

# Rubin & Hays

ATTORNEYS AT LAW

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

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

December 8, 2009

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
Frankfort, Kentucky 40602

RECEIVED

DEC 10 2009

PUBLIC SERVICE  
COMMISSION

2009-00487

Re: Pendleton County Water District USDA, Rural Development Water Project

Dear Mr. Derouen:

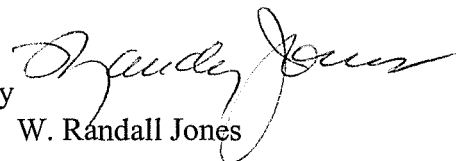
Enclosed please find the original and ten (10) copies of the Application of the Pendleton County Water District for an Order approving construction financing and Certificate of Public Convenience and Necessity pursuant to KRS 278.023.

Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, and the Preliminary and Final Engineering Reports, of which two copies are enclosed.

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

Sincerely,

Rubin & Hays

By   
W. Randall Jones

WRJ:cr  
Enclosures  
cc: Distribution List

**DISTRIBUTION LIST**

**Account No. 903.0000**

**Re: Pendleton County Water District Waterworks Revenue Bonds, Series 2010, in  
the principal amount of \$220,000**

Mr. Vernon Brown  
Acting State Director  
USDA, Rural Development  
771 Corporate Drive, Suite 200  
Lexington, Kentucky 40503-5477

Telephone: (859) 224-7336  
Fax: (859) 224-7425

Mr. Ernest Scruggs  
USDA, Rural Development  
486 Helton Street  
Williamstown, Kentucky 41097

Telephone: (859) 824-7171  
Fax: (859) 824-3172

Mr. William "Red" Jones, Manager  
Pendleton County Water District  
P.O. Box 232  
Falmouth, Kentucky 41040

Telephone: (859) 654-6964  
Fax: (859) 654-7032

Mr. Don "Renn" Willingham  
Tetra Tech, Inc.  
800 Corporate Drive, Suite 100  
Lexington, Kentucky 40503

Telephone: (859) 223-8000  
Fax: (859) 224-1025

Judy M. Wright, Esq.  
Wright & Wright  
P.O. Box 303  
Falmouth, Kentucky 41040

Telephone: (859) 654-2929  
Fax: (859) 654-2933

W. Randall Jones, Esq.  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202

Telephone: (502) 569-7525  
Fax: (502) 569-7555

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED  
DEC 1 0 2009  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

THE APPLICATION OF PENDLETON COUNTY )  
WATER DISTRICT OF FOR A CERTIFICATE )  
OF PUBLIC CONVENIENCE AND NECESSITY )  
TO CONSTRUCT AND FINANCE PURSUANT )  
TO THE PROVISIONS OF KRS 278.023 )

Case No. 2009 -

487

APPLICATION

This Application of the Pendleton County Water District (the "Applicant") respectfully shows:

1. That the Applicant is a water district created and existing under and by virtue of Chapter 74 of the Kentucky Revised Statutes.
2. That the post office address of the Applicant is:  
  
Pendleton County Water District  
c/o Mr. William Jones, General Manager  
P.O. Box 232  
Falmouth, Kentucky 41040
3. That the Applicant, pursuant to the provisions of 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; and (ii) approval of the proposed plan of financing said Project.
4. That the Project consists of the construction and installation of approximately 28,430 linear feet of 6-inch and 4-inch water line and appurtenances to provide water service to approximately 53 new rural customers.
5. That the Applicant proposes to finance the construction of the Project through (i) issuance of \$220,000 of its Waterworks Revenue Bonds; (ii) a grant from USDA, Rural Development ("RD") in the amount of \$55,000; (iii) a Kentucky State grant in the amount of \$225,000; (iv) a contribution from the Applicant in the amount of \$35,000; and (v) Applicant

connection fees in the amount of \$30,600. The Applicant has a commitment from RD to purchase said \$220,000 of bonds maturing over a 40-year period, at an interest rate of not exceeding 3.50% per annum, as set out in the RD Letter of Conditions filed herewith as an Exhibit.

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

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


- A. Copy of RD Letter of Conditions.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the Chairman of the Applicant, based upon statements of the Engineers for the Applicant, concerning the following:
  - (1) The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4 (3) and (4); Section 5 (1); Sections 6 and 7; Section 8 (1) through (3); Section 9 (1) and Section 10;
  - (2) All other state approvals or permits have already been obtained;
  - (3) The existing rates of the Applicant shall produce the total revenue requirements set out in the engineering reports; and
  - (4) Setting out the dates when it is anticipated that construction will begin and end.

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

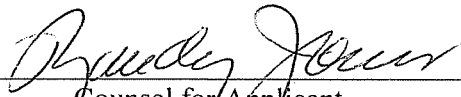
WHEREFORE, the Applicant, the Pendleton County Water District, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of extensions, additions, and improvements to the existing waterworks system of the Applicant.
- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of \$220,000 of Pendleton County Water District Waterworks Revenue Bonds at an interest rate of not exceeding 3.50% per annum; a grant from RD in the amount of \$55,000; a Kentucky State grant in the amount of \$225,000; a contribution from Applicant in the amount of \$35,000; and Applicant connection fees in the amount of \$30,600.

PENDLETON COUNTY WATER DISTRICT

By:   
Chairman  
Board of Water Commissioners

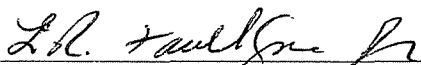
RUBIN & HAYS

By:   
Counsel for Applicant  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, Kentucky 40202  
(502) 569-7525

COMMONWEALTH OF KENTUCKY )  
 ) SS:  
COUNTY OF PENDLETON )

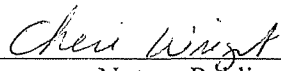
The undersigned, Lee Roy Faulkner, Jr., being duly sworn, deposes and states that he is the Chairman of the Board of Commissioners of the Pendleton County Water District, the Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same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

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this December \_\_\_\_, 2009.

  
\_\_\_\_\_  
Lee Roy Faulkner, Jr., Chairman  
Pendleton County Water District

Subscribed, sworn and acknowledged to before me by Lee Roy Faulkner, Jr., Chairman of the Board of Commissioners of the Pendleton County Water District on this December 4th, 2009.

My Commission expires: 5.5.10.

  
\_\_\_\_\_  
Notary Public  
In and for said County and State



United States Department of Agriculture  
Rural Development  
Kentucky State Office

June 18, 2009

Lee Roy Faulkner Jr., Chairman  
Pendleton County Water District  
PO Box 232  
Falmouth, Kentucky 41041

Dear Mr. Faulkner:

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 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 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 \$220,000; a RUS grant not to exceed \$55,000; a Kentucky State Grant in the amount of \$225,000; new user connection fees in the amount of \$30,600; and an applicant cash contribution in the amount of \$35,000.

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 210 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) 224-7336 • Fax: (859) 224-7344 • 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,  
1400 Independence Avenue SW, Washington, DC 20250-9410  
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

1. Number of Users and Their Contribution:

There shall be 2,106 water users, of which 2,070 are existing users and 36<sup>6</sup> are new users contributing \$30,600 in connection fees toward the cost of the project. The connection fees will be collected prior to advertising for construction bids and will be placed in the construction account at loan pre-closing, unless spent for authorized purposes prior to loan pre-closing. Also, in addition to the connection fees, the Pendleton County Water District will make a cash contribution of \$35,000 towards the cost of this project. The Area Director will review and authenticate the number of users and amount of connection fees and cash contribution prior to advertising for construction bids.

2. 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.

3. Drug-Free Work Place:

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

4. 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 2 years from the date of the Bond. Payments will be in accordance with applicable KRS, which requires interest to be paid semi-annually (January 1<sup>st</sup> and July 1<sup>st</sup>) and principal will be due on or before the first of January. Rural Development may require the 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.

5. Recommended Repayment Method:

Payments on this loan shall 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 RD 3550-28, "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.

6. 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 \$90 per month into a "Funded Debt Reserve Account" until the account reaches \$10,800. The deposits are to be resumed any time the account falls below the \$10,800.

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 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.

The District also needs to fund an account for short-lived assets by depositing a sum of \$3,000 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 water system. This short-lived asset reserve amount replaces any previous short-lived assets requirements previously set with any prior RUS loan.

7. Security Requirements:

A pledge of gross water revenue will be provided in the Bond Resolution. Bonds shall rank on a parity with existing bonds, if possible.

If this is not possible, the bond will be subordinate and junior to the existing bonds, in which case the 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.

8. Land Rights and Real Property:

The 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.

9. Organization:

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

10. Business Operations:

The 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 District after review by Rural Development. At no later than loan pre-closing, the 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, delayed payment penalties, disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

11. Accounts, Records and Audits:

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

The enclosed audit booklet will be used as a guide for preparation of audits. The District shall be required to submit a copy of its audit agreement for review and concurrence by Rural Development prior to pre-closing the loan.

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 District. The District should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The District will carry worker's compensation insurance for employees in accordance with applicable state laws.
- 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 \$105,000.
- D. Real Property Insurance - The 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 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 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 "24" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 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 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 District.

16. Compliance with Special Laws and Regulations:

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

17. System Operator:

The 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 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."
- G. RUS Bulletin 1780-22, "Eligibility Certification."

19. Refinancing and Graduation Requirements:

The District is reminded that if at any time it shall appear to the Government that the 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 District will apply for and accept such loan in sufficient amount to repay the Government.

20. Commercial Interim Financing:

The 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 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 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.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$100,000 at any time, the financial institution will secure the amount in excess of \$100,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the 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 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 District.

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The

completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the 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 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              | \$ 407,585    |
| Land and Rights          | 8,000         |
| Legal and Administrative | 10,200        |
| Engineering              | 91,180        |
| Interest                 | 6,220         |
| Contingencies            | <u>42,415</u> |
| TOTAL                    | \$ 565,600    |

Financing:

|                        |               |
|------------------------|---------------|
| RUS Loan               | \$ 220,000    |
| RUS Grant              | 55,000        |
| Kentucky State Grant   | 225,000       |
| Connection Fees        | 30,600        |
| Applicant Contribution | <u>35,000</u> |
| TOTAL                  | \$ 565,600    |

24. Commitment of Other Project Funds:

This Letter of Conditions is issued contingent upon a firm commitment being in effect prior to advertising for construction bids for the Kentucky State Grant in the amount of \$225,000.

25. Use of Remaining Project Funds:

The applicant contribution and connection fees shall be considered as the first funds expended. After providing for all authorized costs, any remaining project funds will be considered to be RUS/State grant funds and refunded in proportion to participation in the project. If the amount of unused project funds exceeds the grants, that part would be RUS loan funds.

26. 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.

27. 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 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 @ \$ | 20.12. - Minimum Bill.     |
| Next     | 3,000  | gallons @ \$ | 8.71. - per 1,000 gallons. |
| Next     | 10,000 | gallons @ \$ | 8.21. - per 1,000 gallons. |
| All Over | 15,000 | gallons @ \$ | 7.11. - per 1,000 gallons. |

High School Rate:

|       |         |              |                            |
|-------|---------|--------------|----------------------------|
| First | 125,000 | gallons @ \$ | 910.45. - Minimum Bill.    |
| Next  | 125,000 | gallons @ \$ | 7.11. - per 1,000 gallons. |

Griffin Industries:

|          |         |              |                            |
|----------|---------|--------------|----------------------------|
| First    | 400,000 | gallons @ \$ | 2,884.80. - Minimum Bill.  |
| All Over | 400,000 | gallons @ \$ | 7.11. - per 1,000 gallons. |

City of Butler Wholesale Rate:

\$3.41. - per 1,000 gallons.

28. Water Purchase Contract:

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

29. Compliance with the Bioterrorism Act:

Prior to pre-closing, 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).

30. Floodplain Construction:

The District will be required to pass and adopt a Resolution or amend its By-Laws whereby the 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 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.

31. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated January 6, 2009, from Ms. Lee Nalley.
- B. The line design and construction shall be accomplished in a way that will leave flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.
- C. Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- 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.
- E. Best Management Practices shall be incorporated into the project design, construction, and maintenance.

32. American Recovery and Reinvestment Act of 2009 ("Recovery Act").

Recovery Act requirements apply to this financing. In addition to the other conditions contained in this Letter of Conditions, you must understand and agree to these following conditions specific to the Recovery Act:



- (A). Certifications. With respect to Recovery Act funds made available to State or local governments for infrastructure investments, Section 1511 of the Recovery Act requires the Governor, mayor or other chief executive, as appropriate, to certify that the infrastructure investment has been properly approved as required by law and that the chief executive accepts responsibility that the infrastructure investment is an appropriate use of taxpayer dollars. RD Water and Waste personnel will provide specific guidance on the information required in the certification.
- (B). Reports on Use of Funds. Section 1512 of the Recovery Act requires each recipient receiving Recovery Act funding to provide specific information to the government on a periodic basis for inclusion in various internal and publicly-available reports. RD Water and Waste Program personnel will provide specific guidance on the type and frequency of information required to assist Recovery Act recipients in complying with this condition.
- (C). Buy American. Section 1605 of the Recovery Act requires that all projects financed with Recovery Act funds be bid and constructed using only iron, steel and manufactured goods produced in the United States in accordance with Section 1605 of the Recovery Act. Specific guidance, including contract provisions to be included in any construction contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.
- (D). Wage Rate Requirements. Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors for the project will be paid wages at rates not less than those prevailing on projects of a character similar in the locality where this project will occur. Specific guidance, including contract provisions to be included in any construction or otherwise related contracts, is being formulated and drafted as of the date of this Letter of Conditions. RD Water and Waste Program personnel will provide specific guidance related to this condition as soon as it is available.

**Compliance with the conditions in this section is required for financing under the Recovery Act.** However, these conditions are not substitutes for, or in lieu of, the remaining conditions contained in this Letter of Conditions. Each of the conditions in this Letter of Conditions must also be understood and complied with to receive financing for your project.

33. 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,

*Vernon C. Brown*  
VERNON C. BROWN  
Acting State Director

Enclosures

cc: Area Director - Shelbyville, Kentucky  
Area Office Manager - Williamstown, Kentucky  
Northern Kentucky ADD - Florence, Kentucky  
Judy Wright - Falmouth, Kentucky  
Don ~~Dean~~ Willingham - Tetra Tech, Inc. - Lexington, Kentucky  
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture  
Rural Development  
Kentucky State Office

December 8, 2009

SUBJECT: Pendleton County Water District  
ARRA- Fishing Creek/Center Ridge Rd. Water Ext  
Contract Award Concurrence

TO: Area Office  
Williamstown, 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, Emmitt Caskey Construction, in the amount of \$346,869.90.

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

*for*   
THOMAS G. FERN  
State Director  
Rural Development

cc: Tetra Tech  
Lexington, Kentucky

✓ Rubin and Hays  
Louisville, 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.

"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, 14<sup>th</sup> and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

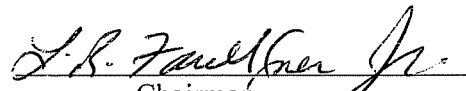
**CERTIFICATE OF CHAIRMAN OF PENDLETON COUNTY WATER DISTRICT,  
AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069**

I, Lee Roy Faulkner, Jr., hereby certify that I am the duly qualified and acting Chairman of the Pendleton County Water District, and that said District is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the District (the "Project"), in cooperation with the Engineers for the District, Tetra Tech, Inc., Lexington, Kentucky.

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

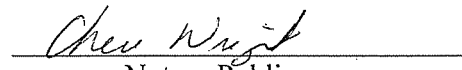
1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066 Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the existing rates of the District shall produce the total revenue requirements set out in the engineering reports.
4. That it is now contemplated that construction of the Project will begin on or about January 15, 2010, and will end on or about April 15, 2010.

IN TESTIMONY WHEREOF, witness my signature this December 4<sup>th</sup>, 2009.

  
\_\_\_\_\_  
Chairman  
Pendleton County Water District

STATE OF KENTUCKY     )  
  ) SS  
COUNTY OF PENDLETON )

Subscribed and sworn to before me by Lee Roy Faulkner, Jr., Chairman of the Board of Commissioners of the Pendleton County Water District, on this December 4<sup>th</sup>, 2009.

  
\_\_\_\_\_  
Notary Public  
In and For Said State and County

(Seal of Notary)

RECEIVED

DEC 1 0 2009

PUBLIC SERVICE  
COMMISSION

FINAL ENGINEERING REPORT  
PENDLETON COUNTY WATER DISTRICT (PCWD)  
FISHING CREEK AND CENTER RIDGE ROADS  
WATER MAIN EXTENSIONS

PER - April 1, 2009  
PER Revision – May 13, 2009  
Bid Date – October 22, 2009  
Final – November 18, 2009

Tetra Tech 200-17677-07001



Prepared By:

TETRA TECH, INC.  
800 Corporate Drive, Suite 200  
Lexington, KY 40503  
Phone: (859)223-8000  
Fax: (859)224-1025  
E-Mail: [renn.willingham@tetrattech.com](mailto:renn.willingham@tetrattech.com)

**FINAL ENGINEERING REPORT  
WATER MAIN EXTENSIONS  
FISHING CREEK AND CENTER RIDGE ROADS  
FOR THE  
PENDLETON COUNTY WATER DISTRICT**

**TABLE OF CONTENTS**

INTRODUCTION

SUMMARY ADDENDUM

APPENDIX A – PROJECT MAPS

APPENDIX B – BID TABULATION

**SECTION 1**  
**INTRODUCTION**

INTRODUCTION  
FINAL ENGINEERING REPORT

PENDLETON COUNTY WATER DISTRICT

A. PROJECT PLANNING AREA

The Pendleton County Water District (PCWD) primarily serves the western half of Pendleton County. Its eastern boundary is approximately 1000 feet east of U.S. 27 and is bounded on the southeast by the South Licking River. On the north the district serves into Campbell County to the Grants Lick area. The proposed project involves a new 6-inch water main along Fishing Creek Road and a new 4" main along Center Ridge Road. The new extensions will be served by gravity from existing water tanks.

The project may serve an additional 53 residential customers along the route.

B. PROPOSED PROJECT

DESCRIPTION – The project includes 28,430 L. F. of new, 6" and 4" water main to serve 53 potential residential customers with an historical average use of 150 gpdpc or 7,950 gpd. The customers are located along the referenced roads in Pendleton County. PCWD will provide the water service.

NARRATIVE – The project involves 3 separate extensions Fishing Creek Road (sheets 3 thru 9), Center Ridge Road from KY 467 (sheets 11 to 13), and Center Ridge Road from Kelly Road (sheets 13 and 14).

The Fishing Creek Road line will be a new 6" main connecting to an existing 6" main on KY 22. The water supply for this main will be provided by the elevated 200,000 gallon Ammerman water tank with an overflow elevation of 1050. Ground elevations along the road range from 920 at the tie-in location to 640.

The Center Ridge Road line from KY 467 will be a new 4" main connecting to an existing 8" main along KY 467. The water supply for both sections of this line will be



provided by the 200,000 Kidwell elevated water tank with an overflow elevation of 1035. Ground elevations in the area range 887 to 700.

The Center Ridge Road line from Kelly Road will be a new 4" main connecting to an existing 6" main.

For the hydraulic review a PIPE2006 computer model was utilized to show the system pressures. For the design model the potential customers were increased by a minimum of 30% to allow for future growth.

### C. EXISTING SYSTEM

PCWD has experienced moderate to rapid growth during the past year. The predominant land uses in all project areas are residential and agricultural.

The Pendleton County Water District was formed from the City of Butler rural service area and expanded with several construction projects beginning in 1963.

The existing system consists of approximately 134 miles of water mains ranging in size from 3 to 12 inches and to serve approximately 2,100 water customers. The district has four water tanks in use with a total storage capacity of 655,000 gallons. The largest users on the system are the City of Butler with average monthly demands of 2,523,583 gallons and Griffin Industries with average monthly demands of 560,000 gallons.

PCWD has no treatment facilities of its own. All water is obtained from the Northern Kentucky Water District (NKWD) and the City of Falmouth through water purchase contracts. NKWSD has adequate supply to meet the needs of the proposed project.

Information regarding the District's rate schedule, operating and maintenance costs, monthly water usage and revenue received can be found in the Addendum included in this Engineering Report.

D. PROJECT NEED

Residents included in the project area are not currently served by a public water supply and do not have access to a public water supply. Residents in these areas currently rely on ground and surface water sources for drinking water, or must pay high fees to haul water from other sources.

The extension of water mains along the various routes will provide water to presently unserved residents with sufficient flow and pressure to allow for additional customers in the future.

E. ALTERNATIVES CONSIDERED

At this time the more reliable and cost effective connections for a continuous supply were considered to be the City of Falmouth and NKWD.

F. DESIGN

All proposed water facilities will be designed using good engineering practice to provide the required flow and pressure and meet all requirements of the Kentucky Division of Water.

Facilities will not be constructed in a flood plain.

G. ENVIRONMENTAL CONSIDERATIONS

The environmental considerations for this project include noise, dust, and traffic control associated with construction. Short term impact will be limited to the construction period and will produce no long term adverse environmental impacts. Appropriate mitigation efforts will be maintained during construction.

H. LAND AND CONSTRUCTION

Land requirements for the project will be limited to the typical water main and construction easements.

I. FUNDING

The project will be funded by a grant and loan from Rural Development, a state legislative appropriation and tap fees from the new residential customers.

J. BUDGET

The proposed operating budget and rate schedule are presented in the attached Addendum. PCWD is in good financial condition. A rate increase is not proposed for this new project. The existing rates will cover debt repayment, some depreciation reserve accounts, O&M costs, purchased water, accounting and other miscellaneous items.

K. PLAN OF ACTION – PROJECT DEVELOPMENT

The Pendleton County Water District has pledged budget for project design. The funds have been used for engineering design, sub contractors, plan sheets, and other items as necessary to prepare a complete project submission to the Division of Water.

A SF424 form was completed along with other RD checklist items and submitted to Rural Utilities Service. Plans have been reviewed and approved by DOW.

Bids were received on October 22, 2009.

If additional funds are available following the completion of Fishing Creek and Center Ridge Roads the water district plans to pursue other water main extensions.

SUMMARY ADDENDUM  
TO  
FINAL ENGINEERING REPORT  
DATED: November 18, 2009  
FOR  
**Pendleton County Water District (PCWD)**  
**CONTRACT 7**  
**WATER MAIN EXTENSIONS**  
**FISHING CREEK ROAD AND CENTER RIDGE ROAD**

APPLICANT CONTACT PERSON: William Jones , General Manager

APPLICANT PHONE NUMBER: 859 / 654 - 6964

APPLICANT TAX IDENTIFICATION NUMBER (TIN): 61-0599209

REPORT DATA BASED FOR YEAR END DECEMBER 31, 2007.

***ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.***

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

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

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

PCWD does not operate or plan to operate a sanitary sewer system. Items referring to **SEWER SYSTEMS** do not apply.

1. 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.

Extend water mains to serve residential customers along Fishing Creek and Center Ridge Roads in Pendleton County.  
Project Maps are included in Appendix A.

**II FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM**

A. Sewage Treatment: **NOT APPLICABLE**

1. Type:

2. Method of Sludge Disposal:

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

4. Date Constructed:

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: 6" \_\_\_\_\_ 8" \_\_\_\_\_  
10" \_\_\_\_\_ 12" \_\_\_\_\_ Larger

Date(s) Constructed:

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

**III FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM**

A. Water Source: Describe adequacy of source

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

PCWD purchases water from the City of Falmouth and the Northern Kentucky Water District. Both suppliers have ample capacity to supply the anticipated demands of this project.

If the applicant purchases water:

Seller(s):

1. City of Falmouth
2. NKWD - Ky. Hwy. 17
3. NKWD - U. S. 27 @ Grants Lick

Price/1,000 gallons: (Confirmed on Nov. 17, 2009)

- |    |                                 |
|----|---------------------------------|
| 1. | \$1.98 per one thousand gallons |
| 2. | \$2.97                          |
| 3. | \$2.97                          |

Present Estimated Market Value of Existing System:  
**\$ 8,000,000**

B. Water Storage:

|                                  |                     |                        |   |
|----------------------------------|---------------------|------------------------|---|
| Type:                            | Ground Storage Tank | Elevated Tank          | 3 |
|                                  | Standpipe           | Other                  |   |
|                                  | 1                   |                        |   |
| Number of Storage Structures     | -                   | 4                      |   |
| Total Storage Volume Capacity    | -                   | 655,000 gallons        |   |
| Date Storage Tank(s) Constructed | -                   | 1978, 1986, 2000, 2004 |   |

C. Water Distribution System:

Pipe Material - PVC, Ductile Iron, AC

Lineal Feet of Pipe: 3" Diameter 229,000'      4" 129,000'  
6" 259,000'      8" 45,400'      12" 45,400'

Date(s) Water Lines Constructed - Pre 1963, 1968, 1978, 1986,  
1990, 1994, 2000, 2001, 2002, 2004, 2006

Number and Capacity of Pump Station(s) - 1 @ 250 gpm

D. Condition of Existing Water System:

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

The existing system is in good condition. A pump station renovation is anticipated in the near future.

5. Percentage of Water Loss Existing System - 8 %

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

| <u>Date of Issue</u> | <u>Bond/Note Holder</u> | <u>Principal Balance</u> | <u>Payment Date</u> | <u>Bond Type Water/Sewer*</u> | <u>Amount on Deposit in Reserve Account</u> |
|----------------------|-------------------------|--------------------------|---------------------|-------------------------------|---|
| 1/29/2005            | RD 91-05                | \$583,000                | JAN 1               | 4.50 %                        |   |
| 5/26/1978            | RD 91-01                | \$ 121,000               | Dec 1               | 5.00 %                        |   |
| 4/2/1998             | RD 91-04                | \$ 704,000               | Dec 1               | 5.125 %                       |   |
| 6/27/2001            | KRW Series 2001A        | \$ 309,000               | Jan 1               | 5.099 %                       |   |
| <b>TOTAL</b>         |                         |                          |                     |                               | <b>\$ 30,584</b>                            |

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

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

| <u>Date of Issue</u> | <u>Bond/Note Holder</u> | <u>Payment Year 2008</u> |                         | <u>Payment Year 2009</u> |                         | <u>Payment Year 2010</u> |                         |
|----------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                      |                         | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>Interest Payment</u> |
| 1/29/2005            | RD 91-05                | \$7000                   | \$26,235                | \$7000                   | \$25,920                | \$7000                   | \$25,605                |
| 5/26/1978            | RD 91-01                | \$10,000                 | \$6050                  | \$10,000                 | \$5550                  | \$11,000                 | \$5050                  |
| 4/2/1998             | RD 91-04                | \$7500                   | \$36,080                | \$7500                   | \$35,696                | \$8500                   | \$35,311                |
| 6/27/2001            | KRW SERIES              | \$12,000                 | \$16,051                | \$12,000                 | \$15,493                | \$12,000                 | \$14,905                |



V. EXISTING SHORT-TERM INDEBTEDNESS

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

| <u>Lendor or Lessor</u> | <u>Date of Issue (Month &amp; Year)</u> | <u>Principal Balance</u> | <u>Purpose (Water and/or Sewer)</u> | <u>Payment Date</u> | <u>Principal &amp; Interest Payment (P&amp;I)</u> | <u>Date to Be Paid In Full</u> |
|-------------------------|---|--------------------------|-------------------------------------|---------------------|---|--------------------------------|
| KACO                    | APR 1997                                | 65,000                   | STORAGE                             | DEC 31              | \$9171  | 2017                           |

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites: Water - 0

Number of Storage Tank Sites: Water - 7 (4 in use)

Number of Pump Stations: Water - 1

Total Acreage: Estimated Water - ~ 2

Purchase Price: Estimated Water \$ 3000

VII. NUMBER OF EXISTING WATER USERS

Residential (In Town)\*

Residential (Out of Town)\* 2070

Non-Residential (In Town)

Non-Residential (Out of Town) 3

Total Average per month for 2007 2073

Number of Total Potential Users Living in the Service Area 2080

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

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

|                   |                             |                             |
|-------------------|-----------------------------|-----------------------------|
| <u>Meter Size</u> | <u>Water Connection Fee</u> | <u>Sewer Connection Fee</u> |
| 5/8" x 3/4"       | \$ 850                      |                             |
| 1 - Inch          | Estimated Cost Plus         |                             |

IX SEWER RATES (EXISTING SYSTEM) **NOT APPLICABLE**

Percentage of water bill \_\_\_\_%. Minimum Charge \$\_\_\_\_\_.

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

Date this rate went into effect:

X WATER RATES EXISTING SYSTEM

| Existing Rate Schedule:              | <u>Gallons</u>          | <u>Rate per 1,000</u> |
|--------------------------------------|-------------------------|-----------------------|
|                                      | <u>Gallons</u>          |                       |
| 5/8 - 3/4 inch meter<br>Minimum Bill | First 2,000 gallons     | \$20.12               |
|                                      | Next 3,000              | \$8.71                |
|                                      | Next 10,000             | \$8.21                |
|                                      | Over 15,000             | \$7.11                |
| High School - Min. Bill              | First 125,000 gallons   | \$910.45              |
|                                      | Over 125,000            | \$7.11                |
| Griffin Industries - Min. Bill       | First 400,000 gallons   | \$2884.80             |
|                                      | Over 400,000            | \$7.11                |
| City of Butler - Min. Bill           | First 1,672,917 gallons | \$5704.65             |
|                                      | Over 1,672,917          | \$3.41                |

Date This Rate Went Into Effect MARCH 15, 2008

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

**XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM**

**NOT APPLICABLE**

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

**XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM**

05/13/09

**MONTHLY WATER USAGE**

|                       | Residential                  |                     |                            | Commercial                   |                     |                            |
|-----------------------|------------------------------|---------------------|----------------------------|------------------------------|---------------------|----------------------------|
|                       | Monthly Average Use in Gals. | No. of Annual Bills | Annual Usage In 1000 Gals. | Monthly Average Use in Gals. | No. of Annual Bills | Annual Usage In 1000 Gals. |
| 0 - 2,000 Gals.       | 1,090                        | 5,214               | 5,683                      | 710                          | 573                 | 407                        |
| 2,001 - 5,000 Gals.   | 3,460                        | 11,240              | 38,883                     | 3,270                        | 328                 | 1,074                      |
| 5,001 - 15,000 Gals.  | 7,340                        | 6,800               | 49,880                     | 7,780                        | 195                 | 1,517                      |
| OVER 15,000 Gals.     | 24,190                       | 389                 | 9,408                      | 53,550                       | 100                 | 5,355                      |
|                       |                              |                     |                            |                              |                     |                            |
|                       | <i>Subtotal</i>              |                     | 23,643                     | 103,853                      | 1196                | 8,352                      |
| Average Monthly       |                              |                     | 1970                       |                              | 100                 |                            |
| Average Monthly Usage |                              |                     | 4,393                      |                              |                     | 6,983                      |

**SPECIAL USERS**

|                    |                 |                |   |   |              |               |
|--------------------|-----------------|----------------|---|---|--------------|---------------|
| HIGH SCHOOL        | 138,000         |                |   |   | 12           | 1,656         |
| GRIFFIN INDUSTRIES | 560,000         |                |   |   | 12           | 6,720         |
| CITY OF BUTLER     | 2,523,583       |                |   |   | 12           | 30,283        |
|                    |                 |                |   |   |              |               |
|                    | <i>Subtotal</i> |                | 0 | - | 36           | 38,659        |
|                    |                 |                |   |   |              |               |
|                    | <i>Subtotal</i> |                | 0 | 0 | 0            | -             |
|                    |                 |                |   |   |              |               |
|                    | <i>Subtotal</i> |                | 0 | 0 | 0            | -             |
|                    |                 |                |   |   |              |               |
| <b>Totals</b>      | <b>23,643</b>   | <b>103,853</b> |   |   | <b>1,232</b> | <b>47,011</b> |

TOTAL USAGE IN THOUSANDS OF GALLONS ==

150,864

May 7, 2009 Rounded - Close to Stickman Report.  
 May 13, 2009 Separate the commercial users.

XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment: **NOT APPLICABLE**

1. Type:

2. Method of Sludge Disposal:

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

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: 6" \_\_\_\_\_ 8" \_\_\_\_\_  
10" \_\_\_\_\_ 12" \_\_\_\_\_ Larger \_\_\_\_\_

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

Number of Treatment Plant Sites **NOT APPLICABLE**

Number of Pump Stations

Number of Other Sites

Total Acreage

Purchase Price

XV. FACILITY CHARACTERISTICS OF PROPOSED 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.

Install water mains along Fishing Creek and Center Ridge Roads to serve residential customers.

B. Water Storage:

Type:

Number of Storage Structures

Total Storage Volume Capacity

C. Water Distribution System: -

Pipe Material                      PVC and Ductile Iron

Lineal Feet of Pipe: 3"      4"- 8,720 L.F.  
6" - 20,610 L.F.      8"      10"                      12"

Number and Capacity of Pump Station(s)      - 0

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

|                                 |   |
|---------------------------------|---|
| Number of Treatment Plant Sites | 0 |
| Number of Pump Sites            | 0 |
| Number of Other Sites           | 0 |
| Total Acreage                   |   |
| Purchase Price                  | 0 |

**XVII. NUMBER OF NEW SEWER USERS**

*Residential (In Town)\** **NOT APPLICABLE**

*Residential (Out of Town)\**

*Non-Residential (In Town)*

*Non-Residential (Out of Town)*

*Total*

*Number of Total Potential Users Living in the Service Area*

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

**XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE METER CONNECTION**

| <u>Meter Size</u> | <u>Connection Fee</u> |
|-------------------|-----------------------|
| 5/8" x 3/4"       | <b>NOT APPLICABLE</b> |
| 1 - Inch          |                       |
| 1- 1/2 - Inch     |                       |
| 2 - Inch          |                       |
| 3 - Inch          |                       |
| 4 - Inch          |                       |
| 5 - Inch          |                       |
| 6 - Inch          |                       |

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)\*

Residential (Out of Town)\* 60

Non-Residential (In Town)

Non-Residential (Out of Town)

Total (60% of potential for estimate) 60

Number of Total Potential Users Living in the Service Area 60

\* 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 METER CONNECTION

Meter Size

Connection Fee

5/8" x 3/4"

\$ 850.00

1 - Inch

Cost Plus for All Others

12 - Inch

2 - Inch

3 - Inch

4 - Inch

5 - Inch

6 - Inch



XXI. SEWER RATES - PROPOSED

**NOT APPLICABLE**

A. Proposed Rate Schedule without RUS Grant:

Percentage of water bill \_\_\_\_\_%. Minimum Charge \_\_\_\_\_.

Other (If charge not based on water bill)

*Proposed Rate Schedule: (Without RUS Grant)*

|          |       |         |    |       |           |
|----------|-------|---------|----|-------|-----------|
| First    | _____ | Gallons | \$ | _____ | Minimum   |
|          |       | @       |    |       |           |
| Next     | _____ | Gallons | \$ | _____ | per 1,000 |
|          |       | @       |    |       | Gallons   |
| Next     | _____ | Gallons | \$ | _____ | per 1,000 |
|          |       | @       |    |       | Gallons   |
| All Over | _____ | Gallons | \$ | _____ | per 1,000 |
|          |       | @       |    |       | Gallons   |

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

B. Recommended Rate Schedule with RUS Grant:

Percentage of water bill \_\_\_\_\_%. Minimum Charge \_\_\_\_\_.

Other (If charge not based on water bill)

*Proposed Rate Schedule: (Without RUS Grant)*

|          |        |         |    |       |           |
|----------|--------|---------|----|-------|-----------|
| First    | 2,000  | Gallons | \$ | _____ | Minimum   |
|          |        | @       |    |       |           |
| Next     | 3,000  | Gallons | \$ | _____ | per 1,000 |
|          |        | @       |    |       | Gallons   |
| Next     | 10,000 | Gallons | \$ | _____ | per 1,000 |
|          |        | @       |    |       | Gallons   |
| All Over | 15,000 | Gallons | \$ | _____ | per 1,000 |
|          |        | @       |    |       | Gallons   |

If more than one rate, use additional sheets.

**XXII. WATER RATES - PROPOSED**

**MAINTAIN CURRENT RATES**

|    |                          |             |                   |
|----|--------------------------|-------------|-------------------|
| A. | Proposed Rate Schedule : | RUS GRANT = | <b>\$ 55,000</b>  |
|    | <b>NO CHANGES</b>        | RUS LOAN =  | <b>\$ 220,000</b> |

1. Proposed Monthly Rate Schedule - Meters 5/8" x 3/4" Meter EFFECTIVE MARCH 15, 2008

|                                 |                 |                  |
|---------------------------------|-----------------|------------------|
| MINIMUM BILL - FIRST 2000 GALS. | <b>\$ 20.12</b> | Minimum Bill     |
| NEXT 2,000 to 5,000 GALS.       | <b>\$ 8.71</b>  | per 1000 Gallons |
| NEXT 5,000 to 15,000 GALS.      | <b>\$ 8.21</b>  | per 1000 Gallons |
| OVER 15,000 GALS                | <b>\$ 7.11</b>  | per 1000 Gallons |

SPECIAL USERS

2. HIGH SCHOOL

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| MINIMUM BILL - FIRST 125,000 GALS. | <b>\$ 910.45</b> | Minimum Bill     |
| OVER 125,000 GALS.                 | <b>\$ 7.11</b>   | per 1000 Gallons |

3. GRIFFIN INDUSTRIES

|                                    |                    |                  |
|------------------------------------|--------------------|------------------|
| MINIMUM BILL - FIRST 400,000 GALS. | <b>\$ 2,884.80</b> | Minimum Bill     |
| OVER 400,000 GALS.                 | <b>\$ 7.11</b>     | per 1000 Gallons |

4. CITY OF BUTLER

|                                      |                    |                  |
|--------------------------------------|--------------------|------------------|
| MINIMUM BILL - FIRST 1,672,917 GALS. | <b>\$ 5,704.65</b> | Minimum Bill     |
| OVER 1,672,917 GALS.                 | <b>\$ 3.41</b>     | per 1000 Gallons |

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

16

**NOT APPLICABLE**

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

17

**NOT APPLICABLE**

SECTIONS XXIII AND XXIV INTENTIONALLY OMITTED

**XXV. FORECAST OF WATER - INCOME - EXISTING SYSTEM**

MAINTAIN CURRENT RATES EFFECTIVE MARCH 15, 2008

May 13, 2009

| MONTHLY WATER USAGE                 | Residential |              |              |         |                    | Commercial  |              |              |        |           |
|-------------------------------------|-------------|--------------|--------------|---------|--------------------|-------------|--------------|--------------|--------|-----------|
|                                     | Average     | No of        | Usage In     | Income  |                    | Average     | No of        | Usage In     | Income |           |
|                                     | Monthly     | Annual       | 1000         |         |                    | Monthly     | Annual       | 1000         |        |           |
| <u>Average Mo.</u>                  |             |              |              |         | <u>Average Mo.</u> |             |              |              |        |           |
| <u>Gals.</u>                        | <u>Rate</u> | <u>Bills</u> | <u>Gals.</u> |         | <u>Gals.</u>       | <u>Rate</u> | <u>Bills</u> | <u>Gals.</u> |        |           |
| <i>5/8 x 3/4 meter</i>              |             |              |              |         |                    |             |              |              |        |           |
| 0 - 2,000 Gals.                     | 1,052       | \$ 20.12     | 5,214        | 5,683   | \$ 104,906         | 710         | \$ 20.12     | 573          | 407    | \$ 11,529 |
| 2,001 - 5,000 Gals.                 | 3,454       | \$ 32.78     | 11,240       | 38,883  | \$ 368,502         | 3,270       | \$ 31.18     | 328          | 1,074  | \$ 10,753 |
| 5,001 - 15,000 Gals.                | 7,348       | \$ 65.52     | 6,800        | 49,880  | \$ 445,562         | 7,780       | \$ 69.07     | 195          | 1,517  | \$ 12,777 |
| OVER 15,000 Gals.                   | 30,189      | \$ 236.35    | 389          | 9,408   | \$ 91,939          | 53,550      | \$ 402.44    | 100          | 5,355  | \$ 23,635 |
| Average users/month for 2007 = 2070 |             |              |              |         |                    |             |              |              |        |           |
| Sub-Total                           |             |              | 23,643       | 103,853 | \$ 1,010,909       |             |              | 1196         | 8,352  | \$ 58,694 |
| Average Monthly Rate Per Bill       | \$ 42.76    |              |              |         |                    | \$ 49.08    |              |              |        |           |
| Average Monthly Usage/Cust          |             |              | 4,393        |         |                    |             |              | 6,983        |        |           |

**SPECIAL USERS**

|                                  |           |             |   |   |      |  |  |    |        |            |
|----------------------------------|-----------|-------------|---|---|------|--|--|----|--------|------------|
| HIGH SCHOOL                      | 138,000   | \$ 1,002.88 |   |   |      |  |  | 12 | 1,656  | \$ 12,035  |
| GRIFFIN INDUSTRIES               | 560,000   | \$ 4,022.40 |   |   |      |  |  | 12 | 6,720  | \$ 48,269  |
| CITY OF BUTLER                   | 2,523,583 | \$ 8,605.42 |   |   |      |  |  | 12 | 30,283 | \$ 103,265 |
| Average users/month for 2007 = 3 |           |             |   |   |      |  |  |    | 0      | \$ -       |
| Subtotal                         |           |             | 0 | - | \$ - |  |  | 36 | 38,659 | \$ 163,568 |

**Totals** 23,643 103,853 \$ 1,010,909 1,232 47,011 \$ 222,262

**ANNUAL TOTAL REVENUE FOR BOTH RESIDENTIAL, INDUSTRIAL AND COMMERCIAL :**

**\$ 1,233,171**

- May 4, 2009 Revised rates for Griffin Industries and City of Butler and the resulting revenue
- May 7, 2009 Revised column totals for Special Users.
- May 13, 2009 Separate the commercial users.

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

MAINTAIN CURRENT RATES  
May 7, 2009

| <b>MONTHLY WATER USAGE</b>  |                    |       |          |              | Residential |          | Commercial   |            |               |
|-----------------------------|--------------------|-------|----------|--------------|-------------|----------|--------------|------------|---------------|
|                             | <u>Average Mo.</u> |       | Average  | No. of       | Usage In    | Annual   | No. of       | Usage In   | Annual        |
|                             | Usage              | Cust. | Rate     | Annual Bills | 1000 Gals.  | Income   | Annual Bills | 1000 Gals. | Annual Income |
| 5/8 x 3/4 meter             |                    |       |          |              |             |          |              |            |               |
| 0 - 2,000 Gals.             | 1,052              | 18    | \$ 20.12 | 216          | 227         | \$ 4,346 |              | 0          | \$ -          |
| 2,001 - 5,000 Gals.         | 3,454              | 18    | \$ 32.78 | 216          | 746         | \$ 7,082 |              | 0          | \$ -          |
| 5,001 - 15,000 Gals.        | 7,348              |       | \$ 65.52 | -            | -           | \$ -     |              | 0          | \$ -          |
| OVER 15,000 Gals.           |                    |       |          | -            |             | \$ -     |              | 0          | \$ -          |
| Sub-Total                   |                    | 36    |          | 432          | 973         | \$11,427 | 0            | 0          | \$0           |
| Average Monthly Rate        | \$ 26.26           |       |          |              |             |          |              |            |               |
| Average Monthly Usage/Cust. | 2,253 \$ 26.45     |       |          |              |             |          |              |            |               |

**SPECIAL USERS**

|               |  |  |  |            |            |                 |          |          |             |
|---------------|--|--|--|------------|------------|-----------------|----------|----------|-------------|
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
| Subtotal      |  |  |  | 0          | -          | \$ -            | 0        | -        | \$ -        |
| Subtotal      |  |  |  | 0          | 0          | \$ -            | 0        | 0        | \$ -        |
| Subtotal      |  |  |  | 0          | 0          | \$ -            | 0        | 0        | \$ -        |
| <b>Totals</b> |  |  |  | <b>432</b> | <b>973</b> | <b>\$11,427</b> | <b>-</b> | <b>-</b> | <b>\$ -</b> |

**ANNUAL TOTAL REVENUE FOR BOTH RESIDENTIAL AND COMMERCIAL : \$ 11,427**

**XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM)**  
*(As of the last full operating year)*

*Year Ending*

**NOT APPLICABLE**

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

*Year Ending*

**NOT APPLICABLE**

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

*Year Ending*

**NOT APPLICABLE**

SECTIONS XXVII, XXVIII, XXIX INTENTIONALLY OMITTED

**XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)**

(As of the last full operating year) Year Ending December 31, 2007  
 Rates of March 15, 2008 - CURRENT

May 13, 2009

**A. Operating Income:**

|   |                                 |    |                     |
|---|---------------------------------|----|---------------------|
| Water Sales                                 | 2007 Using 2008 Rates Table XXV | \$ | 1,233,171           |
| Disconnect/Reconnect/Late Charge Fees/Other | Audit Pg. 5                     | \$ | 19,398              |
| Other (Describe)                            | Audit Pg. 5                     | \$ | 25,627              |
|   | Less Allowances and Deductions  |    |                     |
| Total Operating Income                      |                                 |    | <u>\$ 1,278,196</u> |

**B. Operation and Maintenance Expenses:**

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

|  |                                       |    |                   |
|--|---------------------------------------|----|-------------------|
| 1  | Source of Supply Expense              | \$ | 461,951           |
| 2  | Water Treatment Expense               |    |                   |
| 3  | Transmission and Distribution Expense | \$ | 187,107           |
| 4  | Customer Accounts Expense             | \$ | 114,332           |
| 5  | Administrative and General Expense    | \$ | 135,637           |
| 6  | Other                                 |    |                   |
| Total Operation and Maintenance Expenses |                                       |    | <u>\$ 899,027</u> |

Other Expenses (Not including Depreciation):

|              |           |               |
|--------------|-----------|---------------|
| Taxes        | \$        | 21,000        |
| Amortization |           |               |
|              | <u>\$</u> | <u>21,000</u> |

OPERATING EXPENSES \$ 920,027

NET Operating Income \$ 358,169

**C. Non-Operating Income:**

|   |    |        |
|---|----|--------|
| Interest on Deposits                        | \$ | 43,090 |
| Other (Identify)                            | \$ | -      |
| Total Non-Operating Income <u>\$ 43,090</u> |    |        |

**D. Income Available to Service Debt**

\$ 401,259

**E. Debt Repayment:**

|                       |              |      |    |        |
|-----------------------|--------------|------|----|--------|
| RD RUS Interest       | 91-01        | 1977 | \$ | 6,500  |
| RD RUS Principal      | 91-01        | 1977 | \$ | 9,000  |
| RD RUS Interest       | 91-04        | 1997 | \$ | 36,413 |
| RD RUS Principal      | 91-04        | 1997 | \$ | 6,500  |
| RD INTEREST           | 91-05        | 2004 | \$ | 26,550 |
| RD PRINCIPAL          | 91-05        | 2004 | \$ | 7,000  |
| KRW Finance Interest  | SERIES 2001A |      | \$ | 16,585 |
| KRW Finance Principal | SERIES 2001A |      | \$ | 11,000 |

|                      |           |                |
|----------------------|-----------|----------------|
| OTHER - PER AUDIT    | \$        | 6,117          |
| Total Debt Repayment | <u>\$</u> | <u>125,665</u> |

**F. Balance Available for Coverage**

\$ 275,594

Less: 10% Coverage \$ (12,600)

\$ 262,994

Less: Depreciation \$ (295,091)

\$ (32,097)

BALANCE

**XXXI. PROPOSED OPERATING BUDGET - EXISTING AND NEW SYSTEMS**

|   |  |                                   |              |
|---|--|-----------------------------------|--------------|
| INFLATION RATE                                | 1.05   | Rates of March 15, 2008 - CURRENT | May 13, 2009 |
| A. <u>Operating Income:</u>                   | PROJECTED FOR 2010   |                                   |              |
| Water Sales                                   | 2007*Inflation+new extension   | \$                                | 1,306,257    |
| Disconnect/Reconnect/Late Charge Fees/Other   |  | \$                                | 29,000       |
| Other (Describe)                              | Tap Fees & Misc 20 @ \$850 =   | \$                                | 17,000       |
|   | Less Allowances and Deductions   |                                   |              |
| Total Operating Income                        |  |                                   | \$ 1,352,257 |
| B. <u>Operation and Maintenance Expenses:</u> | (Based on Uniform System of Accounts prescribed by National Association of Regulatory Utility Commissioners) |                                   |              |
| 1 Source of Supply Expense                    |  | \$                                | 485,049      |
| 2 Water Treatment Expense                     |  | \$                                | -            |
| 3 Transmission and Distribution Expense       |  | \$                                | 196,462      |
| 4 Customer Accounts Expense                   |  | \$                                | 120,049      |
| 5 Administrative and General Expense          |  | \$                                | 142,419      |
| 6 Other                                       |  |                                   |              |
| Total Operation and Maintenance Expenses      |  | \$                                | 943,978      |
| Other Expenses (Not including Depreciation):  |  |                                   |              |
| Taxes   |  |                                   |              |
| Amortization                                  |  |                                   |              |
|   |  | \$                                | -            |
| OPERATING EXPENSES                            |  |                                   | \$ 943,978   |
| NET Operating Income                          |  |                                   | \$ 408,279   |
| C. <u>Non-Operating Income:</u>               |  |                                   |              |
| Interest on Deposits                          |  | \$                                | 7,000        |
| Other (Identify)                              |  |                                   |              |
| Total Non-Operating Income                    |  | \$                                | 7,000        |
| D. <u>Income Available to Service Debt</u>    |  |                                   | \$ 415,279   |
| E. <u>Debt Repayment:</u>                     |  |                                   |              |
| RD RUS Interest                               | 91-01 1977   | \$                                | 5,050        |
| RD RUS Principal                              | 91-01 1977   | \$                                | 11,000       |
| RD RUS Interest                               | 91-04 1997   | \$                                | 35,311       |
| RD RUS Principal                              | 91-04 1997   | \$                                | 8,500        |
| RD INTEREST                                   | 91-05 2004   | \$                                | 25,605       |
| RD PRINCIPAL                                  | 91-05 2004   | \$                                | 7,000        |
| KRW Finance Interest                          | SERIES 2001A   | \$                                | 14,905       |
| KRW Finance Principal                         | SERIES 2001A   | \$                                | 12,000       |
| RD NEW LOAN Interest                          |  | \$                                | 7,975        |
| RD NEW LOAN Principal                         |  |                                   |              |
| OTHER -                                       |  | \$                                | 7,000        |
| Total Debt Repayment                          |  | \$                                | 134,346      |
| F. Balance Available for Coverage             |  | \$                                | 280,933      |
| Less: 10% Coverage                            |  | \$                                | (28,100)     |
|   |  | \$                                | 252,833      |
| Less: Depreciation                            |  | \$                                | (300,000)    |
|   |  | \$                                | (47,167)     |



**XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS** 23  
EXTENSION ONLY (1st Full Year of Operation) Year Ending 2004

**FORM XXXII NOT USED**

**XXXIII. ESTIMATED PROJECT COST -SEWER** 24  
**NOT APPLICABLE**

**XXXIV. PROPOSED PROJECT FUNDING - SEWER** 25  
**NOT APPLICABLE**

SECTIONS XXXII, XXXIII, XXXIV INTENTIONALLY OMITTED

**XXXIII. ESTIMATED PROJECT COST -SEWER**

**NOT APPLICABLE**

|                          | <u>Collection</u> | <u>Treatment</u> | <u>Total</u> |
|--------------------------|-------------------|------------------|--------------|
| <i>Development</i>       |                   |                  | \$ -         |
| <i>Land and Rights</i>   |                   |                  | \$ -         |
| <i>Legal</i>             |                   |                  | \$ -         |
| <i>Engineering</i>       |                   |                  | \$ -         |
| <i>Interest</i>          |                   |                  | \$ -         |
| <i>Contingencies</i>     |                   |                  | \$ -         |
| <i>Initial O &amp; M</i> |                   |                  | \$ -         |
| <i>Other</i>             |                   |                  | \$ -         |
| <b>TOTAL</b>             | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>  |

**XXXIV. PROPOSED PROJECT FUNDING - SEWER**

|   | <u>Collection</u> | <u>Treatment</u> | <u>Total</u> |
|---|-------------------|------------------|--------------|
| <i>Applicant -<br/>User Contribution Fees</i> |                   |                  | \$ -         |
| <i>Other -<br/>Applicant Contribution</i>     |                   |                  | \$ -         |
| <i>RUS Loan</i>                               |                   |                  | \$ -         |
| <i>RUS Grant</i>                              |                   |                  | \$ -         |
| <i>ARC Grant (If applicable)</i>              |                   |                  | \$ -         |
| <i>CDBG (If applicable)</i>                   |                   |                  | \$ -         |
| <i>Other (Specify)</i>                        |                   |                  | \$ -         |
| <b>TOTAL</b>                                  | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>  |

**XXXV. DEVELOPMENT AND CONSTRUCTION COST ESTIMATE**

---

|    |   |            |        |    |         |
|----|---|------------|--------|----|---------|
| 1  | CONSTRUCTION COST ESTIMATE - WATER MAINS (Bid October 22, 2009) |            |        | \$ | 346,870 |
| 2  | CONTINGENCY ~   |            |        | \$ | 25,000  |
| 3  | ACQUISITION, LEGAL, EASEMENTS, ROW                              |            |        | \$ | 4,000   |
| 4  | BOND ATTORNEY   |            |        | \$ | 8,000   |
| 5  | PRE-ENGINEERING/FUNDING ASSISTANCE                              |            |        | \$ | 15,000  |
| 6  | ENGINEERING DESIGN AND C.A. - As Bid                            | RD         | 10.99% | \$ | 38,130  |
| 7  | RESIDENT REPRESENTATIVE - As Bid                                | RD         | 8.43%  | \$ | 29,220  |
| 8  | PROPERTY SURVEY   |            |        | \$ | -       |
| 9  | KIA FUND RETAINER   | \$ 225,000 | 0.50%  | \$ | 1,100   |
| 10 | INTERIM FINANCING   |            |        | \$ | 6,220   |
|    | AS BID - OPINION OF AS BID PROJECT COSTS =                      |            |        | \$ | 473,540 |
| 11 | PLANNED ADDITIONAL EXTENSIONS - CONST AND ENGINEERING =         |            |        | \$ | 91,960  |
|    | TOTAL =   |            |        | \$ | 565,500 |

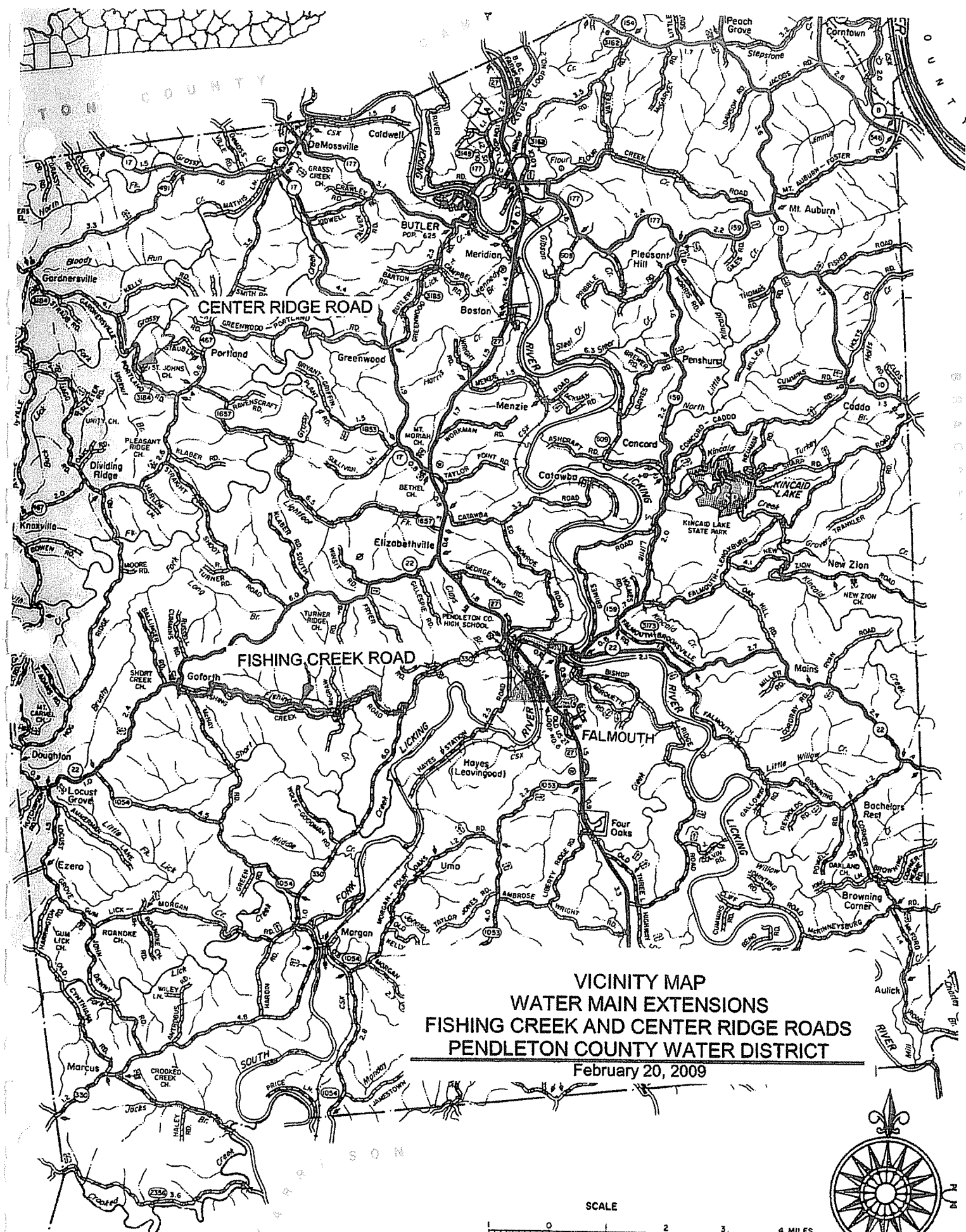
**XXXVI. PROJECT FUNDING**

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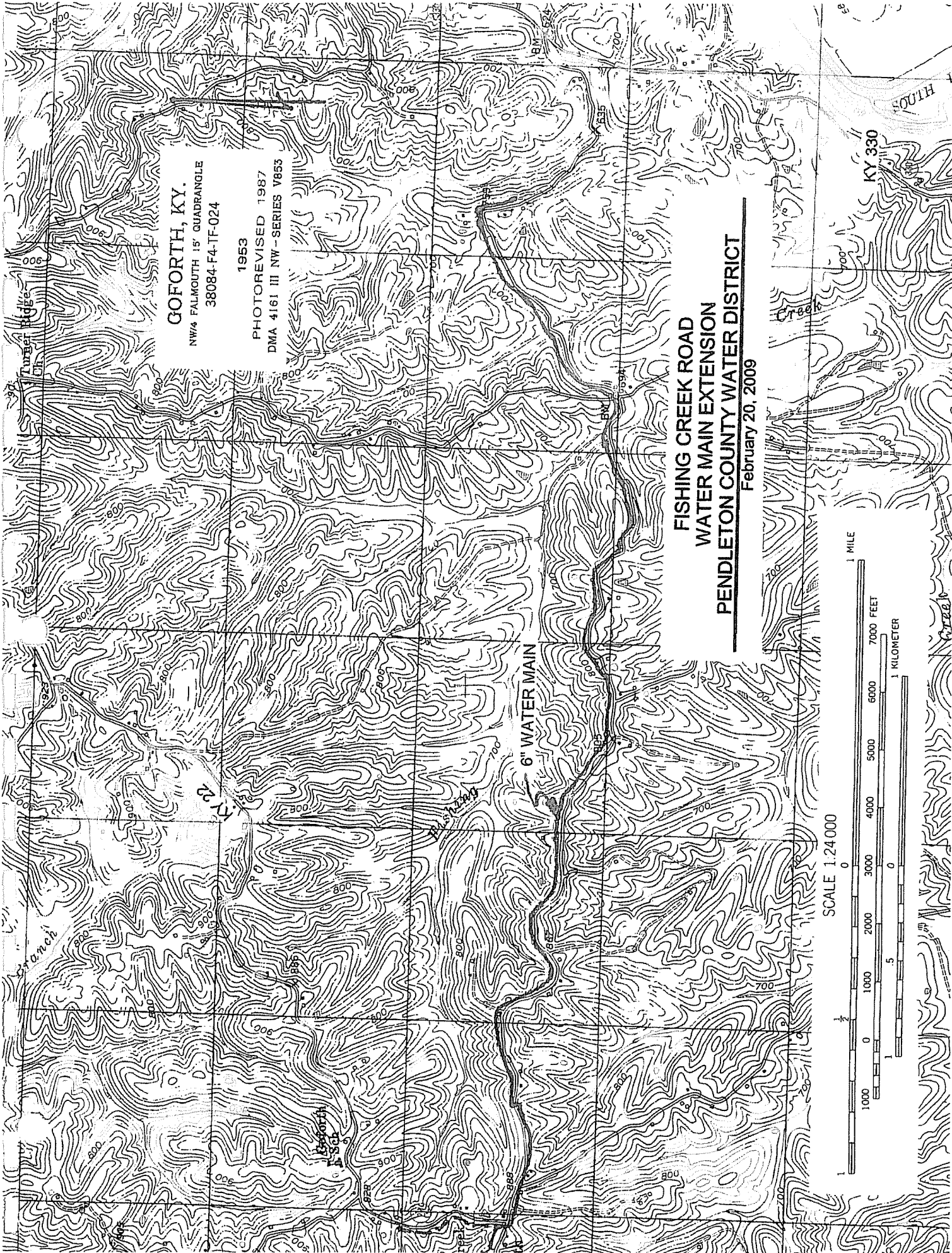
|   |                         |    |        |    |         |
|---|-------------------------|----|--------|----|---------|
| 1 | STATE GOVERNMENT        |    |        | \$ | 225,000 |
| 2 | PCWD TAP ON FEES        | 36 | \$ 850 | \$ | 30,600  |
| 3 | PCWD CONTRIBUTION       |    |        | \$ | 34,900  |
| 4 | RURAL DEVELOPMENT LOAN  |    |        | \$ | 220,000 |
| 5 | RURAL DEVELOPMENT GRANT |    |        | \$ | 55,000  |
|   | TOTAL =                 |    |        | \$ | 565,500 |

# APPENDIX A

## PROJECT MAPS



VICINITY MAP  
 WATER MAIN EXTENSIONS  
 FISHING CREEK AND CENTER RIDGE ROADS  
 PENDLETON COUNTY WATER DISTRICT  
 February 20, 2009



**GOFORTH, KY.**

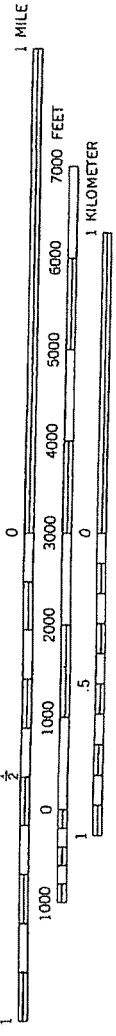
NW¼ FALMOUTH 15' QUADRANGLE  
38084-F4-TF-024

1953

PHOTOREVISED 1987  
DMA 4161 III NW-SERIES V853

**FISHING CREEK ROAD  
WATER MAIN EXTENSION  
PENDLETON COUNTY WATER DISTRICT**  
February 20, 2009

SCALE 1:24 000



1 MILE

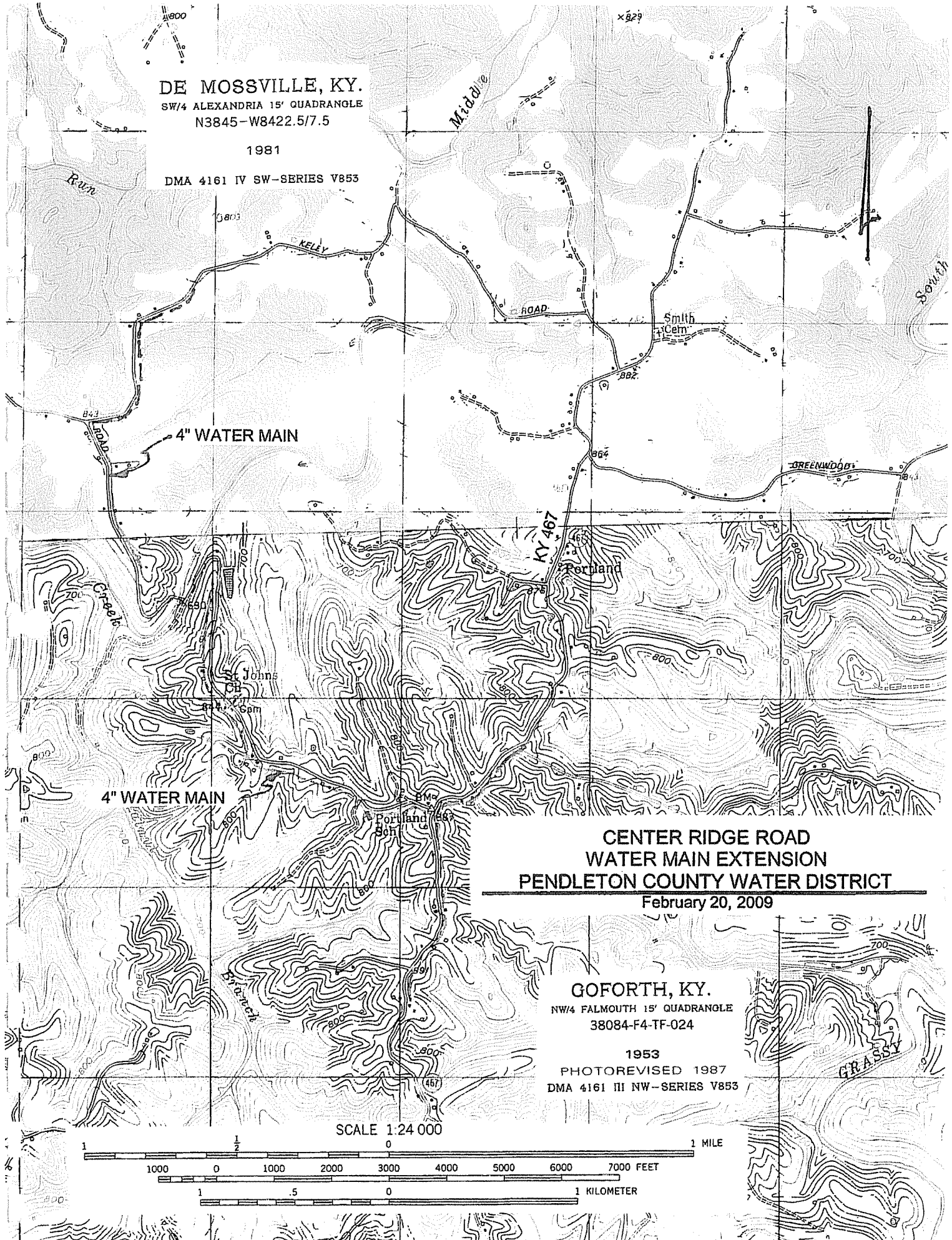
1 KILOMETER

**DE MOSSVILLE, KY.**

SW/4 ALEXANDRIA 15' QUADRANGLE  
N3845-W8422.5/7.5

1981

DMA 4161 IV SW-SERIES V853



4" WATER MAIN

4" WATER MAIN

**CENTER RIDGE ROAD  
WATER MAIN EXTENSION  
PENDLETON COUNTY WATER DISTRICT**

February 20, 2009

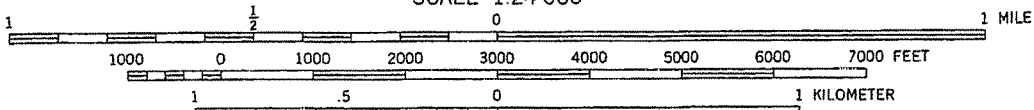
**GOFORTH, KY.**

NW/4 FALMOUTH 15' QUADRANGLE  
38084-F4-TF-024

1953

PHOTOREVISED 1987  
DMA 4161 III NW-SERIES V853

SCALE 1:24 000



# APPENDIX B

## BID TABULATION





# TETRA TECH

BID TABULATION CONTRACT 7 FISHING CREEK AND COVER 22, 2009 at 11 a.m. EST

## PENDLETON COUNTY WATER DISTRICT, FALMOUT

BIDDER >>

Ventures  
60 East  
KY 40371

Clay Pipeline Inc  
70 Fox Hollow Road  
Manchester, KY 40962

| ITEM NO. | DESCRIPTION                       | TOTAL QUANTITY | UNIT | ITEM BID AMOUNT | PRICE BID   | ITEM BID AMOUNT |
|----------|-----------------------------------|----------------|------|-----------------|-------------|-----------------|
| 1 A      | 6" PVC-SDR 21                     | 12,640         | L.F. | 176,328.00      | \$ 10.75    | \$ 135,880.00   |
| B        | 4" PVC-SDR 21                     | 6,720          | L.F. | 84,336.00       | \$ 9.40     | \$ 63,168.00    |
| C        | 6" DUCTILE IRON PUSH ON           | 6,920          | L.F. | 130,857.20      | \$ 15.90    | \$ 110,028.00   |
| D        | 4" DUCTILE IRON PUSH ON           | 2,000          | L.F. | 37,080.00       | \$ 16.50    | \$ 33,000.00    |
| E        | 6" DUCTILE IRON REST JOINT        | 150            | L.F. | 4,114.50        | \$ 22.00    | \$ 3,300.00     |
| 2 A      | 6" GATE VALVE                     | 10             | Ea.  | 8,600.00        | \$10,450.00 | \$ 104,500.00   |
| B        | 4" GATE VALVE                     | 4              | Ea.  | 3,020.00        | \$ 945.00   | \$ 3,780.00     |
| 3 A      | 6" WET TAP INCL. VALVE            | 1              | Ea.  | 2,087.00        | \$ 1,995.00 | \$ 1,995.00     |
| B        | 4" WET TAP INCL. VALVE            | 1              | Ea.  | 1,863.00        | \$ 1,775.00 | \$ 1,775.00     |
| 4        | CONNECT TO EXISTING MAIN          | 1              | Ea.  | 800.00          | \$ 585.00   | \$ 585.00       |
| 5 A      | BORE 12" STL CASING FOR 6" MAIN   | 80             | L.F. | 9,600.00        | \$ 125.00   | \$ 10,000.00    |
| B        | BORE 10" STL CASING FOR 4" MAIN   | 40             | L.F. | 4,400.00        | \$ 123.00   | \$ 4,920.00     |
| 6        | OPEN CUT 12" STL CASING FOR 6" MA | 60             | L.F. | 3,600.00        | \$ 77.00    | \$ 4,620.00     |
| 7 A      | BORE FOR 6" MAIN NO CASING        | 36             | L.F. | 2,160.00        | \$ 75.00    | \$ 2,700.00     |
| B        | BORE FOR 4" MAIN NO CASING        | 36             | L.F. | 2,160.00        | \$ 75.00    | \$ 2,700.00     |
| 8 A      | 3/4" SAME SIDE SERVICE RADIO      | 6              | Ea.  | 4,170.00        | \$ 805.00   | \$ 4,830.00     |
| B        | 3/4" OPP. SIDE SERVICE, RADIO     | 6              | Ea.  | 5,508.00        | \$ 895.00   | \$ 5,370.00     |
| C        | 3/4" S. S. SERVICE RADIO W/ PRV   | 18             | Ea.  | 13,293.00       | \$ 800.00   | \$ 14,400.00    |
| D        | 3/4" OPP. SERVICE RADIO W/ PRV    | 6              | Ea.  | 5,976.00        | \$ 925.00   | \$ 5,550.00     |
| 9 A      | 1" BYPASS METER AT GV             | 2              | Ea.  | 1,890.00        | \$ 900.00   | \$ 1,800.00     |
| B        | 1" BYPASS METER W/ PRV AT GV      | 2              | Ea.  | 2,014.00        | \$ 1,000.00 | \$ 2,000.00     |
| 10 A     | 4" BLOWOFF ASSEMBLY               | 3              | L.S. | 5,370.00        | \$ 1,500.00 | \$ 4,500.00     |
| B        | 3" BLOWOFF ASSEMBLY               | 2              | L.S. | 3,426.00        | \$ 1,450.00 | \$ 2,900.00     |
| 11       | 6" HYDRANT ASSEMBLY               | 3              | L.S. | 9,702.00        | \$ 3,120.00 | \$ 9,360.00     |
| 12       | AIR RELEASE VALVE ASSEMBLY        | 4              | L.S. | 6,436.00        | \$ 1,270.00 | \$ 5,080.00     |
| 13 A     | POST TYPE WATER MARKER            | 21             | Ea.  | 2,751.00        | \$ 170.00   | \$ 3,570.00     |
| B        | PIPE TYPE WATER MAIN MARKER       | 28             | Ea.  | 3,668.00        | \$ 38.00    | \$ 1,064.00     |
| 14       | BITUMINOUS PAVING REPLACEMENT     | 60             | L.F. | 3,462.00        | \$ 53.00    | \$ 3,180.00     |
| 15       | CREEK CROSSING                    | 80             | L.F. | 8,560.00        | \$ 53.00    | \$ 4,240.00     |
| 16       | FLOWABLE FILL                     | 50             | L.F. | 4,150.00        | \$ 180.00   | \$ 9,000.00     |

TOTAL BID AMOUNT 551,381.70

\$ 559,795.00

I certify that the above is a true and complete tabulation of the bids

TETRA TECH, INC.

By Don Willingham

Don "Renn" Willingham, Project Manager

RECEIVED  
DEC 10 2009  
PUBLIC SERVICE  
COMMISSION

PRELIMINARY ENGINEERING REPORT  
PENDLETON COUNTY WATER DISTRICT (PCWD)  
FISHING CREEK AND CENTER RIDGE ROADS  
WATER MAIN EXTENSIONS

April 1, 2009  
Revision – May 13, 2009

Tetra Tech 200-17677-07001



Prepared By:

TETRA TECH, INC.  
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E-Mail: [renn.willingham@tetrattech.com](mailto:renn.willingham@tetrattech.com)

**SECTION 1**  
**INTRODUCTION**

INTRODUCTION  
PRELIMINARY ENGINEERING REPORT  
PENDLETON COUNTY WATER DISTRICT

A. PROJECT PLANNING AREA

The Pendleton County Water District (PCWD) primarily serves the western half of Pendleton County. Its eastern boundary is approximately 1000 feet east of U.S. 27 and is bounded on the southeast by the South Licking River. On the north the district serves into Campbell County to the Grants Lick area. The proposed project involves a new 6-inch water main along Fishing Creek Road and a new 4" main along Center Ridge Road. The new extensions will be served by gravity from existing water tanks.

The project may serve an additional 53 residential customers along the route.

B. PROPOSED PROJECT

DESCRIPTION – The proposed project includes 29,430 L. F. of new, 6" and 4" water main to serve 53 potential residential customers with an historical average use of 150 gpdpc or 7,950 gpd. The customers are located along the referenced roads in Pendleton County. PCWD will provide the water service.

NARRATIVE – The project involves 3 separate extensions Fishing Creek Road (sheets 3 thru 9), Center Ridge Road from KY 467 (sheets 11 to 13), and Center Ridge Road from Kelly Road (sheets 13 and 14).

The Fishing Creek Road line will be a new 6" main connecting to an existing 6" main on KY 22. The water supply for this main will be provided by the elevated 200,000 gallon Ammerman water tank with an overflow elevation of 1050. Ground elevations along the road range from 920 at the tie-in location to 640.

The Center Ridge Road line from KY 467 will be a new 4" main connecting to an existing 8" main along KY 467. The water supply for both sections of this line will be

provided by the 200,000 Kidwell elevated water tank with an overflow elevation of 1035. Ground elevations in the area range 887 to 700.

The Center Ridge Road line from Kelly Road will be a new 4" main connecting to an existing 6" main. PCWD had originally planned to connect the mains but the budget is not available.

For the hydraulic review a PIPE2006 computer model was utilized to show the system pressures. For the design model the potential customers were increased by a minimum of 30% to allow for future growth.

#### C. EXISTING SYSTEM

PCWD has experienced moderate to rapid growth during the past year. The predominant land uses in all project areas are residential and agricultural.

The Pendleton County Water District was formed from the City of Butler rural service area and expanded with several construction projects beginning in 1963.

The existing system consists of approximately 134 miles of water mains ranging in size from 3 to 12 inches and to serve approximately 2,100 water customers. The district has four water tanks in use with a total storage capacity of 655,000 gallons. The largest users on the system are the City of Butler with average monthly demands of 2,523,583 gallons and Griffin Industries with average monthly demands of 560,000 gallons.

PCWD has no treatment facilities of its own. All water is obtained from the Northern Kentucky Water District (NKWD) and the City of Falmouth through water purchase contracts. NKWSD has adequate supply to meet the needs of the proposed project.

Information regarding the District's rate schedule, operating and maintenance costs, monthly water usage and revenue received can be found in the Addendum included in this Preliminary Engineering Report.

D. PROJECT NEED

Residents included in the project area are not currently served by a public water supply and do not have access to a public water supply. Residents in these areas currently rely on ground and surface water sources for drinking water, or must pay high fees to haul water from other sources.

The extension of water mains along the various routes will provide water to presently unserved residents with sufficient flow and pressure to allow for additional customers in the future.

E. ALTERNATIVES CONSIDERED

At this time the more reliable and cost effective connections for a continuous supply were considered to be the City of Falmouth and NKWD.

F. DESIGN

All proposed water facilities will be designed using good engineering practice to provide the required flow and pressure and meet all requirements of the Kentucky Division of Water.

Facilities will not be constructed in a flood plain.

G. ENVIRONMENTAL CONSIDERATIONS

The environmental considerations for this project include noise, dust, and traffic control associated with construction. Short term impact will be limited to the construction period and will produce no long term adverse environmental impacts. Appropriate mitigation efforts will be maintained during construction.

H. LAND AND CONSTRUCTION

Land requirements for the project will be limited to the typical water main and construction easements.

I. FUNDING

The project will be funded by a grant and loan from Rural Development, a state legislative appropriation and tap fees from the new residential customers.

J. BUDGET

The proposed operating budget and rate schedule are presented in the attached Addendum. PCWD is in good financial condition. A rate increase is not proposed for this new project. The existing rates will cover debt repayment, some depreciation reserve accounts, O&M costs, purchased water, accounting and other miscellaneous items.

K. PLAN OF ACTION – PROJECT DEVELOPMENT

The Pendleton County Water District has pledged budget for project design. The funds have been used for engineering design, sub contractors, plan sheets, and other items as necessary to prepare a complete project submission to the Division of Water.

A SF424 form was completed along with other RD checklist items and submitted to Rural Utilities Service. Plans have been reviewed and approved by DOW.

As soon as all funding is fully committed the water district intends to advertise for construction bids.

SUMMARY ADDENDUM  
TO  
PRELIMINARY ENGINEERING REPORT  
DATED: February 2009  
FOR  
**Pendleton County Water District (PCWD)**  
**CONTRACT 7**  
**WATER MAIN EXTENSIONS**  
**FISHING CREEK ROAD AND CENTER RIDGE ROAD**

APPLICANT CONTACT PERSON: William Jones , General Manager

APPLICANT PHONE NUMBER: 859 / 654 - 6964

APPLICANT TAX IDENTIFICATION NUMBER (TIN): 61-0599209

REPORT DATA BASED FOR YEAR END DECEMBER 31, 2007.

***ITEMS IN BOLD ITALIC PRINT ARE APPLICABLE TO SEWER SYSTEMS.***

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

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

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

PCWD does not operate or plan to operate a sanitary sewer system. Items referring to **SEWER SYSTEMS** do not apply.



1. 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.

Extend water mains to serve residential customers along Fishing Creek and Center Ridge Roads in Pendleton County.  
Project Maps are included in Appendix A.

**II FACILITY CHARACTERISTICS OF EXISTING SEWER SYSTEM**

A. Sewage Treatment: **NOT APPLICABLE**

1. Type:

2. Method of Sludge Disposal:

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

4. Date Constructed:

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: 6" \_\_\_\_\_ 8" \_\_\_\_\_  
10" \_\_\_\_\_ 12" \_\_\_\_\_ Larger

Date(s) Constructed:

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

**III FACILITY CHARACTERISTICS OF EXISTING WATER SYSTEM**

A. Water Source: Describe adequacy of source

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

PCWD purchases water from the City of Falmouth and the Northern Kentucky Water District. Both suppliers have ample capacity to supply the anticipated demands of this project.

If the applicant purchases water:

Seller(s):

1. City of Falmouth
2. NKWD - Ky. Hwy. 17
3. NKWD - U. S. 27 @ Grants Lick

Price/1,000 gallons:

1. \$1.98 per one thousand gallons
2. \$2.97
3. \$2.97

Present Estimated Market Value of Existing System:  
\$ 8,000,000

B. Water Storage:

|                                  |                     |                        |   |
|----------------------------------|---------------------|------------------------|---|
| Type:                            | Ground Storage Tank | Elevated Tank          | 3 |
|                                  | Standpipe 1         | Other                  |   |
| Number of Storage Structures     | -                   | 4                      |   |
| Total Storage Volume Capacity    | -                   | 655,000 gallons        |   |
| Date Storage Tank(s) Constructed | -                   | 1978, 1986, 2000, 2004 |   |

C. Water Distribution System:

Pipe Material - PVC, Ductile Iron, AC

Lineal Feet of Pipe: 3" Diameter 229,000' 4" 129,000'  
6" 259,000' 8" 45,400' 12" 45,400'

Date(s) Water Lines Constructed - Pre 1963, 1968, 1978, 1986,  
1990, 1994, 2000, 2001, 2002, 2004, 2006

Number and Capacity of Pump Station(s) - 1 @ 250 gpm

D. Condition of Existing Water System:

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

The existing system is in good condition. A pump station renovation is anticipated in the next 5 to 10 years.

5. Percentage of Water Loss Existing System - 8 %

IV. EXISTING LONG-TERM INDEBTEDNESS

A. List of Bonds and Notes:

| <u>Date of Issue</u> | <u>Bond/Note Holder</u> | <u>Principal Balance</u> | <u>Payment Date</u> | <u>Bond Type Water/Sewer*</u> | <u>Amount on Deposit in Reserve Account</u> |
|----------------------|-------------------------|--------------------------|---------------------|-------------------------------|---|
| 1/29/2005            | RD 91-05                | \$583,000                | JAN 1               | 4.50 %                        |   |
| 5/26/1978            | RD 91-01                | \$ 121,000               | Dec 1               | 5.00 %                        |   |
| 4/2/1998             | RD 91-04                | \$ 704,000               | Dec 1               | 5.125 %                       |   |
| 6/27/2001            | KRW Series 2001A        | \$ 309,000               | Jan 1               | 5.099 %                       |   |
| <b>TOTAL</b>         |                         |                          |                     |                               | <b>\$ 30,584</b>                            |

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

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

| <u>Date of Issue</u> | <u>Bond/Note Holder</u> | <u>Payment Year 2008</u> |                         | <u>Payment Year 2009</u> |                         | <u>Payment Year 2010</u> |                         |
|----------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|-------------------------|
|                      |                         | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>Interest Payment</u> | <u>Principal Payment</u> | <u>Interest Payment</u> |
| 1/29/2005            | RD 91-05                | \$7000                   | \$26,235                | \$7000                   | \$25,920                | \$7000                   | \$25,605                |
| 5/26/1978            | RD 91-01                | \$10,000                 | \$6050                  | \$10,000                 | \$5550                  | \$11,000                 | \$5050                  |
| 4/2/1998             | RD 91-04                | \$7500                   | \$36,080                | \$7500                   | \$35,696                | \$8500                   | \$35,311                |
| 6/27/2001            | KRW SERIES              | \$12,000                 | \$16,051                | \$12,000                 | \$15,493                | \$12,000                 | \$14,905                |

V. EXISTING SHORT-TERM INDEBTEDNESS

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

| <u>Lendor or Lessor</u> | <u>Date of Issue (Month &amp; Year)</u> | <u>Principal Balance</u> | <u>Purpose (Water and/or Sewer)</u> | <u>Payment Date</u> | <u>Principal &amp; Interest Payment (P&amp;I)</u> | <u>Date to Be Paid In Full</u> |
|-------------------------|---|--------------------------|-------------------------------------|---------------------|---|--------------------------------|
| KACO                    | APR 1997                                | 65,000                   | STORAGE                             | DEC 31              | \$9171  | 2017                           |

VI. LAND AND RIGHTS - EXISTING SYSTEM(S)

Number of Treatment Plant Sites: Water - 0

Number of Storage Tank Sites: Water - 7 (4 in use)

Number of Pump Stations: Water - 1

Total Acreage: Estimated Water - ~ 2

Purchase Price: Estimated Water \$ 3000

VII. NUMBER OF EXISTING WATER USERS

|                               |                            |
|-------------------------------|----------------------------|
| Residential (In Town)*        |                            |
| Residential (Out of Town)*    | 2070                       |
| Non-Residential (In Town)     |                            |
| Non-Residential (Out of Town) | <u>3</u>                   |
| Total                         | Average per month for 2007 |
|                               | 2073                       |

Number of Total Potential Users Living in the Service Area 2080

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

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

|                   |                             |                             |
|-------------------|-----------------------------|-----------------------------|
| <u>Meter Size</u> | <u>Water Connection Fee</u> | <u>Sewer Connection Fee</u> |
| 5/8" x 3/4"       | \$ 850                      |                             |
| 1 - Inch          | Estimated Cost Plus         |                             |

IX SEWER RATES (EXISTING SYSTEM) **NOT APPLICABLE**

Percentage of water bill \_\_\_%. Minimum Charge \$\_\_\_\_\_.

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

Date this rate went into effect:

X WATER RATES EXISTING SYSTEM

| Existing Rate Schedule:              | <u>Gallons</u>          | <u>Rate per 1,000</u> |
|--------------------------------------|-------------------------|-----------------------|
|                                      | <u>Gallons</u>          |                       |
| 5/8 - 3/4 inch meter<br>Minimum Bill | First 2,000 gallons     | \$20.12               |
|                                      | Next 3,000              | \$8.71                |
|                                      | Next 10,000             | \$8.21                |
|                                      | Over 15,000             | \$7.11                |
| High School - Min. Bill              | First 125,000 gallons   | \$910.45              |
|                                      | Over 125,000            | \$7.11                |
| Griffin Industries - Min. Bill       | First 400,000 gallons   | \$2884.80             |
|                                      | Over 400,000            | \$7.11                |
| City of Butler - Min. Bill           | First 1,672,917 gallons | \$5704.65             |
|                                      | Over 1,672,917          | \$3.41                |

Date This Rate Went Into Effect MARCH 15, 2008

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

**XI. ANALYSIS OF ACTUAL SEWER USAGE - EXISTING SYSTEM**

**NOT APPLICABLE**

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

XII. ANALYSIS OF ACTUAL WATER USAGE - EXISTING SYSTEM

05/13/09

| MONTHLY WATER USAGE   | Residential                  |                     |                            | Commercial                   |                     |                            |
|-----------------------|------------------------------|---------------------|----------------------------|------------------------------|---------------------|----------------------------|
|                       | Monthly Average Use in Gals. | No. of Annual Bills | Annual Usage In 1000 Gals. | Monthly Average Use in Gals. | No. of Annual Bills | Annual Usage In 1000 Gals. |
| 0 - 2,000 Gals.       | 1,090                        | 5,214               | 5,683                      | 710                          | 573                 | 407                        |
| 2,001 - 5,000 Gals.   | 3,460                        | 11,240              | 38,883                     | 3,270                        | 328                 | 1,074                      |
| 5,001 - 15,000 Gals.  | 7,340                        | 6,800               | 49,880                     | 7,780                        | 195                 | 1,517                      |
| OVER 15,000 Gals.     | 24,190                       | 389                 | 9,408                      | 53,550                       | 100                 | 5,355                      |
|                       |                              |                     |                            |                              |                     |                            |
|                       | <i>Subtotal</i>              |                     | 23,643                     | 103,853                      | 1196                | 8,352                      |
| Average Monthly       |                              |                     | 1970                       |                              | 100                 |                            |
| Average Monthly Usage |                              |                     | 4,393                      |                              |                     | 6,983                      |

**SPECIAL USERS**

|                    |                 |  |   |   |    |        |
|--------------------|-----------------|--|---|---|----|--------|
| HIGH SCHOOL        | 138,000         |  |   |   | 12 | 1,656  |
| GRIFFIN INDUSTRIES | 560,000         |  |   |   | 12 | 6,720  |
| CITY OF BUTLER     | 2,523,583       |  |   |   | 12 | 30,283 |
|                    |                 |  |   |   |    |        |
|                    | <i>Subtotal</i> |  | 0 | - | 36 | 38,659 |

*Subtotal*      0                      0                      0                      -

*Subtotal*      0                      0                      0                      -

**Totals**                      23,643                      103,853                      1,232                      47,011

TOTAL USAGE IN THOUSANDS OF GALLONS == 150,864

May 7, 2009      Rounded - Close to Stickman Report.  
 May 13, 2009      Separate the commercial users.



XIII. FACILITY CHARACTERISTICS OF PROPOSED SEWER SYSTEM

A. Sewage Treatment: **NOT APPLICABLE**

1. Type:

2. Method of Sludge Disposal:

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

B. Treatment Capacity of Sewage Treatment Plant:

C. Type of Sewage Collector System (Describe):

D. Number and Capacity of Sewage Lift Stations:

E. Sewage Collection System:

Lineal Feet of Collector Lines, by size: 6" \_\_\_\_\_ 8" \_\_\_\_\_  
10" \_\_\_\_\_ 12" \_\_\_\_\_ Larger \_\_\_\_\_

XIV. LAND AND RIGHTS - PROPOSED SEWER SYSTEM

Number of Treatment Plant Sites **NOT APPLICABLE**

Number of Pump Stations

Number of Other Sites

Total Acreage

Purchase Price

XV. FACILITY CHARACTERISTICS OF PROPOSED 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.

Install water mains along Fishing Creek and Center Ridge Roads to serve residential customers.

B. Water Storage:

Type:

Number of Storage Structures

Total Storage Volume Capacity

C. Water Distribution System: -

Pipe Material                      PVC and Ductile Iron

Lineal Feet of Pipe: 3"      4"- 8,720 L.F.  
6" - 20,610 L.F.      8"      10"                      12"

Number and Capacity of Pump Station(s)      - 0

XVI. LAND AND RIGHTS - PROPOSED WATER SYSTEM

Number of Treatment Plant Sites                      0

Number of Pump Sites                                      0

Number of Other Sites                                      0

Total Acreage

Purchase Price    0

**XVII. NUMBER OF NEW SEWER USERS**

*Residential (In Town)\** **NOT APPLICABLE**

*Residential (Out of Town)\**

*Non-Residential (In Town)*

*Non-Residential (Out of Town)*

*Total*

*Number of Total Potential Users Living in the Service Area*

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

**XVIII. PROPOSED SEWER CONNECTION FEES FOR EACH SIZE METER CONNECTION**

| <u>Meter Size</u> | <u>Connection Fee</u> |
|-------------------|-----------------------|
| 5/8" x 3/4"       | <b>NOT APPLICABLE</b> |
| 1 - Inch          |                       |
| 1- 1/2 - Inch     |                       |
| 2 - Inch          |                       |
| 3 - Inch          |                       |
| 4 - Inch          |                       |
| 5 - Inch          |                       |
| 6 - Inch          |                       |

XIX. NUMBER OF NEW WATER USERS

Residential (In Town)\*

Residential (Out of Town)\* 60

Non-Residential (In Town)

Non-Residential (Out of Town)

Total (60% of potential for estimate) 60

Number of Total Potential Users Living in the Service Area 60

\* 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 METER CONNECTION

| <u>Meter Size</u> | <u>Connection Fee</u>    |
|-------------------|--------------------------|
| 5/8" x 3/4"       | \$ 850.00                |
| 1 - Inch          | Cost Plus for All Others |
| 1 1/2 - Inch      |                          |
| 2 - Inch          |                          |
| 3 - Inch          |                          |
| 4 - Inch          |                          |
| 5 - Inch          |                          |
| 6 - Inch          |                          |

XXI. SEWER RATES - PROPOSED

**NOT APPLICABLE**

A. Proposed Rate Schedule without RUS Grant:

Percentage of water bill \_\_\_\_%. Minimum Charge \_\_\_\_\_.

Other (If charge not based on water bill)

Proposed Rate Schedule: (Without RUS Grant)

|          |       |              |          |                      |
|----------|-------|--------------|----------|----------------------|
| First    | _____ | Gallons<br>@ | \$ _____ | Minimum              |
| Next     | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |
| Next     | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |
| All Over | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |

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

B. Recommended Rate Schedule with RUS Grant:

Percentage of water bill \_\_\_\_%. Minimum Charge \_\_\_\_\_.

Other (If charge not based on water bill)

Proposed Rate Schedule: (Without RUS Grant)

|          |        |       |              |          |                      |
|----------|--------|-------|--------------|----------|----------------------|
| First    | 2,000  | _____ | Gallons<br>@ | \$ _____ | Minimum              |
| Next     | 3,000  | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |
| Next     | 10,000 | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |
| All Over | 15,000 | _____ | Gallons<br>@ | \$ _____ | per 1,000<br>Gallons |

If more than one rate, use additional sheets.

XXII. WATER RATES - PROPOSED

MAINTAIN CURRENT RATES

|    |                          |             |    |                |
|----|--------------------------|-------------|----|----------------|
| A. | Proposed Rate Schedule : | RUS GRANT = | \$ | <b>55,000</b>  |
|    | <u>NO CHANGES</u>        | RUS LOAN =  | \$ | <b>220,000</b> |

1. Proposed Monthly Rate Schedule - Meters 5/8" x 3/4" Meter EFFECTIVE MARCH 15, 2008

|                                 |    |              |                  |
|---------------------------------|----|--------------|------------------|
| MINIMUM BILL - FIRST 2000 GALS. | \$ | <b>20.12</b> | Minimum Bill     |
| NEXT 2,000 to 5,000 GALS.       | \$ | <b>8.71</b>  | per 1000 Gallons |
| NEXT 5,000 to 15,000 GALS.      | \$ | <b>8.21</b>  | per 1000 Gallons |
| OVER 15,000 GALS                | \$ | <b>7.11</b>  | per 1000 Gallons |

SPECIAL USERS

2. HIGH SCHOOL

|                                    |    |               |                  |
|------------------------------------|----|---------------|------------------|
| MINIMUM BILL - FIRST 125,000 GALS. | \$ | <b>910.45</b> | Minimum Bill     |
| OVER 125,000 GALS.                 | \$ | <b>7.11</b>   | per 1000 Gallons |

3. GRIFFIN INDUSTRIES

|                                    |    |                 |                  |
|------------------------------------|----|-----------------|------------------|
| MINIMUM BILL - FIRST 400,000 GALS. | \$ | <b>2,884.80</b> | Minimum Bill     |
| OVER 400,000 GALS.                 | \$ | <b>7.11</b>     | per 1000 Gallons |

4. CITY OF BUTLER

|                                      |    |                 |                  |
|--------------------------------------|----|-----------------|------------------|
| MINIMUM BILL - FIRST 1,672,917 GALS. | \$ | <b>5,704.65</b> | Minimum Bill     |
| OVER 1,672,917 GALS.                 | \$ | <b>3.41</b>     | per 1000 Gallons |

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

**NOT APPLICABLE**

| MONTHLY SEWER USAGE    | Average | Residential  |              |             | Commercial |              |             |        |
|------------------------|---------|--------------|--------------|-------------|------------|--------------|-------------|--------|
|                        |         | Average Rate | No. of Users | Usage 1,000 | Income     | No. of Users | Usage 1,000 | Income |
| <i>5/8 x 3/4 meter</i> |         |              |              |             |            |              |             |        |
| 0 - 1,000 Gal.         | 1,000   |              | 0            | 0           | 0          | 0            | 0           |        |
| 1,000 - 2,000 Gal.     | 1,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 2,000 - 3,000 Gal.     | 2,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 3,000 - 4,000 Gal.     | 3,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 4,000 - 5,000 Gal.     | 4,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 5,000 - 6,000 Gal.     | 5,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 6,000 - 7,000 Gal.     | 6,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 7,000 - 8,000 Gal.     | 7,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 8,000 - 9,000 Gal.     | 8,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 9,000 - 10,000 Gal.    | 9,500   |              | 0            | 0           | 0          | 0            | 0           |        |
| 10,000 - 11,000 Gal.   | 10,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 11,000 - 12,000 Gal.   | 11,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 12,000 - 13,000 Gal.   | 12,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 13,000 - 14,000 Gal.   | 13,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 14,000 - 15,000 Gal.   | 14,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 15,000 - 16,000 Gal.   | 15,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 16,000 - 17,000 Gal.   | 16,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 17,000 - 18,000 Gal.   | 17,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 18,000 - 19,000 Gal.   | 18,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 19,000 - 20,000 Gal.   | 19,500  |              | 0            | 0           | 0          | 0            | 0           |        |
| 20,000 - 25,000 Gal.   |         |              | 0            | 0           | 0          | 0            | 0           |        |
| Sub-Total              |         |              | 0            | 0           | \$0        | 0            | 0           | \$0    |
| Average Monthly Rate   |         |              |              |             |            |              |             |        |
| Average Monthly Usage  |         |              |              |             |            |              |             |        |
| <i>1 inch meter</i>    |         |              |              |             |            |              |             |        |
|                        |         |              | 0            | 0           |            | 0            | 0           |        |
|                        |         |              | 0            | 0           |            | 0            | 0           |        |
| Subtotal               |         |              | 0            | -           | \$ -       | 0            | -           | \$ -   |
| <i>2 inch meter</i>    |         |              |              |             |            |              |             |        |
|                        |         |              | 0            | 0           | 0          | 0            | 0           |        |
|                        |         |              | 0            | 0           | 0          | 0            | 0           |        |
| Subtotal               |         |              | 0            | 0           | 0          | 0            | -           | \$ -   |
| <i>3 inch meter</i>    |         |              |              |             |            |              |             |        |
|                        |         |              | 0            | 0           | 0          | 0            | 0           |        |
|                        |         |              | 0            | 0           | 0          | 0            | -           | \$ -   |
| Subtotal               |         |              | 0            | 0           | 0          | 0            | -           | \$ -   |
| <b>Totals</b>          |         |              | -            | -           | -          | -            | -           | -      |
| <b>Annual Total:</b>   |         |              |              |             | \$ -       |              |             | \$ -   |

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

NOT APPLICABLE

| MONTHLY SEWER USAGE    | Average | Average Rate | Residential  |             |        | Commercial   |             |        |
|------------------------|---------|--------------|--------------|-------------|--------|--------------|-------------|--------|
|                        |         |              | No. of Users | Usage 1,000 | Income | No. of Users | Usage 1,000 | Income |
| <i>5/8 x 3/4 meter</i> |         |              |              |             |        |              |             |        |
| 0 - 1,000 Gal.         | 1,000   |              |              | 0           | 0      |              | 0           | 0      |
| 1,000 - 2,000 Gal.     | 1,500   |              |              | 0           | 0      |              | 0           | 0      |
| 2,000 - 3,000 Gal.     | 2,500   |              |              | 0           | 0      |              | 0           | 0      |
| 3,000 - 4,000 Gal.     | 3,500   |              |              | 0           | 0      |              | 0           | 0      |
| 4,000 - 5,000 Gal.     | 4,500   |              |              | 0           | 0      |              | 0           | 0      |
| 5,000 - 6,000 Gal.     | 5,500   |              |              | 0           | 0      |              | 0           | 0      |
| 6,000 - 7,000 Gal.     | 6,500   |              |              | 0           | 0      |              | 0           | 0      |
| 7,000 - 8,000 Gal.     | 7,500   |              |              | 0           | 0      |              | 0           | 0      |
| 8,000 - 9,000 Gal.     | 8,500   |              |              | 0           | 0      |              | 0           | 0      |
| 9,000 - 10,000 Gal.    | 9,500   |              |              | 0           | 0      |              | 0           | 0      |
| 10,000 - 11,000 Gal.   | 10,500  |              |              | 0           | 0      |              | 0           | 0      |
| 11,000 - 12,000 Gal.   | 11,500  |              |              | 0           | 0      |              | 0           | 0      |
| 12,000 - 13,000 Gal.   | 12,500  |              |              | 0           | 0      |              | 0           | 0      |
| 13,000 - 14,000 Gal.   | 13,500  |              |              | 0           | 0      |              | 0           | 0      |
| 14,000 - 15,000 Gal.   | 14,500  |              |              | 0           | 0      |              | 0           | 0      |
| 15,000 - 16,000 Gal.   | 15,500  |              |              | 0           | 0      |              | 0           | 0      |
| 16,000 - 17,000 Gal.   | 16,500  |              |              | 0           | 0      |              | 0           | 0      |
| 17,000 - 18,000 Gal.   | 17,500  |              |              | 0           | 0      |              | 0           | 0      |
| 18,000 - 19,000 Gal.   | 18,500  |              |              | 0           | 0      |              | 0           | 0      |
| 19,000 - 20,000 Gal.   | 19,500  |              |              | 0           | 0      |              | 0           | 0      |
| 20,000 - 25,000 Gal.   |         |              |              | 0           | 0      |              | 0           | 0      |
| Sub-Total              |         |              | 0            | 0           | \$0    | 0            | 0           | \$0    |
| Average Monthly Rate   |         |              |              |             |        |              |             |        |
| Average Monthly Usage  |         |              |              |             |        |              |             |        |
| <i>1 inch meter</i>    |         |              |              |             |        |              |             |        |
|                        |         |              |              | 0           | 0      |              | 0           | 0      |
|                        |         |              |              | 0           | 0      |              | 0           | 0      |
| Subtotal               |         |              | 0            | -           | \$ -   | 0            | -           | \$ -   |
| <i>2 inch meter</i>    |         |              |              |             |        |              |             |        |
|                        |         |              | 0            | 0           | 0      | 0            | 0           | 0      |
|                        |         |              | 0            | 0           | 0      | 0            | 0           | 0      |
| Subtotal               |         |              | 0            | 0           | 0      | 0            | -           | \$ -   |
| <i>3 inch meter</i>    |         |              |              |             |        |              |             |        |
|                        |         |              | 0            | 0           | 0      | 0            | 0           | 0      |
| Subtotal               |         |              | 0            | 0           | 0      | 0            | -           | \$ -   |
| <b>Totals</b>          |         |              | -            | -           | -      | -            | -           | -      |
| <b>Annual Total:</b>   |         |              |              |             | \$ -   | \$ -         |             |        |



XXV. FORECAST OF WATER - INCOME - EXISTING SYSTEM

MAINTAIN CURRENT RATES EFFECTIVE MARCH 15, 2008

May 13, 2009

| MONTHLY WATER USAGE                 | Residential |           |          |         |                      | Commercial |           |          |       |           |           |
|-------------------------------------|-------------|-----------|----------|---------|----------------------|------------|-----------|----------|-------|-----------|-----------|
|                                     | Average     | No of     | Usage In | Income  | Average              | No of      | Usage In  | Income   |       |           |           |
|                                     | Monthly     | Annual    | 1000     |         | Monthly              | Annual     | 1000      |          |       |           |           |
| Average Mo.<br>Gals.                | Rate        | Bills     | Gals.    |         | Average Mo.<br>Gals. | Rate       | Bills     | Gals.    |       |           |           |
| <i>5/8 x 3/4 meter</i>              |             |           |          |         |                      |            |           |          |       |           |           |
| 0 - 2,000 Gals.                     | 1,052       | \$ 20.12  | 5,214    | 5,683   | \$ 104,906           | 710        | \$ 20.12  | 573      | 407   | \$ 11,529 |           |
| 2,001 - 5,000 Gals.                 | 3,454       | \$ 32.78  | 11,240   | 38,883  | \$ 368,502           | 3,270      | \$ 31.18  | 328      | 1,074 | \$ 10,753 |           |
| 5,001 - 15,000 Gals.                | 7,348       | \$ 65.52  | 6,800    | 49,880  | \$ 445,562           | 7,780      | \$ 69.07  | 195      | 1,517 | \$ 12,777 |           |
| OVER 15,000 Gals.                   | 30,189      | \$ 236.35 | 389      | 9,408   | \$ 91,939            | 53,550     | \$ 402.44 | 100      | 5,355 | \$ 23,635 |           |
| Average users/month for 2007 = 2070 |             |           |          |         |                      |            |           |          |       |           |           |
| Sub-Total                           |             |           | 23,643   | 103,853 | \$ 1,010,909         |            |           |          | 1196  | 8,352     | \$ 58,694 |
| Average Monthly Rate Per Bill       |             | \$ 42.76  |          |         |                      |            |           | \$ 49.08 |       |           |           |
| Average Monthly Usage/Cust          |             | 4,393     |          |         |                      |            |           | 6,983    |       |           |           |

SPECIAL USERS

|                                  |           |             |   |   |      |  |  |    |        |            |            |
|----------------------------------|-----------|-------------|---|---|------|--|--|----|--------|------------|------------|
| HIGH SCHOOL                      | 138,000   | \$ 1,002.88 |   |   |      |  |  | 12 | 1,656  | \$ 12,035  |            |
| GRIFFIN INDUSTRIES               | 560,000   | \$ 4,022.40 |   |   |      |  |  | 12 | 6,720  | \$ 48,269  |            |
| CITY OF BUTLER                   | 2,523,583 | \$ 8,605.42 |   |   |      |  |  | 12 | 30,283 | \$ 103,265 |            |
| Average users/month for 2007 = 3 |           |             |   |   |      |  |  |    |        |            |            |
| Subtotal                         |           |             | 0 | - | \$ - |  |  |    | 36     | 38,659     | \$ 163,568 |

|               |               |                |                     |              |               |                   |
|---------------|---------------|----------------|---------------------|--------------|---------------|-------------------|
| <b>Totals</b> | <b>23,643</b> | <b>103,853</b> | <b>\$ 1,010,909</b> | <b>1,232</b> | <b>47,011</b> | <b>\$ 222,262</b> |
|---------------|---------------|----------------|---------------------|--------------|---------------|-------------------|

ANNUAL TOTAL REVENUE FOR BOTH RESIDENTIAL, INDUSTRIAL AND COMMERCIAL :

\$1,233,171

May 4, 2009 Revised rates for Griffin Industries and City of Butler and the resulting revenue.  
 May 7, 2009 Revised column totals for Special Users  
 May 13, 2009 Separate the commercial users.

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

MAINTAIN CURRENT RATES  
May 7, 2009

| <u>MONTHLY WATER USAGE</u>  | Residential        |       |          |              |            | Commercial    |              |            |               |
|-----------------------------|--------------------|-------|----------|--------------|------------|---------------|--------------|------------|---------------|
|                             | <u>Average Mo.</u> |       | Average  | No. of       | Usage In   | Annual        | No. of       | Usage In   | Annual        |
|                             | Usage              | Cust. | Rate     | Annual Bills | 1000 Gals. | Annual Income | Annual Bills | 1000 Gals. | Annual Income |
| 5/8 x 3/4 meter             |                    |       |          |              |            |               |              |            |               |
| 0 - 2,000 Gals.             | 1,052              | 18    | \$ 20.12 | 216          | 227        | \$ 4,346      |              | 0          | \$ -          |
| 2,001 - 5,000 Gals.         | 3,454              | 18    | \$ 32.78 | 216          | 746        | \$ 7,081      |              | 0          | \$ -          |
| 5,001 - 15,000 Gals.        | 7,348              |       | \$ 65.52 | -            | -          | \$ -          |              | 0          | \$ -          |
| OVER 15,000 Gals.           |                    |       |          | -            |            | \$ -          |              | 0          | \$ -          |
| Sub-Total                   |                    | 36    |          | 432          | 973        | \$11,427      | 0            | 0          | \$0           |
| Average Monthly Rate        |                    |       | \$ 26.26 |              |            |               |              |            |               |
| Average Monthly Usage/Cust. |                    |       |          | 2,253        | \$ 26.45   |               |              |            |               |

**SPECIAL USERS**

|               |  |  |  |            |            |                 |          |          |             |
|---------------|--|--|--|------------|------------|-----------------|----------|----------|-------------|
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
|               |  |  |  |            |            |                 |          |          | \$ -        |
| Subtotal      |  |  |  | 0          | -          | \$ -            | 0        | -        | \$ -        |
| Subtotal      |  |  |  | 0          | 0          | \$ -            | 0        | 0        | \$ -        |
| Subtotal      |  |  |  | 0          | 0          | \$ -            | 0        | 0        | \$ -        |
| <b>Totals</b> |  |  |  | <b>432</b> | <b>973</b> | <b>\$11,427</b> | <b>-</b> | <b>-</b> | <b>\$ -</b> |

**ANNUAL TOTAL REVENUE FOR BOTH RESIDENTIAL AND COMMERCIAL :**

**\$ 11,427**

**XXVII. CURRENT OPERATING BUDGET - (SEWER SYSTEM)**  
*(As of the last full operating year)*

*Year Ending*

**NOT APPLICABLE**

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

*Year Ending*

**NOT APPLICABLE**

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

*Year Ending*

**NOT APPLICABLE**

SECTIONS XXVII, XXVIII, XXIX INTENTIONALLY OMITTED

**XXX. CURRENT OPERATING BUDGET - (WATER SYSTEM)**

(As of the last full operating year) Year Ending December 31, 2007

May 13, 2009

Rates of March 15, 2008 - CURRENT

**A. Operating Income:**

|   |                                 |    |           |              |
|---|---------------------------------|----|-----------|--------------|
| Water Sales                                 | 2007 Using 2008 Rates Table XXV | \$ | 1,233,171 |              |
| Disconnect/Reconnect/Late Charge Fees/Other | Audit Pg. 5                     | \$ | 19,398    |              |
| Other (Describe)                            | Audit Pg. 5                     | \$ | 25,627    |              |
|   | Less Allowances and Deductions  |    |           |              |
| Total Operating Income                      |                                 |    |           | \$ 1,278,196 |

**B. Operation and Maintenance Expenses:**

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

|  |  |    |         |  |
|--|--|----|---------|--|
| 1 Source of Supply Expense               |  | \$ | 461,951 |  |
| 2 Water Treatment Expense                |  |    |         |  |
| 3 Transmission and Distribution Expense  |  | \$ | 187,107 |  |
| 4 Customer Accounts Expense              |  | \$ | 114,332 |  |
| 5 Administrative and General Expense     |  | \$ | 135,637 |  |
| 6 Other                                  |  |    |         |  |
| Total Operation and Maintenance Expenses |  | \$ | 899,027 |  |

Other Expenses (Not including Depreciation):

|                    |    |        |    |            |
|--------------------|----|--------|----|------------|
| Taxes              | \$ | 21,000 |    |            |
| Amortization       |    |        |    |            |
|                    |    |        | \$ | 21,000     |
| OPERATING EXPENSES |    |        |    | \$ 920,027 |

NET Operating Income \$ 358,169

**C. Non-Operating Income:**

|                            |    |        |    |        |
|----------------------------|----|--------|----|--------|
| Interest on Deposits       | \$ | 43,090 |    |        |
| Other (Identify)           | \$ | -      |    |        |
| Total Non-Operating Income |    |        | \$ | 43,090 |

**D. Income Available to Service Debt**

\$ 401,259

**E. Debt Repayment:**

|                       |              |      |    |        |
|-----------------------|--------------|------|----|--------|
| RD RUS Interest       | 91-01        | 1977 | \$ | 6,500  |
| RD RUS Principal      | 91-01        | 1977 | \$ | 9,000  |
| RD RUS Interest       | 91-04        | 1997 | \$ | 36,413 |
| RD RUS Principal      | 91-04        | 1997 | \$ | 6,500  |
| RD INTEREST           | 91-05        | 2004 | \$ | 26,550 |
| RD PRINCIPAL          | 91-05        | 2004 | \$ | 7,000  |
| KRW Finance Interest  | SERIES 2001A |      | \$ | 16,585 |
| KRW Finance Principal | SERIES 2001A |      | \$ | 11,000 |

|                      |    |         |  |  |
|----------------------|----|---------|--|--|
| OTHER - PER AUDIT    | \$ | 6,117   |  |  |
| Total Debt Repayment | \$ | 125,665 |  |  |

**F. Balance Available for Coverage**

\$ 275,594

Less: 10% Coverage \$ (12,600)

\$ 262,994

Less: Depreciation \$ (295,091)

BALANCE \$ (32,097)

**XXXI. PROPOSED OPERATING BUDGET - EXISTING AND NEW SYSTEMS**

INFLATION RATE 1.05 Rates of March 15, 2008 - CURRENT

May 13, 2009

A. Operating Income: PROJECTED FOR 2010

|   |                              |              |
|---|------------------------------|--------------|
| Water Sales                                 | 2007*Inflation+new extension | \$ 1,306,257 |
| Disconnect/Reconnect/Late Charge Fees/Other |                              | \$ 29,000    |
| Other (Describe) Tap Fees & Misc            | 20 @ \$850 =                 | \$ 17,000    |

|                                |  |              |
|--------------------------------|--|--------------|
| Less Allowances and Deductions |  |              |
| Total Operating Income         |  | \$ 1,352,257 |

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

|  |            |
|--|------------|
| 1 Source of Supply Expense               | \$ 485,049 |
| 2 Water Treatment Expense                | \$ -       |
| 3 Transmission and Distribution Expense  | \$ 196,462 |
| 4 Customer Accounts Expense              | \$ 120,049 |
| 5 Administrative and General Expense     | \$ 142,419 |
| 6 Other                                  |            |
| Total Operation and Maintenance Expenses | \$ 943,978 |

Other Expenses (Not including Depreciation):

|              |      |
|--------------|------|
| Taxes        |      |
| Amortization |      |
|              | \$ - |

|                    |            |
|--------------------|------------|
| OPERATING EXPENSES | \$ 943,978 |
|--------------------|------------|

|                      |            |
|----------------------|------------|
| NET Operating Income | \$ 408,279 |
|----------------------|------------|

C. Non-Operating Income:

|                            |          |
|----------------------------|----------|
| Interest on Deposits       | \$ 7,000 |
| Other (Identify)           |          |
| Total Non-Operating Income | \$ 7,000 |

D. Income Available to Service Debt \$ 415,279

E. Debt Repayment:

|                       |              |      |            |
|-----------------------|--------------|------|------------|
| RD RUS Interest       | 91-01        | 1977 | \$ 5,050   |
| RD RUS Principal      | 91-01        | 1977 | \$ 11,000  |
| RD RUS Interest       | 91-04        | 1997 | \$ 35,311  |
| RD RUS Principal      | 91-04        | 1997 | \$ 8,500   |
| RD INTEREST           | 91-05        | 2004 | \$ 25,605  |
| RD PRINCIPAL          | 91-05        | 2004 | \$ 7,000   |
| KRW Finance Interest  | SERIES 2001A |      | \$ 14,905  |
| KRW Finance Principal | SERIES 2001A |      | \$ 12,000  |
| RD NEW LOAN Interest  |              |      | \$ 7,975   |
| RD NEW LOAN Principal |              |      |            |
| OTHER -               |              |      | \$ 7,000   |
| Total Debt Repayment  |              |      | \$ 134,346 |

|                                   |              |
|-----------------------------------|--------------|
| F. Balance Available for Coverage | \$ 280,933   |
| Less: 10% Coverage                | \$ (28,100)  |
|                                   | \$ 252,833   |
| Less: Depreciation                | \$ (300,000) |
|                                   | \$ (47,167)  |

**XXXII. PROPOSED OPERATING BUDGET - (WATER SYSTEM) - NEW USERS**  
**EXTENSION ONLY (1st Full Year of Operation)      Year Ending 2004**

**FORM XXXII NOT USED**

**XXXIII. ESTIMATED PROJECT COST -SEWER**

**NOT APPLICABLE**

**XXXIV. PROPOSED PROJECT FUNDING - SEWER**

**NOT APPLICABLE**

SECTIONS XXXII, XXXIII, XXXIV INTENTIONALLY OMITTED

**XXXV. DEVELOPMENT AND CONSTRUCTION COST ESTIMATE**

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|    |  |            |        |    |                |
|----|--|------------|--------|----|----------------|
| 1  | CONSTRUCTION COST ESTIMATE - WATER MAINS   |            |        | \$ | 407,585        |
| 2  | CONTINGENCY ~ 10%                          |            |        | \$ | 42,415         |
| 3  | ACQUISITION, LEGAL, EASEMENTS, ROW         |            |        | \$ | 8,000          |
| 4  | BOND ATTORNEY                              |            |        | \$ | 9,000          |
| 5  | PRE-ENGINEERING/FUNDING ASSISTANCE         |            |        | \$ | 15,000         |
| 6  | ENGINEERING DESIGN AND CONSTRUCTION ADMIN. | RD         | 10.66% | \$ | 43,710         |
| 7  | RESIDENT REPRESENTATIVE                    | RD         | 7.92%  | \$ | 32,470         |
| 8  | PROPERTY SURVEY                            |            |        | \$ | -              |
| 9  | KIA FUND RETAINER                          | \$ 225,000 | 0.50%  | \$ | 1,100          |
| 10 | INTERIM FINANCING                          |            |        | \$ | 6,220          |
|    | PRELIMINARY OPINION OF PROJECT COSTS       |            |        | \$ | <u>565,500</u> |

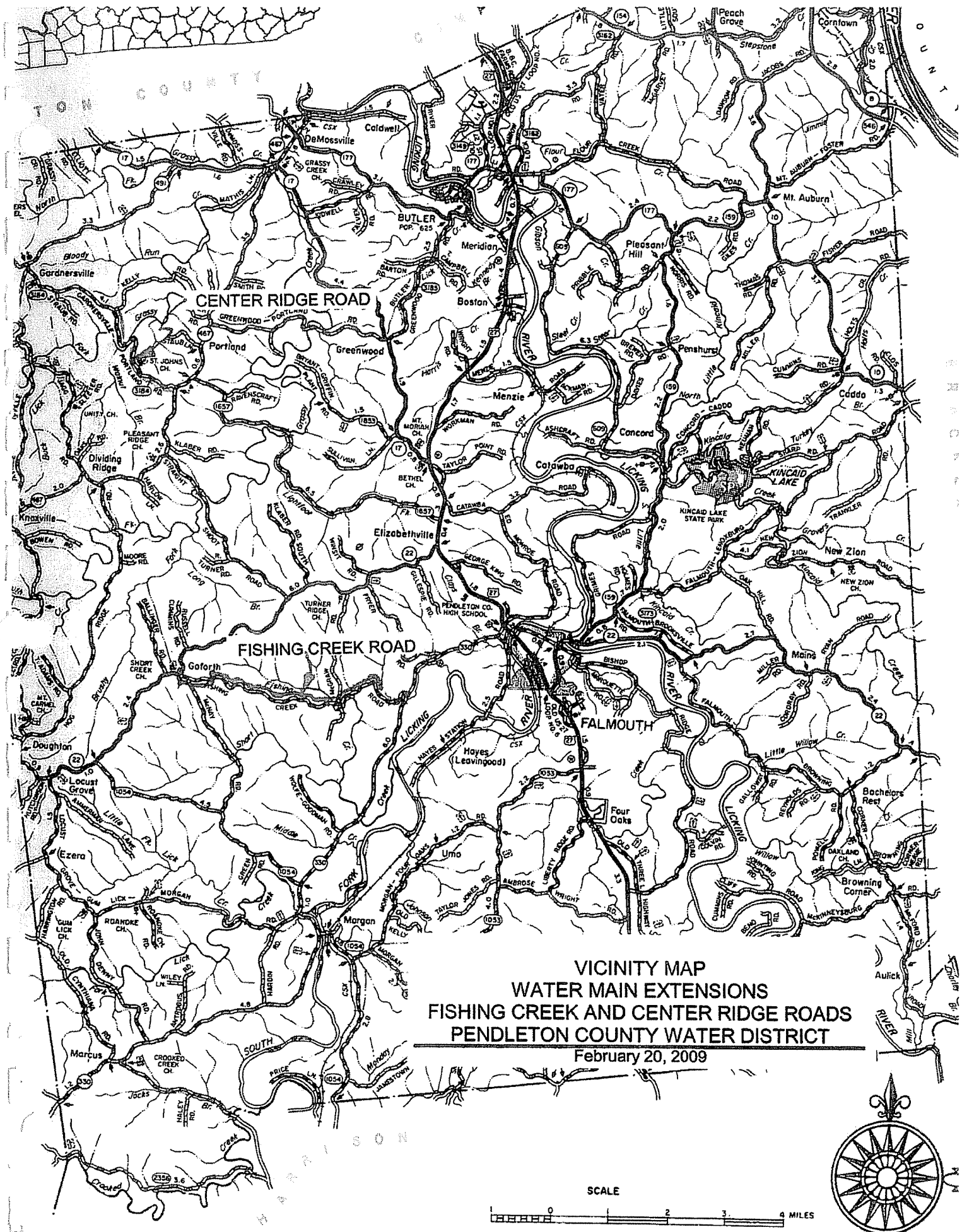
**XXXVI. PROJECT FUNDING**

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|   |                         |    |        |    |                |
|---|-------------------------|----|--------|----|----------------|
| 1 | STATE GOVERNMENT        |    |        | \$ | 225,000        |
| 2 | PCWD TAP ON FEES        | 36 | \$ 850 | \$ | 30,600         |
| 3 | PCWD CONTRIBUTION       |    |        | \$ | 34,900         |
| 4 | RURAL DEVELOPMENT LOAN  |    |        | \$ | 220,000        |
| 5 | RURAL DEVELOPMENT GRANT |    |        | \$ | 55,000         |
| 6 | OTHER                   |    |        | \$ |                |
|   |                         |    |        | \$ | <u>565,500</u> |

APPENDIX A  
PROJECT MAPS

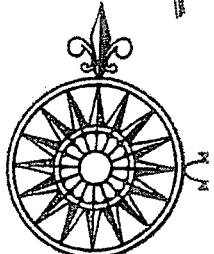
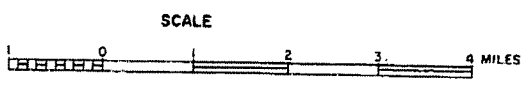




CENTER RIDGE ROAD

FISHING CREEK ROAD

VICINITY MAP  
 WATER MAIN EXTENSIONS  
 FISHING CREEK AND CENTER RIDGE ROADS  
 PENDLETON COUNTY WATER DISTRICT  
 February 20, 2009



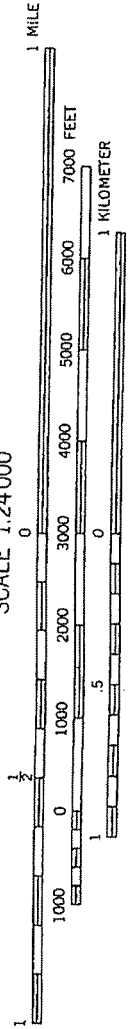
GOFORTH, KY.  
NW¼ FALMOUTH 15' QUADRANGLE  
38084-F4-TF-024

1953  
PHOTOREVISED 1987  
DMA 4161 III NW-SERIES V853

FISHING CREEK ROAD  
WATER MAIN EXTENSION  
PENDLETON COUNTY WATER DISTRICT  
February 20, 2009

6" WATER MAIN

SCALE 1:24000



DE MOSSVILLE, KY.  
SW/4 ALEXANDRIA 15' QUADRANGLE  
N3845-W8422.5/7.5

1981

DMA 4161 IV SW-SERIES V853

4" WATER MAIN

4" WATER MAIN

**CENTER RIDGE ROAD  
WATER MAIN EXTENSION  
PENDLETON COUNTY WATER DISTRICT**

February 20, 2009

GOFORTH, KY.

NW/4 FALMOUTH 15' QUADRANGLE  
38084-F4-TF-024

1953

PHOTOREVISED 1987  
DMA 4161 III NW-SERIES V853

SCALE 1:24 000

