

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 10, 2009

RECEIVED

DEC 14 2009

PUBLIC SERVICE
COMMISSION

Mr. Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: Western Rockcastle Water Association, Inc.

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Western Rockcastle Water Association for a Certificate of Public Convenience and Necessity to construct, finance and increase rates pursuant to KRS 278.023.

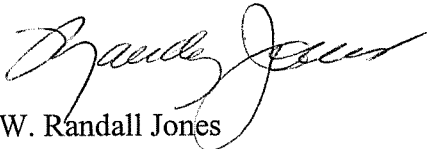
Also enclosed are eleven (11) copies of the exhibits required pursuant to 807 KAR 5.069, with the exception of the Preliminary and Final Engineering Reports, of which two copies are enclosed.

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

Sincerely,

Rubin & Hays

By


W. Randall Jones

WRJ:jkm
Enclosures

cc: Mr. Deron Byrne, PE
Mr. Eddie Hamm, WRWA
Mr. Tom Partin, USDA, Rural Development

RECEIVED
DEC 14 2009
PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**THE APPLICATION OF WESTERN ROCKCASTLE
WATER ASSOCIATION, INC., OF ROCKCASTLE,
LINCOLN, GARRARD AND PULASKI COUNTIES,
KENTUCKY FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO CONSTRUCT,
FINANCE AND INCREASE RATES PURSUANT
TO THE PROVISIONS OF KRS 278.023**)
)
)
)
)
)
)
)

Case No. 2009-
00497

A P P L I C A T I O N

This Application of the Western Rockcastle Water Association, Inc., (the "Applicant") of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, respectfully shows:

1. That the Applicant is a non-profit water association of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, created and existing under and by virtue of Chapter 273 of the Kentucky Revised Statutes. Applicant's Articles of Incorporation are on file with the Public Service Commission in **Case No. 98-099**.

2. That the post office address of the Applicant is:

Western Rockcastle Water Association, Inc.
c/o Mr. Eddie J. Hamm, President
P.O. Box 627
Mt. Vernon, Kentucky 40456

3. That the Applicant, pursuant to the provisions of KRS 278.020 and 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; (ii) approval of the proposed plan of financing said Project; and (iii) an increase in Applicant's rates and charges.

4. That the proposed construction project consists of (i) the replacement of the 20,000 gallon Scaffold Cane ground storage tank with a 50,000 gallon ground storage tank; (ii) the replacement of the 50,000 gallon Brindle Ridge storage tank with a 250,000 gallon ground storage

tank; and (iii) the replacement of approximately 24,000 linear feet of 4-inch water line, 15,000 linear feet of 3-inch water line; and (iv) the installation of a new hydropneumatic booster pump station.

5. That the Applicant proposes to finance the construction of the Project through (i) issuance of a \$575,000 Promissory Note, and (ii) a grant from USDA, Rural Development (“RD”) in the amount of \$365,000. The Applicant has a commitment from RD to purchase said \$575,000 note maturing over a 40-year period, at an interest rate of not exceeding 4.375% per annum, as set out in the RD Letter of Conditions, as amended, 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, as amended.
- B. Copy of RD Letter of Concurrence in Bid Award.
- C. Copy of Preliminary and Final Engineering Reports.
- D. Certified statement from the President 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 proposed rates of Applicant shall produce the total revenue requirements set out in the engineering reports; and
 - (4) Setting out the dates when it is anticipated that construction will begin and end.

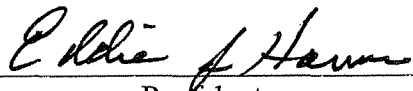
8. That Applicant has arranged for the publication, prior to or at the same time this Application is filed, of a Notice of Proposed Rate Change pursuant to Section 2 of 807 KAR 5:069, in the *Mount Vernon Signal*, *Pulaski News Journal*, *the Garrard Central Record* and *Interior Journal*, which are the newspapers of general circulation in Applicant's service area and in Rockcastle, Pulaski, Garrard and Lincoln Counties, Kentucky. Said Notice sets out the current rates and the proposed rates of Applicant and a short description of the Project. A copy of said Notice is filed herewith as **EXHIBIT D**.

9. That the foregoing constitutes the documents necessary to obtain the approval of the 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.

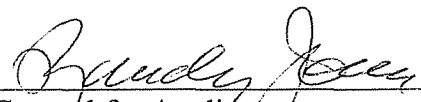
WHEREFORE, the Applicant, the Western Rockcastle Water Association, Inc., asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- 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 a \$575,000 Promissory Note at an interest rate of not exceeding 4.375% per annum; and an RD grant in the amount of \$365,000.
- c. An Order approving the proposed increased rates as set out in Section 27 of the RD Letter of Conditions, as amended, filed herewith as an Exhibit.

Western Rockcastle Water Association, Inc.

By: 
President
Board of Directors

Rubin & Hays

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



United States Department of Agriculture
Rural Development
Kentucky State Office

March 13, 2008

Mr. Eddie J. Hamm, President
Western Rockcastle Water Association, Inc.
P.O. Box 627
Mt. Vernon Kentucky 40456

Dear Mr. Hamm:

This letter establishes conditions that 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 \$575,000 and a RUS grant not to exceed \$365,000.

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) 224-7444 • 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 4,009 water users, of which 4,003 are existing users and 6 are new users. The Area Director will review and authenticate the number of users 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 Association 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 Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Association will be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note 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 SF 5510, "Authorization Agreement for Preauthorized Payments," should be signed by the Association 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 Association will be required to deposit \$265 per month into a "Funded Depreciation Reserve Account" until the account reaches \$31,800. The deposits are to be resumed any time the account falls below the \$31,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Association's prior loan 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 Association also needs to fund an account for short-lived assets by depositing a sum of \$400 monthly into the account. The funds in the short-lived asset account may be used by the Association as needed to replace or add short-lived assets in the Association's water system.

7. Security Requirements:

The loan will be secured by a real estate mortgage, a financing statement, and a pledge of gross water revenue, in the Loan Resolution and Financing Statement.

8. Land Rights and Real Property:

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

10. Business Operations:

The Association 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 Association after review by Rural Development. At no later than loan pre-closing, the Association 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 Association 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 Association 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. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

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

13. 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 Association. The Association should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.
- B. Worker's Compensation - The Association will carry worker's compensation insurance for employees in accordance with applicable state laws.
- C. Fidelity Bond - The Association 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 \$190,000.
- D. Real Property Insurance - The Association 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 Association 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 Association will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

14. 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.

15. 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.

16. 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 Association.

17. Compliance with Special Laws and Regulations:

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

18. System Operator:

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

19. Prior to Pre-Closing the Loan, the Association Will Be Required to Adopt:

- A. Form RD 1942-8, "Resolution of Members or Stockholders."
- B. Form RUS Bulletin 1780-28, "Loan Resolution Security Agreement."
- C. Form RD 400-1, "Equal Opportunity Agreement."
- D. Form RD 400-4, "Assurance Agreement."
- E. Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transaction."
- F. Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts."
- G. RD Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans."
- H. RUS Bulletin 1780-22, "Eligibility Certification."

20. Refinancing and Graduation Requirements:

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

21. Commercial Interim Financing:

The Association 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 Association 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.

22. Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Association 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 Association 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 Association, 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 Association.

Form RD 440-11, "Estimate of Funds Needed for 30-Day Period Commencing _____," will be prepared by the Association 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 Association's construction account records shall be made by Rural Development.

23. 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 Association. Grant funds, upon receipt, must be deposited in an interest bearing account in accordance with 7 CFR part 3019 (as applicable). Interest earned on grant funds in excess of \$250 (as applicable) per year will be submitted to RUS at least quarterly.

24. Cost of Facility:

Breakdown of Costs:

Development	\$ 712,600
Legal and Administrative	20,000
Engineering	100,000
Interest	15,000
Other	20,000
Contingencies	<u>72,400</u>
TOTAL	\$ 940,000

Financing:

RUS Loan	\$ 575,000
RUS Grant	<u>365,000</u>
TOTAL	\$ 940,000

25. Use of Remaining Project Funds:

After providing for all authorized costs, any remaining project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused 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 Association 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:

5/8" x 3/4" Meter:

First	2,000	gallons @ \$	17.00 - Minimum Bill.
Next	3,000	gallons @ \$	6.50 - per 1,000 gallons.
Next	5,000	gallons @ \$	5.90 - per 1,000 gallons.
Next	15,000	gallons @ \$	5.25 - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45 - per 1,000 gallons.

1" Meter:

First	5,000	gallons @ \$	36.50 - Minimum Bill.
Next	5,000	gallons @ \$	5.90 - per 1,000 gallons.
Next	15,000	gallons @ \$	5.25 - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45 - per 1,000 gallons.

1 1/2" Meter:

First	10,000	gallons @ \$	66.00 - Minimum Bill.
Next	15,000	gallons @ \$	5.25 - per 1,000 gallons.
All Over	25,000	gallons @ \$	4.45 - per 1,000 gallons.

2" Meter:

First	25,000	gallons @ \$	144.75 - Minimum Bill.
All Over	25,000	gallons @ \$	4.45 - per 1,000 gallons.

28. Water Purchase Contract:

The Association 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 loan, the Association 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 Association will be required to pass and adopt a Resolution or amend its By-Laws whereby the Association 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 Association 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 February 8, 2005, from Mr. Ron Cook.
- 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.

32. Final Approval Conditions:

Final approval of this assistance will depend on your willingness, with the assistance of all your co-workers, to meet the conditions of this letter in an orderly and systematic manner. Then too, final approval will depend on funds being available.

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

Sincerely,


KENNETH SLONE
State Director

Enclosures

cc: Area Director – London, Kentucky
Cumberland Valley ADD – London, Kentucky
Monarch Engineering – Lawrenceburg, Kentucky
PSC - ATTN: Bob Amato - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

November 19, 2009

Mr. Eddie J. Hamm, President
Western Rockcastle Water Association
PO Box 627
Mt. Vernon, Kentucky 40456

Re: Letter of Conditions Dated March 13, 2008

Dear Mr. Hamm:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated March 13, 2008. The purpose of this amendment is to:

- 1) Revise the development cost of the project
2) Revise the rates and charges
3) Make other editorial changes in accordance with the current Rural Utilities Service (RUS) Instructions.

Paragraph numbered "24" is revised to read as follows:

24. Cost of Facility:

Breakdown of Costs:

Table with 2 columns: Cost Category and Amount. Rows include Development (\$723,660), Legal and Administrative (20,000), Engineering (130,850), Interest (15,000), Contingencies (50,490), and TOTAL (\$940,000).

Financing:

Table with 2 columns: Financing Type and Amount. Rows include RUS Loan (\$575,000), RUS Grant (365,000), and TOTAL (\$940,000).

Paragraph numbered "27" is revised to read as follows:

27. Rates and Charges:

Rates and charges for facilities and services rendered by the Association 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:

5/8" X 3/4" Meter

First	2,000	gallons @ \$	26.00. - Minimum Bill.
Next	3,000	gallons @ \$	7.15. - per 1,000 gallons.
Next	5,000	gallons @ \$	6.51. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

1" Meter

First	5,000	gallons @ \$	41.40. - Minimum Bill.
Next	5,000	gallons @ \$	6.51. - per 1,000 gallons.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	10,000	gallons @ \$	5.25. - per 1,000 gallons.

1 1/2" Meters

First	10,000	gallons @ \$	73.95. - Minimum Bill.
Next	15,000	gallons @ \$	5.86. - per 1,000 gallons.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

2" Meter

First	25,000	gallons @ \$	161.85. - Minimum Bill.
All Over	25,000	gallons @ \$	5.25. - per 1,000 gallons.

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

Sincerely,



VERNON C. BROWN
Acting State Director

cc: Area Director - London, Kentucky
Cumberland Valley ADD - London, Kentucky
Jerry J. Cox - Mt. Vernon, Kentucky
Monarch Engineering - Lawrenceburg, Kentucky
PSC - ATTN: Dennis Jones - Frankfort, Kentucky



United States Department of Agriculture
Rural Development
Kentucky State Office

October 21, 2009

SUBJECT: Western Rockcastle Water Association
Contract 8 and 9; Water System Improvements
Contract Award Concurrence

TO: Area Director
London, Kentucky

Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder on Contract 8, Laurel Construction Co., Inc., in the amount of \$356,660.00, and the low bidder on Contract 9, Southern Backhoe, Inc., in the amount of \$367,000.00.

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


for **VERNON BROWN**
Acting State Director
Rural Development

cc: Monarch Engineering
Lawrenceburg, Kentucky

~~Rubin and Hays~~
Louisville, Kentucky

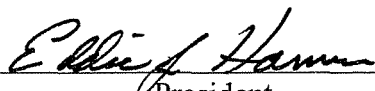
CERTIFICATE OF PRESIDENT OF WESTERN ROCKCASTLE WATER ASSOCIATION, INC., AS TO STATEMENT REQUIRED BY SECTION 1(5) OF 807 KAR 5:069

I, Eddie J. Hamm, hereby certify that I am the duly qualified and acting President of the Western Rockcastle Water Association, Inc., of Rockcastle, Lincoln, Garrard and Pulaski Counties, Kentucky, and that said Association is in the process of arranging to finance the construction of extensions, additions and improvements to the existing waterworks system of the Association (the "Project"), in cooperation with the Engineers for the Association, Monarch Engineering, Inc., Lawrenceburg, Kentucky.

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

1. That the proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. That all other state approvals and/or permits have already been obtained.
3. That the rates proposed by the Association in its current Application filed with the Public Service Commission are contemplated to produce total revenue requirements set out in the Engineering Reports prepared by such Engineers and filed with the Public Service Commission.
4. That it is now contemplated that construction of the Project will begin on or about January 1, 2010, and will end on or about September 1, 2010.

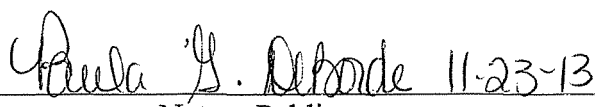
IN TESTIMONY WHEREOF, witness my signature this December ____, 2009.



President
Western Rockcastle Water Association, Inc.

STATE OF KENTUCKY)
) SS
COUNTY OF ROCKCASTLE)

Subscribed and sworn to before me by Eddie J. Hamm, President of the Board of Directors of the Western Rockcastle Water Association, Inc., on this December 8, 2009.



Notary Public
In and For Said State and County

(Seal of Notary)

NOTICE OF PROPOSED RATE CHANGE

In accordance with the requirements of the Public Service Commission of the Commonwealth of Kentucky as set out in 807 KAR 5:069, Section 2, notice is hereby given to the customers of the Western Rockcastle Water Association, Inc., of a change to the Association's rate schedule as set forth herein. The proposed rate change is required by USDA, Rural Development ("RD") in connection with a loan by RD to the District in the amount of \$575,000 to be evidenced by the issuance by the Association of its Promissory Note in such amount, which RD has agreed to purchase provided the Association meets certain conditions of RD, including revising water rates as set forth below:

Current Monthly Rates

5/8" x 3/4" Meter:

First 2,000 gallons	\$16.90 minimum bill
Next 3,000 gallons	6.25 per 1,000 gallons
Next 5,000 gallons	5.89 per 1,000 gallons
Next 15,000 gallons	5.25 per 1,000 gallons
All over 25,000 gallons	4.45 per 1,000 gallons

1" Meter:

First 5,000 gallons	\$36.65 minimum bill
Next 5,000 gallons	5.89 per 1,000 gallons
Next 15,000 gallons	5.25 per 1,000 gallons
All over 25,000 gallons	4.45 per 1,000 gallons

1½" Meter:

First 10,000 gallons	\$65.10 minimum bill
Next 15,000 gallons	5.25 per 1,000 gallons
All over 25,000 gallons	4.45 per 1,000 gallons

2" Meter:

First 25,000 gallons	\$143.85 minimum bill
All over 25,000 gallons	4.45 per 1,000 gallons

Proposed Monthly Rates

5/8" x 3/4" Meter:

First 2,000 gallons	\$26.00 minimum bill
Next 3,000 gallons	7.15 per 1,000 gallons

Next 5,000 gallons	6.51 per 1,000 gallons
Next 15,000 gallons	5.86 per 1,000 gallons
All over 25,000 gallons	5.25 per 1,000 gallons

1" Meter:

First 5,000 gallons	\$41.40 minimum bill
Next 5,000 gallons	6.51 per 1,000 gallons
Next 15,000 gallons	5.86 per 1,000 gallons
All over 25,000 gallons	4.25 per 1,000 gallons

1½" Meter:

First 10,000 gallons	\$73.95 minimum bill
Next 15,000 gallons	5.86 per 1,000 gallons
All over 25,000 gallons	5.25 per 1,000 gallons

2" Meter:

First 25,000 gallons	\$161.85 minimum bill
All over 25,000 gallons	5.25 per 1,000 gallons

The RD loan proceeds will be used in conjunction with other funds to finance the cost of extensions, additions and improvements to the existing waterworks system of the Association, consisting of (i) the replacement of the 20,000 gallon Scaffold Cane ground storage tank with a 50,000 gallon ground storage tank; (ii) the replacement of the 50,000 gallon Brindle Ridge storage tank with a 250,000 gallon ground storage tank; and (iii) the replacement of approximately 24,000 linear feet of 4-inch water line, 15,000 linear feet of 3-inch water line; and (iv) the installation of a new hydropneumatic booster pump station. Signed: Charles D. Burton, President Western Rockcastle Water Association.

PRELIMINARY ENGINEERING REPORT

WATER SYSTEM EXTENSION & IMPROVEMENTS CONTRACT 8

WESTERN ROCKCASTLE WATER ASSOCIATION ROCKCASTLE, LINCOLN, & PULASKI COUNTIES, KENTUCKY

I. GENERAL

This Preliminary Engineering Report is intended to analyze the proposed water system extension and improvements that are being planned by the Western Rockcastle Water Association to serve six first time customers with potable drinking water and to upgrade or replace 28,500 LF of 6-inch, 4-inch, and 3-inch water lines throughout Rockcastle, Pulaski and Lincoln counties. The new customers to be served are all residential.

The Western Rockcastle Water Association provides potable water service to nearly 3,800 customers in Rockcastle, Pulaski and Lincoln counties. The Association purchases all water for resale from the City of Mount Vernon.

Included in this report are maps of the proposed service area showing the intended routes of the water lines, and the location of major appurtenances. In addition, project cost estimates are included which outline the entire project costs along with the proposed financing scheme.

II. PROJECT PLANNING AREA

The area to be served with potable water for the first time is located on Stevens Road in Rockcastle County. There are two areas to be served with an upgrade to the water lines that are located on Kentucky Highway 1617 (Scaffold Cane Road) and Rainbow Subdivision in Rockcastle County. Another area to be served with a water line replacement is located on Kentucky Highway 461 in Pulaski County. In addition, two tank replacements will be constructed in the areas known as Scaffold Cane and Brindle Ridge which are both located in Rockcastle County. These areas are delineated on the attached maps. The topography in these areas consists primarily of gently rolling hills throughout the valley areas and along the numerous creeks in this area with steep ridges encountered in the Daniel Boone National Forest. The land use in the valley areas is mainly agricultural with some light timber harvesting. Within the proposed area, there are no major industrial or commercial businesses.

The residents located on the Stevens Road have never been served by a public water system and most rely on community springs, family wells, or depend on water trucks to provide them with their potable water. Most individuals pay to have their water

delivered and those who cannot afford to pay local water haulers, transport their water by means of barrels, bucket, or other containers. They often make daily trips to the nearest water source, none of which are monitored by an approved health agency. It is not anticipated that a significant growth pattern will emerge as a result of the implementation of a domestic water supply but rather that the standard of living for those residents will be greatly improved.

III. EXISTING FACILITIES

The Western Rockcastle Water Association executed a contract in 1994 with the City of Mount Vernon to purchase 10 million gallons of water per month for 45 years. The City has recently completed the constructing a new water treatment plant and the water purchase agreement has been amended to reflect a longer term and a larger allotment. The Association operates a distribution system that serves nearly 3,800 residential and nonresidential customers that reside throughout Rockcastle, Lincoln and Pulaski Counties.

The Western Rockcastle Water Association operates the water system through a Board of Directors, Office Manager, office personnel and field personnel.

Information regarding the current rate structure, annual operating and maintenance data and a tabulation of the users for an annual period by monthly usage categories and revenue, will be analyzed in the Summary Addendum which will be included in the Kentucky Guide 7A.

IV. NEED FOR THE PROJECT

This project is intended to eliminate a serious health hazard in the communities in which it will serve, to improve service to areas that are served by undersized water lines, and to address a low water supply problem that exists in the areas of the Scaffold Cane tank and Brindle Ridge tank. The proposed service area, Stevens Road, has long been faced with inadequate and unsafe sources of water. For many years, the residents have petitioned county officials in an attempt to secure a public water system. This need has been well documented by the Cumberland Valley District Health Department. The vast majority of samples taken (95%) were contaminated with high levels of fecal coliform. The personal health and safety of the residents are threatened by the use of these contaminated supplies and the financial burden of having to haul water for personal and farming needs is substantial.

It is anticipated that six homes will be immediately affected by the project. The proposed service area is shown on the attached maps, and is located in a geographic area where rock conditions are prevalent. The terrain is over laden with visible rock outcroppings and numerous creek crossings with limited access along the public roadway.

V. ALTERNATIVES CONSIDERED

Based on the fact that there are no other major potable water suppliers that exist in this area, the only practical potable water supplier that would consider serving these areas is the Western Rockcastle Water Association. There are no other practical alternatives that could be considered. The Western Rockcastle Water Association is supplied water by the City of Mount Vernon. Both of these entities are regulated by the Kentucky Division of Water and have a history of compliance with the Division's regulations and policies. Therefore, it was determined that these areas would be best served by a water system built, owned, operated and served by the Western Rockcastle Water Association.

VI. PROPOSED PROJECT

The project entails the construction of a 6-inch water transmission main to replace an existing 4-inch water main on Kentucky Highway 1617, also known as Scaffold Cane Road. This transmission upgrade will provide a better service to the northern area of the system and provide a water supply to a new 100,000 gallon water storage tank that will replace an existing 20,000 gallon tank at Scaffold Cane. The transmission and tank upgrade will also alleviate a water supply problem the Association has experienced recently due to continuous growth in the northern area.

This project also includes a new 4-inch transmission main on Kentucky Highway 461 to replace an existing 4-inch line in the southern area of the system known as Level Green. This upgrade will eliminate a short section of deteriorating water main that has caused the Association a continuous maintenance problem over the years. A 3-inch waterline will be installed on the Rainbow Subdivision Road to replace an existing 2-inch water line, which currently serves approximately 20 customers. A new 150,000 gallon tank will be constructed to replace an existing 50,000 gallon tank that is known as Brindle Ridge Tank near Brodhead, Kentucky. The Brindle Ridge tank upgrade will improve the water supply to an area that is known as the Copper Creek area, which has experienced tremendous growth and is continuing to grow. New telemetry controls will be installed on all existing pump stations in the Western Rockcastle system.

The project also proposes to construct a small water line extension of approximately 3,000 LF of 3-inch waterline that will serve six new customers in Rockcastle County. Please refer to the attached map for the location of this extension. The project will provide all necessary appurtenances and meter settings to the customer's property line.

The analysis of the Association's ability to finance and in turn own and operate the extension is itemized in the Summary Addendum, which will be submitted at a later date. This data will evaluate and compare the current and expected revenues as a result of the sale of water, operation and maintenance costs, other miscellaneous income and costs, and a summary of the long-term debts including their annual principle and interest payments.

An analysis of the customer monthly water usage and associated revenue generation will be included and will be based on actual water sales for a one-year period. The Western Rockcastle Water Association will supply this information.

The project cost has been estimated to be \$940,000 and it is to be financed by a \$470,000 loan from Rural Development and a \$470,000 grant from Rural Development.

VII. CONCLUSIONS AND RECOMMENDATIONS

Based on the desperate need for the residents in the Stevens Road area to have a potable water supply and to improve adequate water supply in areas served in communities described herein it is recommended that the Western Rockcastle Water Association pursue that financial assistance as outlined above so that this unhealthy situation can be corrected. The Western Rockcastle Water Association is the only major supplier of potable water near these areas and their system is situated such that the extension and improvements as proposed can be made without adversely affecting service to their existing customers.

**PRELIMINARY COST ESTIMATE
 STEVENS ROAD
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE, LINCOLN & PULASKI COUNTIES
 DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	3,000 LF	\$6.00	\$18,000.00
2	3-Inch Gate Valve	2 EA	400.00	800.00
3	Connection	2 EA	1,000.00	2,000.00
4	Flush Hydrant	1 EA	1,500.00	1,500.00
5	Meter Setting	6 EA	250.00	1,500.00
6	3/4-Inch Service Tubing	300 LF	5.00	1,500.00
	SUBTOTAL			\$25,300.00
	CONTINGENCY			2,700.00
	TOTAL CONSTRUCTION			\$28,000.00
Average Cost/Customer				\$4,666.67

PRELIMINARY COST ESTIMATE
SCAFFOLD CANE ROAD (KENTUCKY HWY 1617) TRANSMISSION MAIN
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	6-Inch Water Line	21,500 LF	\$8.00	\$172,000.00
2	6-Inch Gate Valve	6 EA	550.00	3,300.00
3	Connection	2 EA	1,000.00	2,000.00
4	Flush Hydrant	2 EA	1,500.00	3,000.00
5	Meter Reconnect	20 EA	250.00	5,000.00
6	3/4-Inch Service Tubing	1,000 LF	5.00	5,000.00
	SUBTOTAL			\$190,300.00
	CONTINGENCY			19,700.00
	TOTAL CONSTRUCTION			\$210,000.00

**PRELIMINARY COST ESTIMATE
RAINBOW SUBDIVISION ROAD
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	3-Inch Water Line	4,000 LF	\$6.00	\$24,000.00
2	Bore & Case for 3-Inch Water Line	30 LF	60.00	1,800.00
3	3-Inch Gate Valve	2 EA	400.00	800.00
4	Connection	1 EA	1,000.00	1,000.00
5	3-Inch Blowoff Assembly	1 EA	500.00	500.00
6	Meter Reconnect	20 EA	250.00	5,000.00
7	3/4-Inch Service Tubing	1,000 LF	5.00	5,000.00
	SUBTOTAL			\$38,100.00
	CONTINGENCY			3,900.00
	TOTAL CONSTRUCTION			\$42,000.00

**PRELIMINARY COST ESTIMATE
 KENTUCKY HWY 461 TRANSMISSION MAIN
 WESTERN ROCKCASTLE WATER ASSOCIATION
 ROCKCASTLE, LINCOLN & PULASKI COUNTIES
 DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	4-Inch Water Line	3,000 LF	\$6.50	\$19,500.00
2	4-Inch Gate Valve	2 EA	450.00	900.00
3	Connection	2 EA	1,000.00	2,000.00
4	Flush Hydrant	1 EA	1,500.00	1,500.00
5	Meter Reconnect	5 EA	250.00	1,250.00
6	3/4-Inch Service Tubing	250 LF	5.00	1,250.00
	SUBTOTAL			\$26,400.00
	CONTINGENCY			2,600.00
	TOTAL CONSTRUCTION			\$29,000.00

**PRELIMINARY COST ESTIMATE
WATER STORAGE TANKS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	100,000 Gallon Water Storage Tank	1 LS	\$150,000.00
1a	Existing Scaffold Cane Tank Demolition	1 LS	15,000.00
2	150,000 Gallon Water Storage Tank	1 LS	200,000.00
2a	Existing Brindle Ridge Tank Demolition	1 LS	15,000.00
	SUBTOTAL		\$380,000.00
	CONTINGENCY		38,000.00
	TOTAL CONSTRUCTION COST		\$418,000.00

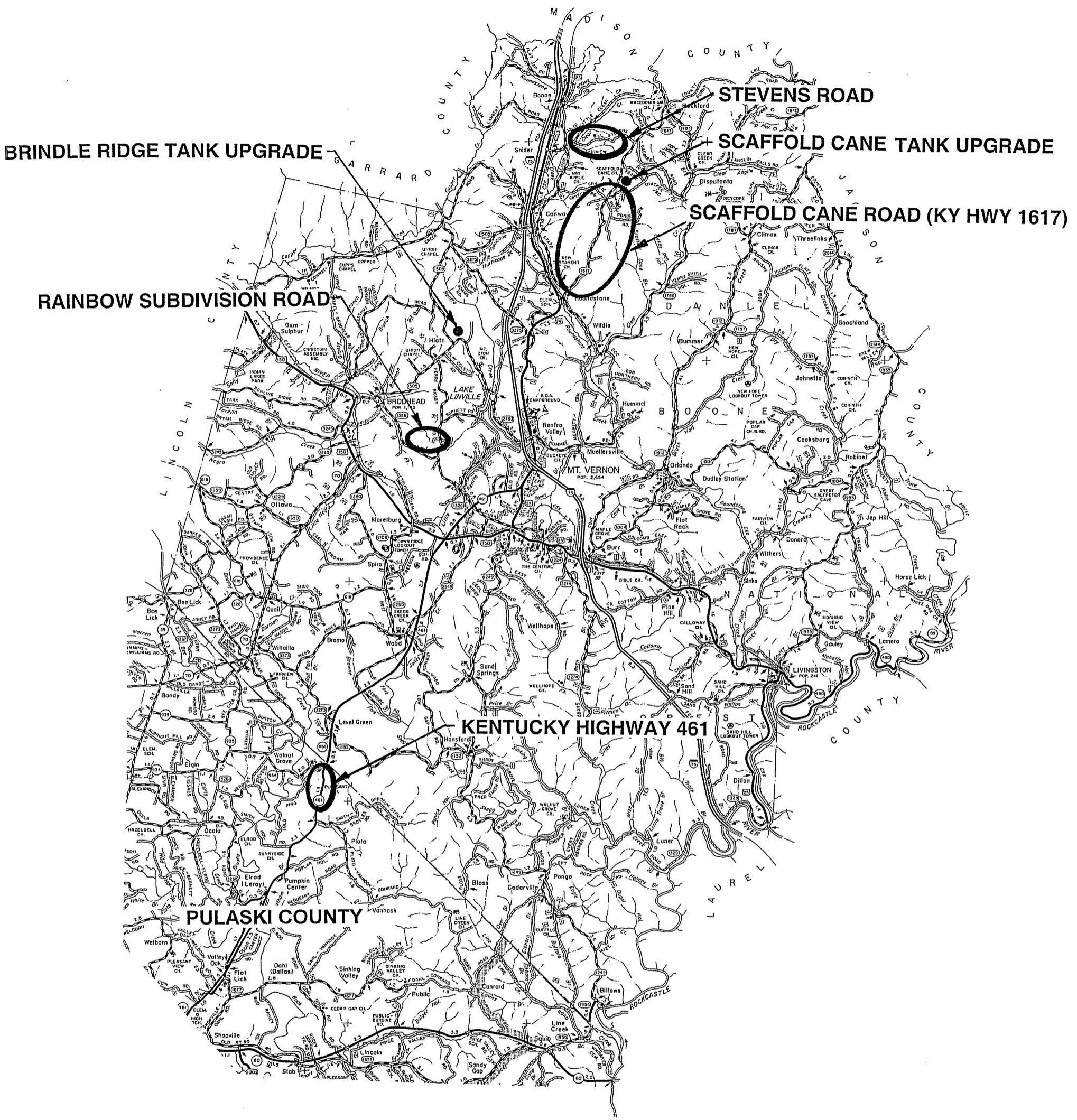
**PRELIMINARY COST ESTIMATE
TELEMETRY CONTROL SYSTEM
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004**

ITEM NO.	DESCRIPTION	QUANTITY	TOTAL COST
1	Central Control Unit	1 LS	\$15,000.00
2	Hwy 461 Pump Station	1 LS	7,500.00
3	Brindle Ridge Pump Station	1 LS	7,500.00
4	Chestnut Ridge Pump Station	1 LS	7,500.00
5	Greenfish Hill Pump Station	1 LS	7,500.00
6	Scaffold Cane Pump Station	1 LS	7,500.00
	SUBTOTAL		\$52,500.00
	CONTINGENCY		5,500.00
	TOTAL CONSTRUCTION COST		\$58,000.00

PRELIMINARY COST ESTIMATE
CONTRACT 8 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
ROCKCASTLE, LINCOLN & PULASKI COUNTIES
DECEMBER 2004

PROJECT COST:

PROJECT CONSTRUCTION	
WATER LINE EXTENSIONS	\$25,300
WATER TRANSMISSION MAINS	254,800
WATER STORAGE TANKS	380,000
TELEMETRY CONTROL SYSTEM	52,500
SUBTOTAL	\$712,600
CONTINGENCY	72,400
ENGINEERING DESIGN	62,000
CONSTRUCTION INSPECTION	38,000
LEGAL & ADMINISTRATION	20,000
INTEREST	15,000
ADDITIONAL ENGINEERING	20,000
TOTAL PROJECT COST:	\$940,000
<u>PROJECT FUNDING :</u>	
U.S.D.A. RURAL DEVELOPMENT LOAN	470,000
U.S.D.A. RURAL DEVELOPMENT GRANT	470,000
TOTAL PROJECT FUNDING :	\$940,000



BRINDLE RIDGE TANK UPGRADE

STEVENS ROAD

SCAFFOLD CANE TANK UPGRADE

SCAFFOLD CANE ROAD (KY HWY 1617)

RAINBOW SUBDIVISION ROAD

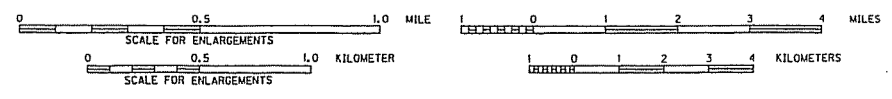
KENTUCKY HIGHWAY 461

PULASKI COUNTY

1994 EDITION
 GENERAL HIGHWAY MAP
ROCKCASTLE COUNTY
 KENTUCKY

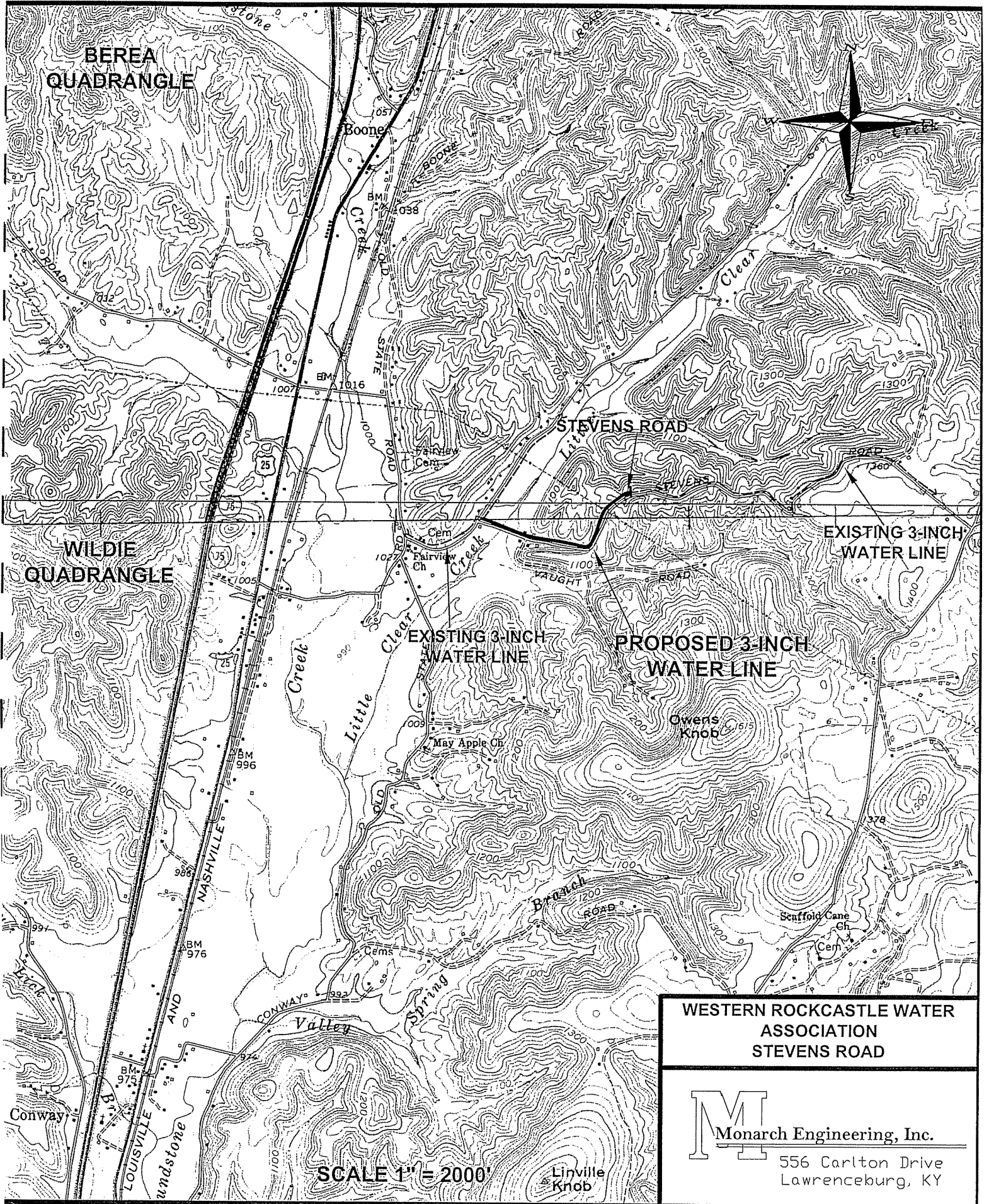
PREPARED BY THE
 KENTUCKY TRANSPORTATION CABINET
 DEPARTMENT OF HIGHWAYS
 DIVISION OF PLANNING
 IN COOPERATION WITH THE
 U.S. DEPARTMENT OF TRANSPORTATION
 FEDERAL HIGHWAY ADMINISTRATION

SCALE 1/125000
 POLYCONIC PROJECTION



WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 8 – WATER SYSTEM IMPROVEMENTS & EXTENSIONS

MONARCH ENGINEERING, INC.
LAWRENCEBURG, KENTUCKY



BEREA
QUADRANGLE

WILDIE
QUADRANGLE

Boone

STEVENS ROAD

EXISTING 3-INCH
WATER LINE

PROPOSED 3-INCH
WATER LINE

EXISTING 3-INCH
WATER LINE

WESTERN ROCKCASTLE WATER
ASSOCIATION
STEVENS ROAD

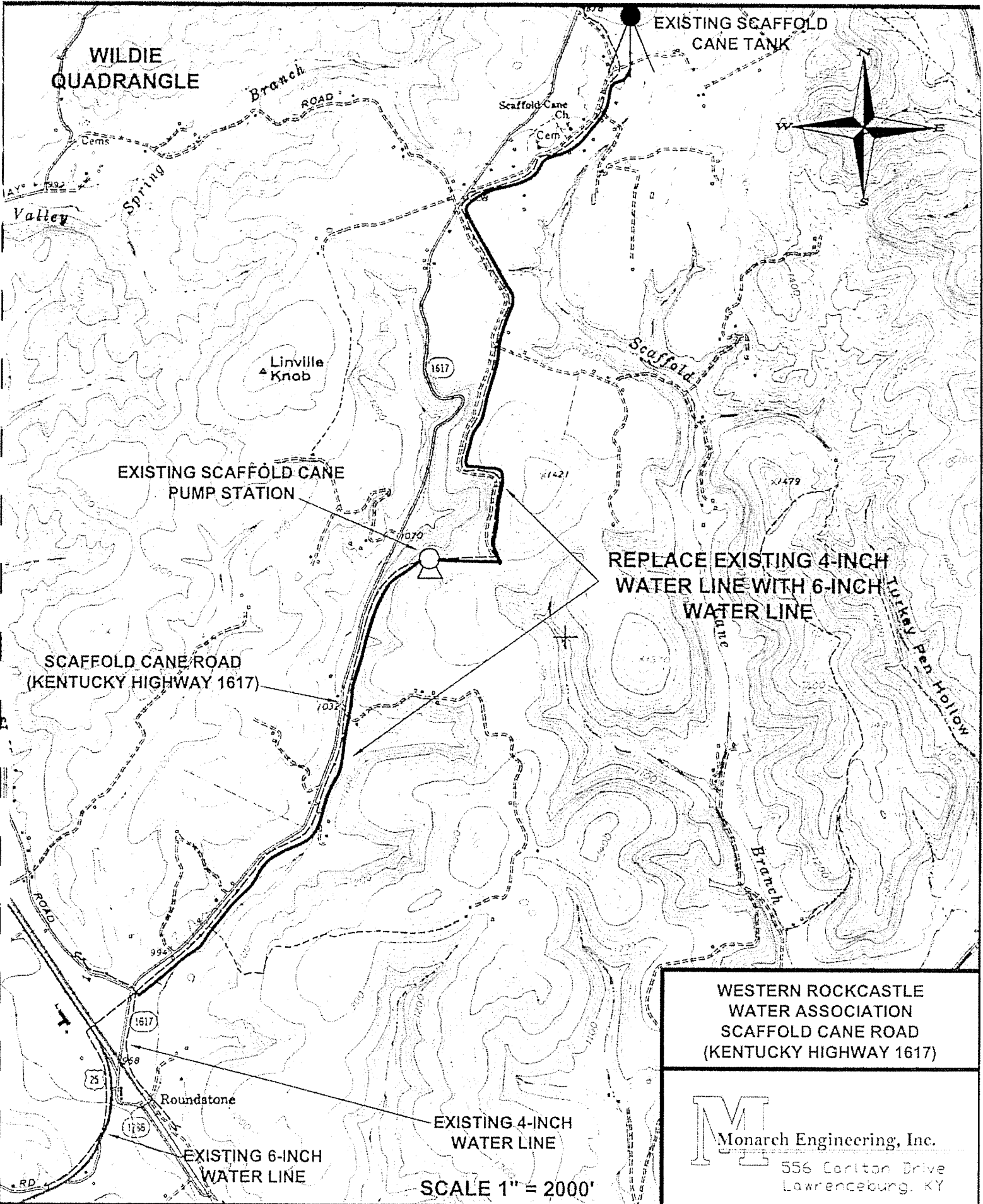


Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

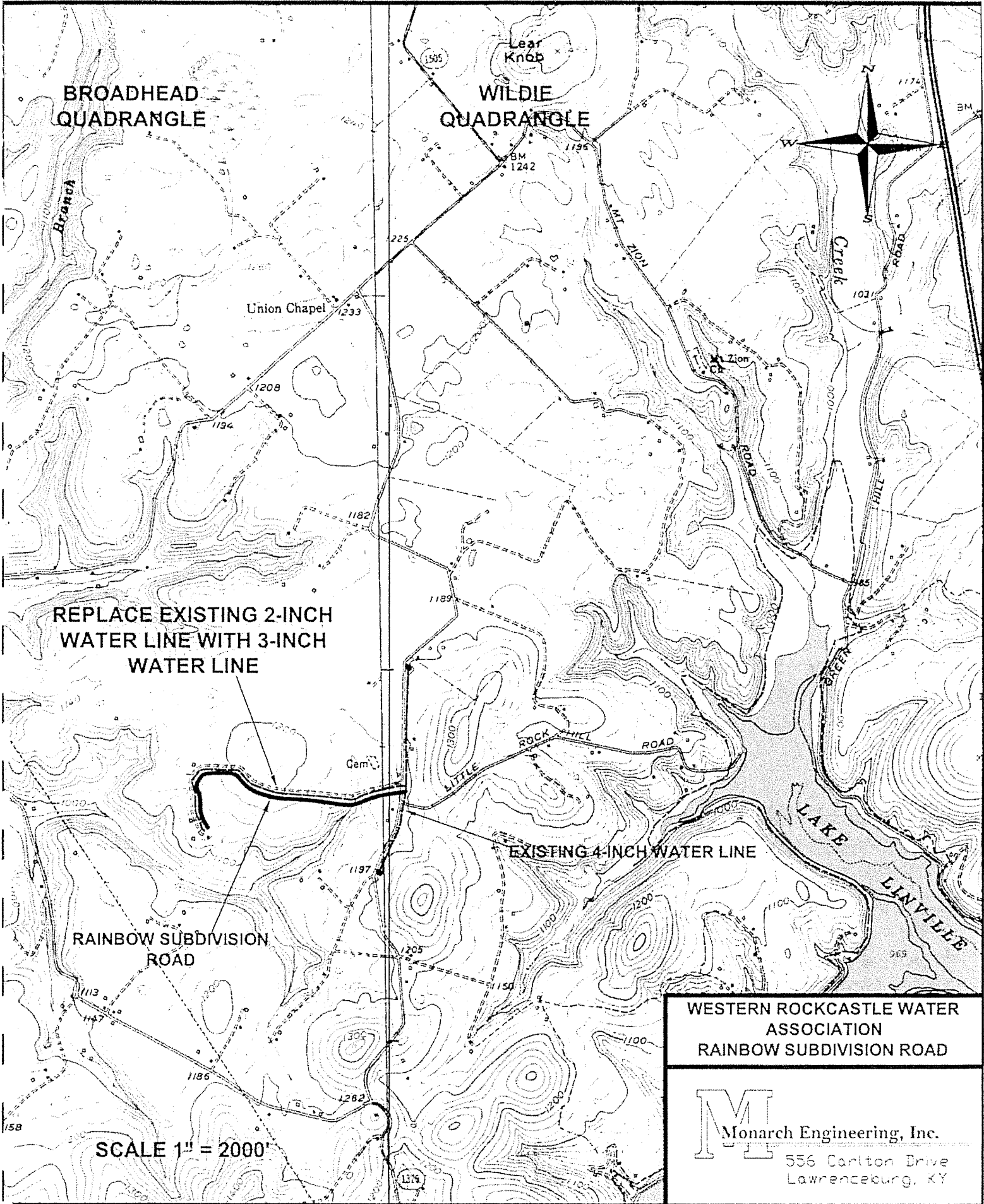
SCALE 1" = 2000'

Linville
Knob



WESTERN ROCKCASTLE
WATER ASSOCIATION
SCAFFOLD CANE ROAD
(KENTUCKY HIGHWAY 1617)

M Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY



**BROADHEAD
QUADRANGLE**

**WILDIE
QUADRANGLE**

**REPLACE EXISTING 2-INCH
WATER LINE WITH 3-INCH
WATER LINE**

EXISTING 4-INCH WATER LINE

**RAINBOW SUBDIVISION
ROAD**

SCALE 1" = 2000'

**WESTERN ROCKCASTLE WATER
ASSOCIATION
RAINBOW SUBDIVISION ROAD**

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

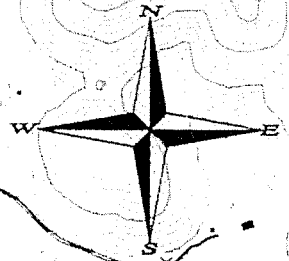
MARKETBURG
QUADRANGLE

Walnut
Grove

Friendship
Knob
1206

Friendship
Cem

1483



BM 1125 1152

BM 1073

ROCKCASTLE CO
PULASKI CO

Brushy

Burnett
Cem

934

Cem

x 1269

REPLACE EXISTING 4-INCH
WATER LINE WITH NEW 4-INCH
WATER LINE

BM 1090

SINKING
VALLEY

SHOPVILLE
QUADRANGLE

1439 Δ Cash
Knob

KENTUCKY HIGHWAY 461

Plato
Sch

Plato
Knob

BM 1072

Childress
Cem

1025

BM x 999

Wildcat

SINKING

WESTERN ROCKCASTLE WATER
ASSOCIATION
KENTUCKY HIGHWAY 461

SCALE 1" = 2000'

BM 1080

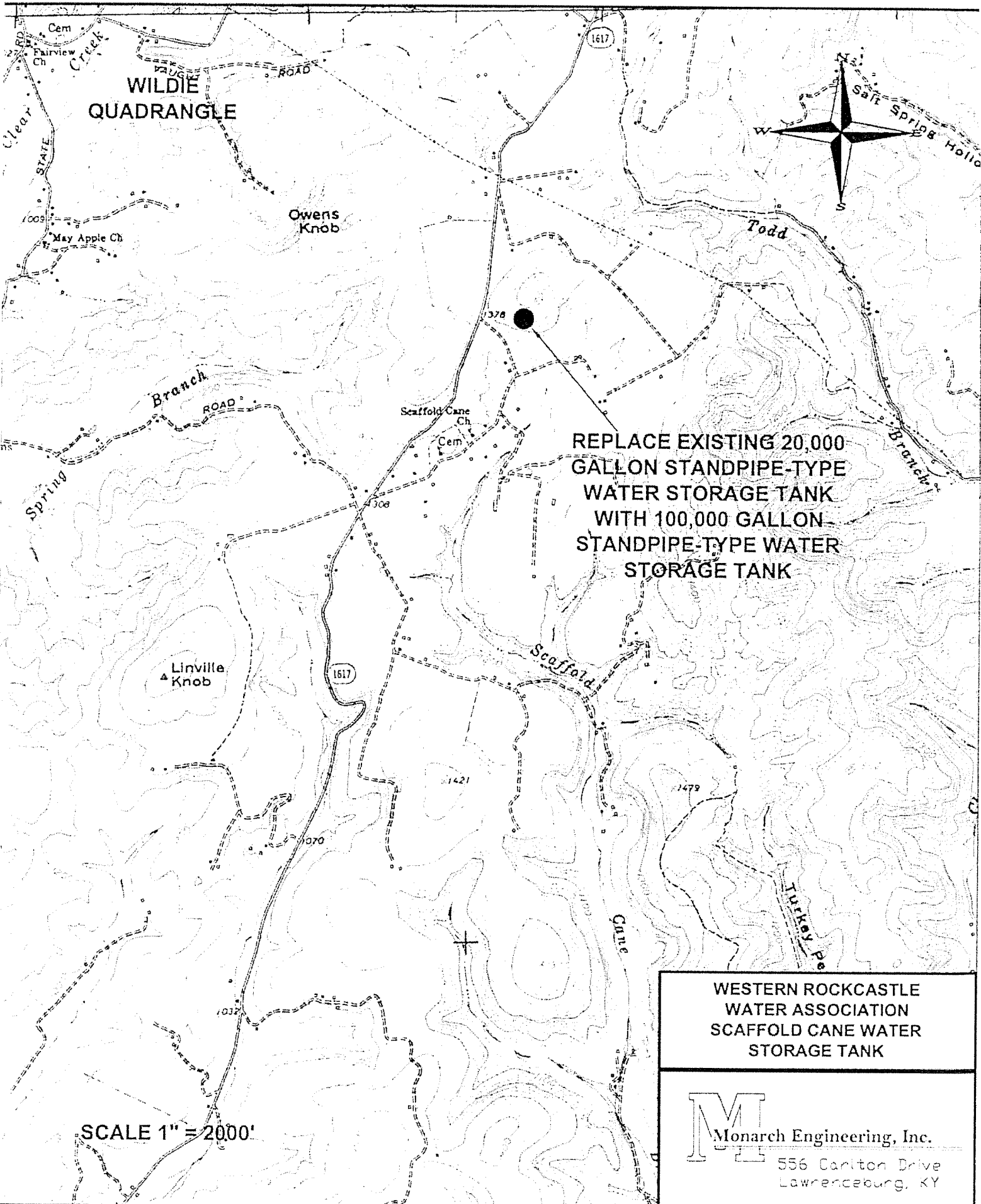
BM x 1022

Sunnyside
Ch



Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY



**WILDIE
QUADRANGLE**

**REPLACE EXISTING 20,000
GALLON STANDPIPE-TYPE
WATER STORAGE TANK
WITH 100,000 GALLON
STANDPIPE-TYPE WATER
STORAGE TANK**

SCALE 1" = 2000'

**WESTERN ROCKCASTLE
WATER ASSOCIATION
SCAFFOLD CANE WATER
STORAGE TANK**

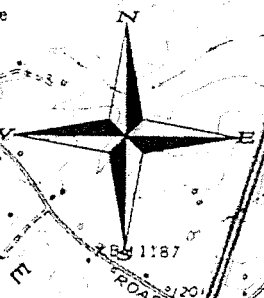


Monarch Engineering, Inc.

556 Carlton Drive
Lawrenceburg, KY

BROADHEAD
QUADRANGLE

WILDIE
QUADRANGLE

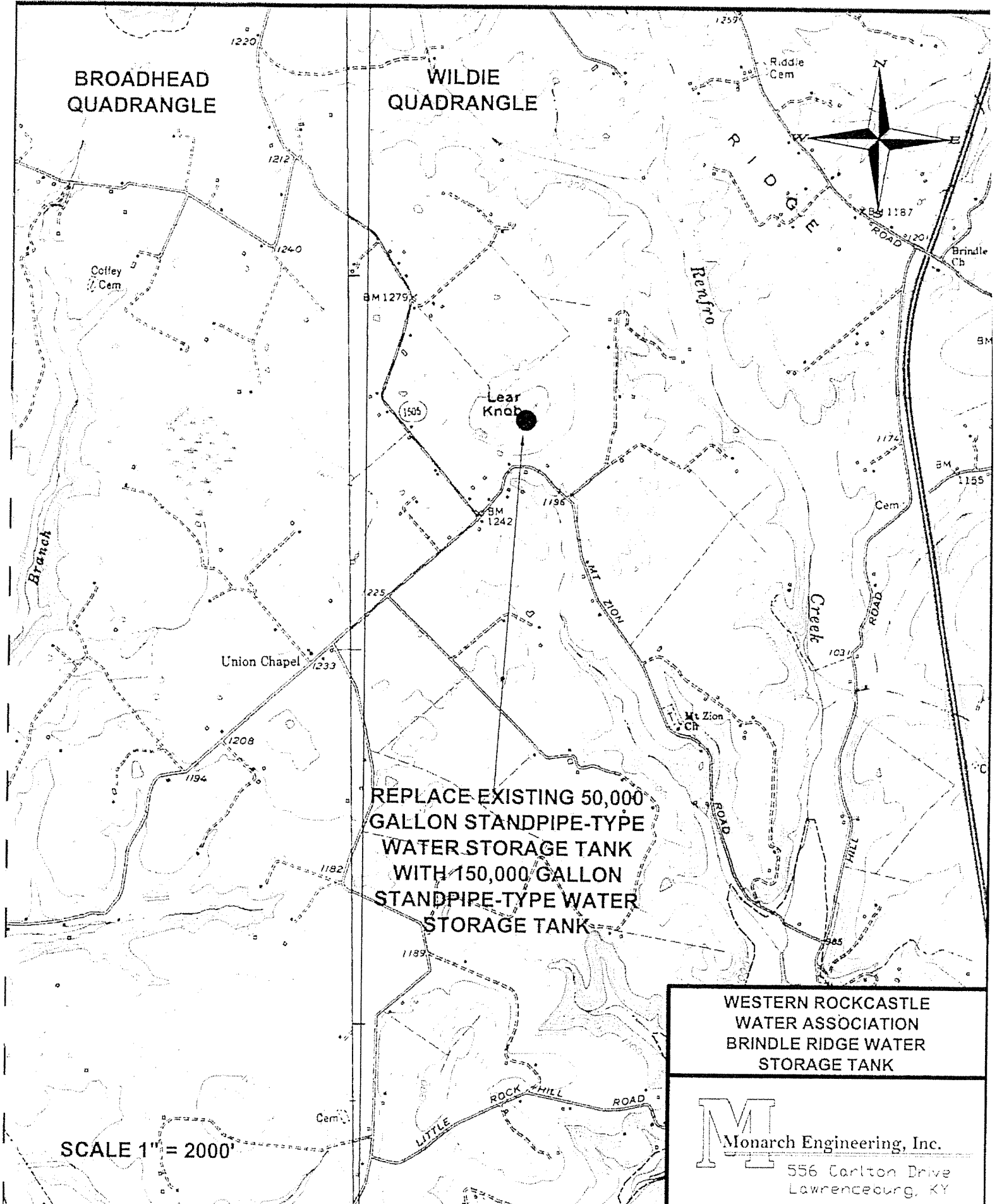


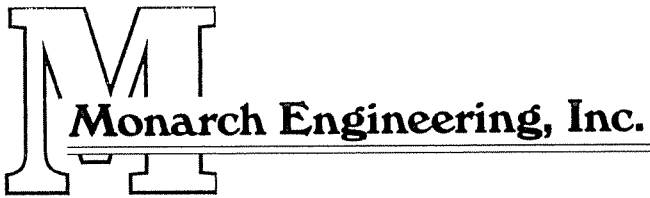
REPLACE EXISTING 50,000
GALLON STANDPIPE-TYPE
WATER STORAGE TANK
WITH 150,000 GALLON
STANDPIPE-TYPE WATER
STORAGE TANK

SCALE 1" = 2000'

WESTERN ROCKCASTLE
WATER ASSOCIATION
BRINDLE RIDGE WATER
STORAGE TANK

M
Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY





October 9, 2009

Mr. Eddie J. Hamm, President
Western Rockcastle Water Association
371 New Brodhead Road
PO Box 627
Mt. Vernon, Kentucky 40456

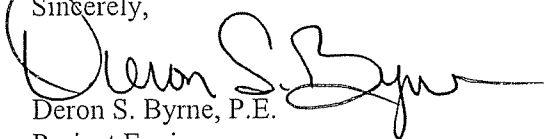
Re: Western Rockcastle Water Association
Contract 8 – Water Storage Tank Replacements
Contract 9 – Water System Extension & Improvements

Dear Mr. Hamm:

On October 8, 2009, bids were received by the Western Rockcastle Water Association for the construction of the Water System Extension & Improvements Project which consists of Contracts 8 & 9. Three bids were received for Contract 8 – 50,000 Gallon Scaffold Cane Ground Storage Water Tank and 250,000 Gallon Brindle Ridge Ground Water Storage Tank, and the lowest bid submitted was by Laurel Construction Co., Inc. located in London, Kentucky for an amount of \$356,660.00. Three bids were received for Contract 9 – Water System Extension & Improvements, and the lowest bid submitted was by Southern Backhoe, Inc. located in Campbellsville, Kentucky for an amount of \$367,000.00. The total of both bids is \$723,660.00. A summarized bid tabulation of all bids received is attached along with a Final Project Budget.

According to the information shown on the Final Project Budget, there are sufficient funds available to construct the Base Bid portion of the project. In the event there should be contingency funds remaining at the end of the project, bid alternates may be constructed as selected by the Association. Therefore we recommend that the Association consider awarding Contract 8 to Laurel Construction Co., Inc., for the Base Bid amount of \$356,660.00 and Contract 9 to Southern Backhoe, Inc. for the Base Bid amount of \$367,000.00. This recommendation is contingent upon approval by the U.S.D.A. Rural Development and the Kentucky Public Service Commission.

Sincerely,



Deron S. Byrne, P.E.
Project Engineer

/dsb

cc: Tom Partin, London
U.S.D.A. Rural Development

Julie Anderson, Lexington
U.S.D.A. Rural Development

MONARCH ENGINEERING, INC.
 556 Carlton Drive
 Lawrenceburg, KY 40342
 Phone (502) 839-1310
 Fax (502) 839-1373

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 8 - WATER STORAGE TANK REPLACEMENTS:
SCAFFOLD CANE 50,000 GALLON GROUND WATER STORAGE TANK
&
BRINDLE RIDGE 250,000 GALLON GROUND WATER STORAGE TANK
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 8, 2009 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Laurel Construction Co., Inc. 5209 Somerset Rd. London, KY 40741		KY Glass Lined Tanks, Inc. P.O. Box 13370 Lexington, KY 40583		KY Tanks aka Knight's Electric 286 Farmers Dr. Russellville, KY 42276	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
BASE BID - CONTRACT 8								
1	50,000 Gallon Ground Water Storage Tank (Scaffold Cane Tank)							
	1A) Foundation Concrete	1 LS	\$18,000.00	\$18,000.00	\$34,132.00	\$34,132.00	\$19,586.00	\$19,586.00
	1B) Steel Tank Structure & Erection	1 LS	63,000.00	63,000.00	58,713.00	58,713.00	112,368.00	112,368.00
	1C) Valve Vault, Piping, Flush Hydrant	1 LS	20,000.00	20,000.00	23,222.00	23,222.00	20,628.00	20,628.00
	1D) Field painting	1 LS	12,000.00	12,000.00	0.00	0.00	0.00	0.00
	1E) Sterilization	1 LS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
	1F) Sitework	1 LS	5,000.00	5,000.00	10,000.00	10,000.00	36,596.00	36,596.00
2	250,000 Gallon Ground Water Storage Tank (Brindle Ridge Tank)							
	2A) Foundation Concrete	1 LS	25,000.00	25,000.00	39,388.00	39,388.00	30,751.00	30,751.00
	2B) Steel Tank Structure & Erection	1 LS	160,000.00	160,000.00	162,260.00	162,260.00	184,860.00	184,860.00
	2C) Valve Vault, Piping, Flush Hydrant	1 LS	23,000.00	23,000.00	37,111.00	37,111.00	27,014.00	27,014.00
	2D) Field painting	1 LS	18,000.00	18,000.00	0.00	0.00	0.00	0.00
	2E) Sterilization	1 LS	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
	2F) Sitework	1 LS	12,000.00	12,000.00	18,888.00	18,888.00	37,296.00	37,296.00
3	Demolition & Removal of 20,000 Gallon Ground Water Storage Tank, including all steel tank appurtenances, materials, debris removal.	1 LS	4,000.00	4,000.00	5,555.00	5,555.00	4,000.00	4,000.00
4	Demolition & Removal of 50,000 Gallon Ground Water Storage Tank, including all steel tank appurtenances, materials, debris removal.	1 LS	5,000.00	5,000.00	7,222.00	7,222.00	4,000.00	4,000.00
TOTAL BASE BID:				\$367,000.00		\$398,491.00		\$479,099.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, THURSDAY, OCTOBER 8, 2009 AT THE WESTERN ROCKCASTLE WATER ASSOCIATION.

BY:

Deion S. Byrne
 DEION S. BYRNE
 20127
 LICENSED PROFESSIONAL ENGINEER
 STATE OF KENTUCKY

10-9-2009
 DATE

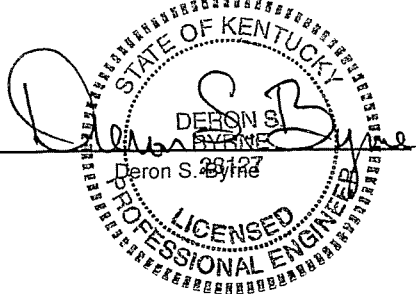
Project No. 0815

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 9
WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 8, 2009 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167		
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	
BASE BID - CONTRACT 9									
1	4-Inch PVC SDR 17 Water Line	24,125 LF	\$5.00	\$120,625.00	\$11.05	\$266,581.25	\$15.00	\$361,875.00	
2	3-Inch PVC SDR 17 Water Line	205 LF	7.00	1,435.00	8.85	1,814.25	14.00	2,870.00	
3	Bore & Case for 4-Inch Water Line	160 LF	90.00	14,400.00	125.00	20,000.00	250.00	40,000.00	
4	Free Bore for 4-Inch Water Line	135 LF	50.00	6,750.00	65.00	8,775.00	240.00	32,400.00	
5	Creek Crossing for 4-Inch Water Line	235 LF	150.00	35,250.00	125.00	29,375.00	100.00	23,500.00	
6	4-Inch Gate Valve	8 EA	550.00	4,400.00	500.00	4,000.00	600.00	4,800.00	
7	3-Inch Gate Valve	6 EA	500.00	3,000.00	459.71	2,758.26	600.00	3,600.00	
8	Air Release Valve	2 EA	400.00	800.00	1,250.00	2,500.00	1,000.00	2,000.00	
9	2-Way Flush Hydrant	3 EA	3,000.00	9,000.00	3,100.00	9,300.00	4,000.00	12,000.00	
10	Connection	11 EA	600.00	6,600.00	1,800.00	19,800.00	1,000.00	11,000.00	
11	Tandem Meter Setting	91 EA	600.00	54,600.00	686.27	62,450.57	900.00	81,900.00	
12	Service Line Reconnection	91 EA	250.00	22,750.00	200.00	18,200.00	100.00	9,100.00	
13	Meter Reconnection	7 EA	150.00	1,050.00	450.00	3,150.00	600.00	4,200.00	
14	3/4-Inch Service Tubing	5,100 LF	3.00	15,300.00	10.00	51,000.00	5.00	25,500.00	
15	1-Inch Service Tubing	100 LF	7.00	700.00	15.00	1,500.00	10.00	1,000.00	
16	Hydropneumatic Booster Pump Station	1 LS	60,000.00	60,000.00	71,636.00	71,636.00	75,000.00	75,000.00	
TOTAL BASE BID - CONTRACT 9					\$356,660.00		\$572,840.33		\$690,745.00

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, THURSDAY, OCTOBER 8, 2009 AT THE WESTERN ROCKCASTLE WATER ASSOCIATION.

BY:


DERON S. BYRNIIE
PROFESSIONAL ENGINEER
23127

10.9.2009

DATE

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 9
WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 8, 2009 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 1-HUMMEL (DOC WOLFE) ROAD								
1	3-Inch PVC SDR 17 Water Line	1,300 LF	\$15.00	\$19,500.00	\$22.99	\$29,887.00	\$26.00	\$33,800.00
2	3-Inch Gate Valve	1 EA	500.00	500.00	450.00	450.00	600.00	600.00
3	Blowoff Assembly	1 EA	1,500.00	1,500.00	975.00	975.00	1,200.00	1,200.00
4	Connection	1 EA	600.00	600.00	1,800.00	1,800.00	1,000.00	1,000.00
5	Standard Meter Setting	1 EA	600.00	600.00	875.00	875.00	800.00	800.00
6	3/4-Inch Service Tubing	100 LF	4.00	400.00	20.00	2,000.00	14.00	1,400.00
TOTAL ALTERNATE NO. 1					\$23,100.00		\$35,987.00	\$38,800.00

ITEM NO.	DESCRIPTION	QUANTITY	Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 2-FLOYD RENNER ROAD								
1	3-Inch PVC SDR 17 Water Line	9,300 LF	\$15.00	\$139,500.00	\$21.00	\$195,300.00	\$26.00	\$241,800.00
2	Bore & Case for 3-Inch Water Line	100 LF	120.00	12,000.00	125.00	12,500.00	250.00	25,000.00
3	Creek Crossing for 3-Inch Water Line	180 LF	200.00	36,000.00	100.00	18,000.00	100.00	18,000.00
4	3-Inch Gate Valve	1 EA	550.00	550.00	450.00	450.00	600.00	600.00
5	Blowoff Assembly	1 EA	1,500.00	1,500.00	975.00	975.00	1,200.00	1,200.00
6	Connection	1 EA	600.00	600.00	1,800.00	1,800.00	1,000.00	1,000.00
7	Tandem Meter Setting	4 EA	600.00	2,400.00	875.00	3,500.00	900.00	3,600.00
8	3/4-Inch Service Tubing	200 LF	4.00	800.00	20.00	4,000.00	14.00	2,800.00
TOTAL ALTERNATE NO. 2					\$193,350.00		\$236,525.00	\$294,000.00

**BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 9
WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 8, 2009 @ 11:00 A.M. LOCAL TIME**

			Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 3-BURNADETTE (RAINBOW) SUBDIVISION								
1	3-Inch PVC SDR 17 Water Line	900 LF	\$20.00	\$18,000.00	\$23.00	\$20,700.00	\$26.00	\$23,400.00
2	3-Inch Gate Valve	1 EA	550.00	550.00	450.00	450.00	600.00	600.00
3	Blowoff Assembly	1 EA	1,500.00	1,500.00	975.00	975.00	1,200.00	1,200.00
4	Connection	1 EA	600.00	600.00	1,800.00	1,800.00	1,000.00	1,000.00
5	Meter Reconnection	10 EA	300.00	3,000.00	450.00	4,500.00	600.00	6,000.00
6	3/4-Inch Service Tubing	350 LF	4.00	1,400.00	20.00	7,000.00	14.00	4,900.00
TOTAL ALTERNATE NO. 3				\$25,050.00		\$35,425.00		\$37,100.00

			Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167	
ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 4-GRAY HAWK LANE								
1	3-Inch PVC SDR 17 Water Line	970 LF	\$30.00	\$29,100.00	\$24.00	\$23,280.00	\$26.00	\$25,220.00
2	Bore & Case for 3-Inch Water Line	30 LF	200.00	6,000.00	150.00	4,500.00	250.00	7,500.00
3	3-Inch Gate Valve	1 EA	550.00	550.00	450.00	450.00	600.00	600.00
4	Blowoff Assembly	1 EA	1,500.00	1,500.00	975.00	975.00	1,200.00	1,200.00
5	Connection	1 EA	1,000.00	1,000.00	1,800.00	1,800.00	1,000.00	1,000.00
6	Tandem Meter Setting	1 EA	800.00	800.00	875.00	875.00	800.00	800.00
7	3/4-Inch Service Tubing	50 LF	20.00	1,000.00	20.00	1,000.00	14.00	700.00
TOTAL ALTERNATE NO. 2				\$39,950.00		\$32,880.00		\$37,020.00

BID TABULATIONS
WESTERN ROCKCASTLE WATER ASSOCIATION
CONTRACT 9
WATER SYSTEM EXTENSIONS & IMPROVEMENTS
ROCKCASTLE COUNTY, KENTUCKY
BID DATE: OCTOBER 8, 2009 @ 11:00 A.M. LOCAL TIME

ITEM NO.	DESCRIPTION	QUANTITY	Southern Backhoe, inc. 808 West Main St. Campbellsville, KY 42728		Conley Gregory Const., Inc. 1900 North Main St. Monticello, KY 42633		United Pipeline, Inc. 48 Hagan St. Tompkinsville, KY 42167	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
ALTERNATE NO. 5-PAUL HANSEL ROAD								
1	3-Inch PVC SDR 17 Water Line	2,200 LF	\$15.00	\$33,000.00	\$16.00	\$35,200.00	\$26.00	\$57,200.00
2	Blowoff Assembly	1 EA	1,500.00	1,500.00	975.00	975.00	1,200.00	1,200.00
3	Connection	1 EA	600.00	600.00	1,800.00	1,800.00	1,000.00	1,000.00
4	Standard Meter Setting	1 EA	600.00	600.00	875.00	875.00	800.00	800.00
5	3/4-Inch Service Tubing	50 LF	10.00	500.00	20.00	1,000.00	14.00	700.00
TOTAL ALTERNATE NO. 5				\$36,200.00		\$39,850.00		\$60,900.00

FINAL PROJECT BUDGET
CONTRACT 8 - WATER STORAGE TANK REPLACEMENTS
CONTRACT 9 - WATER SYSTEM EXTENSIONS & IMPROVEMENTS
WESTERN ROCKCASTLE WATER ASSOCIATION
OCTOBER 9, 2009

PROJECT COSTS

DEVELOPMENT

CONTRACT 8 - WATER STORAGE TANKS \$367,000.00

CONTRACT 9 - WATER SYSTEM IMPROVEMENTS 356,660.00

SUBTOTAL \$723,660.00

CONTINGENCY 50,490.93

ENGINEERING DESIGN 67,951.67

CONSTRUCTION INSPECTION 45,662.95

PRELIMINARY ENGINEERING REPORT 10,000.00

GEOTECHNICAL INVESTIGATIONS & SITE SURVEYS 7,234.45

INTEREST 15,000.00

LEGAL & ADMINISTRATION 20,000.00

TOTAL PROJECT COSTS \$940,000.00

PROJECT FUNDING

USDA RURAL DEVELOPMENT LOAN \$575,000.00

USDA RURAL DEVELOPMENT GRANT 365,000.00

TOTAL FUNDING COSTS \$940,000.00