasville, Kentucky
Peck, Shaffer & Williams - Covington, Kentucky
Strand Associates, Inc. - Lexington, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky





United States Department of Agriculture
Rural Development
Kentucky State Office


January 23, 2008

SUBJECT: Jessamine South Elkhorn Water District
North Jessamine Sanitary Sewer
Contract Award Concurrence

TO: Area Director
Shelbyville, Kentucky

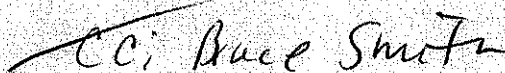
Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Silver Oaks Ventures, Inc., in the amount of \$5,011,079.00.

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


KENNETH SLONE
State Director
Rural Development

cc: Strand Associates, Inc.
Lexington, Kentucky

Peck, Shaffer and Williams, LLP
Covington, Kentucky



771 Corporate Drive • Suite 200 • Lexington, KY 40503
Phone: (859) 224-7300 • Fax: (859) 224-7425 • TDD: (859) 224-7422 • Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities.

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PRELIMINARY ENGINEERING REPORT
for
CONTRACT 1
NORTH JESSAMINE SANITARY SEWER EXTENSION PROJECT
for the
JESSAMINE SOUTH ELKHORN WATER DISTRICT
JESSAMINE COUNTY, KENTUCKY

December 2003

STRAND/PEH ENGINEERS, INC.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511
(859) 225-8500

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APPENDIX

Exhibit 1 – Project Location Map
Summary Addendum to Preliminary Engineering Report

1. **Purpose of Report**

This report describes the scope of the proposed project and presents the general background data used in its planning and development. Design criteria and financial data are presented and discussed.

2. **General Background Data**

In October 2003, PEH Engineers was authorized by the Jessamine South Elkhorn Water District (JSEWD) to investigate the feasibility of constructing approximately 44,000 linear feet of 8" sanitary sewer, 19,000 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County. This project will provide a reliable source of sanitary sewer service to approximately 677 unserved customers. Citizens in the proposed sanitary sewer service areas have expressed considerable interest to the County Health Department concerning the need for a reliable source of sanitary sewer service in the area due to existing failing septic systems.

In October 2003, a Rural Development (RD) Preapplication, prepared by PEH/Strand, was filed by the JSEWD. Exhibit 1 in the appendix shows the location of the proposed improvements. The Kentucky State Clearinghouse comments were received on December 23, 2003 and no conflicts with the State's goals, plans, or objections were noted. The proposed water system improvements were reviewed by Bluegrass Area Development District (BGADD) and appear to be consistent with the BGADD Comprehensive Plan.

3. **Existing Systems**

a. **Water System**

The Jessamine South Elkhorn Water District (JSEWD) was first formed in 1963. The Water District currently has two water purchase agreements with two separate entities, Kentucky-American Water Company and the City of Nicholasville. In April of 1970, the District entered into a water purchase agreement with Kentucky – American Water Company. The water purchase contract was amended in February 1986; extending the Contract life to forty years beginning February 15, 1986 and with an option to renew for an additional 30-year term after this agreement expires. This agreement serves portions of the JSEWD northern system.

In August of 1996, the District entered into a water purchase agreement with the City of Nicholasville to serve portions of eastern Jessamine County. The water purchase contract was for forty-five years beginning August 22, 1996.

The JSEWD currently serves 2,070 water users of which 2,020 are residential and 50 are commercial users. Their system currently purchases treated water from Kentucky- American Water Company and the City of Nicholasville. The system currently consist of 2,100 linear feet of 2" water main, 8,710 linear feet of 3" water main, 186,270 linear feet of 4" water main, 402,528 linear feet of 6" water main, 43,870 linear feet of 8" water main, and 36,831 linear feet of 10" water main. Along with the water mains the District currently have four water storage tanks and one booster pumping station.

b. **Sanitary Sewer System**

The Jessamine South Elkhorn Water District (JSEWD) established a sanitary sewer system in August 9, 1995 by exercise its statutory right to establish this system under KRS 74.407 et seq. The wastewater collected will be treated by the Lexington Fayette Urban County Governments West Hickman Wastewater Treatment Plant by an agreement between Lexington Fayette Urban County Government and JSEWD. The agreement is for forty years beginning January, 2003.

The JSEWD currently serves 25 sanitary sewer users of which 1 is residential and 24 are commercial users. Currently JSEWD owns no infrastructure, the current sanitary sewer collection systems are privately owned. JSEWD currently bills users for treatment of sewage at LFUCG West Hickman WWTP.

4. **Scope of Project**

The proposed Contract 1 North Jessamine Sanitary Sewer Project consists of approximately 44,000 linear feet of 8" sanitary sewer, 19,000 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County, serving 677 unserved customers. This project will eliminate existing health hazards in the area by relieving residents of existing failing septic systems.

5. **Estimated Sanitary Usage**

Presently, JSEWD serves 25 customers of which approximately 96% are commercial. The average monthly sanitary usage by 25 existing customers as determined by billings for the 12 month period between January 2002 and December 2002 was 751,268 gallons (969 gmpd). Average monthly demand per customer calculates to 30,050 gallons.

The Facilities Plan for Jessamine County, Kentucky recommends that the District be served by Lexington Fayette Urban County Governments West Hickman Wastewater Treatment Plant. The rated 24-hour capacity of the plant is 33.87 million gallons. An agreement between Lexington Fayette Urban County Government and JSEWD dated December, 2002 allows up to 2.0 million gallons per day from JSEWD system.

The proposed improvements will provide sanitary sewer service to 677 unserved residents. Based upon the standard of 200 gallons per day per trailer will generate 135,400 gallons of additional sewage to be treated at the West Hickman WWTP per day. Based upon the existing average of 24,225 gallons of sewage per day and the new 135,400 gallons of sewage per day a total gallons of sewage the will be treated at the West Hickman WWTP will be 159,625 gallons per day. The 159,625 gallons per day to be treated at the West Hickman WWTP is well under the set limit of 2,000,000 gallons per day between Lexington Fayette Urban County Government and JSEWD. Therefore there should be no problem in treating the new sewage flow to the West Hickman WWTP.

6. **Design Criteria**

a. **Hydraulic Considerations**

The gravity sewer will be designed in accordance with ten state standards including minimum slopes and pipe diameters. Air release valves will be located at high points on the force mains. The pump stations will be duplex submersible pumps with each pump sized for peak flow in case of a failure in one pump. PVC pipe will be utilized in the design of this system. The economy of polyvinyl chloride (PVC) pipe has caused it to be the predominant material for sanitary sewer systems.

b. Construction Considerations

The pipelines will be constructed on private easement and some state and county rights-of-way. The pump station will be constructed on fee simple purchases from private property owners. Jessamine County is underlain by limestone rock formations. Based upon previous construction projects and the District's construction experience, the determination was made that, at the proposed construction sites, rock removal would not present unusual problems. Rock layers near the surface are weathered and fragmented.

7. Financial

a. Construction and Project Costs

Construction and project cost estimates are presented in Table 1. Estimated construction costs are \$3,965,790.00. Construction cost estimates are based on the Facilities Plan for Jessamine County, Kentucky by Horne Engineering, Inc.

Table 1
 Jessamine South Elkhorn Water District - Contract 1
 North Jessamine Sanitary Sewer Project
 Total Project Estimate

Construction Cost Estimate

8" Sanitary Sewer Project	\$1,628,000.00	
Sanitary Manholes	315,000.00	
Pump Stations	225,000.00	
Force Mains	570,000.00	
Laterals	705,000.00	
1.5" Asphalt Resurfacing	231,250.00	
LFUCG Trailer Tap-on Fees	284,340.00	
LFUCG Commercial Tap-on Fees	<u>7,200.00</u>	
 Total Construction		 \$3,965,790.00
Engineering ¹		376,000.00
Resident Inspection		102,800.00
Legal and Administrative		40,000.00
Land and Easements		40,000.00
Interest During Construction		90,000.00
Contingencies		<u>540,937.00</u>
 TOTAL PROJECT COST ESTIMATE		 \$5,155,527.00

1 Engineering:	Preliminary Services	\$20,000.00
	Basic Services	239,000.00
	Additional Services	<u>117,000.00</u>
	TOTAL	\$376,000.00

b. Project Budget

A summary of the proposed project funding is as follows:

US-EPA Grant	\$2,850,700.00
HUD CDBG Grant	1,000,000.00
RUS Grant	978,617.00
RUS Loan	<u>326,210.00</u>

TOTAL ESTIMATED PROJECT FUNDING **\$5,155,527.00**

c. Rate Analysis

A rate analysis along with the existing and projected operation and maintenance costs and debt service requirements is attached in the **Summary/Addendum**. This analysis will include a statement regarding the income necessary to meet estimated obligation for both the existing and proposed system and a rate increase will be proposed based upon the level of RD grant funding.

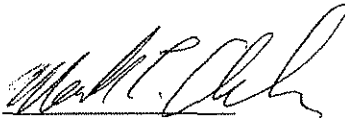
8. Summary and Conclusions

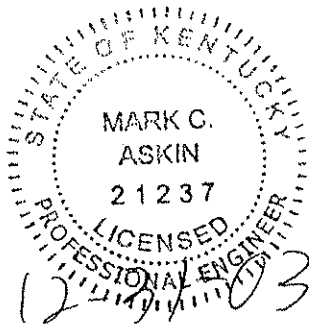
The Contract 1, North Jessamine Sanitary Sewer Project consists of approximately 44,000 linear feet of 8" sanitary sewer, 19,000 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County, serving 677 unserved customers. This project will eliminate existing health hazards in the area by reliving residents of existing failing septic systems.

The recommended financing for the portion of the proposed Contract 1 North Jessamine Sanitary Sewer Project not covered by RUS Grant is mostly covered with U.S. EPA Grant in the amount of \$2,850,700, and an HUD CDBG Grant of \$1,000,000. The loan of \$326,210 by RUS at 5.00% for 40 years in conjunction with these other sources make this improvement project feasible. A rate increase is anticipated to repay the proposed loan required for this project.

Signed:

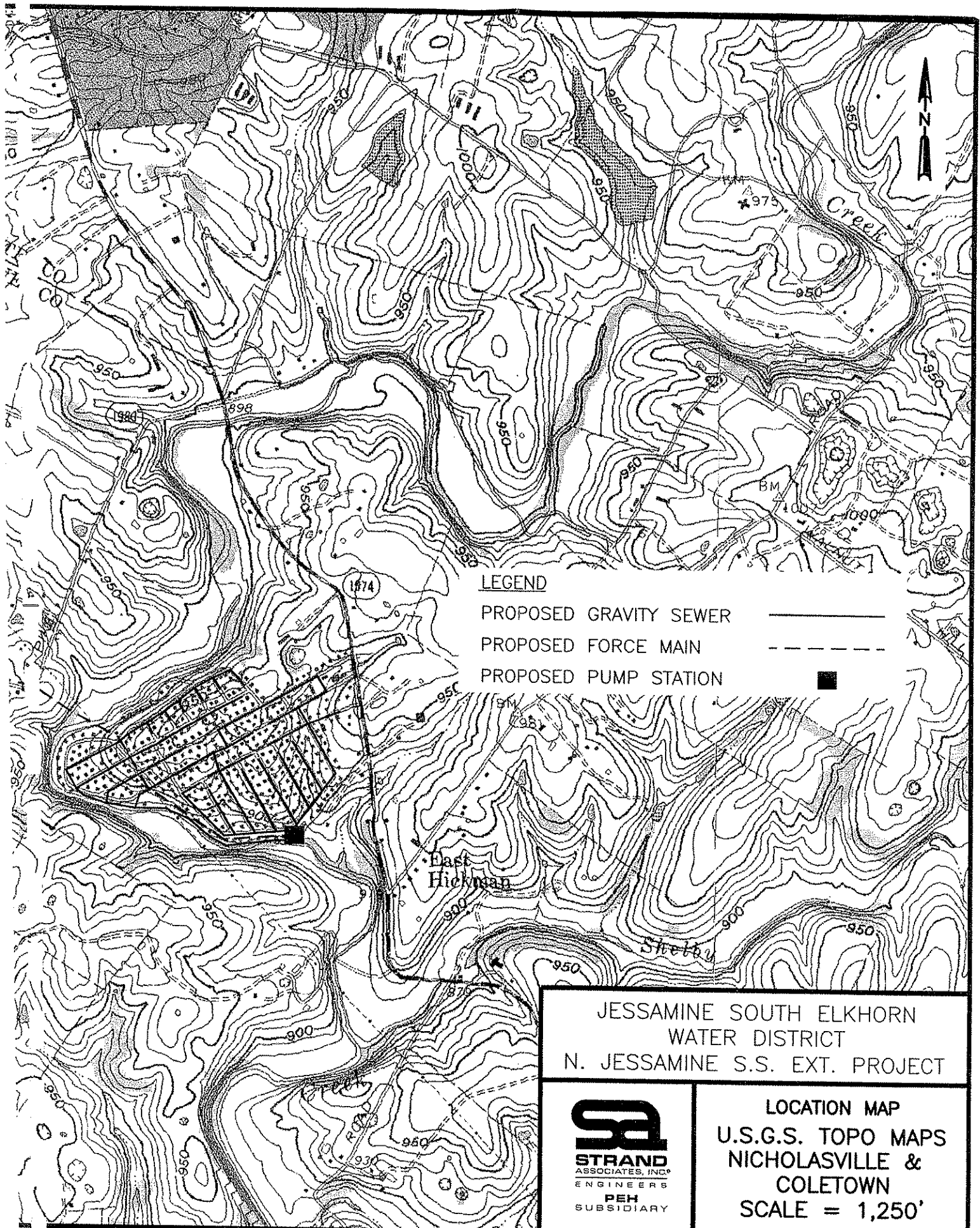
Strand/PEH Engineers, Inc.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511

By: 
Mark C. Askin, P.E.



APPENDIX

PROJECT LOCATION MAP



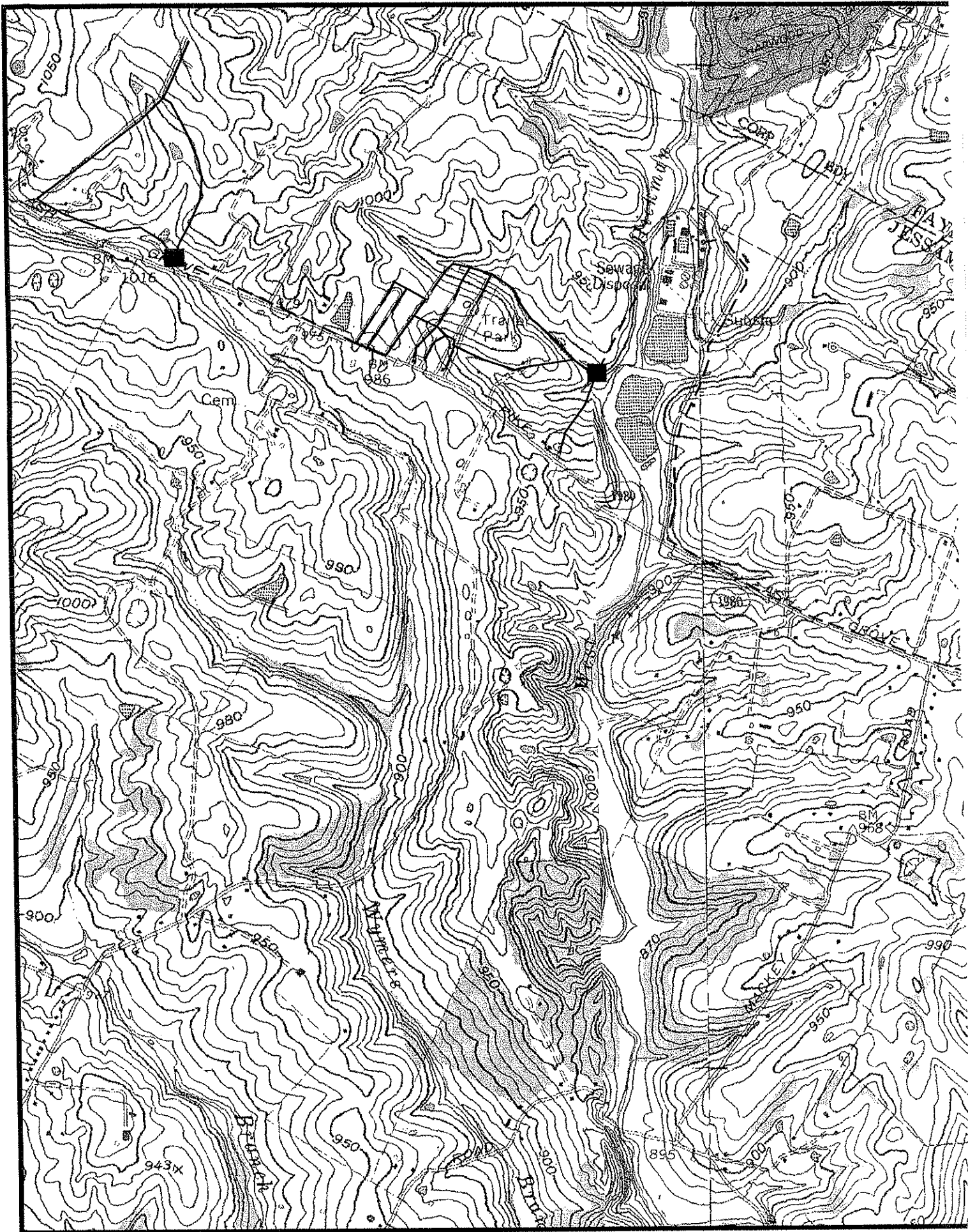
LEGEND

- PROPOSED GRAVITY SEWER
- PROPOSED FORCE MAIN
- PROPOSED PUMP STATION

JESSAMINE SOUTH ELKHORN
 WATER DISTRICT
 N. JESSAMINE S.S. EXT. PROJECT



LOCATION MAP
 U.S.G.S. TOPO MAPS
 NICHOLASVILLE &
 COLETOWN
 SCALE = 1,250'



SUMMARY ADDENDUM TO PRELIMINARY ENGINEERING REPORT

KENTUCKY GUIDE 7
MAY 1998

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED November 25, 2003

FOR

Jessamine South Elkhorn Water District – North Jessamine Sanitary Sewer Ext. Project, Ct. 1
(Name of Project)

APPLICANT CONTACT PERSON Jerry Haws, Sr.

APPLICANT PHONE NUMBER (859) 881-0589

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-6089391

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 reviews 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.

I. 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.

The Contract 1 North Jessamine Sanitary Sewer Extension Project will consist of constructing approximately 44,000 L.F. of 8" collection sewer, 19,000 L.F. of force main, three pump stations, and appurtenances in northern Jessamine County. This project will provide a reliable source of sanitary sewer service to approximately 677 unserved users.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

- A. *Sewage Treatment:*

1. Type N/A

2. Method of Sludge Disposal N/A

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

\$6.03 Per 1,000 Gallons

4. Date Constructed N/A

B. Treatment Capacity of Sewage Treatment Plant N/A

C. Type of Sewage Collector System (Describe) N/A - Current sewage collection system is privately owned, JSEWD bills for treatment of sewage by LFUCG.

D. Number and Capacity of Sewage Lift Stations N/A

- E. *Sewage Collection System:*

Lineal Feet of Collector Lines, by Size 6" 0 8" 0

10" 0 12" 0 Larger

Date(s) Constructed N/A

- F. *Conditions of Existing System: Briefly describe the conditions 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.*

N/A

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

1. 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 Jessamine South Elkhorn Water District (JSEWD) currently does not have its own water treatment plant. JSEWD currently purchases potable water from two providers, Kentucky – American Water Company and the City of Nicholasville.

If the applicant purchases water:

Seller(s):

1. Kentucky – American Water Company _____
2. City of Nicholasville _____
3. _____

Price/1,000 gallons:

1. \$1.97 _____
2. \$1.81 _____
3. _____

Present Estimated Market Value of Existing System: \$7,667,080*

*Note: Market value as of 12/31/02 per financial report by Kring, Cohen, Sageser & Besten, PSC.

2. Water Storage:

Type: Ground Storage Tank _____ Elevated Tank _____ 2
Standpipe _____ 2 Other _____
Number of Storage Structures _____ 4
Total Storage Volume Capacity _____ 784,000 gallons
Date Storage Tank(s) Constructed _____ 1970's to present

3. Water Distribution System:

Pipe Material PVC, Ductile Iron, & AC (Transite)
Lineal Feet of Pipe: 2" Diameter _____ 2,100 3" _____ 8,710
4" _____ 186,270 6" _____ 402,528
8" _____ 43,870 10" _____ 36,831
Dates(s) Water Lines Constructed _____ 1970's to present.
Number and Capacity of Pump Station(s) _____ 1 @ 1000 gpm

4. 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 existing system is in fairly good condition and well maintained. Future maintenance could include water tank repainting, and line replacement.

E. Percentage of Water Loss Existing System: _____ 6.7%

IV. EXISTING LONG-TERM INDEBTEDNESS

I. List of Bonds and Notes:

Date of Issue	Bond/Note Holder	Principal Balance	Payment Date	Bond Type Water/Sewer*	Amount on Deposit in Reserve Account
19 02	Issue Note - KIA	2,745,000	See Note	100 %	%
20 02	Issue Note - Citizens	1,640,000	See Note	100 %	%
19 71	Issue Revenue Bond	204,000	See Note	100 %	%
19 99	Issue Revenue Bond	2,301,000	See Note	100 %	%
19 03	Issue Note - Citizens	210,000	See Note	100 %	%
20	Issue		See Note	%	%
20	Issue		See Note	%	%

Note: The principal payments are due at various times during the year. The principal balances shown above are as of 12/31/02 per financial report by Kring, Cohen, Sageser, & Besten, PSC.

* If a combined issue, show attributable portion to each system.

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

Date of Issue	Bond/Note Holder	Payment Year 20 03		Payment Year 2004		Payment Year 2005	
		Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment
20 02	Issue Note - KIA	25,000	61,013	25,500	66,846	27,200	70,184
20 02	Issue Note - Citizens	1,457	4,200	2,100	3,897	2,450	3,908
19 71	Issue Revenue Bond	0	0	8,000	3,350	9,000	2,950
19 99	Issue Revenue Bond	23,000	118,133	23,000	116,931	25,500	115,728
20 03	Issue Note - Citizens	1,800	9,936	1,885	9,850	1,970	9,760
20	Issue						
20	Issue						
All	Issue	\$30,557	\$193,282	\$60,485	\$200,874	\$66,120	\$202,530

V. EXISTING SHORT-TERM INDEBTEDNESS

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

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P & I)</u>	<u>Date to Be Paid In Full</u>

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water	<u>0</u>	Sewer	<u>N/A</u>
Number of Storage Tank Sites:	Water	<u>4</u>	Sewer	<u>N/A</u>
Number of Pump Stations:	Water	<u>1</u>	Sewer	<u>N/A</u>
Total Acreage:	Water	<u>Unknown</u>	Sewer	<u>Unknown</u>
Purchase Price:	Water	<u>Unknown</u>	Sewer	<u>Unknown</u>

VII. NUMBER OF EXISTING USERS

	Water (as of 10/01/2003)	Sewer (as of 10/01/03)
Residential (In Town)	<u>0</u>	<u>0</u>
Residential (Out of Town)	<u>2,020</u>	<u>1</u>
Non-Residential (In Town)	<u>0</u>	<u>0</u>
Non-Residential (Out of Town)	<u>50</u>	<u>24</u>
Total	<u>2,070</u>	<u>25</u>

Number to Total Potential Users Living in the Service Area unknown

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

**RATES EFFECTIVE DECEMBER 9, 2000
(BILLING CHANGE JANUARY 20, 2001)**

Jessamine South Elkhorn Water District

3/4 x 5/8" Meter - Connection Fee \$650.00

First 2,000 gallons	\$	21.38 Minimum Bill	=	\$	21.38
Next 2,000 gallons		5.04 per 1,000 gals	=		10.08
Next 2,000 gallons		4.94 per 1,000 gals	=		9.88
Next 10,000 gallons		4.84 per 1,000 gals	=		48.40
Next 8,000 gallons		4.74 per 1,000 gals	=		37.92
Over 24,000 gallons		4.64 per 1,000 gals	=		

1" Meter - Connection Fee \$775.00

First 10,000 gallons	\$	60.70 Minimum Bill	=	\$	60.70
Next 6,000 gallons		4.84 per 1,000 gals	=		29.04
Next 8,000 gallons		4.74 per 1,000 gals	=		37.92
Over 24,000 gallons		4.64 per 1,000 gals	=		

2" Meter

First 24,000 gallons	\$	127.66 Minimum Bill	=	\$	127.66
Over 24,000 gallons		4.64 per 1,000 gals	=		

* 3% Utility Tax on all usage

** 6% Sales Tax on Commercial usage

*** \$6.50/per month Surcharge on all Southeast Project Customers

**** All Renters - \$50.00 Reimbursable Deposit

***** Billing 20th of each month - 10% penalty after 10 days - service locked after 20 days - \$25 reconnecting fee

JSEWD

Sewer Usage 01/01/02 through 12/31/02*		
Month	Residential Gallons	Commercial Gallons
Jan. 02	142,380	188,060
Feb. 02	173,440	213,860
Mar. 02	222,880	168,000
Apr. 02	336,160	301,340
May 02	514,990	298,320
Jun. 02	485,230	323,060
Jul. 02	705,560	323,660
Aug. 02	730,150	310,730
Sep. 02	780,230	412,560
Oct. 02	539,890	416,290
Nov. 02	329,290	426,230
Dec. 02	253,340	419,560
TOTALS	5,213,540	3,801,670
Avg. Per Month	434,462	316,806
Avg. Per Month Per User	434,462	13,200
* Based upon actual usage of 25 existing users, 24 commercial & 1 residential.		

JSEWD

Water Usage 01/01/02 through 12/31/02*		
Month	Residential Gallons	Commercial Gallons
Jan. 02	11,682,540	312,900
Feb. 02	12,115,890	325,350
Mar. 02	9,704,450	297,960
Apr. 02	11,070,470	511,210
May 02	13,443,520	499,140
Jun. 02	14,164,340	1,057,050
Jul. 02	23,131,080	1,331,020
Aug. 02	29,802,230	1,596,210
Sep. 02	28,173,380	1,342,340
Oct. 02	19,859,670	774,060
Nov. 02	12,076,980	583,990
Dec. 02	11,527,960	530,840
TOTALS	196,752,510	9,162,070
Avg. Per Month	16,396,043	763,506
Avg. Per Month Per User	8,116.85	15,270.12
* Based upon actual usage of 2070 existing users, 50 commercial & 2020 residential.		

C. *Type of Sewage Collector System (Describe)* *Consists of approximately 44,000 linear feet of 8" sanitary sewer, 19,000 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County.*

D. *Number and Capacity of Sewage Lift Stations* *3 lift stations of various capacities*

E. *Sewage Collection System:*

<i>Lineal Feet of Collector Lines, by Size</i>		<i>6" N/A</i>	<i>8"</i>	<i>44,000</i>
<i>10"</i>	<i>N/A</i>	<i>12"</i>	<i>N/A</i>	<i>Larger N/A</i>

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

<i>Number of Treatment Plant Sites</i>	<i>N/A</i>
<i>Number of Pump Sites</i>	<i>3</i>
<i>Number of Other Sites</i>	<i>N/A</i>
<i>Total Acreage</i>	<i>Unknown Acres</i>
<i>Purchase Price</i>	<i>\$ Unknown</i>

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.

N/A

B. Water Storage:

Type:	Ground Storage Tank	<u>N/A</u>	Elevated Tank	<u>N/A</u>
	Standpipe	<u>N/A</u>	Other	<u>N/A</u>
	Number of Storage Structures	<u>N/A</u>		
	Total Storage Volume Capacity	<u>N/A</u>		

C. Water Distribution System:

Pipe Material	<u>N/A</u>			
Lineal Feet of Pipe:	3" Diameter	<u>N/A</u>	4"	<u>N/A</u>
	6"	<u>N/A</u>	8"	<u>N/A</u>
	10"	<u>N/A</u>	12"	<u>N/A</u>
Number and Capacity of Pump Station(s)	<u>N/A</u>			

XVI. LAND AND RIGHTS- PROPOSED WATER SYSTEM

Number of Treatment Plant Sites	<u>N/A</u>
Number of Pump Sites	<u>N/A</u>
Number of Other Sites	<u>N/A</u>
Total Acreage	<u>N/A</u>
Purchase Price	<u>N/A</u>

XVII. NUMBER OF NEW SEWER USERS

<i>Residential (In Town) *</i>	<i>N/A</i>
<i>Residential (Out of Town) *</i>	<i>674</i>
<i>Non-Residential (In Town)</i>	<i>N/A</i>
<i>Non-Residential (Out of Town)</i>	<i>3</i>
<i>Total</i>	<i>N/A</i>
<i>Number to Total Potential Users Living in the Service Area</i>	<i>Unknown</i>

*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 WATER METER CONNECTION N/A

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	<u>\$0</u>
<u>1 - Inch</u>	<u>\$0</u>
<u>1 - 1/2 Inch</u>	<u>\$0</u>
<u>2 - Inch</u>	<u>\$0</u>
<u>3 - Inch</u>	<u>\$0</u>
<u>4 - Inch</u>	<u>\$0</u>
<u>5 - Inch</u>	<u>\$0</u>

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)	N/A
Residential (Out of Town) ²	N/A
Non-Residential (In Town)	N/A
Non-Residential (Out of Town)	N/A
Total	N/A
Number to Total Potential Users Living in the Service Area	N/A

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

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION:

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
<u>3/4" - Inch</u>	\$650	\$ <u>N/A</u>
<u>7/8" - Inch</u>	N/A	\$ <u>N/A</u>
<u>1" - Inch</u>	\$775	\$ <u>N/A</u>
<u>1" - 1/2 Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>2" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>3" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>4" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>6" - Inch</u>	Time plus materials	\$ <u>N/A</u>

XXI. SEWER RATES - PROPOSED

A. Proposed Rate Schedule with \$978,617 RD Grant:

Percentage of Water Bill \$6.50 per 1,000 gallons % \$ Minimum Charge \$13.00

Other: (If Charge Not Based on Water Bill) _____

B. Proposed Rate Schedule with \$717,657 RD Grant:

Percentage of Water Bill \$7.00 per 1,000 gallons % \$ Minimum Charge \$14.00

Other: (If Charge Not Based on Water Bill) _____

C. Proposed Rate Schedule: (Without RD Grant):

Percentage of Water Bill \$8.50 per 1,000 gallons % \$ Minimum Charge \$17.00

Other: (If Charge Not Based on Water Bill) _____

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

D. Recommended Rate Schedule with \$978,617 RD Grant:

Percentage of Water Bill \$6.50 per 1,000 gallons % \$ Minimum Charge \$13.00

Other: (If Charge Not Based on Water Bill)

XXII. WATER RATES- PROPOSED N/A

XXIII. FORECAST OF SEWER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) See Attached 12a & 12b

XXIV. FORECAST OF SEWER USAGE – INCOME – NEW USERS – EXTENSION ONLY (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) See Attached 12c, 12d, 12e, 12f, 12g, & 12h

XXV. FORECAST OF WATER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) See Attached 12i & 12j

XXVI. FORECAST OF WATER USAGE – INCOME – NEW IMPROVEMENTS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) N/A

XXIII. CURRENT OPERATING BUDGET - (SEWER - EXISTING)*

(As of last full operating year.)

01/01/02 through 12/31/02

* Currently JSEWD owns no infrastructure. The infrastructure is privately owned, JSEWD charges for treatment of sewage to LFUCG.

A. Operating Income:

Sanitary Sewer Service	\$54,362
Other (Lease Income and Miscellaneous Revenue)	\$0
Less Allowances and Deductions	\$0
Total Operating Income	\$54,362

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)

Sanitary Sewer System Expenses, including maintenance & distribution	\$0
LFUCG Expenses	(\$25,964)
Administrative and General Expense - sanitary sewer system	(\$5,000)
Customer Accounts Expense	(\$5,000)
Total Operating Expenses	(\$35,964)
Net Operating Income	\$18,398

C Non-Operating Income:

Interest on Deposits	\$0
Other (Nonutility Income)	\$0
Total Non-Operating Income	\$0

D Net Income **\$18,398**

E. Debt Repayment:

Revenue Bond Interest	\$0
Revenue Bond Principal	\$0
RD Interest	\$0
RD Principal	\$0
Total Debt Repayment	\$0

F. Balance Available for Coverage and Depreciation **\$18,398**

G Required Coverage @ 10% **\$0**

H Surplus (Deficit) **\$18,398**

XXIII. FUTURE OPERATING BUDGET - (SEWER - EXISTING)*

(1st Full Year Of Operation)

Year Ending 12/31/2005

* Currently JSEWD owns no infrastructure. The infrastructure is privately owned, JSEWD charges for treatment of sewage to LFUCG.

A. Operating Income:

Sanitary Sewer Service	<u>\$54,362</u>
Other (Lease Income and Miscellaneous Revenue)	<u>\$0</u>
Less Allowances and Deductions	<u>\$0</u>
Total Operating Income	<u>\$54,362</u>

B. Operation and Maintenance Expenses:
(Based on Uniform System of Accounts prescribed by
National Association of Regulatory Utility Commissioners)

Sanitary Sewer System Expenses, including maintenance & distribution	<u>\$0</u>
LFUCG Expenses	<u>(\$25,964)</u>
Administrative and General Expense - sanitary sewer system	<u>(\$5,470)</u>
Customer Accounts Expense	<u>(\$5,470)</u>
Total Operating Expenses	<u>(\$36,904)</u>
Net Operating Income	<u>\$17,458</u>

C Non-Operating Income:

Interest on Deposits	<u>\$0</u>
Other (Describe)	<u>\$0</u>
Total Non-Operating Income	<u>\$0</u>

D Net Income **\$17,458**

E. Debt Repayment:

Revenue Bond Interest	<u>\$0</u>
Revenue Bond Principal	<u>\$0</u>
RD Interest	<u>\$0</u>
RD Principal	<u>\$0</u>
Total Debt Repayment	<u>\$0</u>

F. Balance Available for Coverage
and Depreciation **\$17,458**

G Required Coverage @ 10% **\$0**

H Surplus (Deficit) **\$17,458**

XXIV. PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)
 (1st Full Year Of Operation) Year Ending 12/31/2005

A. Operating Income:	No Rate Increase	
	HUD CDBG Grant \$1,000,000	
	US-EPA Grant \$2,850,700	
	RD Grant \$717,657	
	RD Loan \$587,170 @ 5.000%	
Sanitary Sewer Sales		\$195,951
Surcharge Fees		\$0
Other (Lease Income and Miscellaneous Revenue)		\$0
Less Allowances and Deductions		\$0
Total Operating Income		<u>\$195,951</u>
B. Operation and Maintenance Expenses:		
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
Sanitary Sewer System Expenses, including maintenance & distribution		(\$45,000)
LFUCG Expenses		(\$93,588)
Administrative and General Expense - sanitary sewer system		(\$45,000)
Customer Accounts Expense		(\$13,000)
Total Operating Expenses		<u>(\$196,588)</u>
Net Operating Income		<u>(\$638)</u>
C Non-Operating Income:		
Interest on Deposits		\$0
Other (Describe)		\$0
Total Non-Operating Income		<u>\$0</u>
D Net Income		<u>(\$638)</u>
E. Debt Repayment:		
Revenue Bond Interest		\$0
Revenue Bond Principal		\$0
RD Interest		(\$29,251)
RD Principal		(\$4,725)
Total Debt Repayment		<u>(\$33,976)</u>
F. Balance Available for Coverage and Depreciation		<u>(\$34,614)</u>
G Required Coverage @ 10%		<u>(\$3,398)</u>
H Surplus (Deficit)		<u>(\$38,012)</u>

XXIV. PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)
 (1st Full Year Of Operation) Year Ending 12/31/2005

A. Operating Income:	Rate Increase to \$7.00 per 1,000 gallons	
	HUD CDBG Grant \$1,000,000	
	US-EPA Grant \$2,850,700	
	RD Grant \$717,657	
	RD Loan \$587,170 @ 5.000%	
Sanitary Sewer Sales		<u>\$227,472</u>
Surcharge Fees		<u>\$0</u>
Other (Lease Income and Miscellaneous Revenue)		<u>\$0</u>
Less Allowances and Deductions		<u>\$0</u>
Total Operating Income		<u>\$227,472</u>
B. Operation and Maintenance Expenses:		
(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
Sanitary Sewer System Expenses, including maintenance & distribution		<u>(\$45,000)</u>
LFUCG Expenses		<u>(\$93,588)</u>
Administrative and General Expense - sanitary sewer system		<u>(\$45,000)</u>
Customer Accounts Expense		<u>(\$13,000)</u>
Total Operating Expenses		<u>(\$196,588)</u>
Net Operating Income		<u>\$30,884</u>
C Non-Operating Income:		
Interest on Deposits		<u>\$0</u>
Other (Describe)		<u>\$0</u>
Total Non-Operating Income		<u>\$0</u>
D Net Income		<u>\$30,884</u>
E. Debt Repayment:		
Revenue Bond Interest		<u>\$0</u>
Revenue Bond Principal		<u>\$0</u>
RD Interest		<u>(\$29,251)</u>
RD Principal		<u>(\$4,725)</u>
Total Debt Repayment		<u>(\$33,976)</u>
F. Balance Available for Coverage and Depreciation		<u>(\$3,093)</u>
G Required Coverage @ 10%		<u>(\$3,398)</u>
H Surplus (Deficit)		<u>(\$6,491)</u>

XXIV.	<u>PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)</u>	Year Ending	<u>12/31/2005</u>
	(1st Full Year Of Operation)		
A. Operating Income:	No Rate Increase		
	HUD CDBG Grant \$1,000,000		
	US-EPA Grant \$2,850,700		
	RD Grant \$978,617		
	RD Loan \$326,210 @ 5.000%		
	Sanitary Sewer Sales		<u>\$195,951</u>
	Surcharge Fees		<u>\$0</u>
	Other (Lease Income and Miscellaneous Revenue)		<u>\$0</u>
	Less Allowances and Deductions		<u>\$0</u>
	Total Operating Income		<u>\$195,951</u>
B. Operation and Maintenance Expenses:			
	(Based on Uniform System of Accounts prescribed by		
	National Association of Regulatory Utility Commissioners)		
	Sanitary Sewer System Expenses, including maintenance & distribution		<u>(\$45,000)</u>
	LFUCG Expenses		<u>(\$93,588)</u>
	Administrative and General Expense - sanitary sewer system		<u>(\$45,000)</u>
	Customer Accounts Expense		<u>(\$13,000)</u>
	Total Operating Expenses		<u>(\$196,588)</u>
	Net Operating Income		<u>(\$638)</u>
C Non-Operating Income:			
	Interest on Deposits		<u>\$0</u>
	Other (Describe)		<u>\$0</u>
	Total Non-Operating Income		<u>\$0</u>
D Net Income			<u>(\$638)</u>
E. Debt Repayment:			
	Revenue Bond Interest		<u>\$0</u>
	Revenue Bond Principal		<u>\$0</u>
	RD Interest		<u>(\$16,251)</u>
	RD Principal		<u>(\$2,625)</u>
	Total Debt Repayment		<u>(\$18,876)</u>
F. Balance Available for Coverage			
	and Depreciation		<u>(\$19,513)</u>
G Required Coverage @ 10%			<u>(\$1,888)</u>
H Surplus (Deficit)			<u>(\$21,401)</u>

XXIV.	<u>PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)</u>	Year Ending	<u>12/31/2005</u>
	(1st Full Year Of Operation)		
A. Operating Income:	Rate Increase to \$6.50 per 1,000 gallons		
	HUD CDBG Grant \$1,000,000		
	US-EPA Grant \$2,850,700		
	RD Grant \$978,617		
	RD Loan \$326,210 @ 5.000%		
Sanitary Sewer Sales			<u>\$211,224</u>
Surcharge Fees			<u>\$0</u>
Other (Lease Income and Miscellaneous Revenue)			<u>\$0</u>
Less Allowances and Deductions			<u>\$0</u>
Total Operating Income			<u>\$211,224</u>
B. Operation and Maintenance Expenses:			
	(Based on Uniform System of Accounts prescribed by		
	National Association of Regulatory Utility Commissioners)		
Sanitary Sewer System Expenses, including maintenance & distribution			<u>(\$45,000)</u>
LFUCG Expenses			<u>(\$93,588)</u>
Administrative and General Expense - sanitary sewer system			<u>(\$45,000)</u>
Customer Accounts Expense			<u>(\$13,000)</u>
Total Operating Expenses			<u>(\$196,588)</u>
Net Operating Income			<u>\$14,636</u>
C Non-Operating Income:			
Interest on Deposits			<u>\$0</u>
Other (Describe)			<u>\$0</u>
Total Non-Operating Income			<u>\$0</u>
D Net Income			<u>\$14,636</u>
E. Debt Repayment:			
Revenue Bond Interest			<u>\$0</u>
Revenue Bond Principal			<u>\$0</u>
RD Interest			<u>(\$16,251)</u>
RD Principal			<u>(\$2,625)</u>
Total Debt Repayment			<u>(\$18,876)</u>
F. Balance Available for Coverage and Depreciation			<u>(\$4,240)</u>
G Required Coverage @ 10%			<u>(\$1,888)</u>
H Surplus (Deficit)			<u>(\$6,128)</u>

XXIV.	<u>PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)</u>	Year Ending	<u>12/31/2005</u>
	(1st Full Year Of Operation)		
A. Operating Income:	No Rate Increase		
	HUD CDBG Grant \$1,000,000		
	US-EPA Grant \$2,850,700		
	RD Grant \$0		
	RD Loan \$1,304,827 @ 5.000%		
	Sanitary Sewer Sales		<u>\$195,951</u>
	Surcharge Fees		<u>\$0</u>
	Other (Lease Income and Miscellaneous Revenue)		<u>\$0</u>
	Less Allowances and Deductions		<u>\$0</u>
	Total Operating Income		<u>\$195,951</u>
B. Operation and Maintenance Expenses:			
	(Based on Uniform System of Accounts prescribed by		
	National Association of Regulatory Utility Commissioners)		
	Sanitary Sewer System Expenses, including maintenance & distribution		<u>(\$45,000)</u>
	LFUCG Expenses		<u>(\$93,588)</u>
	Administrative and General Expense - sanitary sewer system		<u>(\$45,000)</u>
	Customer Accounts Expense		<u>(\$13,000)</u>
	Total Operating Expenses		<u>(\$196,588)</u>
	Net Operating Income		<u>(\$638)</u>
C Non-Operating Income:			
	Interest on Deposits		<u>\$0</u>
	Other (Describe)		<u>\$0</u>
	Total Non-Operating Income		<u>\$0</u>
D Net Income			<u>(\$638)</u>
E. Debt Repayment:			
	Revenue Bond Interest		<u>(\$31,000)</u>
	Revenue Bond Principal		<u>(\$5,000)</u>
	RD Interest		<u>(\$34,900)</u>
	RD Principal		<u>(\$5,640)</u>
	Total Debt Repayment		<u>(\$76,540)</u>
F. Balance Available for Coverage			
and Depreciation			<u>(\$77,178)</u>
G Required Coverage @ 10%			<u>(\$7,654)</u>
H Surplus (Deficit)			<u>(\$84,832)</u>

XXIV. PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)
 (1st Full Year Of Operation) Year Ending 12/31/2005

A. Operating Income:	Rate Increase to \$8.50 per 1,000 gallons	
	HUD CDBG Grant \$1,000,000	
	US-EPA Grant \$2,850,700	
	RD Grant \$0	
	RD Loan \$1,304,827 @ 5.000%	
Sanitary Sewer Sales		<u>\$276,216</u>
Surcharge Fees		<u>\$0</u>
Other (Lease Income and Miscellaneous Revenue)		<u>\$0</u>
Less Allowances and Deductions		<u>\$0</u>
Total Operating Income		<u>\$276,216</u>
B. Operation and Maintenance Expenses:		
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
Sanitary Sewer System Expenses, including maintenance & distribution		<u>(\$45,000)</u>
LFUCG Expenses		<u>(\$93,588)</u>
Administrative and General Expense - sanitary sewer system		<u>(\$45,000)</u>
Customer Accounts Expense		<u>(\$13,000)</u>
Total Operating Expenses		<u>(\$196,588)</u>
Net Operating Income		<u>\$79,628</u>
C Non-Operating Income:		
Interest on Deposits		<u>\$0</u>
Other (Describe)		<u>\$0</u>
Total Non-Operating Income		<u>\$0</u>
D Net Income		<u>\$79,628</u>
E. Debt Repayment:		
Revenue Bond Interest		<u>(\$31,000)</u>
Revenue Bond Principal		<u>(\$5,000)</u>
RD Interest		<u>(\$34,900)</u>
RD Principal		<u>(\$5,640)</u>
Total Debt Repayment		<u>(\$76,540)</u>
F. Balance Available for Coverage and Depreciation		<u>\$3,088</u>
G Required Coverage @ 10%		<u>(\$7,654)</u>
H Surplus (Deficit)		<u>(\$4,566)</u>

XXV. CURRENT OPERATING BUDGET - (WATER - EXISTING)
 (As of last full operating year.)

01/01/02 through 12/31/02

A. Operating Income:

Water Sales	<u>\$1,358,790</u>
Suchage Fee	<u>\$0</u>
Other (Lease Income and Miscellaneous Revenue)	<u>\$58,696</u>
Less Allowances and Deductions	<u>\$0</u>
Total Operating Income	<u>\$1,417,486</u>

B. Operation and Maintenance Expenses:
 (Based on Uniform System of Accounts prescribed by
 National Association of Regulatory Utility Commissioners)

Potable Water System Expenses, includes water purchased & distribution	<u>(\$662,559)</u>
Customer Accounts Expense	<u>(\$45,071)</u>
Administrative and General Expense - potable water system	<u>(\$262,616)</u>
Total Operating Expenses	<u>(\$970,246)</u>
Net Operating Income	<u>\$447,240</u>

C Non-Operating Income:

Interest on Deposits	<u>\$19,331</u>
Connection Fees	<u>\$193,731</u>
Total Non-Operating Income	<u>\$213,062</u>

D Net Income **\$660,302**

E. Debt Repayment:

Revenue Bond Interest	<u>(\$229,581)</u>
Revenue Bond Principal	<u>(\$30,557)</u>
RD Interest	<u>\$0</u>
RD Principal	<u>\$0</u>
Total Debt Repayment	<u>(\$260,138)</u>

F. Balance Available for Coverage
 and Depreciation **\$400,164**

G Required Coverage @ 10% **(\$26,014)**

H Surplus (Deficit) **\$374,150**

XXV. FUTURE OPERATING BUDGET - (WATER - EXISTING)
 (1st Full Year Of Operation)

Year Ending 12/31/2005

A. Operating Income:

Water Sales	<u>\$1,358,790</u>
Surcharge Fee	<u>\$0</u>
Other (Lease Income and Miscellaneous Revenue)	<u>\$0</u>
Less Allowances and Deductions	<u>\$0</u>
Total Operating Income	<u>\$1,358,790</u>

B. Operation and Maintenance Expenses:

(Based on Uniform System of Accounts prescribed by
 National Association of Regulatory Utility Commissioners)

Potable Water System Expenses, includes water purchased & distribution	<u>(\$723,996)</u>
Customer Accounts Expense	<u>(\$49,250)</u>
Administrative and General Expense - potable water system	<u>(\$286,968)</u>
Total Operating Expenses	<u>(\$1,060,214)</u>

Net Operating Income **\$298,576**

C Non-Operating Income:

Interest on Deposits	<u>\$0</u>
Other (Describe)	<u>\$0</u>
Total Non-Operating Income	<u>\$0</u>

D Net Income **\$298,576**

E. Debt Repayment:

Revenue Bond Interest	<u>(\$66,120)</u>
Revenue Bond Principal	<u>(\$202,530)</u>
RD Interest	<u>\$0</u>
RD Principal	<u>\$0</u>
Total Debt Repayment	<u>(\$268,650)</u>

F. Balance Available for Coverage
 and Depreciation **\$29,926**

G Required Coverage @ 10% **(\$26,865)**

H Surplus (Deficit) **\$3,061**

XXXVII. ESTIMATED PROJECT COST - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	3,965,790		3,965,790
<i>Land and Rights</i>	40,000		40,000
<i>Resident Observation</i>	102,800		102,800
<i>Legal</i>	40,000		40,000
<i>Engineering</i>	376,000		376,000
<i>Interest</i>	90,000		90,000
<i>Contingencies</i>	540,937		540,937
<i>Initial Operating and Maintenance</i>			
<i>Other</i>			
TOTAL	5,155,527		5,155,527

XXXVIII. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>			
<i>Other - Applicant Contribution</i>			
<i>RD Loan</i>	326,210		326,210 750,000
<i>RD Grant</i>	978,617		978,617 555,300
<i>ARC Grant (If applicable)</i>			
<i>CDBG (If applicable)</i>	1,000,000		1,000,000
<i>US-EPA Grant</i>	2,850,700		2,850,700
TOTAL	5,155,527		5,155,527 5,156,000

XXXIX. ESTIMATED PROJECT COST - WATER N/A

Development	\$	_____
Land and Rights		_____
Legal and Administrative		_____
Engineering		_____
Interest		_____
Contingencies		_____
Administrative and Planning		_____
Other		_____
TOTAL	\$	_____

XXXX. PROPOSED PROJECT FUNDING - WATER N/A

Applicant - User Contribution Fees	\$	_____
Other - Local Contribution		_____
RD Loan		_____
RD Grant		_____
Tobacco Settlement (If applicable)		_____
CDBG (If applicable)		_____
HB 502		_____
SB 409		_____
Other		_____
TOTAL	\$	_____

PRELIMINARY ENGINEERING REPORT

for

**CONTRACT 1
NORTH JESSAMINE SANITARY SEWER EXTENSION PROJECT**

for the

**JESSAMINE SOUTH ELKHORN WATER DISTRICT
JESSAMINE COUNTY, KENTUCKY**

**Revised
September 14, 2007**

**STRAND ASSOCIATES, INC.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511
(859) 225-8500**

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APPENDIX

Exhibit 1 – Project Location Map
Summary Addendum to Preliminary Engineering Report

1. **Purpose of Report**

This report describes the scope of the proposed project and presents the general background data used in its planning and development. Design criteria and financial data are presented and discussed.

2. **General Background Data**

In October 2003, PEH Engineers was authorized by the Jessamine South Elkhorn Water District (JSEWD) to investigate the feasibility of constructing new sewer system extensions in northern Jessamine County to serve existing mobile home developments. This project will provide sanitary sewer service to approximately 600 unserved customers. Citizens in the proposed sanitary sewer service areas have expressed considerable interest to the County Health Department concerning the need for a reliable source of sanitary sewer service in the area due to existing failing septic systems.

In October 2003, a Rural Development (RD) Preapplication, prepared by Strand, was filed by the JSEWD. Exhibit 1 in the appendix shows the location of the proposed improvements. The project was submitted to Kentucky State Clearinghouse for comments on October 21, 2003 with an anticipated response date by November 21, 2003, no conflicts are anticipated with the State's goals, plans, or objections. The proposed water system improvements were reviewed by Bluegrass Area Development District (BGADD) and appear to be consistent with the BGADD Comprehensive Plan.

3. **Existing Systems**

a. Water System

The Jessamine South Elkhorn Water District (JSEWD) was first formed in 1963. The Water District currently has two water purchase agreements with two separate entities, Kentucky-American Water Company and the City of Nicholasville. In April of 1970, the District entered into a water purchase agreement with Kentucky – American Water Company. The water purchase contract was amended in February 1986; extending the Contract life to forty years beginning February 15, 1986 and with an option to renew for an additional 30-year term after this agreement expires. This agreement serves portions of the JSEWD northern system.

In August of 1996, the District entered into a water purchase agreement with the City of Nicholasville to serve portions of eastern Jessamine County. The water purchase contract was for forty-five years beginning August 22, 1996.

The JSEWD currently serves 2,070 water users of which 2,020 are residential and 50 are commercial users. Their system currently purchases treated water from Kentucky- American Water Company and the City of Nicholasville. The system currently consist of 2,100 linear feet of 2" water main, 8,710 linear feet of 3" water main, 186,270 linear feet of 4" water main, 402,528 linear feet of 6" water main, 43,870 linear feet of 8" water main, and 36,831 linear feet of 10" water main. Along with the water mains the District currently have four water storage tanks and one booster pumping station.

b. Sanitary Sewer System

The Jessamine South Elkhorn Water District (JSEWD) established a sanitary sewer system in August 9, 1995 by exercise its statutory right to establish this system under KRS 74.407 et seq. The wastewater collected will be treated by the Lexington Fayette Urban County Governments West Hickman Wastewater Treatment Plant by an agreement between Lexington Fayette Urban County Government and JSEWD. The agreement is for forty years beginning January, 2003.

The JSEWD currently serves 25 sanitary sewer users of which 1 is residential and 24 are commercial users. Currently JSEWD owns no infrastructure, the current sanitary sewer collection systems are privately owned. JSEWD currently bills users for treatment of sewage at LFUCG West Hickman WWTP.

4. **Scope of Project**

The proposed Contract 1 North Jessamine Sanitary Sewer Project consists of approximately 40,000 linear feet of gravity sanitary sewer, 12,400 linear feet of force main sewer, two pump stations, and appurtenances in northern Jessamine County, serving 600 unserved customers. This project will eliminate existing health hazards in the area by relieving residents of existing failing septic systems.

5. **Estimated Sanitary Usage**

Presently (based on 2002 information), JSEWD serves 25 customers of which approximately 96% are commercial. The average monthly sanitary usage by 25 existing customers as determined by billings for the 12 month period between January 2002 and December 2002 was 751,268 gallons. Average monthly demand per customer calculates to 30,050 gallons.

The Facilities Plan for Jessamine County, Kentucky recommends that the District be served by Lexington Fayette Urban County Governments West Hickman Wastewater Treatment Plant. The rated 24-hour capacity of the plant is 33.87 million gallons. An agreement between Lexington Fayette Urban County Government and JSEWD dated December, 2002 allows up to 2.0 million gallons per day from JSEWD system.

The proposed improvements will provide sanitary sewer service to 600 unserved residents. Based upon the standard of 200 gallons per day per trailer will generate 120,000 gallons of additional sewage to be treated at the West Hickman WWTP per day. Based upon the existing average of 24,225 gallons of sewage per day and the new 120,000 gallons of sewage per day, a total gallons of sewage the will be treated at the West Hickman WWTP will be 144,225 gallons per day. The 144,225 gallons per day to be treated at the West Hickman WWTP is well under the set limit of 2,000,000 gallons per day between Lexington Fayette Urban County Government and JSEWD. Therefore there should be no problem in treating the new sewage flow to the West Hickman WWTP.

6. **Design Criteria**

a. **Hydraulic Considerations**

The gravity sewer will be designed in accordance with ten state standards and applicable LFUCG standards, including minimum slopes and pipe diameters. Air release valves will be located at high points on the force mains. The pump stations will be duplex wetwell mounted suction lift pumps with vacuum priming. Each pump will be sized for peak flow in case of a failure in one pump. PVC pipe will be utilized in the design of this system. The economy of polyvinyl chloride (PVC) pipe has caused it to be the predominant material for sanitary sewer systems.

b. Construction Considerations

The pipelines will be constructed on private easement and some state and county rights-of-way. The pump stations will be constructed on private easements, and provided with access roads constructed on access easements. Jessamine County is underlain by limestone rock formations. Rock layers near the surface are weathered and fragmented. Based upon previous construction projects and the District's construction experience, the determination was made that, at the proposed construction sites, rock removal would not present unusual construction or operation and maintenance problems.

7. Financial

a. Construction and Project Costs

Construction and project cost estimates are presented in Table 1. Estimated construction costs are \$3,965,790.00. Construction cost estimates are based on the Facilities Plan for Jessamine County, Kentucky by Horne Engineering, Inc.

Table 1
Jessamine South Elkhorn Water District - Contract 1
North Jessamine Sanitary Sewer Project
Total Project Estimate

Construction Cost Estimate

Collection System and Pump Stations	3,443,000.00	
1.5" Asphalt Resurfacing	231,250.00	
LFUCG Trailer Tap-on Fees	284,340.00	
LFUCG Commercial Tap-on Fees	<u>7,200.00</u>	
Total Construction		\$3,965,790.00
Engineering ¹		376,000.00
Resident Inspection		102,800.00
Legal and Administrative		40,000.00
Land and Easements		40,000.00
Interest During Construction		90,000.00
Contingencies		<u>540,937.00</u>
TOTAL PROJECT COST ESTIMATE		\$5,155,527.00

1 Engineering:	Preliminary Services	\$20,000.00
	Basic Services	239,000.00
	Additional Services	<u>117,000.00</u>
	TOTAL	\$376,000.00

b. Project Budget

A summary of the proposed project funding is as follows:

US-EPA Grant	\$2,850,700.00
HUD CDBG Grant	1,000,000.00
RUS Grant	978,617.00
RUS Loan	<u>326,210.00</u>

TOTAL ESTIMATED PROJECT FUNDING **\$5,155,527.00**

c. Rate Analysis

A rate analysis along with the existing and projected operation and maintenance costs and debt service requirements is attached in the **Summary/Addendum**. This analysis will include a statement regarding the income necessary to meet estimated obligation for both the existing and proposed system and a rate increase will be proposed based upon the level of RD grant funding.

8. Summary and Conclusions

The Contract 1, North Jessamine Sanitary Sewer Project consists of approximately 40,000 linear feet of gravity sewer, 12,400 linear feet of force main sewer, two pump stations, and appurtenances in northern Jessamine County, serving 600 unserved customers. This project will eliminate existing health hazards in the area by relieving residents of existing failing septic systems.

The recommended financing for the portion of the proposed Contract 1 North Jessamine Sanitary Sewer Project not covered by RUS Grant is mostly covered with U.S. EPA Grant in the amount of \$2,850,700, and an HUD CDBG Grant of \$1,000,000. The loan of \$326,210 by RUS at 5.00% for 40 years in conjunction with these other sources make this improvement project feasible. A rate increase is anticipated to repay the proposed loan required for this project.

Signed:

Strand Associates, Inc.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511



By: *Michael L. Davis*
Michael L. Davis, P.E.

APPENDIX

1. The first part of the appendix contains a list of the names of the members of the committee who have been appointed to the various sub-committees.

2. The second part of the appendix contains a list of the names of the members of the committee who have been appointed to the various sub-committees.

3. The third part of the appendix contains a list of the names of the members of the committee who have been appointed to the various sub-committees.

4. The fourth part of the appendix contains a list of the names of the members of the committee who have been appointed to the various sub-committees.

5. The fifth part of the appendix contains a list of the names of the members of the committee who have been appointed to the various sub-committees.

KENTUCKY GUIDE 7
MAY 1998

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED September 14, 2007

FOR

Jessamine South Elkhorn Water District – North Jessamine Sanitary Sewer Ext. Project, Ct. 1
(Name of Project)

APPLICANT CONTACT PERSON Nicholas Strong

APPLICANT PHONE NUMBER (859) 881-0589

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-6089391

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 reviews 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.

I. 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.

The Contract 1 North Jessamine Sanitary Sewer Extension Project will consist of constructing approximately 40,000 L.F. of collection sewer, 12,400 L.F. of force main, two pump stations, and appurtenances in northern Jessamine County. This project will provide a reliable source of sanitary sewer service to approximately 600 unserved users.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

A. Sewage Treatment:

1. Type N/A

2. Method of Sludge Disposal N/A

3. Cost per 1,000 gallons if sewage is contracted:
\$6.03 Per 1,000 Gallons

4. Date Constructed N/A

B. Treatment Capacity of Sewage Treatment Plant N/A

C. Type of Sewage Collector System (Describe) N/A – Current sewage collection system is privately owned, JSEWD bills for treatment of sewage by LFUCG.

D. Number and Capacity of Sewage Lift Stations 1

E. Sewage Collection System:

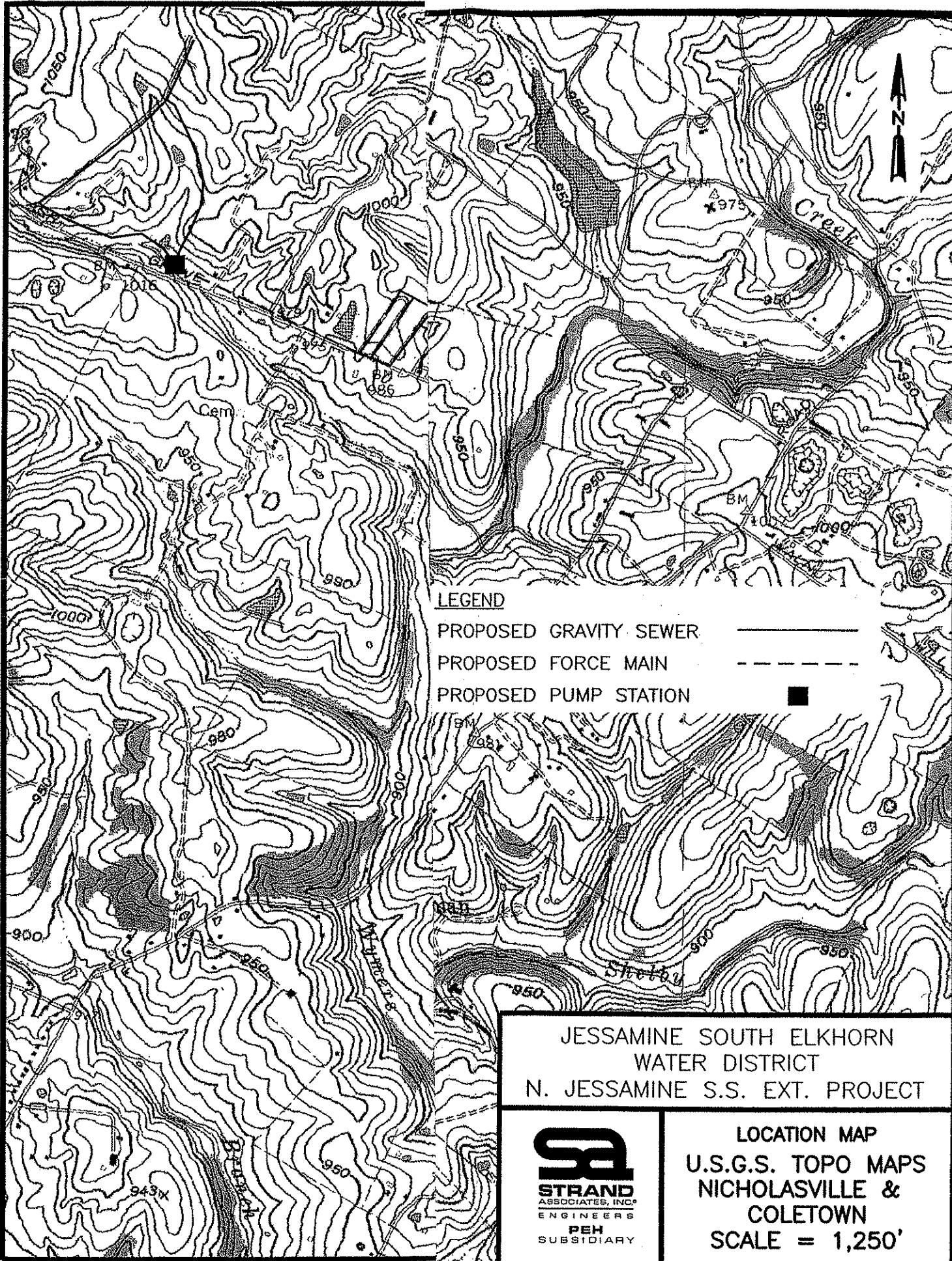
Lineal Feet of Collector Lines, by Size 6" 0 8" 0

10" 0 12" 0 Larger

Date(s) Constructed N/A

F. Conditions of Existing System: Briefly describe the conditions 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.

N/A



LEGEND

- PROPOSED GRAVITY SEWER _____
- PROPOSED FORCE MAIN - - - - -
- PROPOSED PUMP STATION ■

JESSAMINE SOUTH ELKHORN
 WATER DISTRICT
 N. JESSAMINE S.S. EXT. PROJECT



LOCATION MAP
 U.S.G.S. TOPO MAPS
 NICHOLASVILLE &
 COLETOWN
 SCALE = 1,250'

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM

1. 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 Jessamine South Elkhorn Water District (JSEWD) currently does not have its own water treatment plant. JSEWD currently purchases potable water from two providers, Kentucky – American Water Company and the City of Nicholasville.

If the applicant purchases water:

Seller(s):

1. Kentucky – American Water Company
2. City of Nicholasville
- 3.

Price/1,000 gallons:

1. \$1.97
2. \$1.81
- 3.

Present Estimated Market Value of Existing System: \$7,667,080*

*Note: Market value as of 12/31/02 per financial report by Kring, Cohen, Sageser & Besten, PSC.

2. Water Storage:

Type: Ground Storage Tank _____ Elevated Tank 2
Standpipe 2 Other _____
Number of Storage Structures 4
Total Storage Volume Capacity 784,000 gallons
Date Storage Tank(s) Constructed 1970's to present

3. Water Distribution System:

Pipe Material PVC, Ductile Iron, & AC (Transite)
Lineal Feet of Pipe: 2" Diameter 2,100 3" 8,710
4" 186,270 6" 402,528
8" 43,870 10" 36,831
Dates(s) Water Lines Constructed 1970's to present.
Number and Capacity of Pump Station(s) 1 @ 1000 gpm

4. 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 existing system is in fairly good condition and well maintained. Future maintenance could include water tank repainting, and line replacement.

E. Percentage of Water Loss Existing System: 6.7%

IV. EXISTING LONG-TERM INDEBTEDNESS

I. List of Bonds and Notes:

Date of Issue	Bond/Note Holder	Principal Balance	Payment Date	Bond Type Water/Sewer*	Amount on Deposit in Reserve Account
19 02 Issue	Note - KIA	2,745,000	See Note	100 %	%
20 02 Issue	Note - Citizens	1,640,000	See Note	100 %	%
19 71 Issue	Revenue Bond	204,000	See Note	100 %	%
19 99 Issue	Revenue Bond	2,301,000	See Note	100 %	%
19 03 Issue	Note - Citizens	210,000	See Note	100 %	%
20 Issue			See Note	%	%
20 Issue			See Note	%	%

Note: The principal payments are due at various times during the year. The principal balances shown above are as of 12/31/02 per financial report by Kring, Cohen, Sageser, & Besten, PSC.

* If a combined issue, show attributable portion to each system.

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

Date of Issue	Bond/Note Holder	Payment Year 2003		Payment Year 2004		Payment Year 2005	
		Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment
20 02 Issue	Note - KIA	25,000	61,013	25,500	66,846	27,200	70,184
20 02 Issue	Note - Citizens	1,457	4,200	2,100	3,897	2,450	3,908
19 71 Issue	Revenue Bond	0	0	8,000	3,350	9,000	2,950
19 99 Issue	Revenue Bond	23,000	118,133	23,000	116,931	25,500	115,728
20 03 Issue	Note - Citizens	1,800	9,936	1,885	9,850	1,970	9,760
20 Issue							
20 Issue							
All Issue		\$30,557	\$193,282	\$60,485	\$200,874	\$66,120	\$202,530

V. EXISTING SHORT-TERM INDEBTEDNESS

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

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P & I)</u>	<u>Date to Be Paid In Full</u>

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water	<u>0</u>	Sewer	<u>N/A</u>
Number of Storage Tank Sites:	Water	<u>4</u>	Sewer	<u>N/A</u>
Number of Pump Stations:	Water	<u>1</u>	Sewer	<u>N/A</u>
Total Acreage:	Water	<u>Unknown</u>	Sewer	<u>Unknown</u>
Purchase Price:	Water	<u>Unknown</u>	Sewer	<u>Unknown</u>

VII. NUMBER OF EXISTING USERS

	Water (as of 10/01/2003)	Sewer (as of 10/01/03)
Residential (In Town)	<u>0</u>	<u>0</u>
Residential (Out of Town)	<u>2,020</u>	<u>1</u>
Non-Residential (In Town)	<u>0</u>	<u>0</u>
Non-Residential (Out of Town)	<u>50</u>	<u>24</u>
Total	<u>2,070</u>	<u>25</u>

Number to Total Potential Users Living in the Service Area unknown

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

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

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
3/4" - Inch	\$650	\$ <u>N/A</u>
7/8" - Inch	N/A	\$ <u>N/A</u>
1" - Inch	\$775	\$ <u>N/A</u>
1" - 1/2 Inch	Time plus materials	\$ <u>N/A</u>
2" - Inch	Time plus materials	\$ <u>N/A</u>
3" - Inch	Time plus materials	\$ <u>N/A</u>
4" - Inch	Time plus materials	\$ <u>N/A</u>
6" - Inch	Time plus materials	\$ <u>N/A</u>

IX. SEWER RATES - EXISTING SYSTEM

Percentage of Water Bill \$6.03 per 1,000 gallons % Minimum Charge \$12.06
Other: (If Charge Not Based on Water Bill) N/A

X. WATER RATES - EXISTING SYSTEM (See Attached JSEWD Rate Schedule, Sheet 7a)

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD (See Attached Spreadsheet for Sewer, Sheet 7b)

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD (See Attached Spreadsheet for Water, Sheet 7c)

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM N/A

- A. Sewage Treatment N/A
1. Type N/A
 2. Method of Sludge Disposal N/A
 3. Cost per 1,000 gallons if sewage is contracted:
\$ N/A
 4. Date Constructed N/A
- B. Treatment Capacity of Sewage Treatment Plant N/A

C. *Type of Sewage Collector System (Describe)* *Consists of approximately 40,000 linear feet of 8" sanitary sewer, 12,400 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County.*

D. *Number and Capacity of Sewage Lift Stations* *2 lift stations of various capacities*

E. *Sewage Collection System:*

<i>Lineal Feet of Collector Lines, by Size</i>		<i>6"</i>	<i>N/A</i>	<i>8"</i>	<i>28,500</i>
<i>10"</i>	<i>11,250</i>	<i>12"</i>	<i>N/A</i>	<i>Larger</i>	<i>N/A</i>

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

<i>Number of Treatment Plant Sites</i>	<i>N/A</i>
<i>Number of Pump Sites</i>	<i>2</i>
<i>Number of Other Sites</i>	<i>N/A</i>
<i>Total Acreage</i>	<i>Unknown</i> <i>Acres</i>
<i>Purchase Price</i>	<i>\$ 0.00</i>

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.

N/A

B. Water Storage:

Type:	Ground Storage Tank	<u>N/A</u>	Elevated Tank	<u>N/A</u>
	Standpipe	<u>N/A</u>	Other	<u>N/A</u>
Number of Storage Structures	<u>N/A</u>			
Total Storage Volume Capacity	<u>N/A</u>			

C. Water Distribution System:

Pipe Material	<u>N/A</u>			
Lineal Feet of Pipe:	3" Diameter	<u>N/A</u>	4"	<u>N/A</u>
	6"	<u>N/A</u>	8"	<u>N/A</u>
	10"	<u>N/A</u>	12"	<u>N/A</u>
	Number and Capacity of Pump Station(s)	<u>N/A</u>		

XVI. LAND AND RIGHTS- PROPOSED WATER SYSTEM

Number of Treatment Plant Sites	<u>N/A</u>
Number of Pump Sites	<u>N/A</u>
Number of Other Sites	<u>N/A</u>
Total Acreage	<u>N/A</u>
Purchase Price	<u>N/A</u>

XVII. NUMBER OF NEW SEWER USERS

<i>Residential (In Town) *</i>	<i>N/A</i>
<i>Residential (Out of Town) *</i>	<i>600</i>
<i>Non-Residential (In Town)</i>	<i>N/A</i>
<i>Non-Residential (Out of Town)</i>	<i>3</i>
<i>Total</i>	<i>603</i>
<i>Number to Total Potential Users Living in the Service Area</i>	<i>Unknown</i>

*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 WATER METER CONNECTION N/A

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	<i>\$0</i>
<u>1 - Inch</u>	<i>\$0</i>
<u>1 - 1/2 Inch</u>	<i>\$0</i>
<u>2 - Inch</u>	<i>\$0</i>
<u>3 - Inch</u>	<i>\$0</i>
<u>4 - Inch</u>	<i>\$0</i>
<u>5 - Inch</u>	<i>\$0</i>

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)	N/A
Residential (Out of Town) ²	N/A
Non-Residential (In Town)	N/A
Non-Residential (Out of Town)	N/A
Total	N/A
Number to Total Potential Users Living in the Service Area	N/A

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

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION:

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
<u>3/4" - Inch</u>	\$650	\$ <u>N/A</u>
<u>7/8" - Inch</u>	N/A	\$ <u>N/A</u>
<u>1" - Inch</u>	\$775	\$ <u>N/A</u>
<u>1" - 1/2 Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>2" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>3" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>4" - Inch</u>	Time plus materials	\$ <u>N/A</u>
<u>6" - Inch</u>	Time plus materials	\$ <u>N/A</u>

XXI. SEWER RATES - PROPOSED

A. *Proposed Rate Schedule with \$978,617 RD Grant:*

Percentage of Water Bill \$6.50 per 1,000 gallons % \$ Minimum Charge \$13.00

Other: (If Charge Not Based on Water Bill) _____

B. *Proposed Rate Schedule with \$717,657 RD Grant:*

Percentage of Water Bill \$7.00 per 1,000 gallons % \$ Minimum Charge \$14.00

Other: (If Charge Not Based on Water Bill) _____

C. *Proposed Rate Schedule: (Without RD Grant):*

Percentage of Water Bill \$8.50 per 1,000 gallons % \$ Minimum Charge \$17.00

Other: (If Charge Not Based on Water Bill) _____

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

D. Recommended Rate Schedule with \$978,617 RD Grant:

Percentage of Water Bill \$6.50 per 1,000 gallons % \$ Minimum Charge \$13.00

Other: (If Charge Not Based on Water Bill) _____

XXII. WATER RATES- PROPOSED N/A

XXIII. FORECAST OF SEWER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/09 THROUGH 12/31/09) See Attached 12a & 12b

XXIV. FORECAST OF SEWER USAGE – INCOME – NEW USERS – EXTENSION ONLY (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/09 THROUGH 12/31/09) See Attached 12c, 12d, 12e, 12f, 12g, & 12h

XXV. FORECAST OF WATER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) See Attached 12i & 12j

XXVI. FORECAST OF WATER USAGE – INCOME – NEW IMPROVEMENTS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) N/A

XXXVII. ESTIMATED PROJECT COST - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	3,965,790		3,965,790
<i>Land and Rights</i>	40,000		40,000
<i>Resident Observation</i>	102,800		102,800
<i>Legal</i>	40,000		40,000
<i>Engineering</i>	376,000		376,000
<i>Interest</i>	90,000		90,000
<i>Contingencies</i>	540,937		540,937
<i>Initial Operating and Maintenance</i>			
<i>Other</i>			
TOTAL	5,155,527		5,155,527

XXXVIII. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>			
<i>Other - Applicant Contribution</i>			
<i>RD Loan</i>	326,210		326,210
<i>RD Grant</i>	978,617		978,617
<i>ARC Grant (If applicable)</i>			
<i>CDBG (If applicable)</i>	1,000,000		1,000,000
<i>US-EPA Grant</i>	2,850,700		2,850,700
TOTAL	5,155,527		5,155,527

XXXIX. ESTIMATED PROJECT COST - WATER N/A

Development	\$	_____
Land and Rights		_____
Legal and Administrative		_____
Engineering		_____
Interest		_____
Contingencies		_____
Administrative and Planning		_____
Other		_____
TOTAL	\$	_____

XXXX. PROPOSED PROJECT FUNDING - WATER N/A

Applicant - User Contribution Fees	\$	_____
Other - Local Contribution		_____
RD Loan		_____
RD Grant		_____
Tobacco Settlement (If applicable)		_____
CDBG (If applicable)		_____
HB 502		_____
SB 409		_____
Other		_____
TOTAL	\$	_____

XXIV.	<u>PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)</u>	Year Ending	<u>12/31/2009</u>
	(1st Full Year Of Operation)		
A. Operating Income:	Rate Increase to \$8.00 per 1,000 gallons		
	HUD CDBG Grant \$1,000,000		
	US-EPA Grant \$2,850,700		
	RD Grant \$555,300		
	RD Loan \$750,000 @ 5.000%		
	Sanitary Sewer Sales		\$231,552
	Surcharge Fees		\$0
	Other (Lease Income and Miscellaneous Revenue)		\$0
	Less Allowances and Deductions		\$0
	Total Operating Income		<u>\$231,552</u>
B. Operation and Maintenance Expenses:	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)		
	Sanitary Sewer System Expenses, including maintenance & distribution		(\$45,000)
	LFUCG Expenses		(\$83,358)
	Administrative and General Expense - sanitary sewer system		(\$45,000)
	Customer Accounts Expense		(\$10,000)
	Total Operating Expenses		<u>(\$183,358)</u>
	Net Operating Income		<u>\$48,194</u>
C Non-Operating Income:			
	Interest on Deposits		\$0
	Other (Describe)		\$0
	Total Non-Operating Income		<u>\$0</u>
D Net Income			<u>\$48,194</u>
E. Debt Repayment:			
	Revenue Bond Interest		\$0
	Revenue Bond Principal		\$0
	RD Interest		(\$37,500)
	RD Principal		(\$6,210)
	Total Debt Repayment		<u>(\$43,710)</u>
F. Balance Available for Coverage and Depreciation			<u>\$4,484</u>
G Required Coverage @ 10%			<u>(\$4,371)</u>
H Surplus (Deficit)			<u>\$113</u>

FINAL ENGINEERING REPORT

for

**CONTRACT 1
NORTH JESSAMINE SANITARY SEWER EXTENSION PROJECT**

for the

**JESSAMINE SOUTH ELKHORN WATER DISTRICT
JESSAMINE COUNTY, KENTUCKY**

Revised
December 14, 2007

**STRAND ASSOCIATES, INC.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511
(859) 225-8500**

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APPENDIX

Exhibit 1 – Project Location Map
Summary Addendum to Preliminary Engineering Report

1. **Purpose of Report**

This report describes the scope of the proposed project and presents the general background data used in its planning and development. Design criteria and financial data are presented and discussed.

2. **General Background Data**

In October 2003, Strand Associates was authorized by the Jessamine South Elkhorn Water District (JSEWD) to investigate the feasibility of constructing new sewer system extensions in northern Jessamine County to serve existing mobile home developments. This project will provide sanitary sewer service to approximately 600 unserved customers. Citizens in the proposed sanitary sewer service areas have expressed considerable interest to the County Health Department concerning the need for a reliable source of sanitary sewer service in the area due to existing failing septic systems.

In October 2003, a Rural Development (RD) Preapplication, prepared by Strand, was filed by the JSEWD. Exhibit 1 in the appendix shows the location of the proposed improvements. The project was submitted to Kentucky State Clearinghouse for comments on October 21, 2003. No significant concerns were identified. The proposed wastewater system improvements were reviewed by Bluegrass Area Development District (BGADD) and appear to be consistent with the BGADD Comprehensive Plan. The project complies with the Jessamine County 201 Plan. The plans and specifications were subsequently approved by LFUCG and the Kentucky Division of Water.

3. **Existing Systems**

a. **Water System**

The Jessamine South Elkhorn Water District (JSEWD) was first formed in 1963. The Water District currently has two water purchase agreements with two separate entities, Kentucky-American Water Company and the City of Nicholasville. In April of 1970, the District entered into a water purchase agreement with Kentucky – American Water Company. The water purchase contract was amended in February 1986, extending the Contract life to forty years beginning February 15, 1986, with an option to renew for an additional 30-year term after this agreement expires. This agreement serves portions of the JSEWD northern system.

In August of 1996, the District entered into a water purchase agreement with the City of Nicholasville to serve portions of eastern Jessamine County. The water purchase contract has a duration of forty-five years beginning August 22, 1996.

The JSEWD currently serves 2,070 water users of which 2,020 are residential and 50 are commercial users. Their system currently purchases treated water from Kentucky- American Water Company and the City of Nicholasville. The system currently consist of 2,100 linear feet of 2" water main, 8,710 linear feet of 3" water main, 186,270 linear feet of 4" water main, 402,528 linear feet of 6" water main, 43,870 linear feet of 8" water main, and 36,831 linear feet of 10" water main. Along with the water mains the District currently has four water storage tanks and one water booster pumping station.

b. **Sanitary Sewer System**

The Jessamine South Elkhorn Water District (JSEWD) established a sanitary sewer system in August 9, 1995 exercising its statutory right to establish this system under KRS 74.407 et seq. The wastewater collected will be treated by the Lexington Fayette Urban County Government's West Hickman Wastewater Treatment Plant by an agreement between Lexington Fayette Urban

County Government and JSEWD. The agreement has a duration of forty years beginning January, 2003.

Based on 2002 information, the JSEWD serves 25 sanitary sewer users of which 1 is residential and 24 are commercial users. JSEWD currently bills users for treatment of sewage at LFUCG West Hickman WWTP.

4. **Scope of Project**

The proposed Contract 1 North Jessamine Sanitary Sewer Project consists of approximately 40,000 linear feet of gravity sanitary sewer, 12,400 linear feet of sewer force main, two pump stations, and appurtenances in northern Jessamine County. The project extends sanitary sewer service to approximately 600 unserved residences. This project will eliminate existing health hazards in the area by eliminating reliance on existing failing septic systems.

5. **Estimated Sanitary Usage**

Presently (based on 2002 information), JSEWD serves 25 customers of which approximately 96% are commercial. The average monthly sanitary usage by 25 existing customers as determined by billings for the 12 month period between January 2002 and December 2002 was 751,268 gallons. Average monthly demand per customer calculates to 30,050 gallons.

The Facilities Plan for Jessamine County, Kentucky recommends that the District be served by Lexington Fayette Urban County Governments West Hickman Wastewater Treatment Plant. The rated 24-hour capacity of the plant is 33.87 million gallons. An agreement between Lexington Fayette Urban County Government and JSEWD dated December, 2002 allows up to 2.0 million gallons per day from JSEWD system.

The proposed improvements provide sanitary sewer service to approximately 600 unserved residents. Based upon a standard of 200 gallons per day per trailer, the new service area will generate 120,000 gallons of additional sewage to be treated at the West Hickman WWTP per day. Based upon the existing average of 24,225 gallons of sewage per day and the new 120,000 gallons of sewage per day a total gallons of sewage the will be treated at the West Hickman WWTP will be 144,225 gallons per day. The 144,225 gallons per day to be treated at the West Hickman WWTP is well under the set limit of 2,000,000 gallons per day between Lexington Fayette Urban County Government and JSEWD.

6. **Design Criteria**

a. **Hydraulic Considerations**

The gravity sewer is designed in accordance with Ten State Standards and applicable LFUCG standards, including minimum slopes and pipe diameters. Air release valves will be located at high points on the force mains. The pump stations will be duplex wetwell mounted suction lift pumps with vacuum priming. Each pump will be sized for peak flow in case of a failure in one pump. PVC pipe will be utilized in the design of this system. The economy of polyvinyl chloride (PVC) pipe has caused it to be the predominant material for sanitary sewer systems.

b. Construction Considerations

The pipelines will be constructed on private easement and some state and county rights-of-way. The pump stations will be constructed on private easements, and provided with access roads constructed on access easements. Jessamine County is underlain by limestone rock formations. Rock layers near the surface are weathered and fragmented. Based upon previous construction projects and the District's construction experience, the determination was made that, at the proposed construction sites, rock removal would not present unusual construction or operation and maintenance problems.

7. Financial

a. Construction and Project Costs

Construction and project cost estimates are presented in Table 1. Construction costs are based on actual bid amounts.

Table 1
 Jessamine South Elkhorn Water District - Contract 1
 North Jessamine Sanitary Sewer Project
 Total Project Estimate

Construction Cost Estimate

Collection System, Pump Stations and Force Mains	4,626,079.00	
LFUCG Tap-on Fees	385,000.00	
Total Construction		\$5,011,079.00
Engineering ¹		376,000.00
Resident Inspection		102,800.00
Legal and Administrative ²		167,000.00
Land and Easements		4,000.00
Interest During Construction		56,000.00
Contingencies		<u>346,956.00</u>
TOTAL PROJECT COST ESTIMATE		\$6,063,835.00

¹ Engineering Includes:

Preliminary Services	\$20,000.00
Basic Services	239,000.00
Additional Services	<u>117,000.00</u>
TOTAL	\$376,000.00

² Legal and Administrative Includes BGADD CDBG Administration Fee of \$50,000 and EPA Administration Fee of \$46,532.

b. Project Budget

A summary of the proposed project funding is as follows:

US-EPA Grant	\$2,850,700.00
HUD CDBG Grant	1,000,000.00
RUS Grant	941,135.00
RUS Loan	<u>1,272,000.00</u>

TOTAL ESTIMATED PROJECT FUNDING **\$6,063,835.00**

c. Rate Analysis

A rate analysis along with the existing and projected operation and maintenance costs and debt service requirements is attached in the **Summary/Addendum**. This analysis will include a statement regarding the income necessary to meet estimated obligation for both the existing and proposed system and a rate increase will be proposed based upon the level of RD grant funding.

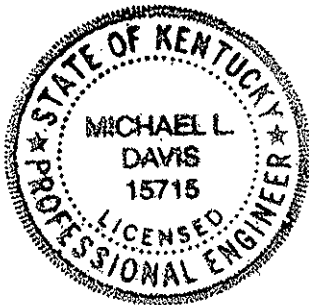
8. Summary and Conclusions

The Contract 1, North Jessamine Sanitary Sewer Project consists of approximately 40,000 linear feet of gravity sewer, 13,000 linear feet of force main sewer, two pump stations, and appurtenances in northern Jessamine County, serving 600 unserved customers. This project will eliminate existing health hazards in the area by relieving residents of existing failing septic systems.

The recommended financing for the portion of the proposed Contract 1 North Jessamine Sanitary Sewer Project not covered by RUS Grant is mostly covered with U.S. EPA Grant in the amount of \$2,850,700, and an HUD CDBG Grant of \$1,000,000. The loan of \$1,272,000 by RUS at 5.00% for 40 years in conjunction with these other sources make this improvement project feasible. A rate increase is anticipated to repay the proposed loan required for this project.

Signed:

Strand Associates, Inc.
1525 Bull Lea Road, Suite 100
Lexington, Kentucky 40511



By: *Michael L. Davis*
Michael L. Davis, P.E.

APPENDIX

KENTUCKY GUIDE 7
MAY 1998

SUMMARY ADDENDUM
TO
PRELIMINARY ENGINEERING REPORT

DATED December 14, 2007

FOR

North Jessamine Sanitary Sewer Extension Project, Contract 1
for the Jessamine South Elkhorn Water District
(Name of Project)

APPLICANT CONTACT PERSON Nicholas Strong

APPLICANT PHONE NUMBER (859) 881-0589

APPLICANT TAX IDENTIFICATION NUMBER (TIN) 61-6089391

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 reviews 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.

I. 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.

The Contract I North Jessamine Sanitary Sewer Extension Project will consists of approximately 40,000 L.F. of collection sewer, 13,000 L.F. of force main, two pump stations and appurtenances in northern Jessamine County. This project will provide a reliable source of sanitary sewer service to approximately 600 unserved users.

II. FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM

- A. Sewage Treatment:

1. Type Existing package treatment plants to be taken out of service

2. Method of Sludge Disposal N/A

3. Cost per 1,000 gallons if sewage is contracted: N/A

4. Date Constructed N/A

B. Treatment Capacity of Sewage Treatment Plant N/A

C. Type of Sewage Collector System (Describe) Existing sewage collection system is privately owned. JSEWD bills for treatment of sewage by LFUCG.

D. Number and Capacity of Sewage Lift Stations 1

- E. Sewage Collection System:

Lineal Feet of Collector Lines, by Size 6" 0 8" 0

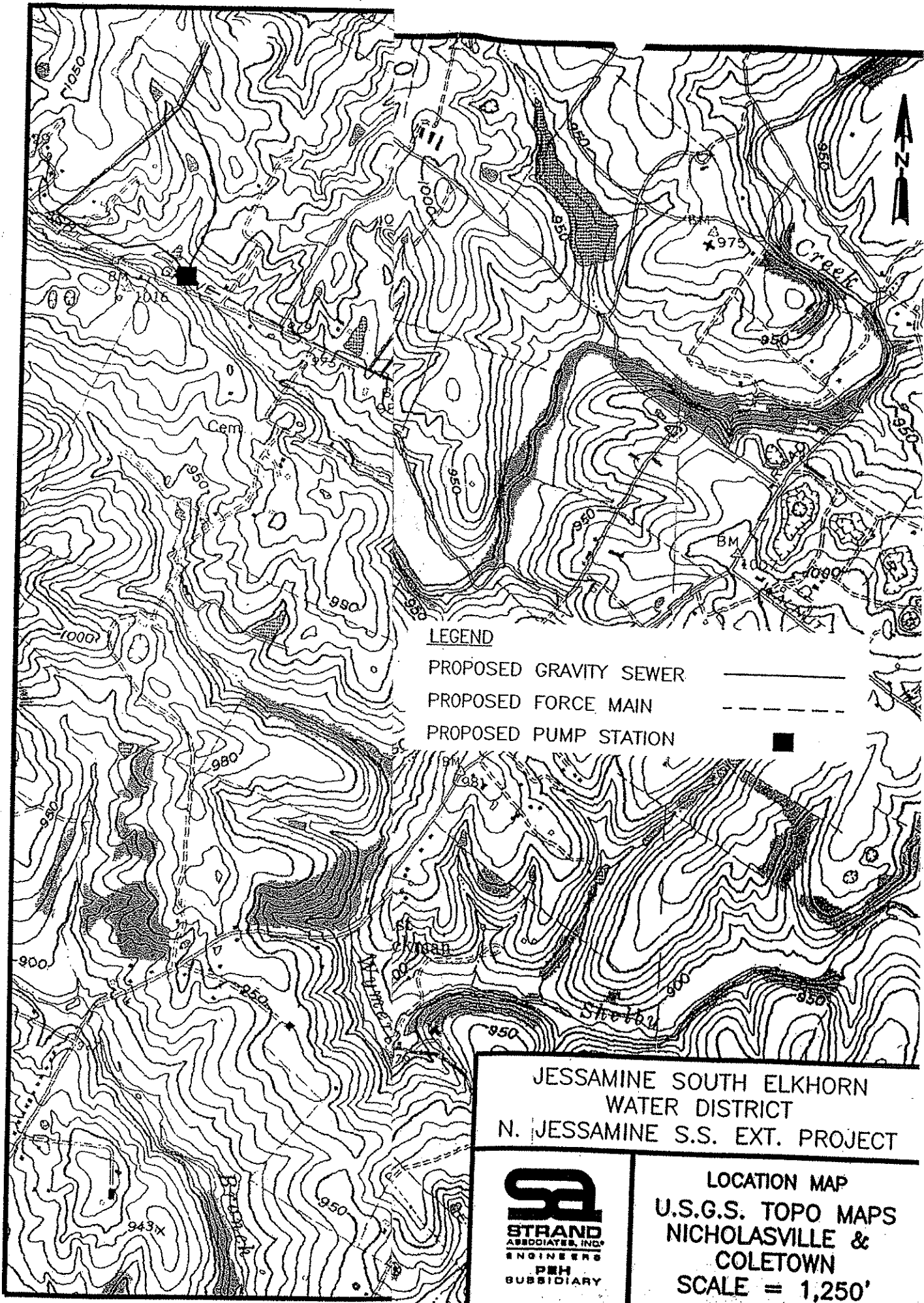
10" 0 12" 0 Larger

Date(s) Constructed N/A

- F. Conditions of Existing System: Briefly describe the conditions 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.

N/A

III. FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM



LEGEND

- PROPOSED GRAVITY SEWER
- PROPOSED FORCE MAIN
- PROPOSED PUMP STATION

JESSAMINE SOUTH ELKHORN
 WATER DISTRICT
 N. JESSAMINE S.S. EXT. PROJECT



LOCATION MAP
 U.S.G.S. TOPO MAPS
 NICHOLASVILLE &
 COLETOWN
 SCALE = 1,250'

1. 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.

N/A.

If the applicant purchases water:

Seller(s):

1. Kentucky-American Water Company
2. City of Nicholasville
3. _____

Price/1,000 gallons:

1. \$1.97
2. \$1.81
3. _____

Present Estimated Market Value of Existing System: \$7,667,080*

* Note: Market value as of 12/31/02 per financial report by Kring, Cohen, Sageser & Besten, PSC

2. Water Storage: N/A

Type:	Ground Storage Tank	_____	Elevated Tank	_____	2
	Standpipe	_____	Other	_____	_____
		2			
Number of Storage Structures				4	
Total Storage Volume Capacity				784,000 gallons	
Date Storage Tank(s) Constructed				1970s to present	

3. Water Distribution System: N/A

Pipe Material

Lineal Feet of Pipe:	2" Diameter	_____	2,100	3"	_____	8,710
	4"	_____	186,270	6"	_____	402,528
	8"	_____	43,870	10"	_____	36,831
Dates(s) Water Lines Constructed			1970's to present.			
Number and Capacity of Pump Station(s)			1 at 1,000 gpm			

4. 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 existing system is in generally good condition and well maintained. Future maintenance could include water tank repainting and line replacement.

E. Percentage of Water Loss Existing System: 6.7%

IV. EXISTING LONG-TERM INDEBTEDNESS

I. List of Bonds and Notes:

Date of Issue	Bond/Note Holder	Principal Balance	Payment Date	Bond Type Water/Sewer*	Amount on Deposit in Reserve Account
19 02 Issue	Note-KIA	2,745,000	See Note	100 %	%
20 02 Issue	Note - Citizens	1,649,000	See Note	100 %	%
19 71 Issue	Revenue Bond	204,000	See Note	100 %	%
19 99 Issue	Revenue Bond	2,301,000	See Note	100 %	%
19 03 Issue	Note-Citizens	210,000	See Note	100 %	%
20 Issue				%	%
20 Issue				%	%

* If a combined issue, show attributable portion to each system.

II. Principal and Interest Payments: N/A

Date of Issue	Bond/Note Holder	Payment Year 2003		Payment Year 2004		Payment Year 2005	
		Principal Payment	Interest Payment	Principal Payment	Interest Payment	Principal Payment	Interest Payment
20 02 Issue	Note-KIA	25,000	61,013	25,500	66,846	27,200	70,184
20 02 Issue	Note-Citizens	1,457	4,200	2,100	3,897	2,450	3,908
19 71 Issue	Revenue Bond	0	0	8,000	3,350	9,000	2,950
19 99 Issue	Revenue Bond	23,000	118,133	23,000	116,931	25,500	115,728
20 03 Issue	Note-Citizens	1,800	9936	1,885	9,850	1,970	9,760
20 Issue							
20 Issue							
All Issue		\$30,557	\$193,282	\$60,485	\$200,874	\$66,120	\$202,530

V. EXISTING SHORT-TERM INDEBTEDNESS

A. List of All Short Term Debts: N/A

<u>Lender or Lessor</u>	<u>Date of Issue (Month & Year)</u>	<u>Principal Balance</u>	<u>Purpose (Water and/ or Sewer)</u>	<u>Payment Date</u>	<u>Principal & Interest Payment (P & I)</u>	<u>Date to Be Paid In Full</u>

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites:	Water	0	Sewer	N/A
Number of Storage Tank Sites:	Water	4	Sewer	N/A
Number of Pump Stations:	Water	1	Sewer	N/A
Total Acreage:	Water	Unknown	Sewer	Unknown
Purchase Price:	Water	Unknown	Sewer	Unknown

VII. NUMBER OF EXISTING USERS

	Water (as of 10/01/2003)	Sewer (as of 10/01/2003)
Residential (In Town)	0	0
Residential (Out of Town)	2,020	1
Non-Residential (In Town)	0	0
Non-Residential (Out of Town)	50	24
Total	2,070	25

Number to Total Potential Users Living in the Service Area unknown

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

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

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
3/4" - Inch	\$650	\$ N/A
7/8" - Inch	N/A	\$ N/A
1" - Inch	\$775	\$ N/A
1" - 1/2 Inch	Time plus materials	\$ N/A
2" - Inch	Time plus materials	\$ N/A
3" - Inch	Time plus materials	\$ N/A
4" - Inch	Time plus materials	\$ N/A
6" - Inch	Time plus materials	\$ N/A

IX. SEWER RATES - EXISTING SYSTEM

Percentage of Water Bill \$6.03 per 1,000 gallons % *Minimum Charge* \$12.06
Other: (If Charge Not Based on Water Bill) N/A

X. WATER RATES - EXISTING SYSTEM (See Attached JSEWD Rate Schedule, Sheet 7a)

XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD (See Attached Spreadsheet for Sewer, Sheet 7b)

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM - 12 MONTH PERIOD (See Attached Spreadsheet for Water, Sheet 7c)

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM N/A

A. *Sewage Treatment* N/A

1. *Type* N/A

2. *Method of Sludge Disposal* N/A

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

\$ N/A

4. *Date Constructed* N/A

B. *Treatment Capacity of Sewage Treatment Plant* N/A

C. *Type of Sewage Collector System (Describe)* *Consists of approximately 40,000 linear feet of 8" sanitary sewer, 13,000 linear feet of force main sewer, three pump stations, and appurtenances in northern Jessamine County.*

D. *Number and Capacity of Sewage Lift Stations* *2 lift stations of various capacities*

E. *Sewage Collection System:*

<i>Lineal Feet of Collector Lines, by Size</i>		<i>6"</i>	<i>N/A</i>	<i>8"</i>	<i>28,500</i>
<i>10"</i>	<i>11,250</i>	<i>12"</i>	<i>N/A</i>	<i>Larger</i>	<i>N/A</i>

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

<i>Number of Treatment Plant Sites</i>	<i>N/A</i>
<i>Number of Pump Sites</i>	<i>2</i>
<i>Number of Other Sites</i>	<i>N/A</i>
<i>Total Acreage</i>	<i>Unknown Acres</i>
<i>Purchase Price</i>	<i>\$ 0.00</i>

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.

N/A

B. Water Storage:

Type:	Ground Storage Tank	<u>N/A</u>	Elevated Tank	<u>N/A</u>
	Standpipe	<u>N/A</u>	Other	<u>N/A</u>
	Number of Storage Structures	<u>N/A</u>		
	Total Storage Volume Capacity	<u>N/A</u>		

C. Water Distribution System:

Pipe Material	<u>N/A</u>			
Lineal Feet of Pipe:	3" Diameter	<u>N/A</u>	4"	<u>N/A</u>
	6"	<u>N/A</u>	8"	<u>N/A</u>
	10"	<u>N/A</u>	12"	<u>N/A</u>
	Number and Capacity of Pump Station(s)	<u>N/A</u>		

XVI. LAND AND RIGHTS- PROPOSED WATER SYSTEM

Number of Treatment Plant Sites	<u>N/A</u>
Number of Pump Sites	<u>N/A</u>
Number of Other Sites	<u>N/A</u>
Total Acreage	<u>N/A</u>
Purchase Price	<u>N/A</u>

XVII. NUMBER OF NEW SEWER USERS

<i>Residential (In Town) *</i>	<i>N/A</i>
<i>Residential (Out of Town) *</i>	<i>600</i>
<i>Non-Residential (In Town)</i>	<i>N/A</i>
<i>Non-Residential (Out of Town)</i>	<i>0</i>
<i>Total</i>	<i>600</i>
<i>Number to Total Potential Users Living in the Service Area</i>	<i>Unknown</i>

*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 WATER METER CONNECTION N/A

<u>Meter Size</u>	<u>Connection Fee</u>
<u>5/8" x 3/4"</u>	<i>\$0</i>
<u>1 - Inch</u>	<i>\$0</i>
<u>1 - 1/2 Inch</u>	<i>\$0</i>
<u>2 - Inch</u>	<i>\$0</i>
<u>3 - Inch</u>	<i>\$0</i>
<u>4 - Inch</u>	<i>\$0</i>
<u>5 - Inch</u>	<i>\$0</i>

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)	N/A
Residential (Out of Town) ²	N/A
Non-Residential (In Town)	N/A
Non-Residential (Out of Town)	N/A
Total	N/A
Number to Total Potential Users Living in the Service Area	N/A

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

XX. PROPOSED WATER CONNECTION FEES FOR EACH SIZE WATER METER CONNECTION:

<u>Meter Size</u>	<u>Water Connection Fee</u>	<u>Sewer Connection Fee</u>
3/4" - Inch	\$650	\$ <u>N/A</u>
7/8" - Inch	N/A	\$ <u>N/A</u>
1" - Inch	\$775	\$ <u>N/A</u>
1" - 1/2 Inch	Time plus materials	\$ <u>N/A</u>
2" - Inch	Time plus materials	\$ <u>N/A</u>
3" - Inch	Time plus materials	\$ <u>N/A</u>
4" - Inch	Time plus materials	\$ <u>N/A</u>
6" - Inch	Time plus materials	\$ <u>N/A</u>

XXI. SEWER RATES - PROPOSED

A. Proposed Rate Schedule with \$941,835 RD Grant:

<i>Percentage of Water Bill</i>	<i>\$10.00 per 1,000 gallons</i>	<i>%</i>	<i>\$ Minimum Charge \$20.00</i>
<i>Other: (If Charge Not Based on Water Bill)</i>			

The above proposed rate, without RD grant, must be completed for each grant. If the applicant/engineer desires, there is no objection to recommending a proposed rate with an estimated RD 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 \$941,835 RD Grant:

<i>Percentage of Water Bill</i>	<i>\$10.00 per 1,000 gallons</i>	<i>%</i>	<i>\$ Minimum Charge \$20.00</i>
<i>Other: (If Charge Not Based on Water Bill)</i>			

XXII. WATER RATES- PROPOSED N/A

XXIII. FORECAST OF SEWER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/09 THROUGH 12/31/09) See Attached Operating Budget

XXIV. FORECAST OF SEWER USAGE – INCOME – NEW USERS – EXTENSION ONLY (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/09 THROUGH 12/31/09) See Attached Operating Budget

XXV. FORECAST OF WATER USAGE – INCOME – EXISTING SYSTEM – EXISTING USERS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) N/A

XXV. FORECAST OF WATER USAGE – INCOME – NEW IMPROVEMENTS (12 MONTH PERIOD FROM 1/1/02 THROUGH 12/31/02 & 12 MONTH PERIOD FROM 1/1/05 THROUGH 12/31/05) N/A

XXXVII. ESTIMATED PROJECT COST - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Development</i>	<i>5,011,079</i>		<i>5,011,079</i>
<i>Land and Rights</i>	<i>4,000</i>		<i>4,000</i>
<i>Resident Observation</i>	<i>102,800</i>		<i>102,800</i>
<i>Legal and Administrative</i>	<i>167,000</i>		<i>167,000</i>
<i>Engineering</i>	<i>376,000</i>		<i>376,000</i>
<i>Interest</i>	<i>56,000</i>		<i>56,000</i>
<i>Contingencies</i>	<i>346,956</i>		<i>346,956</i>
<i>Initial Operating and Maintenance</i>			
<i>Other</i>			
TOTAL	6,063,835		6,063,835

XXXVIII. PROPOSED PROJECT FUNDING - SEWER

	<u>Collection</u>	<u>Treatment</u>	<u>Total</u>
<i>Applicant - User Contribution Fees</i>			
<i>Other - Applicant Contribution</i>			
<i>RD Loan</i>	<i>1,272,000</i>		<i>1,272,000</i>
<i>RD Grant</i>	<i>941,835</i>		<i>941,835</i>
<i>ARC Grant (If applicable)</i>			
<i>CDBG (If applicable)</i>	<i>1,000,000</i>		<i>1,000,000</i>
<i>US-EPA Grant</i>	<i>2,850,700</i>		<i>2,850,700</i>
TOTAL	6,063,835		6,063,835

XXXIX. ESTIMATED PROJECT COST - WATER N/A

Development	\$	
Land and Rights		
Legal and Administrative		
Engineering		
Interest		
Contingencies		
Administrative and Planning		
Other		
TOTAL	\$	

XXXX. PROPOSED PROJECT FUNDING - WATER N/A

Applicant - User Contribution Fees	\$	
Other - Local Contribution		
RD Loan		
RD Grant		

Tobacco Settlement (If applicable)

CDBG (If applicable)

HB 502

SB 409

Other

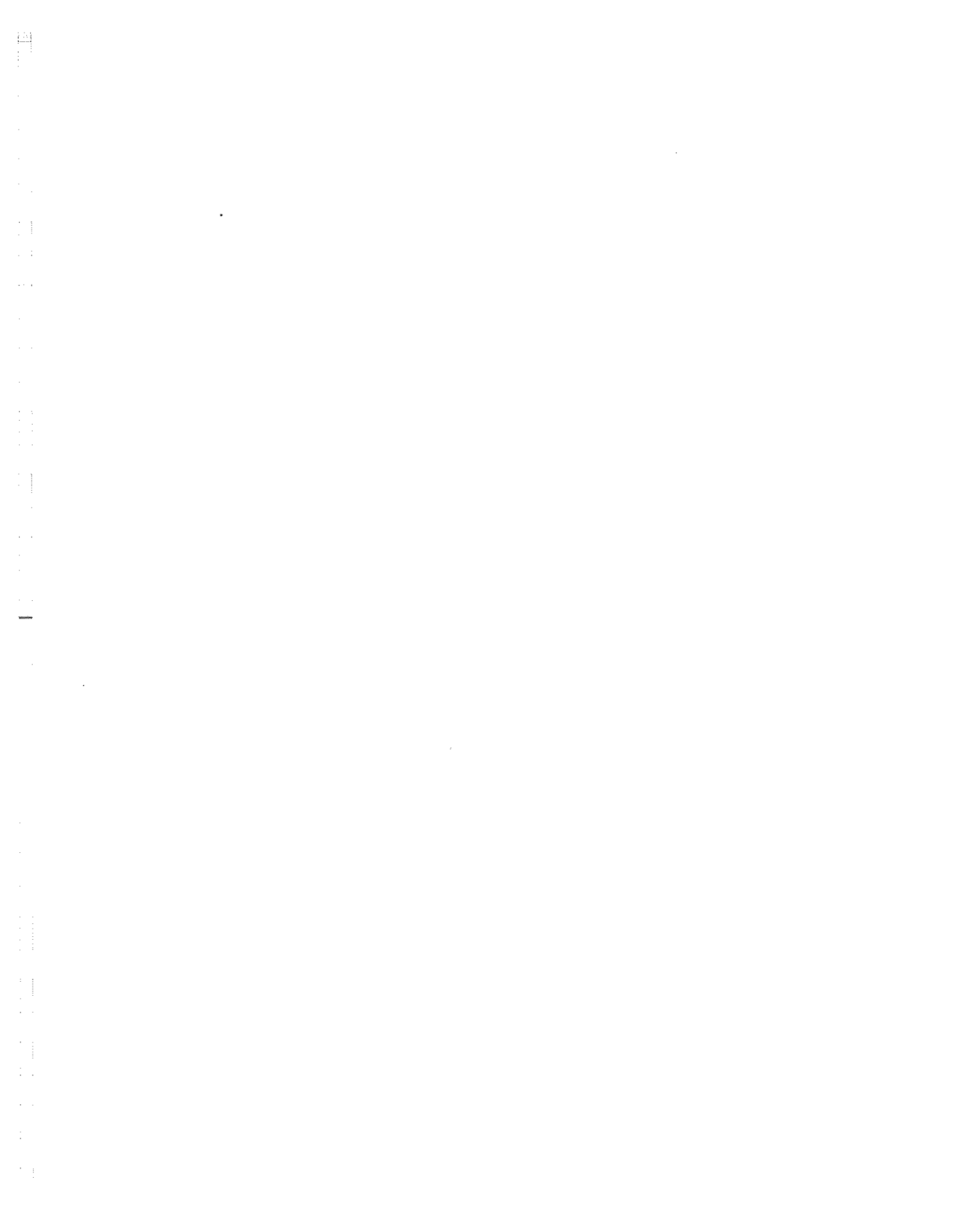
TOTAL

\$

XXIV. PROPOSED OPERATING BUDGET - (SEWER - IMPROVEMENTS)
 (1st Full Year Of Operation)

Year Ending 12/31/2009

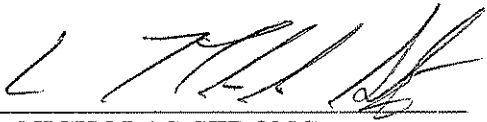
A. Operating Income:	Rate Increase to \$10.00 per 1,000 gallons	
	HUD CDBG Grant \$1,000,000	
	US-EPA Grant \$2,850,700	
	RD Grant \$941,835	
	RD Loan \$1,272,000 @ 5.000%	
Sanitary Sewer Sales		\$272,614
Surcharge Fees		\$0
Other (Lease Income and Miscellaneous Revenue)		\$0
Less Allowances and Deductions		\$0
Total Operating Income		<u>\$272,614</u>
B. Operation and Maintenance Expenses:		
	(Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners)	
Sanitary Sewer System Expenses, including maintenance & distribution		(\$45,000)
LFUCG Expenses		(\$78,512)
Administrative and General Expense - sanitary sewer system		(\$45,000)
Customer Accounts Expense		(\$10,000)
Total Operating Expenses		<u>(\$178,512)</u>
Net Operating Income		<u>\$94,102</u>
C Non-Operating Income:		
Interest on Deposits		\$0
Other (Describe)		\$0
Total Non-Operating Income		<u>\$0</u>
D Net Income		<u>\$94,102</u>
E. Debt Repayment:		
Revenue Bond Interest		\$0
Revenue Bond Principal		\$0
RD Interest		(\$63,600)
RD Principal		(\$10,532)
Total Debt Repayment		<u>(\$74,132)</u>
F. Balance Available for Coverage and Depreciation		<u>\$19,970</u>
G Required Coverage @ 10%		<u>(\$7,413)</u>
H Surplus (Deficit)		<u>\$12,557</u>



CERTIFIED STATEMENT
PURSUANT TO 807 KAR 5:069, SECTION 1(5)

The undersigned Chairman of the Jessamine-South Elkhorn Water District hereby states and certifies as follows:

- (a) The proposal plans and specifications for the sanitary sewer collection system have been designed to meet the minimum construction and operating requirements of the Public Service Commission.
- (b) All other state approvals or permits have been obtained.
- (c) The proposed rates shall produce the total revenue requirements of the Public Service Commission.
- (d) Construction will begin on or about March 11, 2008, and end on or about December 11, 2008.



L. NICHOLAS STRONG
CHAIRMAN

COMMONWEALTH OF KENTUCKY)
)
COUNTY OF JESSAMINE, SCT...)

Subscribed, sworn to and acknowledged before me by L. NICHOLAS STRONG, CHAIRMAN, on behalf of said JESSAMINE-SOUTH ELKHORN WATER DISTRICT, this 24th day of January, 2008.

My Commission expires: 3/23/08.



NOTARY PUBLIC – STATE AT LARGE



AMENDED
NOTICE TO SANITARY SEWER CUSTOMERS OF THE JESSAMINE-SOUTH
ELKHORN WATER DISTRICT PURSUANT TO 807 KAR 5:069, SECTION 2

Notice is hereby given by the Jessamine-South Elkhorn Water District that it is about to construct approximately 40,000 linear feet of gravity sanitary sewer, 12,400 linear feet of sanitary sewer force main, two pump stations and appurtenances thereto in northern Jessamine County along Ash Grove Road and in Tates Creek Estates. The project will serve approximately 500 residences in the mobile home parks located on Ash Grove Road and at Tates Creek Estates.

In conjunction with this federally financed project, the District is petitioning the Kentucky Public Service Commission under KRS 278.023 and 807 KAR 5:069 for approval of the following initial rates to be charged to customers in the service area which encompasses this project:

Minimum Billing – First 2,000 Gallons - **\$20.00**

Charge After First 2,000 Gallons - **\$10.00** per 1,000 Gallons Of Usage Regardless Of Amount Used

Copies of the Petition may be obtained at no charge from the District office at 107 South Main Street, Nicholasville, KY. Upon request, the District shall furnish a copy of the Petition and supporting documents. The District's telephone number is (859) 881-0589.

THE JESSAMINE JOURNAL

507 North Main Street • Nicholasville, Kentucky 40356

AFFIDAVIT NOTICE OF PUBLICATION

STATE OF KENTUCKY
COUNTY OF JESSAMINE

I, LINDA S. WILEY, do hereby certify
that I hold the position of GRAPHIC DESIGN SUPERVISOR
of The Jessamine Journal in Nicholasville, Kentucky, and that the said
publication(s) of JANUARY 24, 2008
printed the advertising for JESSAMINE - SOUTH ELKHORN
WATER DISTRICT. PROPOSED RATE INCREASES.
concerning a notice to the public occupying the following space:

18 3/4"

size(s) of ad(s)

Linda S. Wiley

Subscribed and sworn to before me this the 24 day of January, 2008

Veronica Adkins, Notary Public

My commission expires: March 12, 2010

NOTICE TO CREDITORS

NOTICE is hereby given that Jessie René Sparks has qualified as Guardian of the estate of Abby Marie Blankenship of Jessamine County, Kentucky, on January 10, 2008. All persons having claims against the said estate are requested to present the same properly proven as required by law to the aforesaid Jessie René Sparks at 324 Edwards Drive, Nicholasville, KY 40356, not later than June 10, 2008.

Doug Fain, Clerk
Jessamine County Circuit
District Court

NOTICE TO CREDITORS

NOTICE is hereby given that Jessie René Sparks has qualified as Guardian of the estate of William Kyle Blankenship of Jessamine County, Kentucky, on January 10, 2008. All persons having claims against the said estate are requested to present the same properly proven as required by law to the aforesaid Jessie René Sparks at 324 Edwards Drive, Nicholasville, KY 40356, not later than June 10, 2008.

Doug Fain, Clerk
Jessamine County Circuit
District Court

NOTICE TO CREDITORS

NOTICE is hereby given that Martin East has qualified as Administrator of the estate of Dwight R. Jones, deceased of Jessamine County, Kentucky, on January 10, 2008. All persons having claims against the said estate are requested to present the same properly proven as required by law to the aforesaid Martin East at 400 South Main Street, Suite 103, Nicholasville, KY 40356, not later than July 10, 2008.

Doug Fain, Clerk
Jessamine County Circuit
District Court

NOTICE

In keeping with LINK/NCIC rules and regulations, the quarterly meeting of the Jessamine County 911 Executive Board has been scheduled for Monday, January 28, 2008 at the Jessamine County Fire District Station located at 1310 South Main Street, Nicholasville, KY. The meeting will begin at 4:00 p.m.

NOTICE TO CREDITORS

NOTICE is hereby given that Bradley S. Johns and Carol M. Worthington Wells have qualified as Executors of the estate of Willie M. Johns, deceased of Jessamine County, Kentucky, on January 10, 2008. All persons having claims against the said estate are requested to present the same properly proven as required by law to the aforesaid Bradley S. Johns at 300 West Oak Street, Nicholasville, KY 40356; Carol M. Worthington Wells at 2349 Jessamine Station Road, Wilmore, KY 40390; or to their attorney, Dwight Hitch, 310 East Main Street, Wilmore, KY 40390, not later than July 10, 2008.

Doug Fain, Clerk
Jessamine County Circuit
and District Court

PUBLIC NOTICE

Girkin Development, LLC, mailing address 810 Morgantown Road, Suite 1, P.O. Box 90011, Bowling Green, KY 42102-9011, hereby declares intention to apply for Retail Beer License no later than January 21, 2008. The business to be licensed will be located at 624 Edgewood Drive, Nicholasville, KY 40356-2261, doing business as Minit Mart #2. The Principal Officers are as follows: Manager, Fred M. Higgins of 2017 Nashville Road, Bowling Green, KY 42102-9011; and Assistant Manager, Catherine H. Howard of 9851 Nashville Road, Bowling Green, KY 42102-9011. Any person, association, corporation, or body politic may protest the granting of the license(s) by writing the Department of Alcoholic Beverage Control, 1003 Twilight Trail, Frankfort, KY 40601-8400, within 30 days of the date of this legal publication.

AMENDED

NOTICE TO SANITARY SEWER CUSTOMERS OF THE JESSAMINE-SOUTH ELKHORN WATER DISTRICT PURSUANT TO 807 KAR 5:069, SECTION 2

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NOTICE

Jessamine-South Elkhorn Water District has filed an application with the Public Service Commission to increase its rates for water service. The proposed effective date of the change is March 5, 2008.

Current Rates

3/4" x 5/8" Meter:

First	2,000	gallons	\$21.72 Minimum Bill
Next	2,000	gallons	5.21 per 1,000 gallons
Next	2,000	gallons	5.11 per 1,000 gallons
Next	10,000	gallons	5.01 per 1,000 gallons
Next	8,000	gallons	4.91 per 1,000 gallons
Over	24,000	gallons	4.81 per 1,000 gallons

1" Meter:

First	10,000	gallons	\$62.40 Minimum Bill
Next	6,000	gallons	5.01 per 1,000 gallons
Next	8,000	gallons	4.91 per 1,000 gallons
Over	24,000	gallons	4.81 per 1,000 gallons

2" Meter:

First	24,000	gallons	\$131.74 Minimum Bill
Over	24,000	gallons	4.81 per 1,000 gallons

Proposed Rate

5/8 Inch x 3/4 Inch Meter:

First	2,000	gallons	\$ 22.54 Minimum Bill
Next	2,000	gallons	5.62 per 1,000 gallons
Next	2,000	gallons	5.52 per 1,000 gallons
Next	10,000	gallons	5.42 per 1,000 gallons
Next	8,000	gallons	5.32 per 1,000 gallons
Over	24,000	gallons	5.22 per 1,000 gallons

1 Inch Meter:

First	10,000	gallons	\$66.50 Minimum Bill
Next	6,000	gallons	5.42 per 1,000 gallons
Next	8,000	gallons	5.32 per 1,000 gallons
Over	24,000	gallons	5.22 per 1,000 gallons
First	24,000	gallons	\$141.58 Minimum Bill
Over	24,000	gallons	5.22 per 1,000 gallons

ON
Dept. Selling
je At
m.com
include:
and (white)