

RECEIVED

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

SEP 02 2014  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE )  
WATER SERVICE RATES OF FRANKFORT ) CASE NO. 2014-00254  
ELECTRIC AND WATER PLANT BOARD )

**FEWPB'S RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO FRANKFORT ELECTRIC AND WATER PLANT BOARD**

1. Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements [Fiscal] Years Ended June 30, 2013 and 2012 at 27; and (2) Item 22, Cost of Service Allocation Study, Schedule G, Summary of Revenue Under Present Rates and Pro Forma Revenue Under Present Rates for the Twelve Months Ended June 30, 2013 at 37.

a. In the Financial Statement for the fiscal year ending June 30, 2013, Frankfort Plant Board reported revenues from water user fees of \$8,341,199, but the Billing Analysis Revenues, 2012/2013 Rates lists revenues from water sales of \$8,317,061, which is a difference of \$24,138. Provide a detailed explanation for this difference.

b. Provide a breakdown of the \$8,341,199 in revenues from water user fees using the customer classifications listed in the billing analysis.

c. Confirm that the \$70,362 of unbilled revenue as of June 30, 2013, is included in the revenues from water user fees of \$8,341,199.

d. If yes to c., provide the journal entry that was recorded to accrue all expenses that were incurred to generate the unbilled revenue.

e. In the Financial Statement for the fiscal year ending June 30, 2013, Frankfort Plant Board reported non-operating revenues of \$157,245, but the Billing Analysis Revenues, 2012/2013 Rates, lists other operating revenues of \$194,865, which is a difference of \$37,620. Provide a detailed explanation for this difference.

f. Provide a breakdown of the \$194,865 in other revenues using the customer revenue classifications listed in the Financial Statement for the fiscal year ending June 30, 2013.

Witness(es): David Denton, Connie Heppenstall, Paul R. Herbert

Response: Attached

2. Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements [Fiscal] Years Ended June 30, 2013 and 2012; and (2) Item 4, Exhibit 1, Test-Year General Ledger (July 1, 2012 — June 30, 2013).

a. Frankfort Plant Board lists the following divisions in its Financial Statements: Cable (Telecommunications); Electric; and Water. Provide a trial balance for each division that supports the amounts shown in the Financial Statements. Each trial balance should show the account numbers, account titles, and account balances as they appear on the general ledger provided in Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4.

b. For each of Frankfort Plant Board's divisions, provide a five-year comparative trial balance schedule for the fiscal years 2009-2010 through 2012-2013.

Each trial balance comparison should show the account numbers, account titles, and account balances as they appear on the general ledger provided in Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4.

c. For each cash account used by Frankfort Plant Board during the test year, provide a cash disbursements ledger that lists the division, all checks in chronological order, and that details the date paid, check number, vendor, and amount.

Witness(es): David Denton

Response: Attached

3. Refer to the trial balance that Frankfort Plant Board provided for the Water Division in its response to Item 2(a) above.

a. Identify each account that includes entries made to record transactions that benefitted only the water division and were therefore directly assigned only to the water division for reporting purposes.

b. For each account provided in response to item a., explain and describe the internal controls that are in place to ensure that directly assigned transactions are properly identified and charged to the proper division.

c. Identify each account that includes entries made to record the allocation of transactions that benefit more than one division.

d. For each account provided in response to items c., explain and describe the internal controls that are applied to shared transactions to ensure that: (1)

appropriate factors are used to allocate costs among the divisions; (2) allocation factors are calculated correctly and properly applied to shared transactions; and (3) the allocated amounts are charged to the appropriate division.

Witness(es): David Denton

Response: Attached

4. Refer to Frankfort Plant Board's response to the July 23, 2104 Order, Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 27, Statement of Revenues and Expenses.

a. Confirm that Frankfort Plant Board provides billing and collection services for sewer utilities. If the response is affirmative, identify the sewer utilities that receive this billing service, the billing and collection revenues Frankfort Plant Board received in the test year, and identify the account where this revenue is recorded.

b. Does Frankfort Plant Board receive any form of payment for the use of the Water Division's assets, or other water resources, such as employees, that are not reported on the Statement of Revenues and Expenses? If so, identify those payments and explain why they are not reported.

Witness(es): David Denton

Response: Attached

5. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 13 and 32, and Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated Customer Classifications at 1-4.

a. The account titles and amounts used in the Cost of Service Allocation Study do not correspond to the account titles and amounts listed in the Financial Statement for the Fiscal Year Ended June 30, 2013 for the Water Division. Reconcile the accounts and the amounts listed in the cost-of-service study to the 2013 Financial Statements.

b. Provide a pro forma income statement for the water division showing the revenue normalization adjustment and the requested pro forma expense adjustments.

c. Provide a pro forma income statement for the wholesale water customers showing the revenue normalization adjustment and the requested pro forma expense adjustments.

d. Using the format in Table I below, provide Frankfort Plant Board's requested revenue requirement for the water division and the wholesale customers.

<u>Table I: Revenue Requirement Water Division and Wholesale</u>		
	<u>Total</u>	<u>Wholesale</u>
Pro Forma Operating Expenses	\$6,962,298	\$1,382,022
Plus: Debt Services Payments	\$2,236,975	554,520
Debt Coverage Requirements	334,657	80,070
Total Revenue Requirements	\$9,533,930	\$2,016,613
Less: Other Operating Revenue	195,576	41,540
Non-Operating Revenues		
Interest Income		
Requested Revenue Increase	\$633,054	\$633,054
Percentage Revenue Increase	6.4%	44.8%

Witness(es): Connie Heppenstall, Paul R. Herbert, David Denton

Response: Attached

6. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated to Customer Classifications at 1-4, and Items 31 (a) and 31 (b).

a. In its Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service for the Electric and Water Revenue Bonds, Series 2009, of \$1,216,398 and locates \$275,392 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the 2009 bonds and its proposed allocation to the wholesale customers.

b. In its Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service for the Electric and Water Revenue Bonds, Series 2013, of \$1,216,398 and locates \$275,392 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the 2013 bonds and its proposed allocation to the wholesale customers.

c. In Item 31, Exhibit 31, Calculation of Debt Service for Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service on its Kentucky Infrastructure Authority ("KIA") Loan #F08-04 of \$386,792.

(1) Confirm that the referenced KIA Loan #F08-04 is the Electric and Water System Revenue Bond Anticipation Note ("BAN"), Series 2010 that is referenced by Frankfort Plant Board in its response to Item 6(a). If not, provide a copy of the KIA Loan agreement.

(2) Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the KIA Loan #F08-04 and its proposed allocation to the wholesale customers.

d. In Item 31, Exhibit 31, Calculation of Debt Services for Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service on its KIA Loan – Generator of \$176,897.

(1) Confirm that the referenced KIA Loan – Generator is the Electric and Water System Revenue BAN, Series 2012 that is referenced by Frankfort Plant Board in its response to Item 6(a). If not, provide a copy of the KIA Loan agreement.

(2) Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the KIA Loan – Generator and its proposed allocation to the wholesale customers.

(3) Frankfort Plant Board states that the generator capital project began at the end of fiscal year 2013-2014. In regards to this capital project, provide: the actual date construction began; the date the generator will be placed in service; the purpose of the treatment plant generator; and the estimated cost of treatment plant generator.

(4) Confirm that Frankfort Plant Board has not included depreciation for the treatment plant generator in its pro forma depreciation expense. If depreciation for the treatment plant generator is included, identify the amount and provide the estimated useful life of the generator.

(5) Provide a detailed explanation for why the cost to finance a capital project that was began 12 months after the test-year-end should be included in Frankfort Plant Board's pro forma operations.

e. In its Cost of Service Allocation Study, Frankfort Plant Board uses debt service coverage for the 2009 bonds of \$243,280 and allocates \$55,708 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its requested debt-service coverage and its proposed allocation to the wholesale customers.

f. In its Cost of Service Allocation Study, Frankfort Plant Board uses a debt-service coverage for the 2013 bonds of \$91,378 and allocates \$24,992 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its requested debt-service coverage and its proposed allocation to the wholesale customers.

Witness(es): David Denton, Paul Herbert, Connie Heppenstall

Response: Attached

7. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Items 31(a) and 31(b).

a. Frankfort Plant Board explains that its proposed increase of \$28,157 to test-year chemical expense is "to account for the anticipated increase in chemical cost at time cost of service study was performed." Provide a detailed explanation of how Frankfort Plant Board calculated the estimated chemical costs on the schedule "Adjustments to Cost of Service."

b. In a prior decision, the Commission made the following finding regarding budgetary adjustments. Provide the information listed in the Commission's finding to support the estimated chemical cost adjustment.

Where an applicant bases its application upon a historical test period, it must provide a "complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment." That support should, at a minimum, include some documentary evidence to demonstrate the certainty of some expected change or event.

c. Frankfort Plant Board is proposing to increase operating expenses by \$45,000 to reflect the estimated cost of this rate case.

(1) Provide a schedule that details all test-period expenditures related to the current proceeding, along with a copy of vendor invoices. The schedule should state the nature and amounts of all charges. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

(2) Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor, with supporting documentation for each.

(3) Provide a monthly update of the schedule requested in Item 7(c)(1) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 7(c)(1).

Witness(es): David Denton, David Billings

Response: Attached

8. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 5, Exhibit 2, Bond Authorizing Resolution, Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2013. The Bond Resolution was a two-sided copy and Frankfort Plant Board provided only the even page numbers. Provide a complete copy of the bond resolution for Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2013.

Witness(es): David Denton

Response: Attached

9. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 5, Exhibit 1, Bond-Authorizing Resolution, Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2009 at 25.

a. There is a requirement that net revenues should be at least 120 percent of the maximum annual debt-service requirement for any year ending December 1. Explain whether Frankfort Plant Board followed this requirement in calculating its requested debt-service coverage.

b. The Bond Ordinance requires that depreciation and amortization be excluded from the debt-service calculation. Given this requirement, explain why Frankfort Plant Board has included depreciation expense in its Cost of Service Allocation Study.

Witness(es): Connie Heppenstall, Paul R. Herbert, David Denton

Response: Attached

10. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 6, Exhibit 1.

a. Provide a list of all water division employees employed during fiscal year ending June 30, 2013. For each employee listed, provide the following:

- (1) Name;
- (2) Title;
- (3) Length of employment with Frankfort Plant Board;
- (4) Test-period pay rate and current pay rate;
- (5) Test-period regular time worked and overtime worked;
- (6) Percentage of test-period payroll capitalized;
- (7) Total test period payroll expensed and capitalized; and
- (8) Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Frankfort Plant Board.

b. Provide a list of those employees whose salaries are allocated to the water division and are classified as either: Administration; Information Technology; Human Resources; or Support Services. For each employee listed, provide the following:

- (1) Name;
- (2) Title;
- (3) Length of employment with Frankfort Plant Board;
- (4) Test-period pay rate and current pay rate;
- (5) Test-period regular time worked and overtime worked;
- (6) Percentage of test-period payroll capitalized;

(7) Percentage of test-period payroll allocated to the water division;

(8) Total test period payroll expensed, capitalized, and allocated to the water division; and

(9) Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Frankfort Plant Board.

c. Identify any employees listed in the response to 10(a) for the fiscal year ending June 30, 2013, that are no longer employed by Frankfort Plant Board. State whether the vacant position has been filled, and if so, provide the date the position was filled. If the position has not been filled, state when you expect to hire a new employee, or whether the position will remain vacant.

d. Provide the information requested in 10(a) for any new water division employee identified in the response to 10(c).

e. Identify any employees listed in the response to 10(b) for the fiscal year ending June 30, 2013, who are no longer employed by Frankfort Plant Board. State whether the vacant position has been filled, and if so, provide the date the position was filled. If the position has not been filled, state when you expect to hire a new employee, or state whether the position will remain vacant.

f. Provide the information requested in 10(b) for any new employee identified in the response to 10(e).

g. Provide a copy of the employee information requested in Items 10(a) — 10(f), on a CD-ROM in Excel format.

h. Provide the employer retirement contribution rate(s) that were effective during calendar years 2011, 2012, and 2013, including the date the rate became effective.

i. If the employer retirement contribution rate has been changed in calendar year 2014, provide the rate and the date it became effective.

Witness(es): David Denton, David Billings

Response: Attached

11. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 7, Divisional Budget Detail Fiscal Year 2012-2013. Provide a revised schedule substituting the Fiscal Year 2012-2013 actual revenues and expenses for the budget numbers.

Witness(es): David Denton

Response: Attached

12. Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 9, Water Treatment Depreciation Schedule; (2) Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 32; and (3) Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated to Customer Classifications at 3.

a. In the Fiscal Year 2012-2013, Frankfort Plant Board lists test-year depreciation expense of \$1,467,012, but in the Cost of Service Allocation Study, depreciation expense is \$1,178,750. Provide a reconciliation explaining the difference in reported depreciation expense.

b. Provide a detailed depreciation schedule to support test-year depreciation expense of \$1,178,750 and includes the following information by Account:

- (1) Original Plant Investment;
- (2) Accumulated Depreciation;
- (3) Depreciation Service Life; and
- (4) Depreciation Expense.

c. Identify the methodology (straight-line or an accelerated method) used by Frankfort Plant Board to calculate depreciation expense.

d. On its depreciation schedule, Frankfort Plant Board identifies donated asset depreciation expense for fiscal year 2012-2013 of \$144,131. Provide a schedule showing how depreciation for donated/contributed depreciation expense was calculated using the same detail as requested in 12(b).

e. Frankfort Plant Board lists donated assets in its response to Item 9. Confirm that depreciation expense associated with the contributed/donated assets is not included in test-year depreciation expense of \$1,178,750.

f. If depreciation on donated/contributed assets is included in test-year depreciation, identify the amount of contributed/donated depreciation

that is included and explain why Frankfort Plant Board should be allowed to recover this depreciation from its wholesale customers.

Witness(es): Connie Heppenstall, Paul R. Herbert, David Denton

Response: Attached

13. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4, Exhibit 1, Test-Year General Ledger (July 1, 2012 — June 30, 2013). For each cost recorded/allocated to the water division accounts listed in Table II, provide a schedule listing each cost or allocation, a detailed description for each item, and a copy of all invoices related to the cost or allocation.

<u>Account Number</u>		<u>Account Title</u>	
Account	Sub Account	Account	Sub Account
633000	20-24	Pumping Maintenance	Water Distribution
652000	20-24	Water Treatment Maintenance	Water - Treatment
678000	01-21	Water Distribution Expenses	Water – Balance Sheet
678000	20-20	Water Distribution Expenses	Water – Overall Water
678000	20-21	Water Distribution Expenses	Water – Distribution
678000	20-22	Water Distribution Expenses	Water Engineering
678000	20-23	Water Distribution Expenses	Water – Fire Hydrants
920060	20-21	Dues and Subscriptions	Water – Distribution
920060	20-22	Dues and Subscriptions	Water – Engineering
920060	20-24	Dues and Subscriptions	Water – Treatment
920060	20-50	Dues and Subscriptions	Water – Overall Admin & Gen
920060	20-51	Dues and Subscriptions	Water - Administration
920060	20-54	Dues and Subscriptions	Water – Finance
920060	20-56	Dues and Subscriptions	Water – Human Resources
920060	20-57	Dues and Subscriptions	Water – Info Technology
920060	20-59	Dues and Subscriptions	Water – Safety
923400	20-21	Other Consulting – Fees	Water – Distribution
923400	20-22	Other Consulting – Fees	Water – Engineering
923400	20-54	Other Consulting – Fees	Water – Finance
923400	20-56	Other Consulting – Fees	Water – Human Resources
923500	20-24	Other Legal and Accounting	Water – Treatment
923500	20-54	Other Legal and Accounting	Water – Finance
923700	20-21	Other Services	Water – Distribution

Witness(es): David Denton

Response: Attached

14. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study. Provide an electronic copy of the Cost of Service Allocation Study and billing analysis in Excel format. Make sure that all formulas and calculations are included in the spreadsheet so as to verify how each number and dollar amount are calculated and allocated.

Witness(es): Paul Herbert, Connie Heppenstall

Response: Attached

15. Explain why there is a need for a large increase in the wholesale rate since Frankfort Plant Board's last rate increase four years ago. What specific changes to the system have occurred to warrant such a large increase?

Witness(es): David Billings, David Denton

Response: Attached

16. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study, Schedule C at 9.

a. Confirm that Frankfort Plant Board is allocating distribution mains 10-inch or smaller to the wholesale customers.

b. In prior rate case proceedings, the Commission has expressed concerns regarding expenses associated with distribution mains 10-inch or smaller being allocated to the wholesale customers. Explain why Frankfort Plant Board is proposing to allocate a portion of the costs of its distribution mains that are 10-inch or smaller to wholesale customers.

c. Provide a hydraulic analysis of Frankfort Plant Board's distribution system that supports allocating a portion of the cost of the distribution mains that are 10-inch or smaller to wholesale customers.

Witness(es): Paul Herbert, Connie Heppenstall, David Billings

Response: Attached

17. Frankfort calculated a proposed increase of \$633,054 in revenues from non-water producers' wholesale customers, or an increase of 44.8 percent over current revenues. Explain how this amount of an increase was calculated.

Witness(es): Paul R. Herbert, Connie Heppenstall

Response: Attached

18. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4. Provide the June 30, 2014 general ledger.

Witness(es): David Denton

Response: Attached

19. Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 20.

a. Identify the use for the three unmetered hydrants.

b. Does use of the unmetered water increase the cost to the wholesale customer?

Witness(es): David Billings

Response: Attached

20. Provide a comparison of the water statistics for the fiscal years

2009-2010 through 2013-2014 using Table III.

Table III					
	Water Statistics for Fiscal Years				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Water Produced and Purchased:					
Water Produced	2,676,303,000	2,947,946,000	2,782,610,000	2,844,057,000	2,722,217,000
Water Purchased					
Total Water Produced and Purchased	2,676,303,000	2,947,946,000	2,782,610,000	2,844,057,000	2,722,217,000
Water Sales:					
Residential	618,254,220	642,777,000	606,323,200	618,798,500	590,246,900
Commercial	732,255,900	804,608,800	779,469,200	819,346,400	792,762,900
Industrial					
Bulk Loading Stations					
Resale Customers	856,425,100	1,032,588,500	864,118,500	938,993,600	885,104,400
Other					
Total Water Sales	2,206,935,200	2,479,974,300	2,249,910,900	2,377,138,500	2,268,114,200
Other Water Used:					
Utility/Water Treatment Plant	62,179,000	25,271,000	30,319,100	46,013,800	62,521,100
Wastewater Plant					
System Flushing	7,172,000	5,983,500	7,244,500	7,006,500	8,010,500
Fire Department					
Other Water Used:					
Total Other Water Used	69,351,000	31,254,500	37,563,600	53,020,300	70,531,600
Water Loss:					
Tank Overflows					
Line Breaks					
Line Leaks					
Other	400,016,800	436,717,200	495,135,500	413,898,200	383,571,200
Total Water Loss	400,016,800	436,717,200	495,135,500	413,898,200	383,571,200
Percentage Water Loss	14.95%	14.81%	17.79%	14.55%	14.09%

Witness(es): David Denton

Response: Attached

**CERTIFICATION**

I, Hance Price, certify that I am the attorney supervising the preparation of these Responses on behalf of the Frankfort Electric and Water Plant Board and that the Responses and attachments thereto are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

Respectfully Submitted,

*Hance Price*

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Hance Price  
317 West Second Street  
Frankfort, Kentucky 40601

Attorney for Frankfort Electric and  
Water Plant Board

This the 2<sup>nd</sup> day of September, 2014.

**CERTIFICATE OF SERVICE**

I, Hance Price, certify that on the 2<sup>nd</sup> day of September, 2014 an original and six (6) copies of FEWPB's Response to the Commission Staff's First Request for Information dated August 19, 2014 was served by hand delivery to:

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

And served by hand delivery of one (1) copy of the Response to:

Kentucky Attorney General's Office  
Hon. Jennifer Black Hans  
Hon. Gregory T. Dutton  
Assistant Attorneys General  
1024 Capital Center Drive  
Suite 200  
Frankfort, KY 40601

Counsel further certifies that true and accurate copies of the Response were served by mail to:

Hon. Donald T. Prather  
500 Main Street, Suite 5  
Shelbyville, KY 40065

Hon. Raymond Edelman  
148 South Main Street  
Lawrenceburg, KY 40342

Hance Price  
Hance Price

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 1

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 1:

Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements [Fiscal] Years Ended June 30, 2013 and 2012 at 27; and (2) Item 22, Cost of Service Allocation Study, Schedule G, Summary of Revenue Under Present Rates and Pro Forma Revenue Under Present Rates for the Twelve Months Ended June 30, 2013 at 37.

- a. In the Financial Statement for the fiscal year ending June 30, 2013, Frankfort Plant Board reported revenues from water user fees of \$8,341,199, but the Billing Analysis Revenues, 2012/2013 Rates lists revenues from water sales of \$8,317,061, which is a difference of \$24,138. Provide a detailed explanation for this difference.
- b. Provide a breakdown of the \$8,341,199 in revenues from water user fees using the customer classifications listed in the billing analysis.
- c. Confirm that the \$70,362 of unbilled revenue as of June 30, 2013, is included in the revenues from water user fees of \$8,341,199.
- d. If yes to c., provide the journal entry that was recorded to accrue all expenses that were incurred to generate the unbilled revenue.
- e. In the Financial Statement for the fiscal year ending June 30, 2013, Frankfort Plant Board reported non-operating revenues of \$157,245, but the Billing Analysis Revenues, 2012/2013 Rates, lists other operating revenues of \$194,865, which is a difference of \$37,620. Provide a detailed explanation for this difference.
- f. Provide a breakdown of the \$194,865 in other revenues using the customer revenue classifications listed in the Financial Statement for the fiscal year ending June 30, 2013.

Response:

- a. The Bill Analysis revenues on Schedule G of the Cost of Service are the result of applying 2012/2013 rates to the billing determinates developed through the bill analysis. See Schedule J of the Cost of Service Study. These revenues

are divided by Per Books revenue of \$8,328,562 to create an adjustment factor. The revenues from applying present rates (2013/2014 Rates) to the billing determinates (Column 7) are multiplied by the adjustment factor (Column 6) to produce Pro Forma Revenue under Present rates (Column 8). The per books revenues of \$8,328,562 were used to develop the adjustment factor and is the revenue that should be compared to the Financial Statements. These revenues are reconciled to the revenues included in the Financial Statements of \$8,341,199 in the attached chart. The Amortization of Bond Premium is not included for cost of service purposes as this is not cash revenue. Revenue from Water Collection charges, Water Hauling and Gratis are included in Other Revenue in the Cost of Service Study. See response to Part E. Water Tap Fee Revenue is not included in the cost of service as this is capital related.

- b. See attached schedule.
- c. These unbilled revenues were deducted from the revenues for water user fees.
- d. See attached journal entry.
- e. See attached schedule. Water Collection Charges used in the Cost of Service Study were reported in error as \$32,272 and should be listed as \$50,265. Retirement Plant Loss and Gain on Sale of Fixed Assets were not included in Other Revenue as these are capital related items.
- f. The Financial Statement does not list water customer revenue classifications. However, attached is the allocation of Other Water Revenues based on the Cost of Service Customer classifications utilizing allocation Factor 18 from the Cost of Service Study.

**Response to item 1a:**

Customer Classification	Audit Report Water Revenue for Year Ended 6/30/13	Schedule G, Column 2 Revenues Per Books Year Ended 6/30/13	Schedule G, Column 3 Adjustment for Unbilled Revenues	Schedule G, Column 4 Adjusted Revenues Per Books Year Ended 6/30/13
Residential	\$ 3,490,383.51	\$ 3,490,383.00	\$ 21,401.00	\$ 3,511,784.00
Commercial/Municipal	2,614,122	2,614,122	22,542	2,636,664
Gratis and Water Hauling	2,401	-	-	-
Resale - Non Water Producers	1,333,787	1,333,787	22,563	1,356,350
Resale - Water Producers	577,135	577,135	3,856	580,991
Private Fire	175,280	175,280	-	175,280
Public Fire	67,493	67,493	-	67,493
<b>Subtotal</b>	<b>8,260,601</b>	<b>8,258,200</b>	<b>70,362</b>	<b>8,328,562</b>
Amortization of Bond Premium	12,389	-	-	-
Water Collection Charges	50,265	-	-	-
Water Tap Fee Revenue	17,944	-	-	-
<b>Subtotal</b>	<b>80,598</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Water User Fees per FPB 6/30/14 Audited Financial Stmts</b>	<b>\$ 8,341,199.47</b>	<b>\$ 8,258,200.00</b>	<b>\$ 70,362.00</b>	<b>\$ 8,328,562.00</b>

\* Included in Other Revenue. See response to Part e.

\*\* Not included in Cost of Service as not a cash revenue.

\*\*\* Not included in Cost of Service as this revenue should be credited to the capital projects.

Frankfort Plant Board  
 PSC Case No. 2014-00254  
 Response to Commission Staff's First Request for Information

**Item 1b: Provide a breakdown of the \$8,341,199 in revenues from water user fees using the customer classifications listed in the billing analysis.**

Response to item 1b:

<u>Customer Classification</u>	<u>Water Revenue for Year Ended 6/30/13</u>
Residential	\$ 3,490,383.51
Commercial/Municipal	2,616,522.90
Resale - Non Water Producers	1,333,787.01
Resale - Water Producers	577,134.81
Private Fire	175,280.11
Public Fire	67,493.11
Subtotal	<u>8,260,601.45</u>
Amortization of Bond Premium	12,388.92
Water Collection Charges	50,265.10
Water Tap Fee Revenue	17,944.00
Subtotal	<u>80,598.02</u>
Water User Fees per FPB 6/30/14 Audited Financial Stmt	\$ 8,341,199.47



Frankfort Plant Board  
PSC Case No. 2014-00254

Response to Commission Staff's First Request for Information

Item 1c: Confirm that the \$70,362 of unbilled revenue as of June 30, 2013, is included in the revenues from water user fees of \$8,341,199.

Response to item 1c: \_\_\_\_\_

The water user fees on FPB's audited financial statements for 6/30/14 in the amount of \$8,341,199 includes a water revenue reduction of \$70,500 due to an unbilled water receivable adjustment for the period.

Item 1d: If yes to c., provide the journal entry that was recorded to accrue all expense that were incurred to generate the unbilled revenue.

Response to item 1d: \_\_\_\_\_

Sheet 3 of 5

GL Acct #	Account Description	Debit	Credit
20-20-461100	Residential City Water Revenue	\$ 15,376.00	
20-20-461200	Residential County Water Revenue	\$ 6,025.00	
20-20-461300	Commercial City Water Revenue	\$ 13,053.00	
20-20-461400	Commercial County Water Revenue	\$ 9,489.00	
20-20-466100	Water Sales Resale Revenue	\$ 22,563.00	
20-20-466200	Water Sales Resale - Producer Revenue	\$ 3,856.00	
20-20-467100	Water Used by FPB Electric Division	\$ 12.00	
20-20-467200	Water Used by FPB Water Division	\$ 126.00	
01-20-142200	Unbilled Accounts Receivable - Water		\$ 70,500.00

To adjust unbilled water receivable at year ended 6/30/13

  
**Frankfort Plant Board**  
**PSC Case No. 2014-00254**  
**Response to Commission Staff's First Request for Information**

Item 1e: Provide a detailed explanation for difference of \$37,620 between FPB's 6/30/14 audit and water cost of service study.

Response to Item 1e:

<u>Revenue Type</u>	<u>Non-Operating Revenue per FPB's June 30, 2013 Audited Financials</u>	<u>Non-Operating Revenue per Water COSS 6/30/13</u>
Sales of Materials	993	993
Mapping Income	13	13
Clubhouse Rent	4,215	4,215
Interest Income	28,902	28,902
Misc. Income	125,179	125,179
Retirement Plan Loss	(9,418) **	-
Gain on Sale of Fixed Assets	7,361 **	-
Water Used by FPB Electric	-	287
Water Used by FPB Water	-	2,114
Water Loading	-	890
Water Collection Charges	-	32,272 *
	<hr/> 157,245	<hr/> 194,865

\* Recorded in Error. Should equal \$50,265.10.

\*\* Not included in Cost of Service proposed revenue.

**Response to item 1f:**

Revenue Type	Residential	Commercial/ Public	Sales for	Sales for	Fire Protection		Total
			Resale Non Water Prod.	Resale Water Prod.	Private	Public	
Sales of Materials	\$ 325	\$ 258	\$ 211	\$ 101	\$ 23	\$ 75	\$ 993
Mapping Income	4	3	3	1	0	1	13
Clubhouse Rent	1,378	1,095	895	430	98	318	4,215
Interest Income	9,448	7,509	6,139	2,951	673	2,182	28,902
Misc. Income	40,921	32,522	26,588	12,781	2,917	9,451	125,179
Water Used by FPB Electric	94	75	61	29	7	22	287
Water Used by FPB Water	691	549	449	216	49	160	2,114
Water Loading	291	231	189	91	21	67	890
Water Collection Charges	10,550	8,384	6,855	3,295	752	2,437	32,272
<b>Total</b>	<b>\$ 63,701</b>	<b>\$ 50,626</b>	<b>\$ 41,389</b>	<b>\$ 19,896</b>	<b>\$ 4,540</b>	<b>\$ 14,712</b>	<b>\$ 194,865</b>

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 2

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 2: Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements [Fiscal] Years Ended June 30, 2013 and 2012; and (2) Item 4, Exhibit 1, Test-Year General Ledger (July 1, 2012 — June 30, 2013).

- a. Frankfort Plant Board lists the following divisions in its Financial Statements: Cable (Telecommunications); Electric; and Water. Provide a trial balance for each division that supports the amounts shown in the Financial Statements. Each trial balance should show the account numbers, account titles, and account balances as they appear on the general ledger provided in Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4.
- b. For each of Frankfort Plant Board's divisions, provide a five-year comparative trial balance schedule for the fiscal years 2009-2010 through 2012-2013. Each trial balance comparison should show the account numbers, account titles, and account balances as they appear on the general ledger provided in Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4.
- c. For each cash account used by Frankfort Plant Board during the test year, provide a cash disbursements ledger that lists the division, all checks in chronological order, and that details the date paid, check number, vendor, and amount.

Response:

- a. See the attached exhibit for item 2a that shows how FPB's general ledger accounts are structured. The first two digits of the 10 digit account number are the division code, the next two digits are the department code, and the last six digits are the general ledger account number. The "Subaccount" field on FPB's trial balance shows the division and department codes. All the balance sheet accounts start with a "01" division code and may have a specific department code if the department can be specifically identified. Balance sheet accounts that are not specifically identifiable to any one division are assigned a "00" department code that stands for "Companywide". FPB

specifically identifies balance sheet accounts to particular divisions and allocates "Companywide" balance sheet accounts with "00" department codes based on allocation factors. Due to the method just described FPB is not able to give a trial balance for each division, because not all balance sheet accounts are specifically identified. FPB can produce a summary of income statement accounts by division with income and expense accounts relating 100% to any division posted to that division and with all "General" division (code 40) income and expenses allocated to each division based on various allocation factors (refer to FPB's Responses to the July 23, 2014 Order, Item 7, Divisional Budget Detail Fiscal Year 2012-2013).

- b. See the attached FPB Income Statement Balance Summary that shows a five-year, comparative income statement with general ledger account numbers, account titles, and account balances as they appear on the general ledger provided in FPB's Responses to the July 23, 2014 Order, Item 4.
- c. FPB objects to Item 2c related to cash disbursements ledger information. FPB uses the accrual basis of accounting for financial reporting purposes. FPB's audited financial statements are prepared on the accrual basis of accounting and the audited, accrual basis data is the basis for all cost of service studies. Without waiving this objection, please see the CD-ROM provided with cash disbursements registers provided.

FPB GENERAL LEDGER ACCOUNT STRING
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DIVISION, DEPARTMENT, SA#

DIVISIONS:

- 01 BALANCE SHEET
- 10 ELECTRIC
- 20 WATER
- 30 CABLE
- 40 GENERAL

DEPARTMENTS:

GENERAL

- 00 COMPANYWIDE

ELECTRIC

- 10 OVERALL ELECTRIC
- 11 DISTRIBUTION
- 12 ENGINEERING
- 13 SECURITY LIGHTS
- 14 STREET LIGHTS
- 15 TRANSMISSION
- 16 UNDERGROUND LINES
- 17-19 OPEN

WATER

- 20 OVERALL WATER
- 21 DISTRIBUTION
- 22 ENGINEERING
- 23 FIRE HYDRANTS
- 24 TREATMENT
- 25-29 OPEN

CABLE

- 30 OVERALL CABLE
- 31 BROADBAND-SECURITY
- 32 ENGINEERING
- 33 CONSTRUCTION
- 34 INSTALL-ORDER PROCESSING
- 35 MEDIA SERVICES
- 36 PROGRAMMING
- 37 TELEPHONE
- 38-49 OPEN

GENERAL

- 50 OVERALL ADMIN & GENERAL
- 51 ADMINISTRATION
- 52 BOARD
- 53 CUSTOMER SERVICE
- 54 FINANCE
- 55 FLEET SERVICES
- 56 HUMAN RESOURCES
- 57 INFORMATION TECHNOLOGY
- 58 METER READING
- 59 SAFETY
- 60 SUPPORT SERVICES

SO THE ACCOUNT STRING WOULD LOOK LIKE THIS:

40-60-932220

GENERAL DIVISION, SUPPORT SERVICES DEPARTMENT, FUEL EXPENSE

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB SUMMARY  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
<b>OPERATIONAL SALES:</b>						
440100	RESIDENTIAL ELECTRIC	13,819,511	15,680,469	17,724,202	16,232,370	17,811,474
442100	COMMERCIAL 1 PHASE ELECT	5,143,198	5,964,625	6,859,714	6,202,913	6,354,468
442400	LARGE POWER ELECTRIC	19,326,550	22,632,610	24,462,509	24,168,572	25,420,944
444100	ELECTRIC STREET LIGHTING	153,562	181,397	200,177	185,466	195,820
445100	MUNICIPAL ELECTRIC	707,057	828,498	895,432	897,800	1,089,113
448100	ELECT USED BY ELECT DEPT	311,565	324,906	500,857	644,023	848,517
448200	ELECT USED BY WATER DEPT	397,197	410,460	400,235	159,532	42,677
449100	ELECTRIC SECURITY LIGHTS	112,517	126,155	135,555	137,679	151,785
450100	ELECT COLLECTION CHARGES	207,291	275,368	324,693	265,026	313,742
451100	MISC ELECTRIC & POLE RENT	22,913	0	15,478	15,497	0
	<b>TOTAL ELECTRIC</b>	<b>40,201,361</b>	<b>46,424,488</b>	<b>51,518,852</b>	<b>48,908,878</b>	<b>52,228,540</b>
461100	RESIDENTIAL CITY WATER	2,092,773	1,982,779	2,170,489	2,179,257	2,185,967
461200	RESIDENTIAL COUNTY WATER	1,258,390	1,165,613	1,315,654	1,294,418	1,304,416
461300	COMMERCIAL CITY WATER	1,646,969	1,533,728	1,746,627	1,607,389	1,623,070
461400	COMMERCIAL COUNTY WATER	757,934	741,246	882,424	939,376	991,052
462100	FIRE SPRINKLER SERVICE	114,927	116,170	136,154	161,024	166,679
462200	PRIVATE FIRE HYDRANTS	41,733	33,397	14,926	8,727	8,601
463100	CITY FIRE HYDRANTS	107,640	117,697	76,732	67,690	67,493
466100	WATER SALES RESALE	1,208,526	1,223,153	1,357,088	1,312,004	1,333,787
466200	WATER SALES RESALE-PROD	372,209	253,762	590,397	360,663	577,135
467100	WATER USED BY ELECTRIC DEPT	374	294	395	310	287
467200	WATER USED BY WATER DEPT	3,614	1,316	2,317	2,156	2,114
470100	WATER COLLECTION CHARGES	40,686	47,159	51,323	45,790	50,265
471100	WATER TAP FEE REVENUE	0	97,498	19,233	20,122	17,944
	<b>TOTAL WATER</b>	<b>7,645,775</b>	<b>7,313,812</b>	<b>8,363,759</b>	<b>7,998,926</b>	<b>8,328,810</b>
420100	BASIC SERVICE REVENUE	7,057,405	7,491,835	7,639,357	7,026,062	8,740,829
420150	DIGITAL BASIC REVENUE	1,144,966	1,435,994	1,573,103	1,617,902	1,998,476
420160	DIGITAL PAY REVENUE	5,489	(9)	0	0	0
420170	VOD REVENUE	0	0	0	131,248	233,524
420175	PAY PER VIEW REVENUE	100,198	112,888	101,596	52,438	35,850
420200	H B O SERVICE FEES	456,938	423,369	445,247	1,106,670	440,961
420300	T M C SERVICE FEES	69,174	60,210	(2)	0	0
420510	CONNECTION CHARGES	232,699	240,545	224,475	188,327	201,161
420520	PAY CHANNEL DISCOUNTS	(177,113)	(158,598)	(96,397)	(72,271)	(87,692)
420530	CABLE PENALTY CHARGES	165,930	204,013	217,625	205,326	213,501
420600	SHOWTIME SERVICE REVENUE	128,082	112,226	121,326	128,020	135,906
420700	CINEMAX SERVICE FEE	111,227	90,776	84,048	114,531	77,478
420750	STARZ/ENCORE REVENUE	192,704	188,597	182,571	177,553	187,008
420760	WAM/ENCORE REVENUE	719	0	0	0	0
420770	WAM/STARZ/ENCORE REVENUE	12,904	0	0	0	0
420800	ENCORE SERVICE REVENUE	4,068	0	0	0	0
420810	HOME SECURITY SERVICE	303,962	334,737	359,963	356,538	418,781
420815	HOME SECURITY INSTALLATIONS	109,284	83,823	106,213	77,954	63,295
420820	HICAP REVENUE	214,800	263,570	277,062	326,807	343,713
420825	LONG DISTANCE PHONE REVENUE	506,878	472,702	428,619	379,030	338,267
420826	ACCESS BILLING REVENUE	249,885	203,311	175,584	118,000	108,274
420830	HSDS REVENUE	4,524,566	4,943,761	5,216,306	5,167,357	6,343,819
420832	BUNDLED SERVICE DISC	(541,652)	(581,249)	(587,678)	(558,984)	(654,001)
420835	CLEC LOCAL PHONE REVENUE	3,160,501	3,210,218	3,061,581	2,694,527	2,815,098
420840	DIGITAL CONVERTER REVENUE	0	90,695	336,363	274,244	273,672
420900	ADVERTISING REVENUE	702,482	695,907	753,437	673,637	693,576
420901	PRODUCTION REVENUE	26,721	34,431	30,778	23,810	31,386
420910	LEASE OR SALE CHANNEL	148,587	138,448	106,537	93,683	89,030
420920	SHOPPING CHANNEL REVENUE	74,314	64,075	67,474	69,208	65,675
420950	DIGITAL MUSIC REVENUE	4,004	3,541	55	0	0
420970	CHANNEL 10 REVENUE	8,963	11,621	10,338	6,402	8,094
420990	DARK FIBER REVENUE	1,155,773	1,111,744	1,071,963	1,211,648	1,136,492
	<b>TOTAL CABLE</b>	<b>20,154,458</b>	<b>21,283,181</b>	<b>21,907,544</b>	<b>21,589,867</b>	<b>24,252,173</b>
		<b>68,001,594</b>	<b>75,021,481</b>	<b>81,790,155</b>	<b>78,497,671</b>	<b>84,809,523</b>
<b>OTHER INCOME:</b>						
415100	SALES OF MATERIAL	8,108	6,086	38,870	14,583	5,478
415400	MAPPING INCOME	304	152	64	317	66
418200	RENTAL CLUBHOUSE	9,735	13,140	14,745	20,350	21,279
419050	INT CASH WORKING FUND	4	4	2	1	1
419100	INT CONTRACT FUND	35,290	24,108	23,087	10,045	6,771
419200	INT REVENUE BOND SINKING FUND	11,618	3,329	19,402	21,951	16,793
419250	INT REVENUE BOND INT & RED FUND	582	767	862	236	218
419300	INT DEPRECIATION FUND	21,397	12,403	11,043	4,794	3,266
419350	INT OPERATIONS AND MAINT	1,914	2,225	1,534	1,188	1,208
419400	INT REV FUND FARMERS BANK	5,898	7,532	11,305	3,886	1,605
419450	INT REVENUE FUND STATE NA	10,438	18,164	23,890	8,394	4,586
419500	INT CLUBHOUSE FUND	5,413	3,884	2,667	1,555	1,033
419550	INT REV FUND REPUBLIC BANK	11	20	14	6	12
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	22
419603	INT INCOME-RETIREMENT	0	0	0	19,179	18,683
421100	MISCELLANEOUS INCOME	562,943	763,917	526,221	653,267	694,940
421300	CAPITAL CONTRIBUTIONS	705,569	1,027,823	710,454	524,540	690,514
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	154	0
421400	AMORTIZATION OF BOND PREMIUM	0	6,194	12,389	12,389	12,389
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	25,676
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	19,560	(24,636)
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREMTN	0	0	0	966	(428)
		<b>1,379,204</b>	<b>1,889,768</b>	<b>1,396,049</b>	<b>1,317,161</b>	<b>1,479,476</b>
	<b>TOTAL REVENUE</b>	<b>69,380,798</b>	<b>76,911,249</b>	<b>83,186,204</b>	<b>79,814,832</b>	<b>86,288,999</b>
<b>CABLE COSTS AND EXPENSES:</b>						
(510100 TO 510102)	CABLE OP & MAINT PR	967,585	995,456	1,107,815	1,240,317	1,255,478
510300	CABLE DISTRIBUTION EXPENSE	405,730	325,892	576,679	239,548	297,761
510510	H B O EXPENSE	414,838	401,596	405,067	399,705	401,062
510520	T M C EXPENSE	27,802	20,189	0	0	0
510540	SHOWTIME EXPENSE	74,298	72,392	86,297	117,528	121,565
510550	CINEMAX EXPENSE	47,174	40,122	38,771	38,687	35,504
510560	ENCORE EXPENSE	1,355	0	9,716	0	0
510565	STARZ/ENCORE EXPENSE	85,493	119,189	106,406	117,248	136,469

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB-SUMMARY  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year					
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	
510570	DIGITAL MUSIC EXPENSE		2,833	2,219	304	0	0
510600	SATELLITE STATION EXPENSE	3,825,578	4,213,045	4,381,545	5,039,241	5,582,857	
510650	DIGITAL STATION EXPENSE	482,887	572,540	780,227	885,992	967,984	
510655	DIGITAL PAY STATION EXPENSE	34,285	0	0	0	0	
510660	HIGH DEFINITION TV EXPENSE	(4,506)	34,044	34,832	92,470	90,641	
510675	PAY PER VIEW EXPENSE	61,911	60,320	55,825	43,997	18,568	
510170	VOD EXPENSE	0	0	0	51,818	162,743	
510700	POLE RENTAL EXPENSE	20,459	21,786	29,898	33,113	17,671	
510800	ROYALTY COPYRIGHT EXPENSE	72,774	78,030	83,925	84,054	81,195	
(520100 TO 520102)	CHANNEL 10 SALARIES	483,801	478,089	507,482	530,959	569,001	
520200	CHANNEL 10 EXPENSES	48,491	60,537	54,533	13,107	12,746	
525200	CABLE ADVERTISING EXPENSE	86,327	84,668	73,353	77,643	77,686	
525210	MARKETING EXPENSE	65,590	160,282	97,462	68,340	74,760	
(530100 TO 530102)	BROADBAND PAYROLL	0	0	0	404,180	424,734	
530110	HICAP PAYROLL (FSN)	34,304	38,720	33,772	0	0	
530120	LONG DISTANCE PHONE PR (FSN)	70,720	70,873	73,895	0	0	
530130	HSDS PAYROLL (FSN)	56,923	55,089	49,677	0	628	
530140	CLEC LOCAL PHONE PAYROLL (FSN)	451,366	455,774	469,396	0	625	
530150	EXPANDED CABLE PR (FSN)	73,333	73,725	61,915	0	76	
(530160 TO 530162)	SECURITY PAYROLL (FSN)	103,292	90,243	100,534	105,162	97,920	
(530500 TO 530502)	TELEPHONE PAYROLL	0	0	0	521,613	509,113	
530510	HICAP EXPENSE (FSN)	7,071	53	91	0	0	
530520	LONG DISTANCE PHONE EXPENSE (FSN)	238,610	256,358	225,884	243,271	209,944	
530525	ACCESS BILLING EXPENSE (FSN)	47,296	38,079	50,702	42,181	42,433	
530530	HSDS EXPENSE (FSN)	713,450	650,748	730,759	799,707	798,318	
530540	CLEC LOCAL PHONE EXPENSE (FSN)	420,992	318,403	314,479	326,572	269,177	
530560	SECURITY EXPENSE (FSN)	77,194	83,341	90,581	99,703	99,332	
		9,499,256	9,871,802	10,631,822	11,616,156	12,355,991	
<b>ELECTRIC OPERATING EXPENSE:</b>							
555100	COST PER KW PURCHASED	11,187,208	13,193,415	17,259,390	15,402,548	17,926,489	
555150	KW TRANSMISSION DEMAND	229,086	1,459,937	1,366,713	1,708,873	1,935,285	
555200	COST PER KWH PURCHASED	17,431,791	19,597,321	21,003,260	20,225,995	20,894,156	
555250	FACILITIES CHARGE	3,350	20,100	20,100	20,390	20,796	
555300	COST OF FUEL ADJUSTMENT PURCHA	6,255,907	2,622,779	2,302,732	2,070,918	1,899,173	
555400	SEPA POWER ADJUSTMENT	(921,566)	(687,083)	(464,174)	(226,193)	(146,290)	
(571100 TO 571102) +(568000)	ELECT TRANS PAYROLL EXP	7,077	2,963	635	325	3,218	
571000 +(569000)	ELECT TRANSMISSION EXPENSE	1,750	612	0	30,636	4,605	
592000	ELECT DIST STAT EQUIP EXPENSE	0	0	0	111,264	50,817	
(592100 TO 592102)	ELECT DIST STAT EQUIP PAYROLL EXPENSE	0	0	0	181,925	235,958	
593000	ELECT DIST OVERHEAD LINES EXPENSE	0	0	0	716,501	738,371	
(593100 TO 593102)	ELECT DIST OVERHEAD LINES PAYROLL EXP	0	0	0	1,118,188	1,243,886	
594000	ELECT DIST UNDERGROUND LINES	111,090	7,385	82,085	8,033	58,617	
(594100 TO 594102)	ELECT DIST UND GND PR	149,365	121,580	185,450	197,755	185,979	
596000	ELECT DIST ST LIGHTS & SIG	70,351	15,936	10,664	31,255	20,257	
(596100 TO 596102)	ELECT DIST ST LGT & SIG PR	39,627	28,333	23,735	35,151	25,935	
598000	ELECT DISTRIBUTION EXPENSES	619,660	721,018	818,879	22	31	
598100	ELECT DIST PAYROLL	1,206,975	1,063,379	1,143,233	143	2,693	
599000	ELECT DIST SEC LIGHTS	6,269	8,335	10,169	4,577	5,804	
(599100 TO 599102)	ELECT DIST SEC LIGHT PR	4,411	3,812	1,283	3,430	3,850	
	TOTAL OP&MAINT	36,602,351	38,179,822	43,764,154	41,641,836	45,109,630	
<b>WATER TREATMENT OPERATIONS &amp; MAINTENANCE</b>							
623000	PUMPING POWER	457,515	463,561	462,073	0	439,985	
633000	PUMPING MAINTENANCE	99,101	43,635	76,379	120,990	66,195	
641000	WATER TREATMENT CHEMICALS	444,648	387,458	396,914	292,591	406,881	
(642000 TO 642002)	WATER TREATMENT LABOR	337,307	341,394	351,447	398,469	366,619	
643000	MISC TREATMENT EXPENSE	74,112	27,044	30,245	20,945	17,419	
644000	TREATMENT LAB EXPENSE	58,632	34,417	51,535	38,371	42,596	
(644100 TO 644102)	TREATMENT LAB PAYROLL	42,319	43,016	43,019	0	0	
652000	WATER TREAT MAINT	13,824	28,920	104,133	151,854	232,468	
(652100 TO 652102)	WATER TREAT MAINT PAYROLL	82,741	69,199	67,273	142,348	139,793	
		1,610,199	1,438,644	1,583,018	1,165,568	1,711,956	
<b>WATER DISTRIBUTION O &amp; M</b>							
677000	FIRE HYDRANTS	8,069	21,233	6,280	12,203	4,570	
(677100 TO 677102)	FIRE HYDRANTS PAYROLL	44,555	37,653	44,046	69,064	64,932	
678000	WATER DISTRIBUTION EXPENSES	347,800	293,449	532,091	461,752	224,265	
(678100 TO 678102)	WATER DIST PAYROLL	844,728	782,458	890,279	968,693	961,031	
		1,245,152	1,134,793	1,472,696	1,511,712	1,254,798	
<b>ENGINEERING DEPARTMENT EXPENSE:</b>							
700000	ENGINEERING EXPENSE ACCOUNT	13,490	6,854	20,288	52,533	3,008	
(700100 TO 700102)	ENGINEERING PAYROLL	586,176	569,558	589,274	666,934	649,280	
		599,666	576,412	609,562	719,467	652,288	
<b>SUPPORT SERVICES DEPARTMENT:</b>							
932110	SUPPORT SERVICES EXP	88,805	94,755	104,313	12,733	12,538	
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	453,746	454,373	485,379	516,267	514,895	
932130	INVENTORY ADJUSTMENTS	19,488	(38,324)	43,887	36,947	51,887	
932140	COST OF SALES CLEARING	4,535	2,974	7,080	2,931	3,094	
932200	AUTO & TRUCK REPAIR EXP	170,170	163,225	198,284	174,352	217,638	
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	209,718	213,796	221,470	237,120	236,124	
932220	AUTO & TRUCK GAS & OIL	322,168	284,652	361,687	393,725	352,316	
		1,268,630	1,175,451	1,422,100	1,374,075	1,388,492	
<b>OFFICE DEPARTMENT EXPENSES:</b>							
902000	READING EXPENSES	27,032	4,805	13,515	2,981	20,200	
(902100 TO 902102)	METER READING PAYROLL	368,650	351,834	363,983	394,316	398,676	
903000	CUST REC AND COLL EXP	17,720	20,612	21,397	305,296	320,277	
903010	POSTAGE AND PRINTING	170,580	154,814	155,088	29,887	16,600	
(903100 TO 903102)	CUST REC AND COLL PR	843,234	723,007	762,525	850,328	888,327	
903200	CASH OVER AND SHORT	75	208	149	171	109	
903921	OFFICE SUPPLIES EXPENSE	51,564	35,203	40,860	59,570	58,511	
904000	BAD DEBTS EXPENSE	137,046	443,808	298,465	571,747	650,000	
(905100 TO 905102)	INFO TECH PAYROLL	471,915	528,567	551,075	566,134	594,285	
905200	GIS EXPENSES	36,715	43,989	41,495	54,550	50,000	
905210	CIS EXPENSES	185,593	180,077	188,965	7,216	165	
905300	COMPUTER EXPENSE	141,801	126,593	165,889	53,386	110,309	
905400	SOFTWARE SERVICES	0	0	0	269,509	243,367	

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB:SUMMARY  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
		2,451,925	2,613,517	2,603,406	3,165,091	3,350,826
<b>ADMINISTRATIVE EXPENSES:</b>						
913000	PUBLISHING EXPENSE	13,488	5,750	17,362	45,344	4,937
930101	ADMIN P/O EXPENSE	0	0	0	13,337	1,408
920000	ADMINISTRATIVE EXPENSE	249,464	216,034	253,237	22,122	20,013
920060	DUES AND SUBSCRIPTIONS	60,200	58,834	55,275	65,423	66,518
920070	CELL PHONE EXPENSE	0	0	0	51,757	59,158
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	810,629	732,499	914,304	1,120,003	1,058,187
920200	CLEARING ACCOUNT	3,742	71	177	417	(248)
920400	SAFETY EXPENSE	31,388	23,307	43,723	44,549	65,508
920700	TRAVEL AND TRAINING EXP	130,063	124,317	107,438	139,969	102,328
920810	BOARD EXPENSES	3,018	818	11,758	815	233
920820	BOARD PAYROLL	5,604	5,534	5,594	5,515	5,827
920910	SOCIAL SECURITY EXPENSE	753,697	739,152	798,728	777,272	794,929
923300	LEGAL RETAINER FEES	32,400	32,400	32,400	32,400	32,479
923400	OTHER CONSULTING FEES	141,667	68,565	149,537	102,144	116,616
923500	OTH LEGAL AND ACCOUNTING	204,491	393,581	123,608	65,493	70,311
923600	LEGAL EXP CABLE CASES	12,493	1,608	5,040	798	659
923700	OTHER SERVICES	0	0	0	84,663	39,388
924000	INSURANCE EXPENSE	888,148	920,457	859,077	867,374	817,302
		3,340,491	3,322,927	3,377,258	3,439,395	3,256,553
<b>GENERAL EXPENSES:</b>						
930100	GENERAL EXPENSES	15,756	18,945	20,136	9,761	9,369
930110	MAINTENANCE EXPENSES	52,202	36,869	69,497	90,863	83,531
930120	MAINTENANCE CONTRACT EXP	0	0	0	438	0
930130	MAINTENANCE SUPPLIES	0	0	0	60,841	76,025
930300	UTILITIES	0	0	0	1,030,555	669,883
930401	AMORTIZATION BOND DISC/EXP	16,047	167,155	0	0	0
930402	AMORTIZATION EXPENSE	140,400	140,400	140,400	70,200	0
930403	DEPRECIATION EXPENSE	5,808,164	6,030,267	6,314,356	6,625,213	6,899,746
930408	IN-LIEU-OF TAX CITY	109,007	109,007	97,205	0	0
930409	IN-LIEU-OF TAX COUNTY	46,000	46,000	0	0	0
930424	INTEREST EXPENSE ON KIA LOAN	0	22,990	61,399	67,029	65,139
930425	INTEREST EXPENSE ON FSN	1,116,160	1,059,205	1,037,897	960,146	848,627
930426	INTEREST ON BAN	85,157	40,382	6,162	12,352	35,787
930427	INTEREST ON BONDS	495,410	384,013	285,077	267,585	248,710
930429	INTEREST CONSOLIDATED PUR	47,235	32,631	17,126	2,337	0
930431	INTEREST CUST DEPOSITS	90,828	94,102	95,805	99,260	5,183
930435	CASH CONTR TO CITY	25,000	25,000	25,000	25,000	25,000
		8,047,366	8,206,946	8,171,160	9,321,580	8,967,000
<b>EMPLOYEE BENEFITS:</b>						
926000	UNEMPLOYMENT INSURANCE	5,994	12,477	10,085	7,436	4,721
926060	VACATION BENEFITS EXP	574,176	556,660	556,971	80,384	12,582
926070	SICK BENEFITS EXPENSE	270,909	344,388	334,901	1,284	8,031
926100	EMPLOYEES WELFARE EXP	1,712,082	1,911,130	2,375,189	5,586	6,364
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	2,583,507	2,567,444
926310	EMPLOYEE LIFE INSURANCE	0	0	0	58,403	70,004
926400	CLUBHOUSE EXPENSE	10,921	10,907	11,473	26,015	17,326
926450	EMPLOYEE ACTIVITY EXP	33,727	19,106	32,862	4,871	10,615
926460	UNIFORM EXPENSE	0	0	0	119,127	77,056
926470	EMPLOYEE ASSISTANCE EXP	2,919	2,469	2,769	2,744	2,469
926500	CO CONTRI TO EMP PEN	1,406,036	1,660,101	1,880,005	2,054,783	2,170,656
926600	OTH CO PAID PENSION EXP	0	0	3,300	10,998	10,911
		4,016,764	4,517,238	5,207,555	4,955,138	4,958,179
<b>EXTRAORDINARY EXPENSES:</b>						
950434	EXTRAORDINARY COST	0	0	500,000	0	0
		0	0	500,000	0	0
	<b>TOTAL EXPENSES</b>	<b>68,681,800</b>	<b>71,037,552</b>	<b>79,342,731</b>	<b>78,910,018</b>	<b>83,005,713</b>
	<b>NET MARGINS</b>	<b>698,998</b>	<b>5,873,697</b>	<b>3,843,473</b>	<b>904,814</b>	<b>3,283,286</b>

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB ELECTRIC  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
<b>OPERATIONAL SALES:</b>						
440100	RESIDENTIAL ELECTRIC	13,819,511	15,680,469	17,724,202	16,232,370	17,811,474
442100	COMMERCIAL 1 PHASE ELECT	5,143,198	5,964,625	6,859,714	6,202,913	6,354,468
442400	LARGE POWER ELECTRIC	19,326,550	22,632,610	24,462,509	24,168,572	25,420,944
444100	ELECTRIC STREET LIGHTING	153,562	181,397	200,177	185,466	195,820
445100	MUNICIPAL ELECTRIC	707,057	828,498	895,432	897,800	1,089,113
448100	ELECT USED BY ELECT DEPT	311,565	324,906	500,857	644,023	848,517
448200	ELECT USED BY WATER DEPT	397,197	410,460	400,235	159,532	42,677
449100	ELECTRIC SECURITY LIGHTS	112,517	126,155	135,555	137,679	151,785
450100	ELECT COLLECTION CHARGES	207,291	275,368	324,693	265,026	313,742
451100	MISC ELECTRIC & POLE RENT	22,913	0	15,478	0	0
	<b>TOTAL ELECTRIC</b>	<b>40,201,361</b>	<b>46,424,488</b>	<b>51,518,852</b>	<b>48,893,381</b>	<b>52,228,540</b>
		<b>40,201,361</b>	<b>46,424,488</b>	<b>51,518,852</b>	<b>48,893,381</b>	<b>52,228,540</b>
<b>OTHER INCOME:</b>						
415100	SALES OF MATERIAL	2,182	1,616	18,873	11,478	2,804
415400	MAPPING INCOME	82	40	17	85	18
418200	RENTAL CLUBHOUSE	2,620	3,495	3,841	5,448	5,671
419050	INT CASH WORKING FUND	3	2	1	1	1
419100	INT CONTRACT FUND	12,189	8,474	8,131	3,702	2,401
419300	INT DEPRECIATION FUND	5,580	3,145	2,746	1,639	1,118
419350	INT OPERATIONS AND MAINT	1,196	1,365	907	735	747
419400	INT REV FUND FARMERS BANK	3,686	4,621	6,683	2,281	993
419450	INT REVENUE FUND STATE NA	6,524	11,143	14,123	5,194	2,837
419500	INT CLUBHOUSE FUND	1,456	1,033	704	416	275
419550	INT REV FUND REPUBLIC BANK	7	12	8	4	8
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	14
419603	INT INCOME-RETIREMENT	0	0	0	6,394	6,229
421100	MISCELLANEOUS INCOME	221,894	343,525	112,117	274,697	147,641
421300	CAPITAL CONTRIBUTIONS	63,665	197,101	223,617	160,505	130,125
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	51	0
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	7,621
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	6,521	(8,214)
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREMNT	0	0	0	322	(143)
		<b>321,084</b>	<b>575,572</b>	<b>391,768</b>	<b>479,473</b>	<b>300,146</b>
	<b>TOTAL REVENUE</b>	<b>40,522,445</b>	<b>47,000,060</b>	<b>51,910,620</b>	<b>49,372,854</b>	<b>52,528,686</b>
<b>CABLE COSTS AND EXPENSES:</b>						
530560	SECURITY EXPENSE (FSN)	0	0	0	4,000	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>0</b>
<b>ELECTRIC OPERATING EXPENSE:</b>						
555100	COST PER KW PURCHASED	11,187,208	13,193,415	17,259,390	15,402,548	17,926,489
555150	KW TRANSMISSION DEMAND	229,086	1,459,937	1,366,713	1,708,973	1,935,285
555200	COST PER KWH PURCHASED	17,431,791	19,597,321	21,003,260	20,225,995	20,894,156
555250	FACILITIES CHARGE	3,350	20,100	20,100	20,390	20,796
555300	COST OF FUEL ADJUSTMENT PURCHA	6,255,907	2,622,779	2,302,732	2,070,918	1,899,173
555400	SEPA POWER ADJUSTMENT	(921,566)	(687,083)	(464,174)	(226,193)	(146,290)
(571100 TO 571102) +(568000)	ELECT TRANS PAYROLL EXP	7,077	2,963	635	325	3,218
571000 +(569000)	ELECT TRANSMISSION EXPENSE	1,750	612	0	30,636	4,605
592000	ELECT DIST STAT EQUIP EXPENSE	0	0	0	111,264	50,817
(592100 TO 592102)	ELECT DIST STAT EQUIP PAYROLL EXPENSE	0	0	0	181,925	235,958
593000	ELECT DIST OVERHEAD LINES EXPENSE	0	0	0	716,501	738,371
(593100 TO 593102)	ELECT DIST OVERHEAD LINES PAYROLL EXP	0	0	0	1,118,188	1,243,886
594000	ELECT DIST UNDERGROUND LINES	111,090	7,385	82,085	8,033	58,617
(594100 TO 594102)	ELECT DIST UND GND PR	149,365	121,580	185,450	197,755	185,979
596000	ELECT DIST ST LIGHTS & SIG	70,351	15,936	10,664	31,255	20,257
(596100 TO 596102)	ELECT DIST ST LGT & SIG PR	39,627	28,333	23,735	35,151	25,935
598000	ELECT DISTRIBUTION EXPENSES	818,660	721,018	818,879	22	31
598100	ELECT DIST PAYROLL	1,208,975	1,063,379	1,143,233	143	2,693
599000	ELECT DIST SEC LIGHTS	6,269	8,335	10,169	4,577	5,804
(599100 TO 599102)	ELECT DIST SEC LIGHT PR	4,411	3,812	1,283	3,430	3,679
	<b>TOTAL OP&amp;MAINT</b>	<b>36,602,351</b>	<b>38,179,822</b>	<b>43,764,154</b>	<b>41,641,836</b>	<b>45,109,459</b>
<b>ENGINEERING DEPARTMENT EXPENSE:</b>						
700000	ENGINEERING EXPENSE ACCOUNT	9,784	5,116	8,034	50,000	1,353
(700100 TO 700102)	ENGINEERING PAYROLL	245,901	253,660	275,561	300,310	268,838
		<b>255,685</b>	<b>258,776</b>	<b>283,595</b>	<b>350,310</b>	<b>270,191</b>
<b>SUPPORT SERVICES DEPARTMENT:</b>						
932110	SUPPORT SERVICES EXP	23,901	25,704	27,522	3,405	3,367
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	122,103	120,863	128,579	137,979	136,079
932130	INVENTORY ADJUSTMENTS	9,872	(24,027)	26,595	21,201	30,063
932140	COST OF SALES CLEARING	1,220	791	2,137	1,174	1,350
932200	AUTO & TRUCK REPAIR EXP	50,228	60,029	74,147	64,343	76,286
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	86,173	89,538	88,588	97,016	86,044
932220	AUTO & TRUCK GAS & OIL	132,379	119,190	144,626	160,469	128,776
		<b>425,876</b>	<b>392,088</b>	<b>492,194</b>	<b>485,587</b>	<b>461,965</b>
<b>OFFICE DEPARTMENT EXPENSES:</b>						
902000	READING EXPENSES	15,246	2,739	7,525	1,712	11,585
(902100 TO 902102)	METER READING PAYROLL	210,904	201,354	208,417	226,555	228,690
903000	CUST REC AND COLL EXP	4,739	5,474	5,649	81,728	85,354
903010	POSTAGE AND PRINTING	45,323	40,334	40,188	7,037	4,428
(903100 TO 903102)	CUST REC AND COLL PR	226,914	192,320	201,307	227,641	236,739
903200	CASH OVER AND SHORT	31	55	39	46	29
903921	OFFICE SUPPLIES EXPENSE	12,710	8,311	9,781	22,334	16,745
904000	BAD DEBTS EXPENSE	85,654	272,276	176,452	353,797	402,090
(905100 TO 905102)	INFO TECH PAYROLL	126,992	140,599	145,484	151,554	158,377
905200	GIS EXPENSES	9,350	11,701	10,955	14,803	13,325
905210	CIS EXPENSES	45,134	47,900	49,755	1,932	44

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB.ELECTRIC  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
905300	COMPUTER EXPENSE	37,976	33,674	45,517	14,291	29,397
905400	SOFTWARE SERVICES	0	0	0	95,338	104,836
		820,973	956,737	901,069	1,198,568	1,291,639
<b>ADMINISTRATIVE EXPENSES:</b>						
913000	PUBLISHING EXPENSE	2,224	1,779	4,099	12,073	1,438
930101	ADMIN P/O EXPENSE	0	0	0	3,570	375
920000	ADMINISTRATIVE EXPENSE	65,926	58,328	64,095	6,554	5,536
920060	DUES AND SUBSCRIPTIONS	41,403	41,417	27,270	28,768	33,505
920070	CELL PHONE EXPENSE	0	0	0	11,896	12,696
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	218,140	194,845	241,376	299,824	280,214
920200	CLEARING ACCOUNT	1,007	19	47	112	580
920400	SAFETY EXPENSE	8,396	6,200	10,936	16,326	41,558
920700	TRAVEL AND TRAINING EXP	39,623	38,761	27,313	44,189	38,337
920810	BOARD EXPENSES	397	15	3,104	218	62
920820	BOARD PAYROLL	1,508	1,472	1,477	1,476	1,553
920910	SOCIAL SECURITY EXPENSE	218,851	203,879	225,515	227,861	234,671
923300	LEGAL RETAINER FEES	8,719	8,618	10,541	8,673	8,655
923400	OTHER CONSULTING FEES	114,681	46,763	67,395	56,744	76,393
923500	OTH LEGAL AND ACCOUNTING	107,420	43,849	62,046	42,863	39,783
923700	OTHER SERVICES	0	0	0	9,112	1,816
924000	INSURANCE EXPENSE	286,961	293,073	270,437	238,354	220,397
		1,115,256	939,018	1,015,651	1,008,613	997,569
<b>GENERAL EXPENSES:</b>						
930100	GENERAL EXPENSES	3,933	4,368	4,527	2,578	2,497
930110	MAINTENANCE EXPENSES	12,200	11,282	15,419	14,484	16,015
930120	MAINTENANCE CONTRACT EXP	0	0	0	146	0
930130	MAINTENANCE SUPPLIES	0	0	0	14,113	18,411
930300	UTILITIES	0	0	0	85,028	53,798
930403	DEPRECIATION EXPENSE	1,521,687	1,536,441	1,511,952	1,699,927	1,716,836
930408	IN-LIEU-OF TAX CITY	37,801	37,042	4,081	0	0
930409	IN-LIEU-OF TAX COUNTY	17,402	17,052	0	0	0
930431	INTEREST CUST DEPOSITS	76,758	79,516	80,579	85,751	4,419
930435	CASH CONTR TO CITY	15,625	15,337	14,780	15,470	15,465
		1,685,406	1,701,038	1,631,338	1,917,497	1,827,441
<b>EMPLOYEE BENEFITS:</b>						
926000	UNEMPLOYMENT INSURANCE	1,606	3,319	2,627	2,170	1,398
926060	VACATION BENEFITS EXP	171,657	163,509	157,938	35,935	(4,349)
926070	SICK BENEFITS EXPENSE	79,543	134,629	97,935	340	(418)
926100	EMPLOYEES WELFARE EXP	463,892	513,834	622,749	1,481	1,654
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	719,968	721,649
926310	EMPLOYEE LIFE INSURANCE	0	0	0	17,098	20,566
926400	CLUBHOUSE EXPENSE	2,581	2,869	2,967	6,808	4,476
926450	EMPLOYEE ACTIVITY EXP	9,395	5,113	8,971	1,381	2,811
926460	UNIFORM EXPENSE	0	0	0	43,702	31,798
926470	EMPLOYEE ASSISTANCE EXP	782	657	721	727	642
926500	CO CONTRI TO EMP PEN	405,485	458,381	517,339	605,703	642,587
926600	OTH CO PAID PENSION EXP	0	0	860	3,667	3,638
		1,134,941	1,282,311	1,412,107	1,438,980	1,426,452
	<b>TOTAL EXPENSES</b>	<b>42,040,488</b>	<b>43,709,790</b>	<b>49,500,108</b>	<b>48,045,391</b>	<b>51,384,716</b>
	<b>NET MARGINS</b>	<b>(1,518,043)</b>	<b>3,290,270</b>	<b>2,410,512</b>	<b>1,327,463</b>	<b>1,143,970</b>

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB:WATER  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
<b>OPERATIONAL SALES:</b>						
461100	RESIDENTIAL CITY WATER	2,092,773	1,982,779	2,170,489	2,179,257	2,185,967
461200	RESIDENTIAL COUNTY WATER	1,258,390	1,165,613	1,315,654	1,294,418	1,304,416
461300	COMMERCIAL CITY WATER	1,646,969	1,533,728	1,746,627	1,607,389	1,623,070
461400	COMMERCIAL COUNTY WATER	757,934	741,246	882,424	939,376	991,052
462100	FIRE SPRINKLER SERVICE	114,927	116,170	136,154	161,024	166,679
462200	PRIVATE FIRE HYDRANTS	41,733	33,397	14,926	8,727	8,601
463100	CITY FIRE HYDRANTS	107,640	117,697	76,732	67,650	67,493
466100	WATER SALES RESALE	1,208,526	1,223,153	1,357,088	1,312,004	1,333,787
466200	WATER SALES RESALE-PROD	372,209	253,762	590,397	360,663	577,135
467100	WATER USED BY ELECTRIC DEPT	374	294	395	310	287
467200	WATER USED BY WATER DEPT	3,614	1,316	2,317	2,156	2,114
470100	WATER COLLECTION CHARGES	40,686	47,159	51,323	45,790	50,265
471100	WATER TAP FEE REVENUE	0	97,498	19,233	20,122	17,944
	<b>TOTAL WATER</b>	<b>7,645,775</b>	<b>7,313,812</b>	<b>8,363,759</b>	<b>7,998,926</b>	<b>8,328,810</b>
		<b>7,645,775</b>	<b>7,313,812</b>	<b>8,363,759</b>	<b>7,998,926</b>	<b>8,328,810</b>
<b>OTHER INCOME:</b>						
415100	SALES OF MATERIAL	1,632	1,208	5,355	1,141	993
415400	MAPPING INCOME	61	30	13	63	13
418200	RENTAL CLUBHOUSE	1,960	2,612	4,114	4,037	4,215
419050	INT CASH WORKING FUND	1	0	0	0	0
419100	INT CONTRACT FUND	18,693	12,806	12,238	5,134	3,598
419200	INT REVENUE BOND SINKING FUND	11,618	3,329	19,402	21,951	16,793
419250	INT REVENUE BOND INT & RED FUND	562	787	362	236	218
419300	INT DEPRECIATION FUND	3,933	2,322	2,080	1,574	1,068
419350	INT OPERATIONS AND MAINT	219	251	172	116	129
419400	INT REV FUND FARMERS BANK	676	848	1,271	359	171
419450	INT REVENUE FUND STATE NA	1,196	2,045	2,685	818	490
419500	INT CLUBHOUSE FUND	1,090	772	526	309	205
419550	INT REV FUND REPUBLIC BANK	1	2	2	1	1
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	2
419603	INT INCOME-RETIREMENT	0	0	0	6,393	6,227
421100	MISCELLANEOUS INCOME	165,080	110,533	89,662	112,040	125,179
421300	CAPITAL CONTRIBUTIONS	546,934	840,189	482,207	355,593	544,326
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	51	0
421400	AMORTIZATION OF BOND PREMIUM	0	6,194	12,389	12,389	12,389
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	7,361
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	6,519	(8,211)
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREMNT	0	0	0	322	(143)
		<b>753,656</b>	<b>983,928</b>	<b>632,478</b>	<b>529,046</b>	<b>715,024</b>
	<b>TOTAL REVENUE</b>	<b>8,399,431</b>	<b>8,297,740</b>	<b>8,996,237</b>	<b>8,527,972</b>	<b>9,043,834</b>
<b>CABLE COSTS AND EXPENSES:</b>						
530560	SECURITY EXPENSE (FSN)	0	0	0	4,000	0
		<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>0</b>
<b>ELECTRIC OPERATING EXPENSE:</b>						
(599100 TO 599102)	ELECT DIST SEC LIGHT PR	0	0	0	0	171
	<b>TOTAL OP&amp;MAINT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171</b>
<b>WATER TREATMENT OPERATIONS &amp; MAINTENANCE</b>						
623000	PUMPING POWER	457,515	463,561	462,073	0	439,985
633000	PUMPING MAINTENANCE	99,101	43,635	76,379	120,990	66,195
641000	WATER TREATMENT CHEMICALS	444,648	387,458	396,914	292,591	406,881
(642000 TO 642002)	WATER TREATMENT LABOR	337,307	341,394	351,447	398,469	366,619
643000	MISC TREATMENT EXPENSE	74,112	27,044	30,245	20,945	17,419
644000	TREATMENT LAB EXPENSE	58,632	34,417	51,535	38,371	42,596
(644100 TO 644102)	TREATMENT LAB PAYROLL	42,319	43,016	43,019	0	0
652000	WATER TREAT MAINT	13,824	28,920	104,133	151,854	232,468
(652100 TO 652102)	WATER TREAT MAINT PAYROLL	82,741	69,199	67,273	142,348	139,793
		<b>1,610,199</b>	<b>1,438,644</b>	<b>1,583,018</b>	<b>1,165,568</b>	<b>1,711,956</b>
<b>WATER DISTRIBUTION O &amp; M</b>						
677000	FIRE HYDRANTS	8,069	21,233	6,280	12,203	4,570
(677100 TO 677102)	FIRE HYDRANTS PAYROLL	44,555	37,653	44,046	69,064	64,932
678000	WATER DISTRIBUTION EXPENSES	347,800	293,449	532,091	461,752	224,265
(678100 TO 678102)	WATER DIST PAYROLL	844,728	782,458	890,279	968,693	961,031
		<b>1,245,152</b>	<b>1,134,793</b>	<b>1,472,696</b>	<b>1,511,712</b>	<b>1,254,798</b>
<b>ENGINEERING DEPARTMENT EXPENSE:</b>						
700000	ENGINEERING EXPENSE ACCOUNT	2,437	1,337	11,219	2,255	1,655
(700100 TO 700102)	ENGINEERING PAYROLL	233,567	216,452	208,484	264,034	266,111
		<b>236,004</b>	<b>217,789</b>	<b>219,703</b>	<b>266,289</b>	<b>267,766</b>
<b>SUPPORT SERVICES DEPARTMENT:</b>						
932110	SUPPORT SERVICES EXP	17,871	18,528	20,898	2,523	2,588
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	91,339	90,329	95,544	103,787	101,153
932130	INVENTORY ADJUSTMENTS	2,998	(8,117)	9,415	8,500	11,182
932140	COST OF SALES CLEARING	913	591	1,323	818	590
932200	AUTO & TRUCK REPAIR EXP	68,153	57,766	62,427	54,131	79,222
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	63,461	62,621	69,630	72,774	75,796
932220	AUTO & TRUCK GAS & OIL	97,488	83,411	113,547	119,392	112,819
		<b>342,223</b>	<b>305,129</b>	<b>372,784</b>	<b>361,925</b>	<b>383,350</b>
<b>OFFICE DEPARTMENT EXPENSES:</b>						
902000	READING EXPENSES	11,534	1,936	5,499	1,269	8,615
(902100 TO 902102)	METER READING PAYROLL	157,745	150,479	155,566	167,762	169,985
903000	CUST REC AND COLL EXP	3,545	4,091	4,217	60,571	63,447
903010	POSTAGE AND PRINTING	35,697	30,506	29,569	4,859	3,138
(903210 TO 9032102)	CUST REC AND COLL PR	169,743	143,734	150,294	168,711	175,978
903200	CASH OVER AND SHORT	23	41	29	34	22

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB:WATER  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
903921	OFFICE SUPPLIES EXPENSE	9,575	6,810	8,010	11,155	12,684
904000	BAD DEBTS EXPENSE	15,705	49,973	33,547	55,745	69,420
(905100 TO 905102)	INFO TECH PAYROLL	94,996	105,079	108,617	112,321	117,728
905200	GIS EXPENSES	8,964	8,745	8,179	10,823	9,905
905210	CIS EXPENSES	33,763	35,799	37,147	1,432	33
905300	COMPUTER EXPENSE	28,408	25,167	32,078	10,592	21,852
905400	SOFTWARE SERVICES	0	0	0	55,072	55,998
		<u>569,698</u>	<u>562,360</u>	<u>572,752</u>	<u>660,346</u>	<u>708,805</u>
ADMINISTRATIVE EXPENSES:						
913000	PUBLISHING EXPENSE	5,350	915	3,959	11,470	1,278
930101	ADMIN P/O EXPENSE	0	0	0	2,646	279
920000	ADMINISTRATIVE EXPENSE	52,166	43,154	49,069	4,070	4,783
920060	DUES AND SUBSCRIPTIONS	12,390	10,084	17,197	19,198	23,419
920070	CELL PHONE EXPENSE	0	0	0	11,317	14,031
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	163,179	145,621	180,209	222,209	208,295
920200	CLEARING ACCOUNT	753	14	35	83	(224)
920400	SAFETY EXPENSE	8,895	6,736	13,895	13,784	13,249
920700	TRAVEL AND TRAINING EXP	34,275	29,286	26,050	34,961	24,329
920810	BOARD EXPENSES	297	11	2,318	162	46
920820	BOARD PAYROLL	1,128	1,100	1,103	1,094	1,154
920910	SOCIAL SECURITY EXPENSE	211,840	209,131	223,788	220,461	220,612
923300	LEGAL RETAINER FEES	6,522	6,441	5,854	6,428	6,434
923400	OTHER CONSULTING FEES	26,615	7,965	29,495	45,400	39,780
923500	OTH LEGAL AND ACCOUNTING	35,791	283,975	23,572	6,131	21,736
923700	OTHER SERVICES	0	0	0	15,106	17,635
924000	INSURANCE EXPENSE	<u>250,369</u>	<u>262,054</u>	<u>239,854</u>	<u>284,586</u>	<u>274,150</u>
		809,570	1,006,497	816,398	899,106	870,986
GENERAL EXPENSES:						
930100	GENERAL EXPENSES	2,959	3,265	3,237	1,630	1,856
930110	MAINTENANCE EXPENSES	10,095	7,302	11,738	12,107	11,856
930120	MAINTENANCE CONTRACT EXP	0	0	0	146	0
930130	MAINTENANCE SUPPLIES	0	0	0	19,552	21,141
930300	UTILITIES	0	0	0	612,135	271,283
930401	AMORTIZATION BOND DISC/EXP	16,047	167,155	0	0	0
930403	DEPRECIATION EXPENSE	1,040,837	1,108,760	1,189,851	1,437,865	1,467,012
930408	IN-LIEU-OF TAX CITY	30,906	31,226	3,494	0	0
930409	IN-LIEU-OF TAX COUNTY	14,228	14,375	0	0	0
930424	INTEREST EXPENSE ON KIA LOAN	0	22,990	61,399	67,029	65,139
930426	INTEREST ON BAN	85,157	40,362	6,162	12,352	35,787
930427	INTEREST ON BONDS	495,410	384,013	286,077	267,585	248,710
930431	INTEREST CUST DEPOSITS	14,069	14,586	15,326	13,509	765
930435	CASH CONTR TO CITY	<u>2,865</u>	<u>2,815</u>	<u>2,810</u>	<u>2,437</u>	<u>2,670</u>
		1,712,573	1,796,849	1,580,094	2,446,347	2,126,219
EMPLOYEE BENEFITS:						
926000	UNEMPLOYMENT INSURANCE	1,712	3,606	2,814	2,096	1,318
926060	VACATION BENEFITS EXP	170,182	164,264	165,930	26,793	10,604
926070	SICK BENEFITS EXPENSE	94,631	94,370	84,286	322	2,065
926100	EMPLOYEES WELFARE EXP	488,851	551,781	663,535	1,403	1,570
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	728,683	708,743
926310	EMPLOYEE LIFE INSURANCE	0	0	0	16,477	19,465
926400	CLUBHOUSE EXPENSE	4,039	3,237	3,262	6,634	4,299
926450	EMPLOYEE ACTIVITY EXP	9,899	5,435	9,353	1,786	2,608
926460	UNIFORM EXPENSE	0	0	0	30,710	20,869
926470	EMPLOYEE ASSISTANCE EXP	834	713	772	689	609
926500	CO CONTRI TO EMP PEN	395,555	472,643	527,478	583,924	606,716
926600	OTH CO PAID PENSION EXP	0	0	921	3,666	3,637
		<u>1,165,703</u>	<u>1,296,049</u>	<u>1,458,351</u>	<u>1,401,183</u>	<u>1,382,503</u>
TOTAL EXPENSES						
		<u>7,691,122</u>	<u>7,758,110</u>	<u>8,075,796</u>	<u>8,716,476</u>	<u>8,706,554</u>
NET MARGINS						
		<u>708,309</u>	<u>539,630</u>	<u>920,441</u>	<u>(188,504)</u>	<u>337,280</u>

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB.CABLE  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
<b>OPERATIONAL SALES:</b>						
451100	MISC ELECTRIC & POLE RENT	0	0	0	15,497	0
	TOTAL ELECTRIC	0	0	0	15,497	0
420100	BASIC SERVICE REVENUE	7,057,405	7,491,835	7,639,357	7,026,062	8,740,829
420150	DIGITAL BASIC REVENUE	1,144,966	1,435,994	1,573,103	1,617,902	1,998,476
420160	DIGITAL PAY REVENUE	5,489	(9)	0	0	0
420170	VOD REVENUE	0	0	0	131,248	233,524
420175	PAY PER VIEW REVENUE	100,198	112,888	101,596	52,438	35,850
420200	H B O SERVICE FEES	456,938	423,369	445,247	1,106,670	440,961
420300	T M C SERVICE FEES	69,174	60,210	(2)	0	0
420510	CONNECTION CHARGES	232,699	240,545	224,475	188,327	201,161
420520	PAY CHANNEL DISCOUNTS	(177,113)	(158,598)	(96,397)	(72,271)	(87,692)
420530	CABLE PENALTY CHARGES	165,930	204,013	217,625	205,326	213,501
420600	SHOWTIME SERVICE REVENUE	128,082	112,226	121,326	128,020	135,906
420700	CINEMAX SERVICE FEE	111,227	90,776	84,048	114,531	77,478
420750	STARZ/ENCORE REVENUE	192,704	188,597	182,571	177,553	187,008
420760	WAM/ENCORE REVENUE	719	0	0	0	0
420770	WAM/STARZ/ENCORE REVENUE	12,904	0	0	0	0
420800	ENCORE SERVICE REVENUE	4,068	0	0	0	0
420810	HOME SECURITY SERVICE	303,962	334,737	359,963	356,538	418,781
420815	HOME SECURITY INSTALLATIONS	109,284	83,823	106,213	77,954	63,295
420820	HICAP REVENUE	214,800	263,570	277,062	326,807	343,713
420825	LONG DISTANCE PHONE REVENUE	506,878	472,702	428,619	379,030	338,267
420826	ACCESS BILLING REVENUE	249,885	203,311	175,584	118,000	108,274
420830	HSDS REVENUE	4,524,566	4,943,761	5,216,306	5,167,357	6,343,819
420832	BUNDLED SERVICE DISC	(541,652)	(581,249)	(587,678)	(558,984)	(654,001)
420835	CLEC LOCAL PHONE REVENUE	3,160,501	3,210,219	3,081,581	2,694,527	2,815,098
420840	DIGITAL CONVERTER REVENUE	0	90,695	336,363	274,244	273,672
420900	ADVERTISING REVENUE	702,482	695,907	753,437	673,837	683,576
420901	PRODUCTION REVENUE	26,721	34,431	30,778	23,810	31,386
420910	LEASE OR SALE CHANNEL	148,587	138,448	106,537	93,683	89,030
420920	SHOPPING CHANNEL REVENUE	74,314	64,075	67,474	69,208	65,675
420950	DIGITAL MUSIC REVENUE	4,004	3,541	55	0	0
420970	CHANNEL 10 REVENUE	8,963	11,621	10,338	6,402	8,094
420990	DARK FIBER REVENUE	1,155,773	1,111,744	1,071,963	1,211,648	1,136,492
	TOTAL CABLE	20,154,458	21,283,181	21,907,544	21,589,867	24,252,173
		20,154,458	21,283,181	21,907,544	21,605,364	24,252,173
<b>OTHER INCOME:</b>						
415100	SALES OF MATERIAL	4,294	3,262	14,642	1,965	1,680
415400	MAPPING INCOME	161	81	34	169	35
418200	RENTAL CLUBHOUSE	5,156	7,033	6,790	10,865	11,393
419050	INT CASH WORKING FUND	1	1	1	0	0
419100	INT CONTRACT FUND	4,408	2,828	2,717	772	772
419300	INT DEPRECIATION FUND	11,884	6,936	6,216	1,208	1,080
419350	INT OPERATIONS AND MAINT	499	609	455	337	332
419400	INT REV FUND FARMERS BANK	1,536	2,063	3,351	1,046	441
419450	INT REVENUE FUND STATE NA	2,718	4,975	7,081	2,381	1,259
419500	INT CLUBHOUSE FUND	2,867	2,079	1,437	830	553
419550	INT REV FUND REPUBLIC BANK	3	6	4	2	3
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	6
419603	INT INCOME-RETIREMENT	0	0	0	6,393	6,227
421100	MISCELLANEOUS INCOME	175,970	309,859	324,442	266,530	422,119
421300	CAPITAL CONTRIBUTIONS	94,970	(9,467)	4,630	8,441	16,063
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	51	0
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	10,693
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	6,519	(8,211)
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREMTN	0	0	0	322	(143)
		304,467	330,265	371,800	308,640	464,302
	TOTAL REVENUE	20,458,925	21,613,446	22,279,344	21,914,004	24,716,475
<b>CABLE COSTS AND EXPENSES:</b>						
(510100 TO 510102)	CABLE OP & MAINT PR	967,585	995,456	1,107,815	1,240,317	1,255,478
510300	CABLE DISTRIBUTION EXPENSE	405,730	325,892	325,892	576,679	239,548
510510	H B O EXPENSE	414,838	401,596	405,067	399,705	297,761
510520	T M C EXPENSE	27,802	20,189	0	0	401,062
510540	SHOWTIME EXPENSE	74,298	72,392	86,297	117,528	121,565
510550	CINEMAX EXPENSE	47,174	40,122	38,771	38,687	35,504
510560	ENCORE EXPENSE	1,355	0	9,716	0	0
510565	STARZ/ENCORE EXPENSE	85,493	119,189	106,406	117,248	136,469
510570	DIGITAL MUSIC EXPENSE	2,833	2,219	304	0	0
510600	SATELLITE STATION EXPENSE	3,825,578	4,213,045	4,381,545	5,039,241	5,582,857
510650	DIGITAL STATION EXPENSE	482,887	572,540	780,227	885,992	967,984
510655	DIGITAL PAY STATION EXPENSE	34,285	0	0	0	0
510660	HIGH DEFINITION TV EXPENSE	(4,506)	34,044	34,832	92,470	90,641
510675	PAY PER VIEW EXPENSE	61,911	60,320	55,825	43,997	18,568
510170	VOD EXPENSE	0	0	0	51,818	162,743
510700	POLE RENTAL EXPENSE	20,459	21,786	29,898	33,113	17,671
510800	ROYALTY COPYRIGHT EXPENSE	72,774	78,030	83,925	84,054	81,195
(520100 TO 520102)	CHANNEL 10 SALARIES	483,801	478,089	507,482	530,959	569,001
520200	CHANNEL 10 EXPENSES	48,491	60,537	54,533	13,107	12,746
525200	CABLE ADVERTISING EXPENSE	86,327	84,668	73,353	77,643	77,686
525210	MARKETING EXPENSE	65,590	160,282	97,462	68,340	74,760
(530100 TO 530102)	BROADBAND PAYROLL	0	0	0	404,180	424,734
530110	HICAP PAYROLL (FSN)	34,304	38,720	33,772	0	0
530120	LONG DISTANCE PHONE PR (FSN)	70,720	70,873	73,895	0	0
530130	HSDS PAYROLL (FSN)	56,923	55,089	49,677	0	628
530140	CLEC LOCAL PHONE PAYROLL (FSN)	451,366	455,774	469,396	0	625
530150	EXPANDED CABLE PR (FSN)	73,333	73,725	61,915	0	76
(530160 TO 530162)	SECURITY PAYROLL (FSN)	103,292	90,243	100,534	105,162	97,920
(530500 TO 530502)	TELEPHONE PAYROLL	0	0	0	521,613	509,113
530510	HICAP EXPENSE (FSN)	7,071	53	91	0	0
530520	LONG DISTANCE PHONE EXPENSE (FSN)	238,610	256,358	225,884	243,271	209,944
530525	ACCESS BILLING EXPENSE (FSN)	47,296	38,079	50,702	42,181	42,433
530530	HSDS EXPENSE (FSN)	713,450	650,748	730,759	799,707	798,318
530540	CLEC LOCAL PHONE EXPENSE (FSN)	420,992	318,403	314,479	326,572	269,177

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB CABLE  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year				
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
530560	SECURITY EXPENSE (FSN)	77,194	83,341	90,581	91,703	99,332
		9,499,256	9,871,802	10,631,822	11,608,156	12,355,991
ENGINEERING DEPARTMENT EXPENSE:						
700000	ENGINEERING EXPENSE ACCOUNT	1,269	401	1,035	277	0
(700100 TO 700102)	ENGINEERING PAYROLL	106,708	99,446	105,229	102,590	114,331
		107,977	99,847	106,264	102,867	114,331
SUPPORT SERVICES DEPARTMENT:						
932110	SUPPORT SERVICES EXP	47,033	50,524	55,893	6,805	6,583
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	240,304	243,180	261,255	274,500	277,654
932130	INVENTORY ADJUSTMENTS	6,617	(6,180)	7,876	7,245	10,642
932140	COST OF SALES CLEARING	2,402	1,592	3,620	939	1,155
932200	AUTO & TRUCK REPAIR EXP	51,789	45,430	61,711	55,878	62,131
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	60,084	61,637	63,252	67,331	74,285
932220	AUTO & TRUCK GAS & OIL	92,301	82,050	103,514	113,865	110,721
		500,530	478,233	557,121	526,563	543,181
OFFICE DEPARTMENT EXPENSES:						
902000	READING EXPENSES	252	131	491	0	0
903000	CUST REC AND COLL EXP	9,436	11,047	11,531	162,997	171,476
903010	POSTAGE AND PRINTING	89,559	83,973	85,331	17,991	9,034
(903100 TO 903102)	CUST REC AND COLL PR	446,577	386,953	410,925	453,977	475,611
903200	CASH OVER AND SHORT	21	111	80	91	58
903921	OFFICE SUPPLIES EXPENSE	29,279	20,082	23,070	26,081	29,082
904000	BAD DEBTS EXPENSE	35,687	121,559	88,465	162,205	178,490
(905100 TO 905102)	INFO TECH PAYROLL	249,926	282,889	296,974	302,259	318,180
905200	GIS EXPENSES	18,401	23,543	22,362	29,124	26,770
905210	CIS EXPENSES	106,696	96,377	102,064	3,853	88
905300	COMPUTER EXPENSE	75,417	67,753	88,295	28,503	59,059
905400	SOFTWARE SERVICES	0	0	0	119,099	82,533
		1,061,251	1,094,418	1,129,588	1,306,180	1,350,381
ADMINISTRATIVE EXPENSES:						
913000	PUBLISHING EXPENSE	5,914	3,056	9,304	21,802	2,221
930101	ADMIN PIO EXPENSE	0	0	0	7,121	754
920000	ADMINISTRATIVE EXPENSE	131,372	114,553	140,074	11,498	9,694
920060	DUES AND SUBSCRIPTIONS	6,407	7,323	10,808	17,457	9,595
920070	CELL PHONE EXPENSE	0	0	0	28,544	32,431
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	429,308	392,034	492,718	597,970	569,678
920200	CLEARING ACCOUNT	1,982	38	95	223	(604)
920400	SAFETY EXPENSE	14,098	10,372	18,891	14,439	11,701
920700	TRAVEL AND TRAINING EXP	56,166	56,270	54,076	60,819	39,662
920810	BOARD EXPENSES	2,324	792	6,337	435	125
920820	BOARD PAYROLL	2,968	2,962	3,014	2,944	3,120
920910	SOCIAL SECURITY EXPENSE	323,007	326,142	349,425	328,951	339,645
923300	LEGAL RETAINER FEES	17,159	17,341	16,005	17,298	17,389
923400	OTHER CONSULTING FEES	371	13,837	52,648	0	443
923500	OTH LEGAL AND ACCOUNTING	61,280	65,757	37,991	16,499	8,792
923600	LEGAL EXP CABLE CASES	12,493	1,608	5,040	798	659
923700	OTHER SERVICES	0	0	0	60,445	19,937
924000	INSURANCE EXPENSE	350,819	365,329	348,785	344,434	322,756
		1,415,668	1,377,414	1,545,211	1,531,677	1,387,998
GENERAL EXPENSES:						
930100	GENERAL EXPENSES	8,864	11,312	12,372	5,553	5,016
930110	MAINTENANCE EXPENSES	29,908	18,284	42,339	64,272	55,660
930120	MAINTENANCE CONTRACT EXP	0	0	0	146	0
930130	MAINTENANCE SUPPLIES	0	0	0	27,176	36,473
930300	UTILITIES	0	0	0	333,393	344,802
930402	AMORTIZATION EXPENSE	140,400	140,400	140,400	70,200	0
930403	DEPRECIATION EXPENSE	3,245,640	3,385,065	3,612,553	3,487,421	3,715,897
930408	IN-LIEU OF TAX CITY	40,300	40,740	89,630	0	0
930409	IN-LIEU OF TAX COUNTY	14,371	14,573	0	0	0
930425	INTEREST EXPENSE ON FSN	1,116,160	1,059,205	1,037,897	960,146	848,627
930429	INTEREST CONSOLIDATED PUR	47,235	32,631	17,126	2,337	0
930435	CASH CONTR TO CITY	6,510	6,848	7,410	7,093	6,865
		4,649,388	4,709,058	4,959,727	4,957,737	5,013,340
EMPLOYEE BENEFITS:						
926000	UNEMPLOYMENT INSURANCE	2,676	5,552	4,644	3,170	2,006
926060	VACATION BENEFITS EXP	232,338	228,888	233,103	17,657	6,327
926070	SICK BENEFITS EXPENSE	96,735	115,389	152,680	621	6,383
926100	EMPLOYEES WELFARE EXP	759,340	845,515	1,088,905	2,702	3,140
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	1,136,857	1,137,052
926310	EMPLOYEE LIFE INSURANCE	0	0	0	24,829	29,974
926400	CLUBHOUSE EXPENSE	4,301	4,801	5,245	12,573	8,550
926450	EMPLOYEE ACTIVITY EXP	14,434	8,558	14,537	1,704	5,196
926460	UNIFORM EXPENSE	0	0	0	44,715	24,389
926470	EMPLOYEE ASSISTANCE EXP	1,303	1,099	1,275	1,327	1,218
926500	CO CONTRI TO EMP PEN	604,996	729,077	835,188	865,157	921,353
926600	OTH CO PAID PENSION EXP	0	0	1,520	3,666	3,637
		1,716,123	1,938,879	2,337,097	2,114,978	2,149,225
EXTRAORDINARY EXPENSES:						
950434	EXTRAORDINARY COST	0	0	500,000	0	0
		0	0	500,000	0	0
	TOTAL EXPENSES	18,950,193	19,569,651	21,766,830	22,148,158	22,914,447
	NET MARGINS	1,508,732	2,043,795	512,514	(234,154)	1,802,028

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 3

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

- ITEM 3: Refer to the trial balance that Frankfort Plant Board provided for the Water Division in its response to Item 2(a) above.
- a. Identify each account that includes entries made to record transactions that benefitted only the water division and were therefore directly assigned only to the water division for reporting purposes.
  - b. For each account provided in response to item a., explain and describe the internal controls that are in place to ensure that directly assigned transactions are properly identified and charged to the proper division.
  - c. Identify each account that includes entries made to record the allocation of transactions that benefit more than one division.
  - d. For each account provided in response to items c., explain and describe the internal controls that are applied to shared transactions to ensure that: (1) appropriate factors are used to allocate costs among the divisions; (2) allocation factors are calculated correctly and properly applied to shared transactions; and (3) the allocated amounts are charged to the appropriate division.

Response:

**3a and 3c:**

See attached exhibit #1 labeled Income Statement Balance Comparison that shows which FPB general ledger accounts are 100% allocated to a specific division, what accounts are not specifically identifiable to a particular division and are allocated to each division, and which accounts are both allocated based on specifically identifiable division and receives allocated balances.

Please refer to exhibit#2 labeled FPB General Ledger Account String that shows how to read FPB's 10 digit account numbers by division, department, and general ledger account number. On FPB's general ledger the "Sub" number on each "Acct" line item is the division and department number shown in the GL Account String referred to above in exhibit #1.

Refer to FPB's responses to the July 23, 2014 Order, Item 4. On FPB's general ledger all "40" division subaccounts labeled as "Sub" on each account line labeled "Acct" are allocated to electric, water, or cable. In other words, all expenses labeled as "general" are not specifically identifiable to a division and are allocated to a division. You will notice that all expenses coded with a "40" division code on FPB's general ledger zero out with the debit amount occurring when the expense was booked and the credit amounts being the allocation from the "40" general division to electric (division 10), water (division 20), or cable (division 30). A transaction type (labeled "Tran Type") on FPB's general ledger of "LS" is the allocation from the "40" general division expense account with the allocation to electric, water, or cable division showing as a "LD" transaction type of the general ledger. If you scan down FPB's general ledger you can see which accounts receive allocations based on the "LS" and "LD" transaction types.

**3b and 3d:**

First, FPB has a comprehensive procurement policy in place that includes purchase and non-purchase order procedures that has been thoroughly communicated to FPB employees.

Second, those responsible for purchases are educated in budget matters. FPB division and department supervisors are primarily responsible for developing the budget for their division/department for each fiscal year, so they are aware of what items are to be allocated and paid by their division and what items are to be coded as general and allocated to all applicable divisions. Not only are supervisors aware of their own budget, but they sit in on budget sessions of other division/department budgets and know what their budgets contain, which makes it easier to identify where expenses should be coded.

The first round of approval of purchase orders or non-purchase order type invoices is at the supervisor level, so they are aware of what their division has budgeted and what division the good or services is related to. The supervisor will put the 10 digit division/department/general ledger account number on the purchase order or invoice and forward it to purchasing or accounts payable.

The purchasing agent and/or the accounts payable clerk is the next line of defense in the internal control structure that is checking to see if the general ledger account number on the PO or invoice is correct. Purchases over \$5,000 require an Assistant General

Manager's approval and purchases over \$10,000 require the General Managers approval, so they are paying attention to the general ledger account number on the PO or invoice for accuracy, also. Last, financial records are reviewed in detail each month with budget to actual variance reports reviewed to catch incorrect general ledger account coding.

Frankfort Plant Board System  
Income Statement Balance Comparison  
FPB.SUMMARY  
For the Twelve Months Ending June 30, 2013

GL Number	Descr	Year					Division Account is Allocated To
		6/30/09	6/30/10	6/30/11	6/30/12	6/30/13	
<b>OPERATIONAL SALES:</b>							
440100	RESIDENTIAL ELECTRIC	13,819,511	15,680,469	17,724,202	16,232,370	17,811,474	Electric
442100	COMMERCIAL 1 PHASE ELECT	5,143,198	5,964,625	6,859,714	6,202,913	6,354,468	Electric
442400	LARGE POWER ELECTRIC	19,326,550	22,632,610	24,462,509	24,168,572	25,420,944	Electric
444100	ELECTRIC STREET LIGHTING	153,562	181,397	200,177	185,466	195,820	Electric
445100	MUNICIPAL ELECTRIC	707,057	828,498	895,432	897,800	1,089,113	Electric
448100	ELECT USED BY ELECT DEPT	311,565	324,906	500,857	644,023	848,517	Electric
448200	ELECT USED BY WATER DEPT	397,197	410,460	400,235	159,532	42,677	Electric
449100	ELECTRIC SECURITY LIGHTS	112,517	126,155	135,555	137,679	151,785	Electric
450100	ELECT COLLECTION CHARGES	207,291	275,368	324,693	265,026	313,742	Electric
451100	MISC ELECTRIC & POLE RENT	22,913	0	15,478	15,497	0	Electric
	<b>TOTAL ELECTRIC</b>	<b>40,201,361</b>	<b>46,424,488</b>	<b>51,518,852</b>	<b>48,908,878</b>	<b>52,228,540</b>	
461100	RESIDENTIAL CITY WATER	2,092,773	1,982,779	2,170,489	2,179,257	2,185,967	Water
461200	RESIDENTIAL COUNTY WATER	1,258,390	1,165,613	1,315,054	1,294,418	1,304,416	Water
461300	COMMERCIAL CITY WATER	1,646,969	1,533,728	1,746,627	1,607,389	1,623,070	Water
461400	COMMERCIAL COUNTY WATER	757,934	741,248	882,424	939,376	991,052	Water
462100	FIRE SPRINKLER SERVICE	114,927	116,170	136,154	161,024	160,679	Water
462200	PRIVATE FIRE HYDRANTS	41,733	33,207	14,326	8,727	8,501	Water
463100	CITY FIRE HYDRANTS	107,640	117,897	78,732	87,690	67,493	Water
466100	WATER SALES RESALE	1,209,526	1,223,153	1,357,088	1,312,004	1,333,787	Water
466200	WATER SALES RESALE-PROD	372,209	253,762	590,397	360,663	577,135	Water
467100	WATER USED BY ELECTRIC DEPT	374	294	395	310	287	Water
467200	WATER USED BY WATER DEPT	3,614	1,316	2,317	2,156	2,114	Water
470100	WATER COLLECTION CHARGES	40,886	47,159	51,233	45,790	50,265	Water
471100	WATER TAP FEE REVENUE	0	97,498	19,233	20,122	17,944	Water
	<b>TOTAL WATER</b>	<b>7,645,775</b>	<b>7,313,812</b>	<b>8,363,759</b>	<b>7,998,926</b>	<b>8,328,810</b>	
420100	BASIC SERVICE REVENUE	7,057,405	7,491,835	7,839,357	7,028,082	8,740,829	Cable
420150	DIGITAL BASIC REVENUE	1,144,066	1,435,994	1,573,103	1,617,902	1,988,476	Cable
420160	DIGITAL PAY REVENUE	5,489	(9)	0	0	0	Cable
420170	VOD REVENUE	0	0	0	131,248	233,524	Cable
420175	PAY PER VIEW REVENUE	100,198	112,888	101,598	52,438	35,850	Cable
420200	H B O SERVICE FEES	456,938	423,369	445,247	1,106,670	440,961	Cable
420300	T M C SERVICE FEES	89,174	60,210	(2)	0	0	Cable
420510	CONNECTION CHARGES	232,699	240,645	224,475	188,327	201,161	Cable
420520	PAY CHANNEL DISCOUNTS	(177,113)	(158,598)	(96,397)	(72,271)	(87,692)	Cable
420530	LONG DISTANCE PHONE REVENUE	506,878	472,702	428,819	378,030	338,267	Cable
420600	SHOWTIME SERVICE REVENUE	128,082	112,226	121,326	128,020	135,908	Cable
420700	CINEMAX SERVICE FEE	111,227	90,776	84,048	114,531	77,478	Cable
420750	STARZ/ENCORE REVENUE	192,704	188,597	182,571	177,553	167,008	Cable
420760	WAM/ENCORE REVENUE	719	0	0	0	0	Cable
420770	WAM/STARZ/ENCORE REVENUE	12,904	0	0	0	0	Cable
420800	ENCORE SERVICE REVENUE	4,068	0	0	0	0	Cable
420810	HOME SECURITY SERVICE	303,962	334,737	359,963	356,538	418,781	Cable
420815	HOME SECURITY INSTALLATIONS	109,284	83,823	106,213	77,954	63,295	Cable
420820	HICAP REVENUE	214,800	263,570	277,062	326,897	343,713	Cable
420825	LONG DISTANCE PHONE REVENUE	506,878	472,702	428,819	378,030	338,267	Cable
420826	ACCESS BILLING REVENUE	249,885	203,311	175,584	118,000	108,274	Cable
420830	HSDS REVENUE	4,524,566	4,943,761	5,216,306	5,167,357	6,343,819	Cable
420832	BUNDLED SERVICE DISC	(541,652)	(581,249)	(587,678)	(558,984)	(654,001)	Cable
420835	CLEC LOCAL PHONE REVENUE	3,160,501	3,210,218	3,061,581	2,694,527	2,815,098	Cable
420840	DIGITAL CONVERTER REVENUE	0	90,695	336,363	274,244	273,672	Cable
420900	ADVERTISING REVENUE	702,482	695,907	753,437	673,837	693,576	Cable
420901	PRODUCTION REVENUE	26,721	34,431	30,778	23,810	31,386	Cable
420910	LEASE OR SALE CHANNEL	146,587	138,448	106,537	93,683	89,030	Cable
420920	SHOPPING CHANNEL REVENUE	74,314	64,075	67,474	69,208	65,675	Cable
420950	DIGITAL MUSIC REVENUE	4,004	3,541	55	0	0	Cable
420970	CHANNEL 10 REVENUE	6,993	11,621	10,338	6,402	8,094	Cable
420990	DARK FIBER REVENUE	1,155,773	1,111,744	1,071,963	1,211,648	1,136,492	Cable
	<b>TOTAL CABLE</b>	<b>20,154,458</b>	<b>21,283,181</b>	<b>21,907,544</b>	<b>21,589,667</b>	<b>24,252,173</b>	
		<b>88,001,594</b>	<b>75,021,481</b>	<b>81,790,155</b>	<b>78,497,671</b>	<b>84,809,523</b>	
<b>OTHER INCOME:</b>							
415100	SALES OF MATERIAL	8,108	6,068	38,870	14,583	5,478	Allocated to E,W, or C
415400	MAPPING INCOME	304	0	64	317	68	Allocated to E,W, or C
418200	RENTAL CLUBHOUSE	9,735	13,140	14,745	20,350	21,279	Allocated to E,W, or C
419050	INT CASH WORKING FUND	4	4	2	1	1	Allocated to E,W, or C
419100	INT CONTRACT FUND	35,290	24,108	23,087	10,045	6,771	Allocated to E,W, or C
419200	INT REVENUE BOND SINKING FUND	11,616	3,329	19,402	21,951	16,793	Water
419250	INT REVENUE BOND INT & RED FUND	562	787	362	236	218	Water
419300	INT DEPRECIATION FUND	21,397	12,403	11,043	4,794	3,266	Allocated to E,W, or C
419350	INT OPERATIONS AND MAINT	1,914	2,225	1,534	1,188	1,208	Allocated to E,W, or C
419400	INT REV FUND FARMERS BANK	5,898	7,532	11,305	3,688	1,605	Allocated to E,W, or C
419450	INT REVENUE FUND STATE NA	10,438	18,164	23,890	8,394	4,588	Allocated to E,W, or C
419500	INT CLUBHOUSE FUND	5,413	3,884	2,667	1,555	1,033	Allocated to E,W, or C
419550	INT REV FUND REPUBLIC BANK	11	20	14	8	12	Allocated to E,W, or C
419600	INT CONSTRUCTION ACCOUNT	0	0	0	0	22	Allocated to E,W, or C
419803	INT INCOME-RETIREMENT	0	0	0	19,179	18,683	Allocated to E,W, or C
421100	MISCELLANEOUS INCOME	562,943	783,917	526,221	653,267	694,940	Mixed - 100% to particular division and allocated to E, W, or C
421300	CAPITAL CONTRIBUTIONS	705,569	1,027,823	710,454	524,540	690,514	Identified as either 100% E, W, or C (no general allocator)
421350	CAPITAL CONTRIBUTIONS GENERAL	0	0	0	154	0	Allocated to E,W, or C
421400	AMORTIZATION OF BOND PREMIUM	0	6,194	12,389	12,389	12,389	Water
475100 *(419609)	GAIN/(LOSS) ON FIXED ASSETS	0	0	0	0	25,676	Identified as either 100% E, W, or C (no general allocator)
419607	UNREALIZED GAIN/(LOSS)-RETIREMENT	0	0	0	19,560	(24,636)	Allocated to E,W, or C
419605	GAIN/(LOSS) ON SALE OF ASSETS-RETIREM	0	0	0	966	(428)	Allocated to E,W, or C
		<b>1,379,204</b>	<b>1,889,768</b>	<b>1,396,049</b>	<b>1,317,161</b>	<b>1,479,476</b>	
	<b>TOTAL REVENUE</b>	<b>69,380,798</b>	<b>76,911,249</b>	<b>83,186,204</b>	<b>79,814,832</b>	<b>86,288,999</b>	
<b>CABLE COSTS AND EXPENSES:</b>							
(510100 TO 510102)	CABLE OP & MAINT PR	967,585	995,456	1,107,815	1,240,317	1,255,478	Cable
510300	CABLE DISTRIBUTION EXPENSE	405,730	325,892	576,679	239,548	297,761	Cable
510510	H B O EXPENSE	414,838	401,596	405,067	399,705	401,062	Cable
510520	T M C EXPENSE	27,802	20,189	0	0	0	Cable
510540	SHOWTIME EXPENSE	74,298	72,392	86,297	117,528	121,565	Cable
510550	CINEMAX EXPENSE	47,174	40,122	38,771	38,687	35,504	Cable
510560	ENCORE EXPENSE	1,355	0	9,716	0	0	Cable
510565	STARZ/ENCORE EXPENSE	85,493	119,189	106,406	117,248	136,469	Cable
510570	DIGITAL MUSIC EXPENSE	2,833	2,219	304	0	0	Cable
510600	SATELLITE STATION EXPENSE	3,825,578	4,213,045	4,381,545	5,039,241	5,582,857	Cable

510650	DIGITAL STATION EXPENSE	482,887	572,540	780,227	885,992	967,984	Cable
510655	DIGITAL PAY STATION EXPENSE	34,285	0	0	0	0	Cable
510660	HIGH DEFINITION TV EXPENSE	(4,506)	34,044	34,832	92,470	90,641	Cable
510675	PAY PER VIEW EXPENSE	61,911	60,320	55,825	43,997	18,568	Cable
510170	VOD EXPENSE	0	0	0	51,818	162,743	Cable
510700	POLE RENTAL EXPENSE	20,459	21,786	29,898	33,113	17,671	Cable
510800	ROYALTY COPYRIGHT EXPENSE	72,774	78,030	83,925	84,054	81,195	Cable
(520100 TO 520102)	CHANNEL 10 SALARIES	483,801	478,089	507,482	530,959	569,001	Cable
520200	CHANNEL 10 EXPENSES	48,491	60,537	54,533	13,107	12,746	Cable
525200	CABLE ADVERTISING EXPENSE	86,327	84,668	73,353	77,643	77,686	Cable
525210	MARKETING EXPENSE	65,590	160,282	97,462	68,340	74,760	Cable
(530100 TO 530102)	BROADBAND PAYROLL	0	0	0	404,180	424,734	Cable
530110	HICAP PAYROLL (FSN)	34,304	38,720	33,772	0	0	Cable
530120	LONG DISTANCE PHONE PR (FSN)	70,720	70,873	73,895	0	0	Cable
530130	HSDS PAYROLL (FSN)	56,923	55,089	49,677	0	628	Cable
530140	CLEC LOCAL PHONE PAYROLL (FSN)	451,366	455,774	469,396	0	625	Cable
530150	EXPANDED CABLE PR (FSN)	73,333	73,725	81,915	0	76	Cable
(530160 TO 530162)	SECURITY PAYROLL (FSN)	103,292	90,243	100,534	105,182	97,920	Cable
(530500 TO 530502)	TELEPHONE PAYROLL	0	0	0	521,613	509,113	Cable
530510	HICAP EXPENSE (FSN)	7,071	53	91	0	0	Cable
530520	LONG DISTANCE PHONE EXPENSE (FSN)	238,610	256,358	225,884	243,271	209,944	Cable
530525	ACCESS BILLING EXPENSE (FSN)	47,296	38,079	50,702	42,181	42,433	Cable
530530	HSDS EXPENSE (FSN)	713,450	650,748	730,759	799,707	798,318	Cable
530540	CLEC LOCAL PHONE EXPENSE (FSN)	420,992	318,403	314,479	326,572	269,177	Cable
530560	SECURITY EXPENSE (FSN)	77,194	83,341	90,581	99,703	99,332	Cable
		9,499,256	9,871,802	10,631,822	11,616,156	12,355,991	
<b>ELECTRIC OPERATING EXPENSE:</b>							
555100	COST PER KW PURCHASED	11,187,208	13,193,415	17,259,390	15,402,548	17,926,489	Electric
555150	KW TRANSMISSION DEMAND	229,086	1,459,937	1,366,713	1,708,973	1,935,285	Electric
555200	COST PER KWH PURCHASED	17,431,791	19,597,321	21,003,260	20,225,995	20,894,156	Electric
555250	FACILITIES CHARGE	3,350	20,100	20,100	20,390	20,796	Electric
555300	COST OF FUEL ADJUSTMENT PURCHA	6,255,907	2,822,779	2,302,732	2,070,918	1,899,173	Electric
555400	SEPA POWER ADJUSTMENT	(921,566)	(887,083)	(484,174)	(226,193)	(148,290)	Electric
(571100 TO 571102) +(568000)	ELECT TRANS PAYROLL EXP	7,077	2,883	635	325	3,215	Electric
571000 +(569000)	ELECT TRANSMISSION EXPENSE	1,750	812	0	30,638	4,605	Electric
592000	ELECT DIST STAT EQUIP EXPENSE	0	0	0	111,284	50,817	Electric
(592100 TO 592102)	ELECT DIST STAT EQUIP PAYROLL EXPENSE	0	0	0	181,925	235,958	Electric
593000	ELECT DIST OVERHEAD LINES EXPENSE	0	0	0	716,501	738,371	Electric
(593100 TO 593102)	ELECT DIST OVERHEAD LINES PAYROLL EXF	0	0	0	1,118,188	1,243,866	Electric
594000	ELECT DIST UNDERGROUND LINES	111,090	7,385	82,085	8,033	58,617	Electric
(594100 TO 594102)	ELECT DIST UND GND PR	149,365	121,680	185,450	197,755	185,979	Electric
596000	ELECT DIST ST LIGHTS & SIG	70,351	15,938	10,684	31,255	20,257	Electric
(596100 TO 596102)	ELECT DIST ST LGT & SIG PR	39,627	28,333	23,735	35,151	25,935	Electric
598000	ELECT DISTRIBUTION EXPENSES	819,660	721,018	818,879	22	31	Electric
598100	ELECT DIST PAYROLL	1,206,975	1,063,379	1,143,233	143	2,693	Electric
599000	ELECT DIST SEC LIGHTS	6,269	8,335	10,169	4,577	5,804	Electric
(599100 TO 599102)	ELECT DIST SEC LIGHT PR	4,411	3,812	1,283	3,430	3,850	Electric
	TOTAL OP&MAINT	36,602,351	38,179,822	43,764,154	41,641,836	45,109,630	
<b>WATER TREATMENT OPERATIONS &amp; MAINTENANCE</b>							
623000	PUMPING POWER	457,515	463,561	462,073	0	439,985	Water
633000	PUMPING MAINTENANCE	99,101	43,635	76,379	120,990	66,195	Water
641000	WATER TREATMENT CHEMICALS	444,848	387,458	396,914	292,591	406,881	Water
(642000 TO 642002)	WATER TREATMENT LABOR	337,307	341,394	351,447	398,469	366,619	Water
643000	MISC TREATMENT EXPENSE	74,112	27,044	30,245	20,945	17,419	Water
644000	TREATMENT LAB EXPENSE	58,632	34,417	51,535	38,371	42,596	Water
(644100 TO 644102)	TREATMENT LAB PAYROLL	42,319	43,016	43,019	0	0	Water
652000	WATER TREAT MAINT	13,824	28,920	104,133	151,854	232,468	Water
(652100 TO 652102)	WATER TREAT MAINT PAYROLL	82,741	69,199	67,273	142,348	139,793	Water
		1,610,199	1,438,644	1,583,018	1,165,568	1,711,956	
<b>WATER DISTRIBUTION O &amp; M</b>							
677000	FIRE HYDRANTS	8,069	21,233	6,280	12,203	4,570	Water
(677100 TO 677102)	FIRE HYDRANTS PAYROLL	44,555	37,653	44,046	89,054	84,932	Water
678000	WATER DISTRIBUTION EXPENSES	347,800	293,449	532,091	461,752	224,265	Water
(678100 TO 678102)	WATER DIST PAYROLL	848,728	782,458	890,279	968,693	961,031	Water
		1,245,152	1,134,793	1,472,696	1,511,712	1,254,798	
<b>ENGINEERING DEPARTMENT EXPENSE:</b>							
700000	ENGINEERING EXPENSE ACCOUNT	13,490	6,854	20,288	52,533	3,008	Identified as either 100% E, W, or C (no general allocator
(700100 TO 700102)	ENGINEERING PAYROLL	586,176	569,558	589,274	866,934	649,280	Identified as either 100% E, W, or C (no general allocator
		599,666	576,412	609,562	719,467	652,288	
<b>SUPPORT SERVICES DEPARTMENT:</b>							
932110	SUPPORT SERVICES EXP	88,805	94,755	104,313	12,733	12,538	Allocated to E,W, or C
(932120 TO 932122)	SUPPORT SERVICES PAYROLL	453,746	454,373	485,379	516,287	514,895	Allocated to E,W, or C
932130	INVENTORY ADJUSTMENTS	19,488	(38,324)	43,887	36,947	51,887	Allocated to E,W, or C
932140	COST OF SALES CLEARING	4,535	2,974	7,080	2,931	3,094	Allocated to E,W, or C
932200	AUTO & TRUCK REPAIR EXP	170,170	163,225	198,284	174,352	217,638	Allocated to E,W, or C
(932210 TO 932212)	AUTO & TRUCK REPAIR PR	209,718	213,790	221,470	237,120	236,124	Allocated to E,W, or C
932220	AUTO & TRUCK GAS & OIL	322,168	284,652	381,687	393,725	352,316	Allocated to E,W, or C
		1,268,630	1,175,451	1,422,100	1,374,075	1,388,492	
<b>OFFICE DEPARTMENT EXPENSES:</b>							
902000	READING EXPENSES	27,032	4,805	13,515	2,981	20,200	Allocated to E,W, or C
(902100 TO 902102)	METER READING PAYROLL	368,650	351,834	363,983	394,316	398,676	Allocated to E,W, or C
903000	CUST REC AND COLL EXP	17,720	20,612	21,397	305,296	320,277	Allocated to E,W, or C
903010	POSTAGE AND PRINTING	170,580	154,814	155,088	29,887	16,600	Allocated to E,W, or C
(903100 TO 903102)	CUST REC AND COLL PR	843,234	723,007	762,525	850,328	888,327	Allocated to E,W, or C
903200	CASH OVER AND SHORT	75	208	149	171	109	Allocated to E,W, or C
903921	OFFICE SUPPLIES EXPENSE	51,564	35,203	40,860	59,570	58,511	Allocated to E,W, or C
904000	BAD DEBTS EXPENSE	137,046	443,808	298,465	571,747	650,000	Allocated to E,W, or C
(905100 TO 905102)	INFO TECH PAYROLL	471,915	528,567	551,075	566,134	594,285	Allocated to E,W, or C
905200	GIS EXPENSES	36,715	43,989	41,495	54,550	50,000	Allocated to E,W, or C
905210	CIS EXPENSES	185,593	180,077	188,965	7,216	165	Allocated to E,W, or C
905300	COMPUTER EXPENSE	141,801	126,593	165,869	53,386	110,309	Allocated to E,W, or C
905400	SOFTWARE SERVICES	0	0	0	269,509	243,367	Allocated to E,W, or C
		2,451,925	2,613,517	2,603,406	3,165,091	3,350,826	
<b>ADMINISTRATIVE EXPENSES:</b>							
913000	PUBLISHING EXPENSE	13,488	5,750	17,362	45,344	4,937	Mixed - 100% to particular division and allocated to E, W,
930101	ADMIN PID EXPENSE	0	0	0	13,337	1,406	Allocated to E,W, or C
920000	ADMINISTRATIVE EXPENSE	249,464	216,034	253,237	22,122	20,013	Allocated to E,W, or C
920060	DUES AND SUBSCRIPTIONS	60,200	58,834	55,275	65,423	66,516	Mixed - 100% to particular division and allocated to E, W,
920070	CELL PHONE EXPENSE	0	0	0	51,757	59,158	Identified as either 100% E, W, or C (no general allocator
(920100 TO 920102)	ADMINISTRATIVE PAYROLL	810,628	732,499	914,304	1,120,003	1,058,187	Allocated to E,W, or C
920200	CLEARING ACCOUNT	3,742	71	177	417	(248)	Allocated to E,W, or C
920400	SAFETY EXPENSE	31,388	23,307	43,723	44,549	66,508	Mixed - 100% to particular division and allocated to E, W,

920700	TRAVEL AND TRAINING EXP	130,063	124,317	107,438	139,969	102,328	Mixed - 100% to particular division and allocated to E, W,
920810	BOARD EXPENSES	3,018	818	11,758	815	233	Allocated to E,W, or C
920820	BOARD PAYROLL	5,604	5,534	5,594	5,515	5,827	Allocated to E,W, or C
920910	SOCIAL SECURITY EXPENSE	753,697	739,152	798,728	777,272	794,929	Mixed - 100% to particular division and allocated to E, W,
923300	LEGAL RETAINER FEES	32,400	32,400	32,400	32,400	32,479	Allocated to E,W, or C
923400	OTHER CONSULTING FEES	141,667	68,565	149,537	102,144	116,616	Mixed - 100% to particular division and allocated to E, W,
923500	OTH LEGAL AND ACCOUNTING	204,491	393,581	123,608	65,493	70,311	Mixed - 100% to particular division and allocated to E, W,
923600	LEGAL EXP CABLE CASES	12,493	1,608	5,040	798	659	Cable
923700	OTHER SERVICES	0	0	0	84,683	39,388	Mixed - 100% to particular division and allocated to E, W,
924000	INSURANCE EXPENSE	888,148	920,457	859,077	867,374	817,302	Mixed - 100% to particular division and allocated to E, W,
		3,340,491	3,322,927	3,377,258	3,439,395	3,256,553	
<b>GENERAL EXPENSES:</b>							
930100	GENERAL EXPENSES	15,756	18,945	20,136	9,761	9,369	Allocated to E,W, or C
930110	MAINTENANCE EXPENSES	52,202	36,869	69,497	90,863	83,531	Mixed - 100% to particular division and allocated to E, W,
930120	MAINTENANCE CONTRACT EXP	0	0	0	438	0	Allocated to E,W, or C
930130	MAINTENANCE SUPPLIES	0	0	0	80,841	78,025	Allocated to E,W, or C
930300	UTILITIES	0	0	0	1,030,555	669,883	Mixed - 100% to particular division and allocated to E, W,
930401	AMORTIZATION BOND DISC/EXP	16,047	167,155	0	0	0	Water
930402	AMORTIZATION EXPENSE	140,400	140,400	140,400	70,200	0	Cable
930403	DEPRECIATION EXPENSE	5,808,164	6,030,267	6,314,356	6,625,213	6,899,746	Mixed - 100% to particular division and allocated to E, W,
930408	IN-LIEU-OF TAX CITY	109,007	109,007	97,205	0	0	Allocated to E,W, or C
930409	IN-LIEU-OF TAX COUNTY	46,000	46,000	0	0	0	Allocated to E,W, or C
930424	INTEREST EXPENSE ON KIA LOAN	0	22,890	61,399	67,029	85,139	Water
930425	INTEREST EXPENSE ON FSN	1,118,160	1,059,205	1,037,897	960,146	848,627	Cable
930426	INTEREST ON BAN	85,157	40,382	6,162	12,352	35,787	Water
930427	INTEREST ON BONDS	495,410	384,013	286,077	287,595	248,710	Water
930428	INTEREST CONSOLIDATED PUR	47,235	32,831	17,126	2,337	0	Cable
930431	INTEREST CUST DEPOSITS	90,828	94,102	95,905	99,280	5,183	Allocated to E,W, or C
930435	CASH CONTR TO CITY	25,000	25,000	25,000	25,000	25,000	Allocated to E,W, or C
		8,047,366	8,206,946	8,171,160	9,321,580	8,967,000	
<b>EMPLOYEE BENEFITS:</b>							
926000	UNEMPLOYMENT INSURANCE	5,994	12,477	10,085	7,436	4,721	Allocated to E,W, or C
926060	VACATION BENEFITS EXP	574,176	556,660	556,971	80,438	12,582	Mixed - 100% to particular division and allocated to E, W,
926070	SICK BENEFITS EXPENSE	270,909	344,388	334,901	1,284	8,031	Mixed - 100% to particular division and allocated to E, W,
926100	EMPLOYEES WELFARE EXP	1,712,082	1,911,130	2,375,189	5,586	6,364	Mixed - 100% to particular division and allocated to E, W,
926300	EMPLOYEE HEALTH INSURANCE	0	0	0	2,583,507	2,587,444	Mixed - 100% to particular division and allocated to E, W,
926310	EMPLOYEE LIFE INSURANCE	0	0	0	58,403	70,004	Mixed - 100% to particular division and allocated to E, W,
926400	CLUBHOUSE EXPENSE	10,921	10,907	11,473	26,015	17,326	Allocated to E,W, or C
926450	EMPLOYEE ACTIVITY EXP	33,727	19,106	32,862	4,871	10,615	Mixed - 100% to particular division and allocated to E, W,
926460	UNIFORM EXPENSE	0	0	0	119,127	77,056	Mixed - 100% to particular division and allocated to E, W,
926470	EMPLOYEE ASSISTANCE EXP	2,919	2,469	2,769	2,744	2,469	Mixed - 100% to particular division and allocated to E, W,
926500	CO CONTRI TO EMP PEN	1,406,036	1,660,101	1,880,005	2,054,783	2,170,656	Mixed - 100% to particular division and allocated to E, W,
926600	OTH CO PAID PENSION EXP	0	0	3,300	10,998	10,911	Mixed - 100% to particular division and allocated to E, W,
		4,016,764	4,517,238	5,207,555	4,955,138	4,958,179	
<b>EXTRAORDINARY EXPENSES:</b>							
950434	EXTRAORDINARY COST	0	0	500,000	0	0	Cable
		0	0	500,000	0	0	
	<b>TOTAL EXPENSES</b>	<b>68,681,800</b>	<b>71,037,552</b>	<b>79,342,731</b>	<b>78,910,018</b>	<b>83,005,713</b>	
	<b>NET MARGINS</b>	<b>698,998</b>	<b>5,873,697</b>	<b>3,843,473</b>	<b>904,814</b>	<b>3,283,286</b>	

FPB GENERAL LEDGER ACCOUNT STRING

DIVISION, DEPARTMENT, SA#

DIVISIONS:

01	BALANCE SHEET
10	ELECTRIC
20	WATER
30	CABLE
40	GENERAL

DEPARTMENTS:

GENERAL

00	COMPANYWIDE
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ELECTRIC

10	OVERALL ELECTRIC
11	DISTRIBUTION
12	ENGINEERING
13	SECURITY LIGHTS
14	STREET LIGHTS
15	TRANSMISSION
16	UNDERGROUND LINES
17-19	OPEN

WATER

20	OVERALL WATER
21	DISTRIBUTION
22	ENGINEERING
23	FIRE HYDRANTS
24	TREATMENT
25-29	OPEN

CABLE

30	OVERALL CABLE
31	BROADBAND-SECURITY
32	ENGINEERING
33	CONSTRUCTION
34	INSTALL-ORDER PROCESSING
35	MEDIA SERVICES
36	PROGRAMMING
37	TELEPHONE
38-49	OPEN

GENERAL

50	OVERALL ADMIN & GENERAL
51	ADMINISTRATION
52	BOARD
53	CUSTOMER SERVICE
54	FINANCE
55	FLEET SERVICES
56	HUMAN RESOURCES
57	INFORMATION TECHNOLOGY
58	METER READING
59	SAFETY
60	SUPPORT SERVICES

SO THE ACCOUNT STRING WOULD LOOK LIKE THIS:

40-60-932220

GENERAL DIVISION, SUPPORT SERVICES DEPARTMENT, FUEL EXPENSE

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 4

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

- ITEM 4: Refer to Frankfort Plant Board's response to the July 23, 2104 Order, Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 27, Statement of Revenues and Expenses.
- a. Confirm that Frankfort Plant Board provides billing and collection services for sewer utilities. If the response is affirmative, identify the sewer utilities that receive this billing service, the billing and collection revenues Frankfort Plant Board received in the test year, and identify the account where this revenue is recorded.
  - b. Does Frankfort Plant Board receive any form of payment for the use of the Water Division's assets, or other water resources, such as employees, that are not reported on the Statement of Revenues and Expenses? If so, identify those payments and explain why they are not reported.

Response: FPB does provide billing and collection services for sewer utilities for the City of Frankfort sewer division only. FPB received \$95,398 in revenue from the City of Frankfort for sewer billing and collection services during the test period ended June 30, 2013. The revenue from the City of Frankfort to FPB for sewer billing and collection services was posted to FPB general ledger account number 40-50-421100.

FPB reports all revenue for all divisions for every year on the Statement of Revenue and Expenses.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 5

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 5:

Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 13 and 32, and Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated Customer Classifications at 1-4.

- a. The account titles and amounts used in the Cost of Service Allocation Study do not correspond to the account titles and amounts listed in the Financial Statement for the Fiscal Year Ended June 30, 2013 for the Water Division. Reconcile the accounts and the amounts listed in the cost-of-service study to the 2013 Financial Statements.
- b. Provide a pro forma income statement for the water division showing the revenue normalization adjustment and the requested pro forma expense adjustments.
- c. Provide a pro forma income statement for the wholesale water customers showing the revenue normalization adjustment and the requested pro forma expense adjustments.
- d. Using the format in Table I below, provide Frankfort Plant Board's requested revenue requirement for the water division and the wholesale customers.

Response:

- a. See attached schedule. The cost of service varies from the audit report by \$172 which is related to Account 530560 which was inadvertently added to the cost of service but was an expense related to the Electric division. In addition, the Cost of Service understated the depreciation expense related to the Water division by \$144,131 which will increase the Cost of Service for the Wholesale customer as compared to what was currently presented.
- b. See attached schedule.
- c. See attached schedule.

- d. See the attached schedule. Eliminating debt service from the revenue requirements (contrary to past Kentucky PSC practice) the Wholesale customers would still require a 39% increase over present rates.

<b>Wholesale Customer Present Revenue</b>	<b>\$ 1,455,360</b>
<b>Wholesale Revenue Requirements under Table 1</b>	<b>2,016,613</b>
<b>Difference</b>	<b>\$ 561,252</b>
<b>Percentage Increase</b>	<b>39%</b>

**FRANKFORT ELECTRIC AND WATER PLANT BOARD**

**Response to PSC First Request for Information - Items 5a**

Account	Cost of Service	Adjustments to Trial Balance	Trial Balance 2012/2013	Audit Report 2012/2013
<b>OPERATION AND MAINTENANCE EXPENSES</b>				
<b>POWER AND PUMPING EXPENSE</b>				
530560 20 SECURITY EXPENSE	171		171	
623000 20 PUMPING POWER	439,985	439,985	-	
633000 20 PUMPING MAINTENANCE	66,195		66,195	66,195
<b>TOTAL POWER AND PUMPING EXPENSE</b>	<b>506,351</b>	<b>439,985</b>	<b>66,366</b>	<b>66,195</b>
<b>WATER TREATMENT EXPENSE</b>				
641000 20 WATER TREATMENT CHEMICALS	435,038	28,157	406,881	
642000 20 WATER TREATMENT LABOR	366,619		366,619	
643000 20 MISCELLANEOUS TREATMENT EXPENSE	17,419		17,419	
644000 20 TREATMENT LABORATORY EXPENSE	42,596		42,596	
644100 20 TREATMENT LABORATORY PAYROLL	-		-	
652000 20 WATER TREATMENT MAINTENANCE	232,468		232,468	
652100 20 WATER TREATMENT MAINT PAYROLL	139,793		139,793	
WATER TREATMENT OPERATIONS				840,584
WATER TREATMENT MAINTENANCE				365,192
<b>TOTAL WATER TREATMENT EXPENSE</b>	<b>1,233,933</b>	<b>28,157</b>	<b>1,205,776</b>	<b>1,205,776</b>
<b>TRANSMISSION AND DISTRIBUTION EXPENSE</b>				
677000 20 FIRE HYDRANTS	4,570		4,570	
677100 20 FIRE HYDRANTS PAYROLL	64,932		64,932	
678000 20 WATER DISTRIBUTION EXPENSES - GENERAL	6,396		6,396	
678000 20 WATER DISTRIBUTION EXPENSES - MAINS	175,922		175,922	
678000 20 WATER DISTRIBUTION EXPENSES - PUMPING	8,397		8,397	
678000 20 WATER DISTRIBUTION EXPENSES - METERS	23,010		23,010	
678000 20 WATER DISTRIBUTION EXPENSES - SERVICES	10,382		10,382	
678000 20 WATER DISTRIBUTION EXPENSES - SLUDGE REMOVAL	157		157	
678100 20 WATER DIST PAYROLL - GENERAL MAINTENANCE	27,410		27,410	
678100 20 WATER DIST PAYROLL - MAINS	753,869		753,869	
678100 20 WATER DIST PAYROLL - PUMPING	35,984		35,984	
678100 20 WATER DIST PAYROLL - METERS	98,605		98,605	
678100 20 WATER DIST PAYROLL - SERVICES	44,488		44,488	
678100 20 WATER DIST PAYROLL - SLUDGE REMOVAL	675		675	
930300 20 DISTRIBUTION POWER	195,241	195,241	-	
700000 20 ENGINEERING EXPENSE ACCOUNT	1,655		1,655	
700100 20 ENGINEERING PAYROLL	266,111		266,111	
TRANSMISSION AND DISTRIBUTION ENGINEERING				1,254,798 267,766
<b>TOTAL TRANSMISSION AND DISTRIBUTION EXPENSE</b>	<b>1,717,805</b>	<b>195,241</b>	<b>1,522,564</b>	<b>1,522,564</b>

FRANKFORT ELECTRIC AND WATER PLANT BOARD

Response to PSC First Request for Information - Items 5a

Account			Cost of Service	Adjustments to Trial Balance	Trial Balance 2012/2013	Audit Report 2012/2013
<b>CUSTOMER ACCOUNTING AND COLLECTING EXPENSE</b>						
902000	20	METER READING EXPENSES	8,615		8,615	
902100	20	METER READING PAYROLL	169,985		169,985	
903000	20	CUSTOMER RECORDS AND COLLECTION	63,447		63,447	
903010	20	POSTAGE AND PRINTING	3,138		3,138	
903100	20	CUSTOMER RECORDS AND COLLECTION PAYROLL	175,978		175,978	
903200	20	CASH OVER AND SHORT	22		22	
904000	20	BAD DEBTS EXPENSE	69,420		69,420	69,420
<b>ADMINISTRATIVE AND GENERAL EXPENSE</b>						
903921	20	OFFICE SUPPLIES EXPENSE	12,684		12,684	
		METER READING	-		-	178,600
		CUSTOMER RECORDS AND COLLECTION	-		-	255,268
<b>TOTAL CUSTOMER ACCOUNTING AND COLLECTING EXPENSE</b>			<b>503,289</b>	<b>-</b>	<b>503,289</b>	<b>503,288</b>
<b>ADMINISTRATIVE AND GENERAL EXPENSE</b>						
905100	20	INFORMATION TECHNOLOGIES PAYROLL	117,728 (2)		117,728 (2)	
905200	20	GIS EXPENSES	9,905 (2)		9,905 (2)	
905210	20	CIS EXPENSES	33 (2)		33 (2)	
905300	20	COMPUTER EXPENSE	21,852 (2)		21,852 (2)	
905400	20	SOFTWARE SERVICES	55,998 (2)		55,998 (2)	
913000	20	PUBLISHING EXPENSE	1,278 (4)		1,278 (4)	
920000	20	ADMINISTRATIVE EXPENSE	5,062 (3)		5,062 (3)	
		RATE CASE EXPENSES	45,000	45,000	-	
920060	20	DUES AND SUBSCRIPTIONS	23,419 (3)		23,419 (3)	
920070	20	CELL PHONE EXPENSE	14,031 (2)		14,031 (2)	
920100	20	ADMINISTRATIVE PAYROLL	208,295 (3)		208,295 (3)	
920200	20	CLEARING ACCOUNT	(224) (3)		(224) (3)	
920400	20	SAFETY EXPENSE	13,249 (3)		13,249 (3)	
920700	20	TRAVEL AND TRAINING EXPENSE	24,329 (3)		24,329 (3)	
920810	20	BOARD EXPENSES	46		46	
920820	20	BOARD PAYROLL	1,154		1,154	
		TOTAL BOARD EXPENSES	1,200		1,200	1,200
920910	20	SOCIAL SECURITY EXPENSE	220,612		220,612	220,612
923300	20	LEGAL RETAINER FEES	6,434		6,434	
923400	20	OTHER CONSULTING FEES	39,780		39,780	
923500	20	OTHER LEGAL AND ACCOUNTING LEGAL AND CONSULTING FEES	21,736 67,950		21,736 67,950	67,950
923700	20	OTHER SERVICES	17,635 (3)		17,635 (3)	
924000	20	INSURANCE EXPENSE	274,150		274,150	274,150

**FRANKFORT ELECTRIC AND WATER PLANT BOARD**

**Response to PSC First Request for Information - Items 5a**

Account			Cost of Service	Adjustments to Trial Balance	Trial Balance 2012/2013	Audit Report 2012/2013
926000	20	UNEMPLOYMENT INSURANCE	1,318	(1)	1,318	(1)
926060	20	VACATION BENEFITS EXPENSE	10,604	(1)	10,604	(1)
926070	20	SICK BENEFITS EXPENSE	2,065	(1)	2,065	(1)
926100	20	EMPLOYEES WELFARE EXPENSE	1,570		1,570	
926300	20	EMPLOYEE INSURANCE	708,743		708,743	
926310	20	EMPLOYEE LIFE INSURANCE	19,465		19,465	
		EMPLOYEE BENEFITS	729,778	-	729,778	729,778
926400	20	CLUBHOUSE EXPENSE	4,299	(1)	4,299	(1)
926450	20	EMPLOYEE ACTIVITY EXPENSE	2,608	(1)	2,608	(1)
926460	20	UNIFORM EXPENSE	20,869	(3)	20,869	(3)
926470	20	EMPLOYEE ASSISTANCE EXP	609	(1)	609	(1)
926500	20	COMPANY CONTRIBUTION TO EMP PENSION	606,716		606,716	
926600	20	OTHER CO PAID PENSION EXPENSES	3,637		3,637	
		PENSION EXPENSE	610,353	-	610,353	610,353
930100	20	GENERAL EXPENSES	1,856		1,856	
930101	20	PUBLIC INFORMATION EXPENSE	-		-	
930100	20	REPAIR AND MAINTENANCE EXPENSES	32,997		32,997	
		GENERAL EXPENSES	34,853	-	34,853	34,853
930300	20	UTILITIES	76,042	(635,226)	711,268	711,268
930435	20	CASH CONTRIBUTIONS TO CITY	2,670		2,670	2,670
932110	20	SUPPORT SERVICES EXP	2,588		2,588	
932120	20	SUPPORT SERVICES PAYROLL	101,153		101,153	
932130	20	INVENTORY ADJUSTMENTS	11,182		11,182	
932140	20	COST OF SALES CLEARING	590		590	
		SUPPORT SERVICES	115,513	-	115,513	115,513
932200	20	AUTO & TRUCK REPAIR EXPENSE	79,222		79,222	
932210	20	AUTO & TRUCK REPAIR PAYROLL	75,796		75,796	
932220	20	AUTO & TRUCK GAS & OIL	112,819		112,819	
		AUTO & TRUCK REPAIR	267,837	-	267,837	267,837
		EMPLOYEE WELFARE				21,503
		INFORMATION TECHNOLOGY				219,546
		ADMINISTRATION EXPENSES				312,355
		ADVERTISING				1,557
<b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSE</b>			<b>3,000,920</b>	<b>(590,226)</b>	<b>3,591,146</b>	<b>3,591,145</b>
<b>TOTAL OPERATION AND MAINTENANCE</b>			<b>6,459,009</b>	<b>73,157</b>	<b>6,385,852</b>	<b>6,385,680</b>

**FRANKFORT ELECTRIC AND WATER PLANT BOARD**

**Response to PSC First Request for Information - Items 5a**

Account		Cost of Service	Adjustments to Trial Balance	Trial Balance 2012/2013	Audit Report 2012/2013
<b>DEPRECIATION EXPENSE</b>					
302	101311 SOURCE OF SUPPLY STRUCT & IMPROVEMENTS	7,095		7,095	
310	101313 SOURCE OF SUPPLY RIVER INTAKES	23,532		23,532	
320	101315 SOURCE OF SUPPLY GALLERIES & T	2,568		2,568	
330	101316 SOURCE OF SUPPLY SUPPLY MAINS	659		659	
389	101321 PUMPING STRUCTURES & IMPROVEME	4,602		4,602	
311	101325 PUMPING EQUIPMENT	68,563		68,563	
321	101331 TREATMENT STRUCTURES AND IMPROVEMENTS	197,902		197,902	
321	101332 TREATMENT EQUIPMENT	116,228		116,228	
331	101341 DISTRIBUTION STRUCTURES AND IMPROVEMENTS	6,947		6,947	
331	101342 DISTRIBUTION RESERVOIRS & STANDPIPES	164,245		164,245	
331	101343 DISTRIBUTION TRANSMISSION & DISTRIBUTION	226,727	(288,262) (5)	514,989	
331	101344 DISTRIBUTION FIRE MAINS	2,825		2,825	
331	101345 DISTRIBUTION SERVICES	37,185		37,185	
341	101346 DISTRIBUTION METERS	27,663		27,663	
341	101347 DISTRIBUTION METER INSTALLATION	932		932	
390.1	101348 DISTRIBUTION HYDRANTS	16,457		16,457	
390.1	101349 OTHER DISTRIBUTION PLANT GENERAL ASSETS	1,415		1,415	
		<u>273,204</u>		<u>273,204</u>	
<b>TOTAL DEPRECIATION EXPENSE</b>		1,178,750	(288,262)	1,467,012	1,467,012
<b>TOTAL OPERATING EXPENSE</b>		<u>\$ 7,637,759</u>	<u>\$ (215,105)</u>	<u>\$ 7,852,864</u>	<u>\$ 7,852,692</u>
<b>DIFFERENCE FROM AUDIT REPORT (EQUAL TO TOTAL OF ACCOUNT 530560)</b>					\$ (172)

- (1) ITEMS INCLUDED IN EMPLOYEE WELFARE CATEGORY IN AUDIT REPORT.
- (2) ITEMS INCLUDED IN INFORMATION TECHNOLOGY CATEGORY IN AUDIT REPORT.
- (3) ITEMS INCLUDED IN ADMINISTRATIVE EXPENSES CATEGORY IN AUDIT REPORT. \$279 OF ADMINISTRATION EXPENSE WAS ALLOCATED TO ADVERTISING IN THE AUDIT REPORT.
- (4) ITEMS INCLUDED IN ADVERTISING CATEGORY IN AUDIT REPORT. \$279 OF ADMINISTRATION EXPENSE WAS ALSO ALLOCATED TO ADVERTISING.
- (5) DEPRECIATION ADJUSTMENT FOR CONTRIBUTED PROPERTY. THIS ITEM WAS MISTAKENLY REMOVED TWICE AND THE ADJUSTMENT SHOULD HAVE EQUALED \$144,131. TOTAL DEPRECIATION EXPENSE IN THE COST OF SERVICE SHOULD BE \$1,322,881 (\$1,178,750 + \$144,131)

Response to PSC First Request for Information - Items 5b and 5c

Pro Forma Income Statements

	Water Division		Wholesale Customers	
	Under Present Rates	Under Proposed Rates	Under Present Rates	Under Proposed Rates
Pro Forma Revenues - Sale of Water	\$ 9,666,697	\$ 10,299,751	\$ 1,413,820	\$ 2,046,874
Other Revenues	195,576	195,576	41,540	41,540
Total Revenue	<u>\$ 9,862,273</u>	<u>\$ 10,495,327</u>	<u>\$ 1,455,360</u>	<u>\$ 2,088,414</u>
Expenses:				
Operating Expenses	\$ 6,962,298	\$ 6,962,298	\$ 1,382,022	\$ 1,382,022
Depreciation Expense	1,178,750	1,178,750	258,783	258,783
Debt Service	2,571,632	2,571,632	634,591	634,591
Total Expense	<u>\$ 10,712,680</u>	<u>\$ 10,712,680</u>	<u>\$ 2,275,396</u>	<u>\$ 2,275,396</u>
Revenue Less Expenses	\$ (850,407)	\$ (217,353)	\$ (820,035)	\$ (186,981)

**Response to PSC First Request for Information - Items 5d**

**Table 1**

	Total	Wholesale
Pro Forma Operating Expenses	\$ 6,962,298	\$ 1,382,022
Plus:		
Debt Service Payments	\$ 2,236,975	554,520
Debt Service Coverage Requirements	334,657	80,070
<b>Total Revenue Requirements*</b>	<b>\$ 9,533,930</b>	<b>\$ 2,016,613</b>
<b>Less Other Revenue</b>	195,576	41,540
Requested Revenue Increase	\$ 633,054	\$ 633,054
<b>Percentage Revenue Increase**</b>	6.4%	44.8%

---

\* The FPB objects to the use of the word "Revenue Requirements" as this does not include depreciation expense for renewals and replacements

\*\* The percentage increase only applies to the Non-Water Producers Wholesale customer class. The Other customers of the FPB received a rate increase on 6/30/3014.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 6

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

- ITEM 6: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated to Customer Classifications at 1-4, and Items 31 (a) and 31 (b).
- a. In its Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service for the Electric and Water Revenue Bonds, Series 2009, of \$1,216,398 and locates \$275,392 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the 2009 bonds and its proposed allocation to the wholesale customers.
  - b. In its Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service for the Electric and Water Revenue Bonds, Series 2013, of \$1,216,398 and locates \$275,392 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the 2013 bonds and its proposed allocation to the wholesale customers.
  - c. In Item 31, Exhibit 31, Calculation of Debt Service for Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service on its Kentucky Infrastructure Authority ("KIA") Loan #F08-04 of \$386,792.
    - (1) Confirm that the referenced KIA Loan #F08-04 is the Electric and Water System Revenue Bond Anticipation Note ("BAN"), Series 2010, that is referenced by Frankfort Plant Board in its response to Item 6(a). If not, provide a copy of the KIA Loan agreement.
    - (2) Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the KIA Loan #F08-04 and its proposed allocation to the wholesale customers.
  - d. In Item 31, Exhibit 31, Calculation of Debt Services for Cost of Service Allocation Study, Frankfort Plant Board uses an annual debt service on its KIA Loan – Generator of \$176,897.

- (1) Confirm that the referenced KIA Loan – Generator is the Electric and Water System Revenue BAN, Series 2012 that is referenced by Frankfort Plant Board in its response to Item 6(a). If not, provide a copy of the KIA Loan agreement.
  - (2) Provide a detailed schedule showing how Frankfort Plant Board calculated its annual debt service for the KIA Loan – Generator and its proposed allocation to the wholesale customers.
  - (3) Frankfort Plant Board states that the generator capital project began at the end of fiscal year 2013-2014. In regards to this capital project, provide: the actual date construction began; the date the generator will be placed in service; the purpose of the treatment plant generator; and the estimated cost of treatment plant generator.
  - (4) Confirm that Frankfort Plant Board has not included depreciation for the treatment plant generator in its pro forma depreciation expense. If depreciation for the treatment plant generator is included, identify the amount and provide the estimated useful life of the generator.
  - (5) Provide a detailed explanation for why the cost to finance a capital project that was began 12 months after the test-year-end should be included in Frankfort Plant Board's pro forma operations.
- e. In its Cost of Service Allocation Study, Frankfort Plant Board uses debt service coverage for the 2009 bonds of \$243,280 and allocates \$55,708 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its requested debt-service coverage and its proposed allocation to the wholesale customers.
- f. In its Cost of Service Allocation Study, Frankfort Plant Board uses a debt-service coverage for the 2013 bonds of \$91,378 and allocates \$24,992 of this amount to the wholesale customers. Provide a detailed schedule showing how Frankfort Plant Board calculated its requested debt-service coverage and its proposed allocation to the wholesale customers.

Response:

6a:

For a detailed schedule showing how FPB calculated its annual debt service for the 2009 bonds please refer to Item 5, Exhibit 5 of FPB's response to the July 23, 2014 Order, which is the amortization schedule for the 2009 bonds. The debt service

payment used in revenue requirements included the sinking fund deposits due on the bonds from 7/20/2015 through 6/20/2016. The Series of 2009 bond issue was allocated to the Wholesale customers based on Factor 17 in the Cost of Service Study which allocates \$258,783 or 22.64% to the Wholesale customers. Factor 17 is a composite factor based on the allocation of the Rate Base. Please refer to the cost of service study.

6b:

For a detailed schedule showing how FPB calculated its annual debt service for the 2013 bonds please refer to Item 5, Exhibit 6 of FPB's response to the July 23, 2014 Order, which is the amortization schedule for the 2013 bonds. The debt service payment used in revenue requirements included the sinking fund deposits due on the bonds from July 1, 2015 through June 1, 2016. The Series of 2013 bond issue was allocated to the Wholesale customers based on Factor 2 in the Cost of Service Study which allocates \$124,959 or 27.35% to the Wholesale customers. Please refer AG First Set of Data Requests, Item 22 for a description of the allocation.

6c:

6c(1): The KIA Loan #F08-04 is not the Water System Revenue BAN, Series 2010. The Water System Revenue BAN, Series 2010 and 2012 were refunded with the Electric and Water Revenue Bonds, Series 2013. See Exhibit #1 for a copy of the KIA Loan #F08-04 agreement.

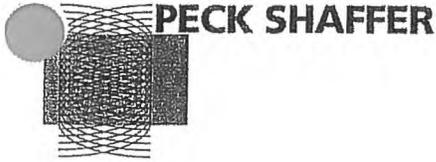
6c(2): See Exhibit #2 for the KIA Loan #F08-04 amortization schedule that was used to calculate annual debt service. The payment used in revenue requirements included semi-annual payments due on the loan on 12/1/2015 and 6/1/2016. The KIA Loan #F08-04 was allocated to the Wholesale customers based on Factor 2 in the Cost of Service Study which allocates \$105,788 or 27.35% to the Wholesale customers. Please refer AG First Set of Data Requests, Item 22 for a description of the allocation.

6d:

6d(1): The KIA Loan – Generator is not the Electric and Water System BAN, Series 2012. The Electric and Water System Revenue BAN, Series 2010 and 2012 were refunded with the Electric and Water Revenue Bonds, Series 2013. Each

BAN, Series 2010 and Series 2012, was used for a separate water division capital project. See Exhibit #3 for a copy of the KIA Generator Loan agreement.

- 6d(2): See Exhibit #4 for an estimated amortization schedule for the KIA Generator Loan. Please note that the KIA Generator amortization schedule was prepared based on estimated loan draws based on estimated billing schedule provided by the contractor for the project. The actual, final amortization schedule will vary from estimates. The first draw on the loan did not occur until May 2014. The KIA Generator Loan was allocated to the Wholesale customers based on Factor 2 in the Cost of Service Study which allocates \$48,381 or 27.35% to the Wholesale customers. Please refer AG First Set of Data Requests, Item 22 for a description of the allocation.
- 6d(3): The Notice to proceed is dated 3/6/14. The contractor mobilized and began construction on 3/19/14. The estimated project final completion date is 2/17/15. The purpose of the project is to provide back-up generation in the event of a power outage to allow FPB to produce clean water for FPB's customers in the event of an emergency. The estimated cost of the project is \$3,244,300 for construction and engineering.
- 6d(4): FPB has not included depreciation for the treatment plant generator in its pro forma depreciation expense.
- 6d(5): The cost to finance this project is a known and measurable cost for the FPB and should be included as a cost for calculating revenue requirement.
- 6e: Coverage for 2009 bonds was calculated at 20% of debt service and the coverage was allocated in the same manner as debt service on the 2009 bond issue. See part (a)
- 6f: Coverage for 2013 bonds was calculated at 20% of debt service and the coverage was allocated in the same manner as debt service on the 2013 bond issue. See part b.



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October 16, 2008

Mr. Joe Smith, Chairman  
Frankfort Electric and Water Plant Board  
P. O. Box 308  
Frankfort, Kentucky 40602

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and  
Frankfort Electric & Water Plant Board dated as of October 1, 2008, No. F08-04

Dear Mr. Smith:

In order for us to close the loan to be provided pursuant to the referenced Assistance Agreement, we ask that you provide the following:

1. Four (4) executed copies of the enclosed Resolution of Frankfort Electric and Water Plant Board approving the Assistance Agreement;
2. Four (4) executed copies of the enclosed General Closing Certificate;
3. An executed copy of the Opinion of the District's Attorney, using the form enclosed, on counsel's letterhead;
4. Three (3) executed copies of the enclosed signature pages to the Assistance Agreement to be executed by the District, together with one (1) executed copy of the complete Assistance Agreement.

In addition, we request that you provide or complete the following:

1. Minutes of the Meeting at which the Resolution was adopted.
2. A schedule of the District's present service charges, as defined in the Assistance Agreement to be incorporated as Exhibit C to the Assistance Agreement.
3. Complete the portion of Exhibit A to the Assistance Agreement concerning the District's insurance coverage.

PECK, SHAFFER & WILLIAMS LLP

Page 2

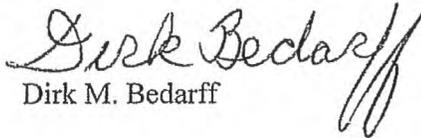
We have also enclosed one copy of each of the documents to be retained in your files, including the Assistance Agreement. All remaining executed copies, including the signature pages to the Assistance Agreement, should be returned to the undersigned, so that we may review the enclosed documents and forward them to the Kentucky Infrastructure Authority, who will obtain the necessary signatures by the Infrastructure Authority and return the documents to us. A bound transcript including all signed documents will be provided to you at a later date. Please make sure that Exhibits A and C to the Assistance Agreement are completed, including the section in Exhibit A concerning the insurance coverage.

Please call the undersigned if you should have any questions or comments regarding these enclosures.

Very truly yours,

PECK, SHAFFER & WILLIAMS LLP

Per



Dirk M. Bedarff

DMB/mmw

Encls.

cc: Ms. Kasi White w/encl. AA  
Ms. Lola Lyle w/encl. AA  
Mr. David Billings w/encl. AA ✓  
Mr. Joe Henry

KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F08-04  
BORROWER: Frankfort Electric and Water Plant Board  
BORROWER'S ADDRESS: PO Box 308  
Frankfort, Kentucky 40602  
DATE OF ASSISTANCE AGREEMENT: October 1, 2008  
CFDA NO.: 66.468

ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

### WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998 (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and National City Bank of Kentucky (the "Trustee") in order to provide the "match funding" for the Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to finance the acquisition and construction of the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"*Act*" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"*Administrative Fee*" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"*Architects*" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"*Assistance Agreement*" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"*Authority*" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"*Bond*" or "*Bonds*" or "*Revenue Bonds*" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"*Cabinet*" means the Natural Resources and Environmental Protection Cabinet of the Commonwealth.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

"*Construction*" shall mean construction as defined in the Act.

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance

Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"*Drinking Water Supply Project*" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Natural Resources Cabinet of the Commonwealth of Kentucky to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

"*Engineers*" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"*Federal Act*" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

"*Governmental Agency*" shall mean any incorporated city or municipal corporation, or other agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate infrastructure projects, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"*Indenture*" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"*Interagency Agreement*" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

"*Loan*" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"*Loan Rate*" means the rate of interest identified in the Schedule of Payments.

"*Person*" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"*Project Specifics*" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"*Requisition for Funds*" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as the Construction of the Project progresses.

"*Resolution*" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Schedule of Payments*" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority

"*Service Charges*" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the System, which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charges shall be no less than those set forth in the Schedule of Service Charges.

"*System*" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and the Federal Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable

from the revenues of the System outstanding at the time this Assistance Agreement is executed as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

## ARTICLE IV

### CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

(B) All real estate and interest in real estate and all personal property constituting the Project and the sites of the Project heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of the Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by either the lump-sum (fixed price) or unit price contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Cabinet.

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

(R) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(T) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority and the Cabinet the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with

generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(F) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(H) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

(I) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(J) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(K) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(L) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(M) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(N) That all measures required to minimize water pollution to affected waters shall be employed in the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the planning and design of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the planning and design of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the planning and design of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The Contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

## ARTICLE V

### CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribed, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

## ARTICLE VI

### OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of

Accounts" established by the Commonwealth, in which complete and accurate entries shall be made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within ninety (90) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of it under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) Coastal Barrier Resources Act, Pub. L. 97-348
- (d) Coastal Zone Management Act, Pub. L. 93-583, as amended
- (e) Endangered Species Act, Pub. L. 93-205, as amended
- (f) Environmental Justice, Executive Order 12898
- (g) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (h) Protection of Wetlands, Executive Order 11990
- (i) Farmland Protection Policy Act, Pub. L. 97-98
- (j) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (k) National Historic Preservation Act of 1966, PL 89-665, as amended
- (l) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (m) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432

- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590
- (2) State:
  - (a) KRS 224
  - (b) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
  - (c) KRS Chapter 337, Labor Laws
  - (d) 401 KAR Chapter 5

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain; or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an authorized officer of the Governmental Agency to the effect that the Governmental Agency has

complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments specified herein at the times specified herein.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

**ATTEST:**

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

**GOVERNMENTAL AGENCY:  
FRANKFORT ELECTRIC AND WATER  
PLANT BOARD**

\_\_\_\_\_  
Title: SECRETARY

By: \_\_\_\_\_  
Title: CHAIRMAN

**APPROVED:**

**EXAMINED:**

\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

\_\_\_\_\_  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

ENVIRONMENTAL AND PUBLIC PROTECTION  
CABINET OF THE COMMONWEALTH OF KENTUCKY

By: \_\_\_\_\_  
Director  
Division of Water

APPROVED AS TO FORM AND LEGALITY

\_\_\_\_\_  
APPROVED  
FINANCE AND ADMINISTRATION CABINET

**EXHIBIT A**  
**Frankfort Electric & Water Plant Board**  
**PROJECT SPECIFICS**  
**F08-04**

**GOVERNMENTAL AGENCY:**

Name: Frankfort Electric & Water Plant Board  
P.O. Box 308  
Frankfort, Kentucky 40602

Contact  
Person: Joe Smith  
Chairman

**SYSTEM:** Drinking Water

**PROJECT:** The project will include the rehabilitation of the chemical feed facilities and installation of new on-site generation equipment to produce sodium hypochlorite for use as a disinfectant for drinking water. The Plant Board WTP currently uses gaseous chlorine for disinfection, and this alternate method will improve the safety and efficiency of the treatment process. In particular, this will result in a reduction of the Trihalomethane precursors within the water system, which is necessary for LT2 compliance with the amendments to the Safe Drinking Water Act. A new building will be constructed to house the new generation equipment. The rehabilitation includes renovation of existing facilities in order to separate the various chemicals and provide adequate storage and chemical containment areas. These improvements will reduce the risks to plant personnel and to the community due to the hazardous nature of some of the chemicals used for water treatment.

**PROJECT BUDGET:**

	Fund F Loan	Total
Engineering Fees	949,500	\$ 949,500
Construction	5,116,000	\$ 5,116,000
Contingency	768,000	\$ 768,000
Other	7,500	\$ 7,500
Total	6,841,000	6,841,000

**FUNDING SOURCES:**

	Amount	%
Fund F Loan	\$ 6,841,000	100%
Total	\$ 6,841,000	100%

**KIA DEBT SERVICE:**

Construction Loan	\$ 6,841,000.00
Interest Rate	1.00%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 378,245.99
Administrative Fee (0.20%)	\$ 17,102.50
<b>Total Estimated Annual Debt Service</b>	<b>\$ 395,348.49</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 6/01/09).

Full principal and interest payments will commence within one year of initiation of operation (estimated 6/01/11).

**REPLACEMENT RESERVE ACCOUNT:**                   \$ 17,500 ANNUAL AMOUNT  
   \$ 175,000 TOTAL AMOUNT

The annual replacement cost is \$17,500. This amount should be added to the replacement account each December 1 until the balance reaches \$175,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:**                   0.25%

**DEFAULT RATE:**                         8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>
Consolidated Note	\$1,117,644
1999 Bond Issue	\$10,015,000
Full Service Network Notes	\$28,462,491
Water Bond Anticipation Note	\$1,850,000
Total	<u>\$41,445,135</u>

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	_____
Death or Personal Injury (per occurrence)	_____
Property Damage on System	_____

**EXHIBIT B**

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED OCTOBER 1, 2008  
LOAN NO. F08-04

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Branch Manager  
Resource Planning and Program Support Branch  
Division of Water  
Natural Resources and  
Environmental Protection Cabinet  
14 Reilly Road  
Frankfort, Kentucky 40601

FROM: FRANKFORT ELECTRIC AND WATER PLANT BOARD (the  
"Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of drinking water supply facilities, described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$ \_\_\_\_\_.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
-------------------	----------------------------------	-----------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

<u>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	---	--

Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---

Respectfully submitted,

\_\_\_\_\_  
Governmental Agency

By: \_\_\_\_\_

Title

CERTIFICATE OF CONSULTING ENGINEERS AS TO  
PAYMENT REQUEST

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

\_\_\_\_\_  
Engineer/Architect

\_\_\_\_\_  
Firm Name

**EXHIBIT C**

**SCHEDULE OF SERVICE CHARGES**

[SEE ATTACHED]

**EXHIBIT D**

**RESOLUTION**

RESOLUTION OF THE FRANKFORT ELECTRIC AND WATER PLANT BOARD APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF OCTOBER 1, 2008 BETWEEN THE FRANKFORT ELECTRIC AND WATER PLANT BOARD AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Frankfort Electric and Water Plant Board ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of October 1, 2008 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Frankfort Electric and Water Plant Board, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on \_\_\_\_\_, 2008.

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Frankfort Electric and Water Plant Board; that the foregoing is a full, true and correct copy of a Resolution adopted by the governing authority of said District at a meeting duly held on \_\_\_\_\_, 2008; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.825; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this \_\_\_\_ day of \_\_\_\_\_, 2008.

\_\_\_\_\_  
Recording Officer

**EXHIBIT E**

**OPINION OF COUNSEL**

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Frankfort Electric and Water Plant Board, dated as of October 1, 2008

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Frankfort Electric and Water Plant Board, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

**EXHIBIT F**

TO ASSISTANCE AGREEMENT BETWEEN  
FRANKFORT ELECTRIC AND WATER PLANT BOARD  
("GOVERNMENTAL AGENCY") AND  
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by  
Governmental Agency to  
Kentucky Infrastructure Authority                   \$ \_\_\_\_\_

Principal and Interest Payable  
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANKFORT ELECTRIC AND WATER  
PLANT BOARD**  
Governmental Agency

\_\_\_\_\_  
By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT G

1. The Division of Water must approve project plans and specifications.
2. Planning and design costs for the project will be reimbursed monthly to the plant board upon presentation to KIA and DOW of invoices and supporting documentation showing costs incurred. No more than 50% of the loan funds designated for planning and design will be requested by the plant board prior to presentation of the plans and specifications to DOW.
3. The remaining 50% of the loan funds designated for planning and design may be requested upon approval of the plans and specifications by DOW.
4. The Authority to Award (bid) package must be submitted to the DOW for approval within 14 days of bid opening for each contract. DOW must perform the MBE/WBE reviews and approve executed contract documents.
5. No construction funds for the project will be reimbursed to the plant board until KIA receives from DOW a certification letter that states that the project has been bid and meets all SRF requirements.
6. Project construction costs will be reimbursed monthly to the plant board upon presentation to KIA and DOW of invoices and supporting documentation showing costs incurred.

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,839.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,581.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,996.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,480.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.82	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,308.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

Created by KIA on 4/16/2012

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

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06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
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06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,996.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$8,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
06/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.85	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,008.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,996.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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 LOAN #F08-04  
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1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.82	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
08/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.78	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,984.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,480.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,068.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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1.00% Rate  
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Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
06/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.82	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,480.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,086.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

Created by KIA on 4/18/2012

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$8,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,767.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,810.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,008.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,996.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,168,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

Created by KIA on 4/16/2012

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,867.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,839.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,008.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.92	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.88	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
08/01/12	\$152,705.69	\$33,827.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.86	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,168,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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**KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL**

**1.00% Rate  
 \$186,422.22 P & I Calculation**

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.82	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,058.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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 LOAN #F08-04  
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1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$8,743,306.92		
08/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

Created by KIA on 4/16/2012

KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$6,743,306.92		
06/01/12	\$152,705.89	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.62	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.85	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.38	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,581.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,996.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,964.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.88	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.06	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,496.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,480.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,308.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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KENTUCKY INFRASTRUCTURE AUTHORITY  
 REPAYMENT SCHEDULE  
 LOAN #F08-04  
 FRANKFORT ELECTRIC AND WATER PLANT BOARD  
 FINAL

1.00% Rate  
 \$186,422.22 P & I Calculation

Payment Date	Principal Due	Interest Due	Interest Rate	Principal & Interest	Servicing Fee	Credit Due	Total Payment	Principal Balance	R & M Reserve	Total Reserve
								\$8,743,306.92		
06/01/12	\$152,705.69	\$33,627.34	1.0000%	\$186,333.03	\$8,429.13	\$0.00	\$194,762.16	\$6,590,601.23	\$17,500.00	\$17,500.00
12/01/12	\$153,469.21	\$32,953.01	1.0000%	\$186,422.22	\$8,238.25	\$0.00	\$194,660.47	\$6,437,132.02	\$0.00	\$17,500.00
06/01/13	\$154,236.56	\$32,185.66	1.0000%	\$186,422.22	\$8,046.42	\$0.00	\$194,468.64	\$6,282,895.46	\$17,500.00	\$35,000.00
12/01/13	\$155,007.74	\$31,414.48	1.0000%	\$186,422.22	\$7,853.82	\$0.00	\$194,275.84	\$6,127,887.72	\$0.00	\$35,000.00
06/01/14	\$155,782.78	\$30,639.44	1.0000%	\$186,422.22	\$7,659.86	\$0.00	\$194,082.08	\$5,972,104.94	\$17,500.00	\$52,500.00
12/01/14	\$156,561.70	\$29,860.52	1.0000%	\$186,422.22	\$7,465.13	\$0.00	\$193,887.35	\$5,815,543.24	\$0.00	\$52,500.00
06/01/15	\$157,344.50	\$29,077.72	1.0000%	\$186,422.22	\$7,269.43	\$0.00	\$193,691.65	\$5,658,198.74	\$17,500.00	\$70,000.00
12/01/15	\$158,131.23	\$28,290.99	1.0000%	\$186,422.22	\$7,072.75	\$0.00	\$193,494.97	\$5,500,067.51	\$0.00	\$70,000.00
06/01/16	\$158,921.88	\$27,500.34	1.0000%	\$186,422.22	\$6,875.08	\$0.00	\$193,297.30	\$5,341,145.63	\$17,500.00	\$87,500.00
12/01/16	\$159,716.49	\$26,705.73	1.0000%	\$186,422.22	\$6,676.43	\$0.00	\$193,098.65	\$5,181,429.14	\$0.00	\$87,500.00
06/01/17	\$160,515.07	\$25,907.15	1.0000%	\$186,422.22	\$6,476.79	\$0.00	\$192,899.01	\$5,020,914.07	\$17,500.00	\$105,000.00
12/01/17	\$161,317.65	\$25,104.57	1.0000%	\$186,422.22	\$6,276.14	\$0.00	\$192,698.36	\$4,859,596.42	\$0.00	\$105,000.00
06/01/18	\$162,124.24	\$24,297.98	1.0000%	\$186,422.22	\$6,074.50	\$0.00	\$192,496.72	\$4,697,472.18	\$17,500.00	\$122,500.00
12/01/18	\$162,934.86	\$23,487.36	1.0000%	\$186,422.22	\$5,871.84	\$0.00	\$192,294.06	\$4,534,537.32	\$0.00	\$122,500.00
06/01/19	\$163,749.53	\$22,672.69	1.0000%	\$186,422.22	\$5,668.17	\$0.00	\$192,090.39	\$4,370,787.79	\$17,500.00	\$140,000.00
12/01/19	\$164,568.28	\$21,853.94	1.0000%	\$186,422.22	\$5,463.48	\$0.00	\$191,885.70	\$4,206,219.51	\$0.00	\$140,000.00
06/01/20	\$165,391.12	\$21,031.10	1.0000%	\$186,422.22	\$5,257.77	\$0.00	\$191,679.99	\$4,040,828.39	\$17,500.00	\$157,500.00
12/01/20	\$166,218.08	\$20,204.14	1.0000%	\$186,422.22	\$5,051.04	\$0.00	\$191,473.26	\$3,874,610.31	\$0.00	\$157,500.00
06/01/21	\$167,049.17	\$19,373.05	1.0000%	\$186,422.22	\$4,843.26	\$0.00	\$191,265.48	\$3,707,561.14	\$17,500.00	\$175,000.00
12/01/21	\$167,884.41	\$18,537.81	1.0000%	\$186,422.22	\$4,634.45	\$0.00	\$191,056.67	\$3,539,676.73	\$0.00	\$175,000.00
06/01/22	\$168,723.84	\$17,698.38	1.0000%	\$186,422.22	\$4,424.60	\$0.00	\$190,846.82	\$3,370,952.89	\$0.00	\$175,000.00
12/01/22	\$169,567.46	\$16,854.76	1.0000%	\$186,422.22	\$4,213.69	\$0.00	\$190,635.91	\$3,201,385.43	\$0.00	\$175,000.00
06/01/23	\$170,415.29	\$16,006.93	1.0000%	\$186,422.22	\$4,001.73	\$0.00	\$190,423.95	\$3,030,970.14	\$0.00	\$175,000.00
12/01/23	\$171,267.37	\$15,154.85	1.0000%	\$186,422.22	\$3,788.71	\$0.00	\$190,210.93	\$2,859,702.77	\$0.00	\$175,000.00
06/01/24	\$172,123.71	\$14,298.51	1.0000%	\$186,422.22	\$3,574.63	\$0.00	\$189,998.85	\$2,687,579.06	\$0.00	\$175,000.00
12/01/24	\$172,984.32	\$13,437.90	1.0000%	\$186,422.22	\$3,359.47	\$0.00	\$189,781.69	\$2,514,594.74	\$0.00	\$175,000.00
06/01/25	\$173,849.25	\$12,572.97	1.0000%	\$186,422.22	\$3,143.24	\$0.00	\$189,565.46	\$2,340,745.49	\$0.00	\$175,000.00
12/01/25	\$174,718.49	\$11,703.73	1.0000%	\$186,422.22	\$2,925.93	\$0.00	\$189,348.15	\$2,166,027.00	\$0.00	\$175,000.00
06/01/26	\$175,592.08	\$10,830.14	1.0000%	\$186,422.22	\$2,707.53	\$0.00	\$189,129.75	\$1,990,434.92	\$0.00	\$175,000.00
12/01/26	\$176,470.05	\$9,952.17	1.0000%	\$186,422.22	\$2,488.04	\$0.00	\$188,910.26	\$1,813,864.87	\$0.00	\$175,000.00
06/01/27	\$177,352.40	\$9,069.82	1.0000%	\$186,422.22	\$2,267.46	\$0.00	\$188,689.68	\$1,636,612.47	\$0.00	\$175,000.00
12/01/27	\$178,239.16	\$8,183.08	1.0000%	\$186,422.22	\$2,045.77	\$0.00	\$188,467.99	\$1,458,373.31	\$0.00	\$175,000.00
06/01/28	\$179,130.35	\$7,291.87	1.0000%	\$186,422.22	\$1,822.97	\$0.00	\$188,245.19	\$1,279,242.96	\$0.00	\$175,000.00
12/01/28	\$180,026.01	\$6,396.21	1.0000%	\$186,422.22	\$1,599.05	\$0.00	\$188,021.27	\$1,099,216.95	\$0.00	\$175,000.00
06/01/29	\$180,926.14	\$5,498.08	1.0000%	\$186,422.22	\$1,374.02	\$0.00	\$187,796.24	\$918,290.81	\$0.00	\$175,000.00
12/01/29	\$181,830.77	\$4,591.45	1.0000%	\$186,422.22	\$1,147.86	\$0.00	\$187,570.08	\$736,460.04	\$0.00	\$175,000.00
06/01/30	\$182,739.92	\$3,682.30	1.0000%	\$186,422.22	\$920.58	\$0.00	\$187,342.80	\$553,720.12	\$0.00	\$175,000.00
12/01/30	\$183,653.62	\$2,768.60	1.0000%	\$186,422.22	\$692.15	\$0.00	\$187,114.37	\$370,066.50	\$0.00	\$175,000.00
06/01/31	\$184,571.89	\$1,850.33	1.0000%	\$186,422.22	\$462.58	\$0.00	\$186,884.80	\$185,494.61	\$0.00	\$175,000.00
12/01/31	\$185,494.61	\$927.61	1.0000%	\$186,422.22	\$231.87	\$0.00	\$186,654.09	\$0.00	\$0.00	\$175,000.00
<b>Totals</b>	<b>\$6,743,306.92</b>	<b>\$713,492.69</b>		<b>\$7,456,799.61</b>	<b>\$178,395.42</b>	<b>\$0.00</b>	<b>\$7,635,195.03</b>		<b>\$175,000.00</b>	

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KENTUCKY INFRASTRUCTURE AUTHORITY

ASSISTANCE AGREEMENT

FUND F

PROJECT NUMBER: F13-021  
BORROWER: Frankfort Electric and Water Plant Board  
BORROWER'S ADDRESS: 317 West 2<sup>nd</sup> Street  
Frankfort, Kentucky 40601  
DATE OF ASSISTANCE AGREEMENT: March 1, 2014  
CFDA NO.: 66.458

ASSISTANCE AGREEMENT

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## ASSISTANCE AGREEMENT

This Assistance Agreement made and entered into as of the date set forth on the cover page hereof (the "Assistance Agreement") by and between the KENTUCKY INFRASTRUCTURE AUTHORITY, a body corporate and politic, constituting a public corporation and governmental agency and instrumentality of the Commonwealth of Kentucky (the "Authority") and the Governmental Agency identified on the cover of this Assistance Agreement (the "Governmental Agency"):

### WITNESSETH

WHEREAS, the General Assembly of the Commonwealth of Kentucky, being the duly and legally constituted legislature of Kentucky at its 1988 Regular Session, enacted House Bill 217 amending Chapter 224A of the Kentucky Revised Statutes (the "Act"), creating the "Kentucky Infrastructure Authority" to serve the public purposes identified in the Act; and

WHEREAS, the Authority has established its Program as hereinafter defined, for the purpose of providing financial assistance to Governmental Agencies, as defined in the Act, in connection with the acquisition and construction of Projects, as defined in the Act, in order to preserve, protect, upgrade, conserve, develop, utilize and manage the resources of the Commonwealth of Kentucky (the "Commonwealth") for the protection and preservation of the health, safety, convenience, and welfare of the Commonwealth and its citizens, and in that respect to assist and cooperate with Governmental Agencies in achieving such purposes; and

WHEREAS, the Program is funded in part, pursuant to the Capitalization Grant Operating Agreement between the Authority and the U.S. Environmental Protection Agency dated as of November 1, 1998, as amended, supplemented or restated from time to time (the "Federal Agreement") under which the Authority is responsible for providing certain "match funding" described in the Federal Agreement; and

WHEREAS, the Authority has issued, and will issue from time to time, its revenue bonds pursuant to a General Trust Indenture dated as of February 1, 2000 (the "Indenture") between the Authority and U.S. Bank, National Association, as lawful successor in interest to National City Bank of Kentucky (the "Trustee"), in order to provide the "match funding" for the Program; and

WHEREAS, the Governmental Agency has determined that it is necessary and desirable to finance the acquisition and construction of the Project, as hereinafter defined, and the Authority has determined that the Project is a Project within the meaning of the Act and the Indenture, thereby qualifying for financial assistance from the Authority; and

WHEREAS, the Governmental Agency desires to enter into this Assistance Agreement with the Authority for the purpose of securing from the Authority the repayable Loan hereinafter identified; and

WHEREAS, the Authority is willing to cooperate with the Governmental Agency in making available the Loan pursuant to the Act and the Indenture to be applied to the Project upon the conditions hereinafter enumerated and the covenants by the Governmental Agency herein contained to repay the Loan and the interest thereon from the sources herein provided, all as hereinafter more specifically provided; and

WHEREAS, the Authority and the Governmental Agency have determined to enter into this Assistance Agreement pursuant to the terms of the Act and the Indenture and to set forth their respective duties, rights, covenants, and obligations with respect to the acquisition, construction and financing of the Project and the repayment of the Loan and the interest thereon;

NOW, THEREFORE, FOR AND IN CONSIDERATION OF THE MUTUAL COVENANTS HEREIN SET FORTH, THE LOAN HEREBY EFFECTED AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED BY EACH PARTY, THE PARTIES HERETO MUTUALLY COVENANT AND AGREE, EACH WITH THE OTHER AS FOLLOWS:

## ARTICLE I

### DEFINITIONS

All of the terms utilized in this Assistance Agreement will have the same definitions and meaning as ascribed to them in the Act and the Indenture, which Act and Indenture are hereby incorporated in this Assistance Agreement by reference, the same as if set forth hereby verbatim; provided, however, that those definitions utilized in the Act and the Indenture having general application are hereby modified in certain instances to apply specifically to the Governmental Agency and its Project.

"*Act*" shall mean Chapter 224A of the Kentucky Revised Statutes, as amended.

"*Administrative Fee*" means the charge of the Authority for the servicing of the Loan, which is the annual percentage charged against the unpaid principal balance of the Loan as identified in the Project Specifics.

"*Architects*" means the firm of consulting architects employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"*Assistance Agreement*" shall mean this agreement made and entered into by and between a Governmental Agency and the Authority, as authorized by the Act, providing for a Loan to the Governmental Agency by the Authority, and for the repayment thereof to the Authority by the Governmental Agency.

"*Authority*" shall mean the Kentucky Infrastructure Authority created by the Act, a body corporate and politic, constituting a public corporation and a governmental agency and instrumentality of the Commonwealth of Kentucky, or such other designation as may be effected by future amendments to the Act.

"*Bond*" or "*Bonds*" or "*Revenue Bonds*" shall mean any Kentucky Infrastructure Authority Bond or Bonds, or the issue of such Bonds, as the case may be, authenticated and delivered under the Indenture.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other legal holiday on which the general offices of the Commonwealth are closed.

"*Cabinet*" means the Energy and Environment Cabinet of the Commonwealth.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended, and shall include the Regulations of the United States Department of the Treasury promulgated thereunder.

"*Commonwealth*" shall mean the Commonwealth of Kentucky.

"*Construction*" shall mean construction as defined in the Act.

"*Debt Obligations*" shall mean those outstanding obligations of the Governmental Agency identified in the Project Specifics outstanding as of the date of this Assistance Agreement or issued in the future in accordance with the terms hereof, payable from the income and revenues of the System.

"*Drinking Water Supply Project*" shall mean the planning, design and construction of drinking water treatment and distribution systems, including expenditures to address Federal Act health goals, or to address situations where compliance standards have been exceeded or to prevent future violations of rules, and may further include drinking water treatment plants, including basins for rapid mix, flocculation, coagulation, filtration, pre-treatment disinfection, and disinfection prior to entry to the distribution system; distribution systems; storage tanks; intake lines and short-term water storage; clearwells; drilled wells and wellhead areas; and any other structure or facility considered necessary by the Cabinet to the efficient and sanitary operation of a public water system and complies with the requirements of the Federal Act.

"*Engineers*" means the firm of consulting engineers employed by the Governmental Agency in connection with the Project identified in the Project Specifics.

"*Federal Act*" shall mean the Federal Safe Drinking Water Act, as amended, 42 U.S.C. Section 1401, et seq.

"*Governmental Agency*" shall mean any incorporated city or municipal corporation, or other agency or unit of government within the Commonwealth, now having or hereafter granted the authority and power to finance, acquire, construct, and operate infrastructure projects, including specifically but not by way of limitation, incorporated cities, counties, including any counties containing a metropolitan sewer district, sanitation districts, water districts, sewer construction districts, metropolitan sewer districts, sanitation taxing districts, and any other agencies, commissions, districts, or authorities (either acting alone, or in combination with one another pursuant to any regional or area compact, or multi-municipal agreement), now or hereafter established pursuant to the laws of the Commonwealth having and possessing such described powers; and for the purposes of this Assistance Agreement shall mean the Governmental Agency identified in the Project Specifics.

"*Indenture*" shall mean the General Trust Indenture dated as of February 1, 2000 between the Authority and the Trustee.

"*Interagency Agreement*" means the Memorandum of Understanding dated as of July 1, 1999 between the Authority and the Cabinet, as the same may be amended or supplemented from time to time.

"*Loan*" shall mean the loan effected under this Assistance Agreement from the Authority to the Governmental Agency in the principal amount set forth in the Project Specifics, for the purpose of defraying the costs incidental to the Construction of the Project.

"*Loan Rate*" means the rate of interest identified in the Schedule of Payments.

"*Person*" shall mean any individual, firm, partnership, association, corporation or Governmental Agency.

"*Program*" shall mean the program authorized by KRS 224A.1115 and the Indenture as the "federally assisted drinking water revolving fund" for financing Projects through Loans by the Authority to Governmental Agencies and shall not be deemed to mean or include any other programs of the Authority.

"*Project*" shall mean, when used generally, a Drinking Water Supply Project, and when used in specific reference to the Governmental Agency, the Project described in the Project Specifics.

"*Project Specifics*" means those specific details of the Project identified in Exhibit A hereto, all of which are incorporated by reference in this Assistance Agreement.

"*Requisition for Funds*" means the form attached hereto as Exhibit B to be utilized by the Governmental Agency in obtaining disbursements of the Loan from the Authority as the Construction of the Project progresses.

"*Resolution*" means the resolution of the Governmental Agency attached hereto as Exhibit D authorizing the execution of this Assistance Agreement.

"*Schedule of Payments*" means the principal and interest requirements of the Loan as set forth in Exhibit F hereto, to be established and agreed to upon or prior to the completion of the Project.

"*Schedule of Service Charges*" shall mean those general charges to be imposed by the Governmental Agency for services provided by the System, as set forth in Exhibit C hereto, and such other revenues identified in Exhibit C hereto from which the Loan is to be repaid, which Schedule of Service Charges shall be in full force and effect to the satisfaction of the Authority prior to the disbursement of any portion of the Loan hereunder.

"*Service Charges*" shall mean any monthly, quarterly, semi-annual, or annual charges, surcharges or improvement benefit assessments to be imposed by a Governmental Agency, or by the Authority, in respect of the System, which Service Charges arise by reason of the existence of, and requirement of, any Assistance Agreement and for the purposes of this Assistance Agreement said Service Charges shall be no less than those set forth in the Schedule of Service Charges.

"*System*" shall mean the water system owned and operated by the Governmental Agency of which the Project shall become a part and from the earnings of which (represented by the Service Charges) the Governmental Agency shall repay the Authority the Loan hereunder.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of Authority. The Authority represents and warrants for the benefit of the Governmental Agency as follows:

(A) The Authority is a body corporate and politic constituting a governmental agency and instrumentality of the Commonwealth, has all necessary power and Authority to enter into, and perform its obligations under, this Assistance Agreement, and has duly authorized the execution and delivery of this Assistance Agreement.

(B) Neither the execution and delivery hereof, nor the fulfillment of or compliance with the terms and conditions hereof, nor the consummation of the transactions contemplated hereby, conflicts with or results in a breach of the terms, conditions and provisions of any restriction or any agreement or instrument to which the Authority is now a party or by which the Authority is bound, or constitutes a default under any of the foregoing.

(C) To the knowledge of the Authority, there is no litigation or proceeding pending or threatened against the Authority or any other person affecting the right of the Authority to execute or deliver this Assistance Agreement or to comply with its obligations under this Assistance Agreement. Neither the execution and delivery of this Assistance Agreement by the Authority, nor compliance by the Authority with its obligations under this Assistance Agreement, require the approval of any regulatory body, or any other entity, which approval has not been obtained.

(D) The authorization, execution and delivery of this Assistance Agreement and all actions of the Authority with respect thereto, are in compliance with the Act and the Federal Act and any regulations issued thereunder.

Section 2.2. Representations and Warranties of the Governmental Agency. The Governmental Agency hereby represents and warrants for the benefit of the Authority as follows:

(A) The Governmental Agency is a duly organized and validly existing Governmental Agency, as described in the Act, with full power to own its properties, conduct its affairs, enter into this Assistance Agreement and consummate the transactions contemplated hereby.

(B) The negotiation, execution and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite action of the governing body of the Governmental Agency.

(C) This Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability hereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

(D) To the knowledge of the Governmental Agency, there is no controversy or litigation of any nature pending or threatened, in any court or before any board, tribunal or

administrative body, to challenge in any manner the authority of the Governmental Agency or its governing body to make payments under this Assistance Agreement or to proceed with the Project, or to challenge in any manner the authority of the Governmental Agency or its governing body to take any of the actions which have been taken in the authorization or delivery of this Assistance Agreement or the Construction of the Project, or in any way contesting or affecting the validity of this Assistance Agreement, or in any way questioning any proceedings taken with respect to the authorization or delivery by the Governmental Agency of this Assistance Agreement, or the application of the proceeds thereof or the pledge or application of any monies or security provided therefor, or in any way questioning the due existence or powers of the Governmental Agency, or otherwise wherein an unfavorable decision would have an adverse impact on the transactions authorized in connection with this Assistance Agreement.

(E) The authorization and delivery of this Assistance Agreement and the consummation of the transactions contemplated hereby will not constitute an event of default or violation or breach, nor an event which, with the giving of notice or the passage of time or both, would constitute an event of default or violation or breach, under any contract, agreement, instrument, indenture, lease, judicial or administrative order, decree, rule or regulation or other document or law affecting the Governmental Agency or its governing body.

(F) Attached hereto as Exhibit D is a true, accurate and complete copy of the resolution or ordinance of the governing body of the Governmental Agency approving and authorizing the execution and delivery of this Assistance Agreement. Such resolution or ordinance was duly enacted or adopted at a meeting of the governing body of the Governmental Agency at which a quorum was present and acting throughout; such resolution or ordinance is in full force and effect and has not been superseded, altered, amended or repealed as of the date hereof; and such meeting was duly called and held in accordance with law.

(G) All actions taken by the Governmental Agency in connection with this Assistance Agreement and the Loan described herein and the Project have been in full compliance with the provisions of the Kentucky Open Meeting Law, KRS 61.805 to 61.850.

(H) The Governmental Agency has all licenses, permits and other governmental approvals (including but not limited to all required approvals of the Kentucky Public Service Commission) required to own, occupy, operate and maintain the Project, to charge and collect the Service Charges and to enter into this Assistance Agreement, is not in violation of and has not received any notice of an alleged violation of any zoning or land use laws applicable to the Project, and has full right, power and authority to perform the acts and things as provided for in this Assistance Agreement.

(I) Legal counsel to the Governmental Agency has duly executed and delivered the opinion of legal counsel substantially in the form set forth in Exhibit E hereto.

(J) The Governmental Agency is in full compliance with all federal and state labor and procurement laws in connection with the planning, design, acquisition and construction of the Project.

(K) Project is consistent with the water supply plan developed pursuant to 401 KAR 4:220 for the county in which the Governmental Agency is located.

## ARTICLE III

### AUTHORITY'S AGREEMENT TO MAKE LOAN; TERMS

Section 3.1. Determination of Eligibility. Pursuant to the terms of the Act and the Indenture, the Authority has determined that the Governmental Agency's Project is a Drinking Water Supply Project under the Act and the Governmental Agency is entitled to financial assistance from the Authority in connection with financing the Construction of the Project.

Section 3.2. Principal Amount of Loan Established; Loan Payments; Disbursement of Funds. The principal amount of the Loan shall be the Loan Amount as identified in the Project Specifics, subject to such adjustments as may be set forth in the Schedule of Payments. Principal payments shall be made semiannually in the amounts and on the dates to be established by the Schedule of Payments, which Schedule of Payments shall provide for approximately level debt service payments over the Repayment Term set forth in the Project Specifics, commencing with the Amortization Commencement Date set forth in the Project Specifics.

The Loan shall bear interest, payable semiannually, at the Loan Rate identified in the Project Specifics, and after the Amortization Commencement Date, in the amounts (based on such Loan Rate) and on the dates set forth in the Schedule of Payments; provided that, should an Event of Default occur, such payments of interest shall be made on the first day of each month during the continuation of such Event of Default.

The Authority shall advance the proceeds of the Loan as Construction of the Project progresses upon the submission by the Governmental Agency of a Requisition for Funds in substantially the same form as Exhibit B hereto. Each disbursement under a Requisition for Funds representing a portion of the principal amount of the Loan shall bear interest at the Loan Rate from the date of the disbursement; and shall be subject to the further requirements set forth in Article IV hereof.

Payments of principal and interest on the Loan shall be made at the principal office of the Authority or the Trustee, as designated by the Authority.

Section 3.3. Governmental Agency's Right to Prepay Loan. The Governmental Agency shall have the right to prepay and retire the entire amount of the Loan at any time without penalty upon written notice to the Authority no less than five (5) Business Days in advance of said prepayment.

Notwithstanding the foregoing, upon the determination by the Authority that it intends to issue revenue bonds secured by a pledge of the payments on the Loan, the Authority shall advise the Governmental Agency (i) of its intention to proceed with the authorization of such bonds (ii) of the limitation on prepayments after such bonds are issued and (iii) that the Governmental Agency has thirty (30) days from its receipt of said notice to exercise its option to prepay the Loan. Upon the expiration of said thirty day period the Governmental Agency's right to prepay the Loan shall be limited to the terms described in such notice.

Section 3.4. Subordination of Loan. The Authority hereby agrees that the security interest and source of payment for the Loan shall be inferior and subordinate to the security interest and source of payment for the Debt Obligations of the Governmental Agency payable from the revenues of the System outstanding at the time this Assistance Agreement is executed

as identified in the Project Specifics; provided, however, the Authority shall receive notice of any additional financings in accordance with Section 5.5(D) hereof.

## ARTICLE IV

### CONDITIONS PRECEDENT TO DISBURSEMENT; REQUISITION FOR FUNDS

Section 4.1. Covenants of Governmental Agency and Conditions of Loan. By the execution of this Assistance Agreement, the Governmental Agency agrees that prior to any requests for the disbursement of all or a portion of the Loan made hereunder, the Governmental Agency shall supply the Authority and the Cabinet appropriate documentation, satisfactory to the Authority indicating the following:

(A) That the Authority and the Cabinet and any appropriate regulatory agency of the Commonwealth as may be designated by the Authority or the Cabinet, and their respective duly authorized agents, shall have the right at all reasonable times, subject to prior notice to the Governmental Agency, to examine and inspect the Project.

(B) All real estate and interest in real estate and all personal property constituting the Project and the sites of the Project heretofore or hereafter acquired shall at all times be and remain the property of the Governmental Agency and constitute a part of the System.

(C) In the event the Governmental Agency is required to provide financing for the Project from sources other than the Authority (as described in the Project Specifics) the Authority shall have the right to receive such reasonable proofs as it may require of the ability of the Governmental Agency to finance the costs of the Construction of the Project over and above the Loan, prior to the disbursement by the Authority of any portion of the Loan.

(D) The Governmental Agency shall do all things necessary to acquire all proposed and necessary sites, easements and rights of way necessary or required in respect of the Project and demonstrate its ability to construct the Project in accordance with the plans, design and specifications prepared for the Governmental Agency by the Engineers.

(E) Actual construction and installation incident to the Project shall be performed by the lump-sum (fixed price) contract method, and adequate legal methods of obtaining public, competitive bidding will be employed prior to the awarding of the construction contract for the Project in accordance with Kentucky law.

(F) Unless construction of the Project has already been initiated as of the date of this Assistance Agreement, pursuant to due compliance with state law and applicable regulations, the Project will not be advertised or placed on the market for construction bidding by the Governmental Agency until the final plans, designs and specifications therefor have been approved by such state and federal agencies and authorities as may be legally required, and until written notification of such approvals has been received by the Governmental Agency and furnished to the Cabinet.

(G) Duly authorized representatives of the Cabinet and such other agencies of the Commonwealth and the United States Government as may be charged with responsibility will have reasonable access to the construction work whenever it is in preparation or progress, and the Governmental Agency will assure that the contractor or contractors will provide facilities for such access and inspection.

(H) The construction contract or contracts shall require the contractor to comply with all provisions of federal and state law legally applicable to such work, and any amendments or modifications thereto, together with all other applicable provisions of law, to cause appropriate provisions to be inserted in subcontracts to insure compliance therewith by all subcontractors subject thereto, and to be responsible for the submission of any statements required of subcontractors thereunder.

(I) A work progress schedule utilizing a method of standard acceptance in the engineering community shall be prepared prior to the institution of construction in connection with each construction contract, or, if construction has already been initiated as of the date of this Assistance Agreement, at the earliest practicable date, to indicate the proposed schedule as to completion of the Project, and same shall be maintained monthly thereafter to indicate the actual construction progress of the Project.

(J) Prior to the award of the construction contract and prior to the commencement of construction, the Governmental Agency will arrange and conduct a conference as to the Project said conference to include representatives of the Authority, the Governmental Agency, the Cabinet and any other participating federal or state agency, the Engineers, and all construction contractors, such conference to be held in accordance with guidelines established by the Authority and the Cabinet. A written brief of said conference summarizing the construction schedule, fund requirements schedule, payment authorizations, responsible parties for approval of all facets of the construction work and payment therefor, and other pertinent matters shall be prepared and distributed to each agency involved, and all construction contractors and Engineers. Provided, however, that in the event construction shall have been initiated as of the date of this Assistance Agreement, this provision may be waived.

(K) All construction contracts will be so prepared that federal participation costs, if any, and state participation costs may be readily segregated from local participation costs, if any, and from each other, and in such manner that all materials and equipment furnished to the Governmental Agency may be readily itemized.

(L) Any change or changes in a construction contract will be promptly submitted to the Cabinet and any state or federal agencies.

(M) The Construction, including the letting of contracts in connection therewith, will conform in all respects to applicable requirements of federal, state and local laws, ordinances, rules and regulations.

(N) The Governmental Agency will proceed expeditiously with and complete the Project in accordance with the approved surveys, plans specifications and designs or amendments thereto, prepared by the Engineers for the Governmental Agency and approved by state and federal agencies.

(O) If requested, the Governmental Agency will erect at the Project sites, signs satisfactory to the Authority and the United States Environmental Protection Agency noting the participation of the Authority and the U.S. Government, respectively, in the financing of the Project.

(P) Except as otherwise provided in this Assistance Agreement, the Governmental Agency shall have the sole and exclusive charge of all details of the Construction.

(Q) The Governmental Agency shall keep complete and accurate records of the costs of acquiring the Project sites and the costs of Construction. The Governmental Agency shall permit the Authority and the Cabinet, acting by and through their duly authorized representatives, and the duly authorized representatives of state and/or federal agencies to inspect all books, documents, papers and records relating to the Project at any and all reasonable times for the purpose of audit and examination, and the Governmental Agency shall submit to the Authority and the Cabinet such documents and information as such public bodies may reasonably require in connection with the administration of any federal or state assistance.

(R) The Governmental Agency shall require that each construction contractor or contractors furnish a performance and a payment bond in an amount at least equal to one hundred percent (100%) of the contract price or the portion of the Project covered by the particular contract as security for the faithful performance of such contract.

(S) The Governmental Agency shall require that each of its contractors and all subcontractors maintain during the life of the construction contract, worker's compensation insurance, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Authority. Until the Project facilities are completed and accepted by the Governmental Agency, the contractor shall maintain builders risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime contractor, and all subcontractors, as their interests may appear.

(T) The Governmental Agency shall provide and maintain competent and adequate resident engineering services covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that Construction conforms to the approved plans, specifications and designs prepared by the Engineers. Such resident engineer shall certify to the Cabinet, any involved state or federal agencies, and the Governmental Agency at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or, approved amendments thereto.

(U) The Governmental Agency shall demonstrate to the satisfaction of the Authority the legal capability of the Governmental Agency to enact, adopt, levy, charge, collect, enforce and remit to the Authority and the Cabinet the Service Charges of the Governmental Agency described in the Schedule of Service Charges attached to and made a part of this Assistance Agreement as Exhibit C and submit proof satisfactory to the Authority that the Service Charges are in full force and effect.

(V) The Governmental Agency shall require all laborers and mechanics employed by contractors and subcontractors on the Project shall be paid wages at rates not less than prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of Chapter 31 of title 40, United States Code.

Section 4.2. Additional Conditions to Disbursement Required Under the Federal Agreement. The Governmental Agency, in order to comply with the terms and conditions of the Federal Agreement, further covenants and further agrees to additional conditions to disbursement, as follows:

(A) Notwithstanding any other agreements contained herein regarding the maintenance of books and records, that it shall maintain Project accounts in accordance with generally accepted governmental accounting standards, as required by the Federal Agreement. The Governmental Agency shall retain such records for no less than three (3) years following the final payment by the Governmental Agency under this Assistance Agreement or if any portion of the Project is disposed of, until at least three (3) years after such disposition; provided that if any litigation, claim, appeal or audit is commenced prior to the end of such period such records shall be maintained until the completion of such action or until three (3) years after such commencement, whichever is later.

(B) That it has not and will not apply any other federal funding to the Project in a manner that would cause it to receive "double benefits" as described in Section 603 of the Water Quality Act of 1987.

(C) That all property required for the completion of the Project shall be obtained, by easement, purchase or other means acceptable to the Authority, prior to commencement of construction and that the relocation of any Person resulting therefrom be in accordance with 49 CFR24 for Uniform Relocation Assistance and Real Property Acquisition Act of 1970.

(D) That all Project contractors shall be required to retain Project records for the periods established for the retention of the Governmental Agency's records in Section 4.2(A).

(E) That no more than fifty percent (50%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the final plan for operation for the Project.

(F) That no more than ninety percent (90%) of the proceeds of the Loan shall be disbursed until approval by the Cabinet of the draft operations and maintenance manual.

(G) That final disbursement will not be allowed until approval by the Cabinet of a final operations and maintenance manual.

(H) That, as required by 40 CFR 35.2218, all engineering services regarding construction and regarding the first year of operation of the Project shall be provided for, including the following:

(1) The operation of the Project and the revision of the operations and maintenance manual as necessary to accommodate actual operating experience;

(2) The training of operating personnel, including preparation of curricula and training material for operating personnel; and

(3) Advice as to whether the Project is meeting the Project performance standards (including three quarterly reports and one project performance report).

(I) That it shall advise the Cabinet and the Authority in writing of the date for initiation of operation of the Project.

(J) That one year after operation is initiated, it shall certify to the Cabinet and the Authority that the Project is capable of meeting the Project performance standards.

(K) That it shall provide that qualified inspectors are present at the construction site. A summary of such inspector's qualifications and experience shall be submitted to the Cabinet and the Authority.

(L) That it shall notify the Authority and the Cabinet of the completion date of the Project.

(M) That it agrees to the terms and conditions of its application for assistance and the Authority's commitment to provide assistance, the terms of which are incorporated herein by reference.

(N) That all measures required to minimize water pollution to affected waters shall be employed in the Project including compliance with Section 404 of PL 92-500, as amended, it being understood that approval of the Project does not constitute sanction or approval of any changes or deviations from established water quality standards, criteria implementation dates, or dates established by enforcement proceedings.

Section 4.3. Disbursements of Loan; Requisition for Funds. The Governmental Agency shall submit to the Authority (or the Trustee acting on behalf of the Authority, if so designated) and the Cabinet a Requisition for Funds prior to the fifth day of each month (or such other designated period as is acceptable to the Authority), in substantially the same form as that attached to this Assistance Agreement as Exhibit B and made a part hereof, accompanied by, to the extent requested by the Authority, the following documentation:

(A) A full and complete accounting of the costs of the planning and design of the Project to be obligated by contract or otherwise during the month in question, or already obligated and not included in any previous accounting;

(B) A full and complete accounting of any costs of the planning and design of the Project paid by the Governmental Agency from its own funds with the approval of the Authority and not included in any previous accounting for which it seeks reimbursement;

(C) A full and complete accounting of any costs of the planning and design of the Project paid or requisitioned under any other financing, loan, bond, grant or similar agreement or paid from its own funds for which it does not seek reimbursement and which have not been identified in any previous requisition form.

(D) The Contractor's estimate of work performed during the preceding month pursuant to construction contracts for the Project and payment thereunder due, together with the Engineer's and Governmental Agency's approval thereof for disbursement by the Authority.

Upon the Authority's receipt of the Requisition for Funds, and such additional documentation as it may require, and subject to certification by the Cabinet, the Authority may direct the Trustee to remit the amount requested to the Governmental Agency as a draw upon the Loan.

## ARTICLE V

### CERTAIN COVENANTS OF THE GOVERNMENTAL AGENCY; PAYMENTS TO BE MADE BY GOVERNMENTAL AGENCY TO THE AUTHORITY

Section 5.1. Imposition of Service Charges. The Governmental Agency hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Assistance Agreement, pursuant to which the Loan is to be made by the Authority to the Governmental Agency as specified herein and in the Act and the Indenture. The Governmental Agency hereby further irrevocably covenants and agrees that it already has, or will, to the extent necessary, immediately impose Service Charges upon all persons, firms and entities to whom or which services are provided by the System, such Service Charges to be no less than as set forth in Exhibit C annexed hereto. If so required, such Service Charges shall be in addition to all other rates, rentals and service charges of a similar nature of the Governmental Agency now or hereafter authorized by law, and now or hereafter being levied and collected by the Governmental Agency and shall be levied and collected solely for the purpose of repaying to the Authority all sums received from the Authority as representing the Loan in respect of the Project.

Section 5.2. Governmental Agency's Obligation to Repay Loan. The obligation of the Governmental Agency to repay to the Authority the amount of the Loan from the Service Charges shall not be revocable, and in the event that services supplied by the Project shall cease, or be suspended for any reason, the Governmental Agency shall continue to be obligated to repay the Loan from the Services Charges. In the event the Governmental Agency defaults in the payment of any Service Charges to the Authority, the amount of such default shall bear interest at the per annum rate equal to the Default Rate set forth in the Project Specifics, from the date of the default until the date of the payment thereof.

Section 5.3. Covenant to Adjust Service Charges. In the event, for any reason, the Schedule of Service Charges shall prove to be insufficient to provide to the Authority the minimum sums set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, the Governmental Agency hereby covenants and agrees that it will, upon notice by the Authority, to the full extent authorized by law, both federal and state, immediately adjust and increase such Schedule of Service Charges, or immediately commence proceedings for a rate adjustment and increase with all applicable regulatory authorities, so as to provide funds sufficient to pay to the Authority the minimum sums set forth in the Schedule of Payments, to provide for the operation of the System as required under this Assistance Agreement and to make the required deposits to the Maintenance and Replacement Reserve.

Section 5.4. Adequacy of Service Charges. The Service Charges herein covenanted to be imposed by the Governmental Agency shall be fixed at such rate or rates (and it is represented that the Schedule set forth in Exhibit C hereto so qualifies), as shall be at least adequate to make the payments at the times and in the amounts set forth in the Schedule of Payments, to make the required deposits to the Maintenance and Replacement Reserve and to provide for the operation of the System, subject to necessary governmental and regulatory approvals.

The Service Charges imposed by the Governmental Agency shall be paid by the users of the System and accordingly the Project not less frequently than the Service Charge Payment period set forth in the Project Specifics, and shall be remitted to the Authority by the

Governmental Agency with a report showing collections and any delinquencies. A report of all collections and delinquencies shall be made at least semi-annually on or before each Payment Date identified in the Schedule of Payments.

Section 5.5. Covenant to Establish Maintenance and Replacement Reserve. The Governmental Agency shall establish a special account identified as a "Maintenance and Replacement Reserve". The Governmental Agency shall deposit into the Maintenance and Replacement Reserve an amount equal to the amount set forth in the Project Specifics at the times set forth in the Project Specifics. Amounts in the Maintenance and Replacement Reserve may be used for extraordinary maintenance expenses related to the Project or for the unbudgeted costs of replacing worn or obsolete portions of the Project.

Section 5.6. Covenant to Charge Sufficient Rates; Reports; Inspections. The Governmental Agency hereby irrevocably covenants and agrees with the Authority:

(A) That, as aforesaid, it will at all times impose, prescribe, charge and collect the Service Charges set forth in Exhibit C as shall result in net revenues to the Governmental Agency at least adequate to provide for the payments to the Authority required by this Assistance Agreement, to provide for the operation of the System and to make the required deposits to the Maintenance and Replacement Reserve.

(B) That it will furnish to the Authority and the Cabinet not less than annually reports of the operations and income and revenues of the System, and will permit authorized agents of the Authority to inspect all records, accounts and data of the System at all reasonable times.

(C) That it will collect, account for and promptly remit to the Authority those specific revenues, funds, income and proceeds derived from Service Charges incident to this Assistance Agreement.

(D) That it will notify the Authority in writing of its intention to issue bonds or notes payable from the revenues of the System not less than thirty (30) days prior to the sale of said obligations. It further covenants that it will not issue any notes, bonds or other obligations payable from the revenues of the System, if the pledge of the revenues of the System to the repayment of such obligations is to rank on a parity with, or superior to, the pledge of the revenues of the System for the repayment of the Loan granted under this Assistance Agreement, unless the Governmental Agency has secured the consent of the Authority not less than fifteen (15) days prior to the issuance of such obligations.

Section 5.7. Segregation of Funds. The Governmental Agency shall at all times account for the income and revenues of the System and distinguish same from all other revenues, moneys and funds of the Governmental Agency, if any.

## ARTICLE VI

### OTHER COVENANTS OF THE GOVERNMENTAL AGENCY

Section 6.1. Further Assurance. At any time and all times the Governmental Agency shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the rights, assets and revenues herein pledged or assigned, or intended so to be, or which the Governmental Agency may hereafter become bound to pledge or assign.

Section 6.2. Completion of Project. The Governmental Agency hereby covenants and agrees to proceed expeditiously with and promptly complete the Project in accordance with the plans, designs and specifications prepared by the Engineers for the Governmental Agency.

Section 6.3. Establishment of Completion Date. The completion date for the Project shall be evidenced to the Authority by a certificate signed by the Engineer and an authorized representative of the Governmental Agency stating that, except for amounts retained by the Authority for costs of the Project not then due and payable, (i) the Construction has been completed and all labor, services, materials, supplies, machinery and equipment used in such Construction have been paid for, (ii) all other facilities necessary in connection with the Project have been acquired, constructed, equipped and installed and all costs and expenses incurred in connection therewith have been paid, (iii) the Project and all other facilities in connection therewith have been acquired, constructed, equipped and installed to his satisfaction.

Section 6.4. Commitment to Operate. The Governmental Agency hereby covenants and agrees to commence operation of the Project immediately on completion of construction and not to discontinue operations or dispose of such Project without the approval of the Authority.

Section 6.5. Continue to Operate. The Governmental Agency hereby covenants and agrees to continuously operate and maintain the Project in accordance with applicable provisions of federal and state law and to maintain adequate records relating to said operation; said records to be made available to the Authority upon its request at all reasonable times.

Section 6.6. Tax Covenant. In the event the Authority issues Bonds which are intended to be excludable from gross income for federal income tax purposes to provide the funds for the Loan, the Governmental Agency shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure such exclusion and shall take such actions as may be directed by the Authority in order to accomplish the foregoing. The Governmental Agency shall not permit (i) the proceeds of the Loan to be used directly or indirectly in any trade or business, (ii) its payments hereunder to be secured directly or indirectly by property to be used in a trade or business, (iii) any management agreement for the operation of the System or (iv) any federal guarantee of its obligations hereunder without the prior written consent of the Authority. The Governmental Agency will not acquire or pledge any obligations which would cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

Section 6.7. Accounts and Reports. The Governmental Agency shall at all times keep, or cause to be kept, proper books of record and account in accordance with the "Uniform System of Accounts" established by the Commonwealth, in which complete and accurate entries shall be

made of all its transactions relating to the System and which shall at all reasonable times be subject to the inspection of the Authority.

Section 6.8. Financial Statements. Within one hundred eighty (180) days after the end of each fiscal year of the Governmental Agency, the Governmental Agency shall provide to the Authority, itemized financial statements of income and expense and a balance sheet in reasonable detail, certified as accurate by a firm of independent certified public accountants or the Auditor of Public Accounts of the Commonwealth. All financial information must be satisfactory to the Authority as to form and content and be prepared in accordance with generally accepted accounting principles on a basis consistent with prior practice unless specifically noted thereon. With such financial statements, the Governmental Agency shall furnish to the Authority a certificate stating that, to the best knowledge of the authorized representative signing such certificate, no default under this Assistance Agreement exists on the date of such certificate, or if any such default shall then exist, describing such default with specificity. All recipients and subrecipients expending \$500,000 or more in a year in Federal awards must have a single or program-specific audit conducted for that year in accordance with OMB Circular A-133.

Section 6.9. General Compliance With All Duties. The Governmental Agency shall faithfully and punctually perform all duties with reference to the Project and the System required by the Constitution and laws of the Commonwealth, and by the terms and provisions of this Assistance Agreement and any other Debt Obligations.

Section 6.10. General. The Governmental Agency shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Governmental Agency under the provisions of the Act, the Federal Act and this Assistance Agreement in accordance with the terms of such provisions including the Additional Covenants and Agreements, if any, set forth in Exhibit G hereto.

Section 6.11. Further Covenants under the Federal Agreement. The Governmental Agency shall comply with all further requirements or conditions which may arise from time to time in order to assure compliance with the Federal Act, and with the agreements of the Authority set forth in the Federal Agreement, including but not limited to the following:

(A) The Governmental Agency shall provide all information requested of it by the Authority or the Cabinet so that (i) the Grants Information Control System, referred to in the Federal Agreement, can be maintained, (ii) the accounting and auditing procedures required by the Federal Act can be maintained and (iii) the Authority can furnish the information required of its under the Federal Agreement.

(B) Qualified operating personnel, properly certified by the Cabinet, shall be retained by the Governmental Agency to operate the Project during the entire term of this Assistance Agreement. An approved plan of operating and an operations and maintenance manual for the Project shall be provided by the Governmental Agency to the Cabinet and the Authority. The Project shall be operated and maintained in an efficient and effective manner.

(C) All residents in the service area of the Project must be offered the same opportunity to become users of the Project regardless of race, creed, color, or level of income.

(D) The Governmental Agency shall comply with provisions contained in the following federal regulations, orders, acts and circulars and the following statutes and regulations of the Commonwealth.

(1) Federal Cross-Cutters

Environmental Authorities

- (a) Archeological and Historic Preservation Act of 1974, Pub. L. 86-523, as amended
- (b) Clean Air Act, Pub. L. 84-159, as amended
- (c) 40 CFR 35.3580 (and Appendix A to Subpart L) – NEPA – Like State Environmental Review Process
- (d) Environmental Justice, Executive Order 12898
- (e) Floodplain Management, Executive Order 11988 as amended by Executive Order 12148
- (f) Protection of Wetlands, Executive Order 11990
- (g) Farmland Protection Policy Act, Pub. L. 97-98
- (h) Fish and Wildlife Coordination Act, Pub. L. 85-624, as amended
- (i) National Historic Preservation Act of 1966, PL 89-665, as amended
- (j) Safe Drinking Water Act, Pub. L. 93-523, as amended
- (k) Wild and Scenic Rivers Act, Pub. L. 90-542, as amended

Economic and Miscellaneous Authorities

- (a) Demonstration Cities and Metropolitan Development Act of 1966, Pub. L. 89-754, as amended, Executive Order 12372
- (b) Procurement Prohibitions under Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including Executive Order 11738, Administration of the Clean Air Act and the Federal Water Pollution Control Act with Respect to Federal Contracts, Grants, or Loans.
- (c) Uniform Relocation and Real Property Acquisition Policies Act, Pub. L. 91-646, as amended
- (d) Debarment and Suspension, Executive Order 12549

Social Policy Authorities

- (a) Age Discrimination Act of 1975, Pub. L. 94-135
- (b) Title VI of the Civil Rights Act of 1964, Pub. L. 88-352
- (c) Section 13 of the Federal Water Pollution Control Act Amendments of 1972, Pub. L. 92-500 (the Clean Water Act)
- (d) Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112 (including Executive Orders 11914 and 11250)
- (e) Equal Employment Opportunity, Executive Order 11246
- (f) Women's and Minority Business Enterprise, Executive Orders 11625, 12138, and 12432
- (g) Section 129 of the Small Business Administration Reauthorization and Amendment Act of 1988, Pub. L. 100-590

- (2) State:
  - (a) KRS 151
  - (b) KRS 224
  - (c) KRS 224A.1115 Federally Assisted Drinking Water Revolving Fund
  - (d) KRS Chapter 337, Labor Laws
  - (e) 401 KAR Chapter 8

Section 6.12. Continuing Disclosure Obligation. The Governmental Agency covenants and agrees that notwithstanding any other provision of this Assistance Agreement to the contrary, upon written notice from the Authority that the Schedule of Payments provides ten percent (10%) or more of the debt service requirements on an issue of the Authority's Bonds and that compliance by the Governmental Agency with the requirements of Securities and Exchange Commission Rule 15c2-12, as amended (the "SEC Rule") is required in connection with the Authority's Bonds, the Governmental Agency shall provide to the Authority such information as may be required by the Rule, within the time periods set out in such notice by the Authority, to enable the Authority to establish to the satisfaction of prospective purchasers of the Authority's Bonds that the requirements of the SEC Rule will be satisfied in connection with the issuance of the Authority's Bonds. The Governmental Agency further understands and agrees that the Authority shall act as the Governmental Agency's disclosure agent for purposes of compliance with the SEC Rule and that upon a failure by the Governmental Agency to provide the information required to be provided under the SEC Rule within the time frame specified in such notice, the Authority and/or the beneficial owners and holders of the Authority's Bonds shall be specifically granted the right of enforcing the provisions of this Section 6.12 by an action in mandamus, for specific performance, or similar remedy to compel performance.

## ARTICLE VII

### MAINTENANCE, OPERATION, INSURANCE AND CONDEMNATION

Section 7.1. Maintain System. The Governmental Agency agrees that during the entire term of this Assistance Agreement, it will keep the Project, including all appurtenances thereto, and the equipment and machinery therein, in good and sound repair and good operating condition at its own cost so that the completed Project will continue to provide the services for which the System is designed.

Section 7.2. Additions and Improvements. The Governmental Agency shall have the privilege of making additions, modifications and improvements to the sites of the Project, and to the Project itself from time to time provided that said additions, modifications and improvements do not impair the operation or objectives of the Project. The Cost of such additions, modifications and improvements shall be paid by the Governmental Agency, and the same shall be the property of the Governmental Agency and shall be included under the terms of this Assistance Agreement as part of the site of the Project, or the Project, as the case may be. Nothing herein contained shall be construed as precluding the Authority and the Governmental Agency from entering into one or more supplementary Assistance Agreements providing for an additional Loan or Loans in respect of additional Projects undertaken by the Governmental Agency.

Section 7.3. System Not to Be Disposed Of. The Governmental Agency covenants and agrees that, until satisfaction in full of its obligations hereunder, it will not, without the prior written consent of the Authority, which consent shall not be unreasonably withheld, sell, mortgage, or in any manner dispose of, or surrender control or otherwise dispose of any of the facilities of the System or any part thereof (except that the Governmental Agency may retire obsolete and worn out facilities, and sell same, if appropriate).

Section 7.4. Compliance with State and Federal Standards. The Governmental Agency agrees that it will at all times provide operation and maintenance of the Project to comply with the water quality standards, if any, established by any state or federal agency. The Governmental Agency agrees that qualified operating personnel properly certified by the Commonwealth will be retained to operate the Project during the entire term of this Assistance Agreement.

Section 7.5. Access to Records. The Governmental Agency agrees that it will permit the Authority and any state or federal agency and their respective agents to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the Project at any reasonable time following completion of construction of the Project, and commencement of operations thereof.

Section 7.6. Covenant to Insure - Casualty. The Governmental Agency agrees to insure the Project facilities in such amount as like properties are similarly insured by political subdivisions similarly situated, against loss or damage of the kinds usually insured against by political subdivisions similarly situated, by means of policies issued by reputable insurance companies duly qualified to do such business in the Commonwealth.

Section 7.7. Authority as Named Insured. Any insurance policy issued pursuant to Section 7.5 hereof, shall be so written or endorsed as to make losses, if any, payable to the Governmental Agency, and to the Authority, as their interests may appear.

Section 7.8. Covenant to Insure - Liability. The Governmental Agency agrees that it will carry public liability insurance with reference to the Project with one or more reputable insurance companies duly qualified to do business in the Commonwealth, insuring against such risks (including but not limited to personal injury, death and property damage) and in such amounts as are set forth in the Project Specifics, and naming the Authority as an additional insured.

Section 7.9. Covenant Regarding Worker's Compensation. Throughout the entire term of this Assistance Agreement, the Governmental Agency shall maintain worker's compensation coverage, or cause the same to be maintained.

Section 7.10. Application of Casualty Insurance Proceeds. If, prior to the completion of the term of this Assistance Agreement, the Project shall be damaged or partially or totally destroyed by fire, windstorm or other casualty, there shall be no abatement or reduction in the amount payable by the Governmental Agency pursuant to the terms of this Assistance Agreement and the Governmental Agency will (1) promptly repair, rebuild or restore the Project damaged or destroyed; and (2) apply for such purpose so much as may be necessary of any net proceeds of insurance resulting from claims for such losses, as well as any additional moneys of the Governmental Agency necessary therefor. All net proceeds of insurance resulting from claims for such losses shall be paid to the Governmental Agency, and shall be promptly applied as herein provided.

Section 7.11. Eminent Domain. In the event that title to, or the temporary use of, the Project, or any part thereof, shall be taken under the exercise of the power of eminent domain by any governmental body or by any Person acting under governmental authority, there shall be no abatement or reduction in the minimum amounts payable by the Governmental Agency to the Authority pursuant to the terms of this Assistance Agreement, and any and all net proceeds received from any award made in such eminent domain proceedings shall be paid to and held by the Governmental Agency in a separate condemnation award account and shall be applied by the Governmental Agency in either or both of the following ways, as shall be determined by the Governmental Agency in its sole discretion:

(A) The restoration of the improvements located on the Project sites to substantially the same condition as prior to the exercise of said power of eminent domain;  
or

(B) The acquisition of additional property, if necessary, and the acquisition of additional facilities by construction or otherwise, equivalent to the Project facilities, which property and facilities shall be deemed to be a part of the Project sites and a part of the Project facilities and to be substituted for Project facilities so taken by eminent domain, without the payment of any amount other than herein provided, to the same extent as if such property and facilities were specifically described herein.

Any balance of the net proceeds of the award in such eminent domain proceedings after the carrying out of the mandatory proceedings stipulated in (A) and (B) of this Section 7.11, shall be paid to the Governmental Agency upon delivery to the Authority of a certificate signed by an

authorized officer of the Governmental Agency to the effect that the Governmental Agency has complied with either subparagraph (A) or (B), or both, of this Section, and written approval of such certificate by an authorized officer of the Authority. In no event will the Governmental Agency voluntarily settle or consent to the settlement of any prospective or pending condemnation proceedings with respect to the Project or any part thereof without the written consent of the Authority.

Section 7.12. Flood Insurance. All structures located in flood prone areas shall be covered by flood insurance carried by the Governmental Agency for an amount equal to the total Project cost excluding the cost of land and any uninsurable improvements, or for the maximum limit available under the National Flood Insurance Act of 1968, as amended, whichever is less, for the entire useful life of the Project.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. The following will be "Events of Default" under this Assistance Agreement and the term "Event of Default" or "Default" will mean, whenever it is used in this Assistance Agreement, any one or more of the following events:

(A) Failure by the Governmental Agency to pay any payments specified herein at the times specified herein.

(B) Failure by the Governmental Agency to observe or perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsection (A) of this Section, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied will have been given to the Governmental Agency by the Authority unless the Authority agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Authority will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Governmental Agency within the applicable period and diligently pursued until such failure is corrected.

(C) The dissolution or liquidation of the Governmental Agency, or the voluntary initiation by the Governmental Agency of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Governmental Agency of any such proceeding which will remain undismissed for sixty (60) days, or the entry by the Governmental Agency into an agreement of composition with creditors or the failure generally by the Governmental Agency to pay its debts as they become due.

(D) A default by the Governmental Agency under the provisions of any agreements relating to its Debt Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in Section 8.1 has occurred and is continuing (other than an event of default arising under Section 6.13 of this Assistance Agreement), the Authority may, without any further demand or notice, take one or any combination of the following remedial steps:

(A) Declare all payments due hereunder, as set forth in the Schedule of Payments, to be immediately due and payable.

(B) Exercise all the rights and remedies of the Authority set forth in the Act.

(C) Take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Assistance Agreement.

(D) Submit a formal referral to the appropriate federal agency, as required by the Federal Agreement.

The sole remedies for an Event of Default under this Assistance Agreement arising by virtue of the failure of the Governmental Agency to comply with the provisions of Section 6.10 hereof shall be those remedies specifically set forth in Section 6.10 hereof

Section 8.3. Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Authority under this Assistance Agreement, the Authority shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the System and all receipts therefrom, pending such proceedings, with such power as the court making such appointment shall confer; provided, however, that the Authority may, with or without action under this Section, pursue any available remedy to enforce the payment obligations hereunder, or to remedy any Event of Default.

Section 8.4. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive, and every such remedy will be cumulative and will be in addition to every other remedy given hereunder and every remedy now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power and any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 8.5. Consent to Powers of Authority Under Act. The Governmental Agency hereby acknowledges to the Authority its understanding of the provisions of the Act, vesting in the Authority certain powers, rights and privileges in respect of the Project upon the occurrence of an Event of Default, and the Governmental Agency hereby covenants and agrees that if the Authority should in the future have recourse to said rights and powers, the Governmental Agency shall take no action of any nature whatsoever calculated to inhibit, nullify, void, delay or render nugatory such actions of the Authority in the due and prompt implementation of this Assistance Agreement.

Section 8.6. Waivers. In the event that any agreement contained herein should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach hereunder.

Section 8.7. Agreement to Pay Attorneys' Fees and Expenses. In the event that either party hereto will default under any of the provisions hereof and the non-defaulting party employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will pay on demand therefor to the non-defaulting party the fees of such attorneys and such other expenses so incurred by the non-defaulting party.

## ARTICLE IX

### MISCELLANEOUS PROVISIONS

Section 9.1. Approval not to be Unreasonably Withheld. Any approval of the Authority required by this Assistance Agreement shall not be unreasonably withheld and shall be deemed to have been given on the thirtieth (30th) day following the submission of any matter requiring approval to the Authority, unless disapproved in writing prior to such thirtieth (30th) day. Any provision of this Assistance Agreement requiring the approval of the Authority or the satisfaction or the evidence of satisfaction of the Authority shall be interpreted as requiring action by an authorized officer of the Authority granting, authorizing or expressing such approval or satisfaction, as the case may be, unless such provision expressly provides otherwise.

Section 9.2. Approval. This Agreement is made subject to, and conditioned upon, the approval of this Assistance Agreement by the Secretary of the Finance and Administration Cabinet.

Section 9.3. Effective Date. This Assistance Agreement shall become effective as of the date first set forth hereinabove and shall continue in full force and effect until the date the obligations of the Governmental Agency pursuant to the provisions of this Assistance Agreement have been fully satisfied.

Section 9.4. Binding Effect. This Assistance Agreement shall be binding upon, and shall inure to the benefit of the parties hereto, and to any person, officer, board, department, agency, municipal corporation, or body politic and corporate succeeding by operation of law to the powers and duties of either of the parties hereto. This Assistance Agreement shall not be revocable by either of the parties, without the written consent of the other party.

Section 9.5. Severability. In the event that any provision of this Assistance Agreement will be held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 9.6. Assignability. The rights of the Authority under this Assistance Agreement shall be assignable by the Authority without the consent of the Governmental Agency, but none of the rights, duties or obligations of the Governmental Agency under this Assistance Agreement shall be assignable by the Governmental Agency without the prior written consent of the Authority.

Section 9.7. Execution in Counterparts. This Assistance Agreement may be simultaneously executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

Section 9.8. Applicable Law. This Assistance Agreement will be governed by and construed in accordance with the laws of the Commonwealth.

Section 9.9. Captions. The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Assistance Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assistance Agreement to be executed by their respective duly authorized officers as of the day and year above written.

**ATTEST:**

**KENTUCKY INFRASTRUCTURE  
AUTHORITY**

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST:**

**GOVERNMENTAL AGENCY:  
FRANKFORT ELECTRIC AND WATER  
PLANT BOARD**

\_\_\_\_\_

By: \_\_\_\_\_

Title: Secretary

Title: Chairman

**APPROVED:**

**EXAMINED:**

\_\_\_\_\_  
SECRETARY/FINANCE AND  
ADMINISTRATION CABINET OF THE  
COMMONWEALTH OF KENTUCKY

\_\_\_\_\_  
LEGAL COUNSEL TO THE  
KENTUCKY INFRASTRUCTURE  
AUTHORITY

**APPROVED AS TO FORM AND LEGALITY**

\_\_\_\_\_  
**APPROVED**  
**FINANCE AND ADMINISTRATION CABINET**

**EXHIBIT A**  
**ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY**  
**PROJECT SPECIFICS**  
**F13-021**

**GOVERNMENTAL AGENCY:**

Name: Electric and Water Plant Board of the City of Frankfort, Kentucky  
 317 West 2nd Street  
 Frankfort, KY 40601

Contact  
 Person: Ralph Ludwig  
 Board Chair

**SYSTEM:** Water

**PROJECT:**

This project involves the design and construction of a 2,800 KW diesel power generation facility for the water treatment plant which currently has no back-up power source. The proposed facility will permit the plant to run at full capacity during a major outage and will provide power within the distribution system.

**PROJECT BUDGET:**

	<u>Total</u>
Administrative Expenses	\$ 30,000
Planning	25,000
Engineering Fees - Design	180,000
Engineering Fees - Const / Inspection	204,000
Engineering Fees - Other	30,000
Construction	3,250,000
Contingency	231,000
Other	<u>50,000</u>
<b>Total</b>	<b>\$ 4,000,000</b>

**FUNDING SOURCES:**

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 4,000,000	100%
<b>Total</b>	<b>\$ 4,000,000</b>	<b>100%</b>

**KIA DEBT SERVICE:**

Construction Loan	\$ 4,000,000
Less: Principal Forgiveness (10%)	400,000
Amortized Loan Amount	<u>\$ 3,600,000</u>
Interest Rate	1.75%
Loan Term (Years)	20
Estimated Annual Debt Service	\$ 214,112
Administrative Fee (0.25%)	9,000
<b>Total Estimated Annual Debt Service</b>	<b>\$ 223,112</b>

**AMORTIZATION COMMENCEMENT DATE:** June 1 and December 1

Interest payments will commence within six months from first draw of funds (estimated 06/01/14).

Full principal and interest payments will commence within one year of initiation of operation (estimated 06/01/15).

<b>REPLACEMENT RESERVE ACCOUNT:</b>	\$ 10,000 ANNUAL AMOUNT
	\$ 100,000 TOTAL AMOUNT

The annual replacement cost is \$10,000. This amount should be added to the replacement account each December 1 until the balance reaches \$100,000 and maintained for the life of the loan.

**ADMINISTRATIVE FEE:** 0.25%

**DEFAULT RATE:** 8.00%

**DEBT OBLIGATIONS CURRENTLY OUTSTANDING:**

	<u>Outstanding</u>	<u>Maturity</u>
2009 Water Bonds	\$ 8,420,000	Dec-19
Full Service Network Notes	21,795,400	Various
Bond Anticipation Note (\$3.45M)	2,000,000	2014
KIA (F08-04, i/a/o \$6,743,307)	6,590,600	Dec-31
<b>Total</b>	<b>\$ 38,806,000</b>	

**LIABILITY INSURANCE COVERAGE:**

Death or Personal Injury (per person)	_____
Death or Personal Injury (per occurrence)	_____
Property Damage on System	_____

**EXHIBIT B**

REQUEST FOR PAYMENT WITH RESPECT TO  
ASSISTANCE AGREEMENT DATED MARCH 1, 2014  
LOAN NO. F13-021

Request No. \_\_\_\_\_

Dated: \_\_\_\_\_

Original sent to: Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

Copy sent to: Branch Manager  
Water Infrastructure Branch  
Division of Water  
Energy and Environment Cabinet  
200 Fair Oaks, 4<sup>th</sup> Floor  
Frankfort, Kentucky 40601

FROM: FRANKFORT ELECTRIC AND WATER PLANT BOARD (the "Governmental Agency")

Gentlemen:

The above identified Governmental Agency has entered into an Assistance Agreement with the Kentucky Infrastructure Authority (the "Authority") for the acquisition and construction of drinking water supply facilities, described in the Assistance Agreement as the "Project."

Pursuant to the Assistance Agreement, we hereby certify that we have incurred the following expenses in connection with the Project and that the Authority's funding share of these expenses is in the amount so denoted in this request totaling \$\_\_\_\_\_.

Documentation supporting the expenses incurred and identified per this request are attached.

ELIGIBLE PROJECT EXPENSES INCURRED

<u>Contractor</u>	<u>Expenses this Request</u>	<u>Expenses to Date</u>
-------------------	------------------------------	-------------------------

Total

ALLOCATION OF FUNDING FOR EXPENSES

<u>Funding Source</u>	<u>Portion of Expenses this Request</u>	<u>Portion of Expenses Total to Date</u>
-----------------------	---	--

Totals

The Governmental Agency certifies it has also paid Project expenses for planning and design or has submitted requisitions to the applicable funding sources for Project expenses, which have not been identified in any previous Request or Payment, as follows:

<u>Funding Source</u>	<u>Amount of Payment or Requisition</u>	<u>Date of Payment or Requisition</u>
-----------------------	---	---

Respectfully submitted,

\_\_\_\_\_  
Governmental Agency

By: \_\_\_\_\_

Title

CERTIFICATE OF CONSULTING ENGINEERS AS TO  
PAYMENT REQUEST

The undersigned, a duly qualified and licensed Engineer hereby certifies that he or she represents the Governmental Agency submitting this request in connection with the "Eligible Project" and that all expenses represented in this request were duly incurred for the Construction of the "Project," that the Authority's funding share of these expenses is accurately represented and that such expenses have not been the subject of any request for disbursement previously submitted.

\_\_\_\_\_  
Engineer/Architect

\_\_\_\_\_  
Firm Name

**EXHIBIT C**

**SCHEDULE OF SERVICE CHARGES**

See Attached

**EXHIBIT D**

**RESOLUTION**

RESOLUTION OF THE FRANKFORT ELECTRIC AND WATER PLANT BOARD APPROVING AND AUTHORIZING AN ASSISTANCE AGREEMENT DATED AS OF MARCH 1, 2014 BETWEEN THE FRANKFORT ELECTRIC AND WATER PLANT BOARD AND THE KENTUCKY INFRASTRUCTURE AUTHORITY.

WHEREAS, the Board of Commissioners ("Governing Authority") of the Frankfort Electric and Water Plant Board ("Governmental Agency") has previously determined that it is in the public interest to acquire and construct certain facilities and improvements to the Governmental Agency's Water System (the "Project") and

WHEREAS, the Governmental Agency has made application to the Kentucky Infrastructure Authority (the "Authority") for the purpose of providing monies to acquire and construct the Project; and

WHEREAS, in order to obtain such monies, the Governmental Agency is required to enter into an assistance agreement dated as of March 1, 2014 (the "Assistance Agreement") with the Authority.

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Frankfort Electric and Water Plant Board, as follows:

SECTION 1. That the Governing Authority hereby approves and authorizes the Assistance Agreement between the Governmental Agency and the Authority substantially in the form on file with the Governmental Agency for the purpose of providing the necessary financing to the Governmental Agency for the acquisition and construction of the Project.

SECTION 2. That the Chairman and Secretary of the Governmental Agency be and hereby are authorized, directed and empowered to execute necessary documents or agreements, and to otherwise act on behalf of the Governmental Agency to effect such financing.

SECTION 3. That this resolution shall take effect at the earliest time provided by law.

ADOPTED on \_\_\_\_\_, 2014.

\_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Title: Secretary

CERTIFICATE

I, the undersigned, hereby certify that I am the duly qualified and acting Secretary of the Frankfort Electric and Water Plant Board; that the foregoing is a full, true and correct copy of a Resolution adopted by the Board of Commissioners of said Board at a meeting duly held on \_\_\_\_\_, 2014; that said official action appears as a matter of public record in the official records or journal of the governing authority; that said meeting was held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815, 61.820 and 61.823; that a quorum was present at said meeting; that said official action has not been modified, amended, revoked or repealed and is now in full force and effect.

IN TESTIMONY WHEREOF, witness my signature this \_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Secretary

**EXHIBIT E**

OPINION OF COUNSEL

[Letterhead of Counsel to Governmental Agency]

[Date]

Kentucky Infrastructure Authority  
1024 Capital Center Drive  
Suite 340  
Frankfort, Kentucky 40601

RE: Assistance Agreement by and between Kentucky Infrastructure Authority and Frankfort Electric and Water Plant Board, dated as of March 1, 2014

Ladies and Gentlemen:

The undersigned is an attorney at law duly admitted to the practice of law in the Commonwealth of Kentucky and is legal counsel to the Frankfort Electric and Water Plant Board, hereinafter referred to as the "Governmental Agency". I am familiar with the organization and existence of the Governmental Agency and the laws of the Commonwealth applicable thereto. Additionally I am familiar with the drinking water supply project (the "Project") with respect to which the Assistance Agreement by and between the Kentucky Infrastructure Authority ("Authority") and the Governmental Agency is being authorized, executed and delivered.

I have reviewed the form of Assistance Agreement by and between the Authority and the Governmental Agency, the resolution or ordinance of the governing authority authorizing the execution and delivery of said Assistance Agreement.

Based upon my review I am of the opinion that:

1) The Governmental Agency is a duly organized and existing political subdivision or body politic of the Commonwealth of Kentucky validly existing under the Constitution and statutes of the Commonwealth of Kentucky.

2) The Assistance Agreement has been duly executed and delivered by the Governmental Agency and is a valid and binding obligation of the Governmental Agency enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by equitable principles and by bankruptcy, reorganization, moratorium, insolvency or similar laws heretofore or hereafter enacted relating to or affecting the enforcement of creditors' rights or remedies generally.

3) The Governmental Agency has all necessary power and authority (i) to enter into, perform and consummate all transactions contemplated by the Assistance Agreement, and (ii) to execute and deliver the documents and instruments to be executed and delivered by it in connection with the construction of the Project.

4) The Service Charges, as defined in the Assistance Agreement, are in full force and effect and have been duly and lawfully adopted by the Governmental Agency.

5) The execution and delivery of the Assistance Agreement and the performance by the Governmental Agency of its obligations thereunder does not and will not conflict with, violate or constitute a default under any court or administrative order, decree or ruling, or any law, statute, ordinance or regulation, or any agreement, indenture, mortgage, lease, note or other obligation or instrument, binding upon the Governmental Agency, or any of its properties or assets. The Governmental Agency has obtained each and every authorization, consent, permit, approval or license of, or filing or registration with, any court or governmental department, commission, board, bureau, agency or instrumentality, or any specifically granted exemption from any of the foregoing, that is necessary to the valid execution, delivery or performance by the Governmental Agency of the Assistance Agreement and the imposition of the Service Charges.

6) To the best of my knowledge after due inquiry there is no action, suit, proceedings or investigation at law or in equity before any court, public board or body pending or threatened against, affecting or questioning (i) the valid existence of the Governmental Agency, (ii) the right or title of the members and officers of the Governmental Agency to their respective positions, (iii) the authorization, execution, delivery or enforceability of the Assistance Agreement or the application of any monies or security therefor, (iv) the construction of the Project, (v) the validity or enforceability of the Service Charges or (vi) that would have a material adverse impact on the ability of the Governmental Agency to perform its obligations under the Assistance Agreement.

7) None of the proceedings or authority heretofore had or taken by the Governmental Agency for the authorization, execution or delivery of the Assistance Agreement has or have been repealed, rescinded, or revoked.

8) To the best of my knowledge, the Governmental Agency has fully complied with all federal and state labor and procurement laws in connection with the construction of the Project.

9) All proceedings and actions of the Governmental Agency with respect to which the Assistance Agreement is to be delivered were had or taken at meetings properly convened and held in substantial compliance with the applicable provisions of Sections 61.805 to 61.850 of the Kentucky Revised Statutes.

Very truly yours,

**EXHIBIT F**

TO ASSISTANCE AGREEMENT BETWEEN  
FRANKFORT ELECTRIC AND WATER PLANT BOARD  
("GOVERNMENTAL AGENCY") AND  
THE KENTUCKY INFRASTRUCTURE AUTHORITY

Total Loan to be Repaid by  
Governmental Agency to  
Kentucky Infrastructure Authority                   \$ \_\_\_\_\_

Principal and Interest Payable  
on Each June 1 and December 1

It is understood and agreed by the parties to this Assistance Agreement that this Exhibit F is an integral part of the Assistance Agreement between the Governmental Agency and the Kentucky Infrastructure Authority.

IN WITNESS WHEREOF, the parties have caused this Exhibit F to Assistance Agreement to be executed by their respective duly authorized officers as of the date of said Assistance Agreement.

**KENTUCKY INFRASTRUCTURE AUTHORITY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

**FRANKFORT ELECTRIC AND WATER PLANT  
BOARD, Governmental Agency**

By: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT G**

**ADDITIONAL COVENANTS AND AGREEMENTS**

NONE

84566v1



Preliminary  
**\$2,914,679**  
FEWPB  
KIA loan - 2014

## Total Issue Sources And Uses

Dated 08/01/2014 | Delivered 08/01/2014

	August	September	October	November	December	Issue Summary
<b>Sources Of Funds</b>						
Par Amount of Bonds	\$1,629,250.00	\$506,350.00	\$120,650.00	\$73,625.00	\$584,804.00	\$2,914,679.00
<b>Total Sources</b>	<b>\$1,629,250.00</b>	<b>\$506,350.00</b>	<b>\$120,650.00</b>	<b>\$73,625.00</b>	<b>\$584,804.00</b>	<b>\$2,914,679.00</b>
<b>Uses Of Funds</b>						
Deposit to Project Construction Fund	1,629,250.00	506,350.00	120,650.00	73,625.00	584,804.00	2,914,679.00
<b>Total Uses</b>	<b>\$1,629,250.00</b>	<b>\$506,350.00</b>	<b>\$120,650.00</b>	<b>\$73,625.00</b>	<b>\$584,804.00</b>	<b>\$2,914,679.00</b>



Preliminary

**\$2,914,679**

FEWPB

KIA loan - 2014

## Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S
12/01/2014	-	-	12,178.51	12,178.51	1,357.71	13,536.22
06/01/2015	59,166.32	1.750%	25,503.45	84,669.77	4,025.45	88,695.22
12/01/2015	59,930.93	1.750%	24,985.73	84,916.66	3,569.41	88,486.07
06/01/2016	60,455.33	1.750%	24,461.34	84,916.67	3,494.50	88,411.17
12/01/2016	60,984.31	1.750%	23,932.36	84,916.67	3,418.92	88,335.59
06/01/2017	61,517.92	1.750%	23,398.74	84,916.66	3,342.71	88,259.37
12/01/2017	62,056.20	1.750%	22,860.47	84,916.67	3,265.80	88,182.47
06/01/2018	62,599.19	1.750%	22,317.46	84,916.65	3,188.24	88,104.89
12/01/2018	63,146.94	1.750%	21,769.72	84,916.66	3,109.99	88,026.65
06/01/2019	63,699.48	1.750%	21,217.19	84,916.67	3,031.05	87,947.72
12/01/2019	64,256.85	1.750%	20,659.82	84,916.67	2,951.43	87,868.10
06/01/2020	64,819.09	1.750%	20,097.58	84,916.67	2,871.10	87,787.77
12/01/2020	65,386.27	1.750%	19,530.41	84,916.68	2,790.09	87,706.77
06/01/2021	65,958.39	1.750%	18,958.28	84,916.67	2,708.35	87,625.02
12/01/2021	66,535.53	1.750%	18,381.14	84,916.67	2,625.91	87,542.58
06/01/2022	67,117.72	1.750%	17,798.96	84,916.68	2,542.73	87,459.41
12/01/2022	67,705.00	1.750%	17,211.67	84,916.67	2,458.83	87,375.50
06/01/2023	68,297.42	1.750%	16,619.26	84,916.68	2,374.20	87,290.88
12/01/2023	68,895.01	1.750%	16,021.66	84,916.67	2,288.85	87,205.52
06/01/2024	69,497.85	1.750%	15,418.82	84,916.67	2,202.72	87,119.39
12/01/2024	70,105.95	1.750%	14,810.72	84,916.67	2,115.84	87,032.51
06/01/2025	70,719.38	1.750%	14,197.30	84,916.68	2,028.21	86,944.89
12/01/2025	71,338.17	1.750%	13,578.49	84,916.66	1,939.80	86,856.46
06/01/2026	71,962.39	1.750%	12,954.29	84,916.68	1,850.64	86,767.32
12/01/2026	72,592.05	1.750%	12,324.60	84,916.65	1,760.69	86,677.34
06/01/2027	73,227.24	1.750%	11,689.43	84,916.67	1,669.94	86,586.61
12/01/2027	73,867.98	1.750%	11,048.70	84,916.68	1,578.41	86,495.09
06/01/2028	74,514.32	1.750%	10,402.35	84,916.67	1,486.08	86,402.75
12/01/2028	75,166.32	1.750%	9,750.36	84,916.68	1,392.94	86,309.62
06/01/2029	75,824.02	1.750%	9,092.64	84,916.66	1,298.97	86,215.63
12/01/2029	76,487.48	1.750%	8,429.19	84,916.67	1,204.20	86,120.87
06/01/2030	77,156.75	1.750%	7,759.93	84,916.68	1,108.59	86,025.27
12/01/2030	77,831.88	1.750%	7,084.80	84,916.68	1,012.14	85,928.82
06/01/2031	78,512.89	1.750%	6,403.76	84,916.65	914.84	85,831.49
12/01/2031	79,199.90	1.750%	5,716.78	84,916.68	816.70	85,733.38
06/01/2032	79,892.89	1.750%	5,023.78	84,916.67	717.70	85,634.37
12/01/2032	80,591.95	1.750%	4,324.72	84,916.67	617.84	85,534.51
06/01/2033	81,297.14	1.750%	3,619.53	84,916.67	517.10	85,433.77
12/01/2033	82,008.49	1.750%	2,908.19	84,916.68	415.48	85,332.16
06/01/2034	82,726.05	1.750%	2,190.61	84,916.66	312.97	85,229.63
12/01/2034	83,449.91	1.750%	1,466.76	84,916.67	209.57	85,126.24
06/01/2035	84,180.10	1.750%	736.57	84,916.67	105.26	85,021.93
<b>Total</b>	<b>\$2,914,679.00</b>	<b>-</b>	<b>\$578,836.07</b>	<b>\$3,493,515.07</b>	<b>\$82,691.90</b>	<b>\$3,576,206.97</b>

Preliminary

**\$2,914,679**

FEWPB

KIA loan - 2014

**Net Debt Service Schedule**

Date	Principal	Coupon	Interest	Total P+I	Expenses	Net New D/S	Fiscal Total
08/01/2014	-	-	-	-	-	-	-
12/01/2014	-	-	12,178.51	12,178.51	1,357.71	13,536.22	-
06/01/2015	59,166.32	1.750%	25,503.45	84,669.77	4,025.45	88,695.22	-
06/30/2015	-	-	-	-	-	-	102,231.44
12/01/2015	59,930.93	1.750%	24,985.73	84,916.66	3,569.41	88,486.07	-
06/01/2016	60,455.33	1.750%	24,461.34	84,916.67	3,494.50	88,411.17	-
06/30/2016	-	-	-	-	-	-	176,897.24
12/01/2016	60,984.31	1.750%	23,932.36	84,916.67	3,418.92	88,335.59	-
06/01/2017	61,517.92	1.750%	23,398.74	84,916.66	3,342.71	88,259.37	-
06/30/2017	-	-	-	-	-	-	176,594.96
12/01/2017	62,056.20	1.750%	22,860.47	84,916.67	3,265.80	88,182.47	-
06/01/2018	62,599.19	1.750%	22,317.46	84,916.65	3,188.24	88,104.89	-
06/30/2018	-	-	-	-	-	-	176,287.36
12/01/2018	63,146.94	1.750%	21,769.72	84,916.66	3,109.99	88,026.65	-
06/01/2019	63,699.48	1.750%	21,217.19	84,916.67	3,031.05	87,947.72	-
06/30/2019	-	-	-	-	-	-	175,974.37
12/01/2019	64,256.85	1.750%	20,659.82	84,916.67	2,951.43	87,868.10	-
06/01/2020	64,819.09	1.750%	20,097.58	84,916.67	2,871.10	87,787.77	-
06/30/2020	-	-	-	-	-	-	175,655.87
12/01/2020	65,386.27	1.750%	19,530.41	84,916.68	2,790.09	87,706.77	-
06/01/2021	65,958.39	1.750%	18,958.28	84,916.67	2,708.35	87,625.02	-
06/30/2021	-	-	-	-	-	-	175,331.79
12/01/2021	66,535.53	1.750%	18,381.14	84,916.67	2,625.91	87,542.58	-
06/01/2022	67,117.72	1.750%	17,798.96	84,916.68	2,542.73	87,459.41	-
06/30/2022	-	-	-	-	-	-	175,001.99
12/01/2022	67,705.00	1.750%	17,211.67	84,916.67	2,458.83	87,375.50	-
06/01/2023	68,297.42	1.750%	16,619.26	84,916.68	2,374.20	87,290.88	-
06/30/2023	-	-	-	-	-	-	174,666.38
12/01/2023	68,895.01	1.750%	16,021.66	84,916.67	2,288.85	87,205.52	-
06/01/2024	69,497.85	1.750%	15,418.82	84,916.67	2,202.72	87,119.39	-
06/30/2024	-	-	-	-	-	-	174,324.91
12/01/2024	70,105.95	1.750%	14,810.72	84,916.67	2,115.84	87,032.51	-
06/01/2025	70,719.38	1.750%	14,197.30	84,916.68	2,028.21	86,944.89	-
06/30/2025	-	-	-	-	-	-	173,977.40
12/01/2025	71,338.17	1.750%	13,578.49	84,916.66	1,939.80	86,856.46	-
06/01/2026	71,962.39	1.750%	12,954.29	84,916.68	1,850.64	86,767.32	-
06/30/2026	-	-	-	-	-	-	173,623.78
12/01/2026	72,592.05	1.750%	12,324.60	84,916.65	1,760.69	86,677.34	-
06/01/2027	73,227.24	1.750%	11,689.43	84,916.67	1,669.94	86,586.61	-
06/30/2027	-	-	-	-	-	-	173,263.95
12/01/2027	73,867.98	1.750%	11,048.70	84,916.68	1,578.41	86,495.09	-
06/01/2028	74,514.32	1.750%	10,402.35	84,916.67	1,486.08	86,402.75	-
06/30/2028	-	-	-	-	-	-	172,897.84
12/01/2028	75,166.32	1.750%	9,750.36	84,916.68	1,392.94	86,309.62	-
06/01/2029	75,824.02	1.750%	9,092.64	84,916.66	1,298.97	86,215.63	-
06/30/2029	-	-	-	-	-	-	172,525.25
12/01/2029	76,487.48	1.750%	8,429.19	84,916.67	1,204.20	86,120.87	-
06/01/2030	77,156.75	1.750%	7,759.93	84,916.68	1,108.59	86,025.27	-
06/30/2030	-	-	-	-	-	-	172,146.14
12/01/2030	77,831.88	1.750%	7,084.80	84,916.68	1,012.14	85,928.82	-
06/01/2031	78,512.89	1.750%	6,403.76	84,916.65	914.84	85,831.49	-
06/30/2031	-	-	-	-	-	-	171,760.31
12/01/2031	79,199.90	1.750%	5,716.78	84,916.68	816.70	85,733.38	-
06/01/2032	79,892.89	1.750%	5,023.78	84,916.67	717.70	85,634.37	-
06/30/2032	-	-	-	-	-	-	171,367.75
12/01/2032	80,591.95	1.750%	4,324.72	84,916.67	617.84	85,534.51	-
06/01/2033	81,297.14	1.750%	3,619.53	84,916.67	517.10	85,433.77	-
06/30/2033	-	-	-	-	-	-	170,968.28
12/01/2033	82,008.49	1.750%	2,908.19	84,916.68	415.48	85,332.16	-
06/01/2034	82,726.05	1.750%	2,190.61	84,916.66	312.97	85,229.63	-
06/30/2034	-	-	-	-	-	-	170,561.79
12/01/2034	83,449.91	1.750%	1,466.76	84,916.67	209.57	85,126.24	-
06/01/2035	84,180.10	1.750%	736.57	84,916.67	105.26	85,021.93	-
06/30/2035	-	-	-	-	-	-	170,148.17
<b>Total</b>	<b>\$2,914,679.00</b>	<b>-</b>	<b>\$578,836.07</b>	<b>\$3,493,515.07</b>	<b>\$82,691.90</b>	<b>\$3,576,206.97</b>	<b>-</b>

**Raymond James**

Public Finance

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 7

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 7: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Items 31(a) and 31(b).

- a. Frankfort Plant Board explains that its proposed increase of \$28,157 to test-year chemical expense is "to account for the anticipated increase in chemical cost at time cost of service study was performed." Provide a detailed explanation of how Frankfort Plant Board calculated the estimated chemical costs on the schedule "Adjustments to Cost of Service."
- b. In a prior decision, the Commission made the following finding regarding budgetary adjustments. Provide the information listed in the Commission's finding to support the estimated chemical cost adjustment.

Where an applicant bases its application upon a historical test period, it must provide a "complete description and quantified explanation for all proposed adjustments with proper support for any proposed changes in price or activity levels, and any other factors which may affect the adjustment." That support should, at a minimum, include some documentary evidence to demonstrate the certainty of some expected change or event.

- c. Frankfort Plant Board is proposing to increase operating expenses by \$45,000 to reflect the estimated cost of this rate case.
  - (1) Provide a schedule that details all test-period expenditures related to the current proceeding, along with a copy of vendor invoices. The schedule should state the nature and amounts of all charges. The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.
  - (2) Provide the anticipated total cost of the case upon completion. The projected amount should be detailed by type of service and vendor, with supporting documentation for each.

- (3) Provide a monthly update of the schedule requested in Item 7(c)(1) showing all of the costs incurred as of that date. Include the supporting detailed vendor invoices as requested in Item 7(c)(1).

Response:

**7a-7c:**

Please see the attached table detailing the cost of chemicals used at the water treatment plant and invoices from Gannett Fleming totaling \$22,457.76 for the cost of service study. FPB cannot estimate the total cost of the case, but included \$45,000.00 to \$60,000.00 in its budget for potential rate case expenditures. FPB will supplement this response monthly with invoices detailing the hours, rate and description of service from the time the case was initiated on July 23, 2014 for amounts over and above the charges to prepare the cost of service study.

**Budgetary WTP Chemicals  
2013-14**

<b>Chemical</b>	<b>Purpose</b>	<b>Anticipated Purchase Quantity</b>	<b>Bid Price</b>	<b>Projected Total Cost</b>
Anhydrous Ammonia	Disinfection	29,913 lbs.	0.8600 lb.	25,725
Carbon	T&O, Organics	38,500 lbs.	1.0000 lb.	38,500
Caustic	Buffering Agent	310,533 lbs.	0.1500 lb.	46,580
Corrosion Inhibitor	Distri. System	52,105 lbs.	0.4750 lb.	24,750
Polyaluminum Chlorhydrate	Coagulant	412,371 lbs.	0.1940 lb.	80,000
Ferric	Coagulant	1,085,796 lbs.	0.0880 lb.	95,550
Fluoride	Fluoridation	118,959 lbs.	0.2690 lb.	32,000
Potassium Permanganate	T&O, Algae	7,500 lbs.	2.0000 lb.	15,000
Bulk Salt	Disinfection	467,684 lbs.	0.0900 lb.	45,000
Sulfuric Acid	Buffering Agent	241,158 lbs.	0.0967 lb.	23,320
Water Softening Salt	Disinfection	60,000 lbs.	0.1398 lb.	8,388.00
<b>Total Budgetary Cost</b>				<b>434,038</b>

V # 6403

**INVOICE**

Project: 058269

Date: February 6, 2014

Frankfort Plant Board  
Attn: David L. Billings, Chief Water Engineer  
317 West Second Street  
P.O. Box 308  
Frankfort, KY 40602

**GANNETT FLEMING, INC.  
VALUATION AND RATE DIVISION**

Bond check payments to:  
Gannett Fleming Companies  
P.O. Box 629160  
Philadelphia, PA 19162-9160

P.O. BOX 67100  
HARRISBURG, PA 17108-7100  
(717) 763-7211

Send ACH/EFT payments to:  
ABA: 031312738  
Acct No: 5003165655  
Acct Name: Gannett Fleming Companies

Federal E.I.N. 251613591



Invoice: 058269\*1401029

Invoice Period: December 28, 2013 through January 24, 2014

Water Cost of Service Allocation & Rate Design Studies

Summary of Current Charges

Phase 000	- COST OF SERVICE ALLOC & RATE DESIGN	\$	500.00
	Total Charges		<u>\$ 500.00</u>
	Total Due This Invoice .....		<b>\$600.00</b>

**Reviewed and Approved By:**

W.O. # 21112

Date: \_\_\_\_\_

SA 20-22-923400

ENTERED  
BY:

Project Manager: Constance E. Heppenstall

**INVOICE**

Project: 058269

Date: March 7, 2014

Frankfort Plant Board  
Attn: David L. Billings, Chief Water Engineer  
317 West Second Street  
P.O. Box 308  
Frankfort, KY 40602

*V# 6903*

**GANNETT FLEMING, INC.  
VALUATION AND RATE DIVISION**

Send check payments to:  
Gannett Fleming Companies  
P.O. Box 829160  
Philadelphia, PA 19162-9160

P.O. BOX 87100  
HARRISBURG, PA 17109-7100  
(717) 769-7211

Send ACH/EFT payments to:  
ABA: 031312738  
Acct No: 5003165855  
Acct Name: Gannett Fleming Companies

Federal E.I.N. 251613591



Invoice: 058269\*1402037

Invoice Period: **January 25, 2014 through February 21, 2014**

Water Cost of Service Allocation & Rate Design Studies

Summary of Current Charges

Phase 000	- COST OF SERVICE ALLOC & RATE DESIGN	\$	2,915.00
	Total Charges		<u>\$ 2,915.00</u>
	<b>Total Due This Invoice .....</b>		<b>\$2,915.00</b>

**Reviewed and Approved By:**

*[Handwritten Signature]*

W.O. # 21112 SA# 20-22-923400

Date: May 20, 2014

Project Manager: Constance E. Heppenstall

ENTERED  
MAY 20 2014  
BY: *[Signature]*

**INVOICE**

Project: 058269

Date: April 7, 2014

Frankfort Plant Board  
Attn: David L. Billings, Chief Water Engineer  
317 West Second Street  
P.O. Box 308  
Frankfort, KY 40602

**GANNETT FLEMING, INC.  
VALUATION AND RATE DIVISION**

Send check payments to:  
Gannett Fleming Companies  
P.O. Box 829160  
Philadelphia, PA 19182-9160

P.O. BOX 67100  
HARRISBURG, PA 17106-7100  
(717) 763-7211

Send ACH/EFT payments to:  
ABA: 031312738  
Acct No: 5003165055  
Acct Name: Gannett Fleming Companies

Federal EIN: 251613591



Invoice: 058269\*1403032

Invoice Period: February 22, 2014 through March 21, 2014

Water Cost of Service Allocation & Rate Design Studies

Summary of Current Charges

Phase 000	- COST OF SERVICE ALLOC & RATE DESIGN	\$	4,170.00
	Total Charges		<u>\$ 4,170.00</u>
	Total Due This Invoice .....		\$4,170.00

**Reviewed and Approved By:**

*[Signature]*  
W.O. # 2112 SA# 20-22-923400  
Date: May 20, 2014

Project Manager: Constance E. Heppenstall

ENTERED  
MAY 20 2014  
*[Signature]*

V# 09103

**INVOICE**

Project: 058599

Date: May 28, 2014

Frankfort Plant Board  
Attn: David L. Billings, Chief Water Engineer  
317 West Second Street  
P.O. Box 308  
Frankfort, KY 40602

**GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC**

Send check payments to:  
Gannett Fleming Companies  
P.O. Box 829180  
Philadelphia, PA 19182-9180

P.O. BOX 67100  
HARRISBURG, PA 17106-7100  
(717) 783-7211

Send ACH/EFT payments to:  
ABA: 031312738  
Acct No: 5003165855  
Acct Name: Gannett Fleming Companies

Federal EIN: 46-4413705



Invoice: 058599\*1404003

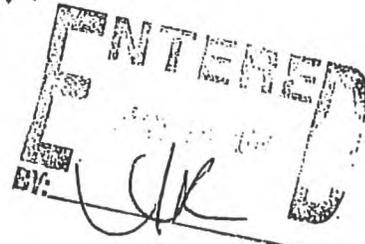
Invoice Period: March 22, 2014 through May 2, 2014

Water Cost of Service Allocation and Rate Design Studies

Summary of Current Charges

Phase 000	- COST OF SERVICE ALLOC & RATE DESIGN	\$ 14,872.76
	Total Charges	\$ 14,872.76
	<b>Total Due This Invoice .....</b>	<b>\$14,872.76</b>

*Σ 22,457.76 Total*



**Reviewed and Approved By:**

*[Signature]*

W.O. # \_\_\_\_\_ SA # 20-22-923400

Date: May 30, 2014

*Hullia Bannister*

Project Manager: Constance E. Heppenstall

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 8

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 8: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 5, Exhibit 2, Bond Authorizing Resolution, Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2013. The Bond Resolution was a two-sided copy and Frankfort Plant Board provided only the even page numbers. Provide a complete copy of the bond resolution for Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2013.

Response: Attached

BOND AUTHORIZING RESOLUTION

A RESOLUTION OF THE ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY, AUTHORIZING THE SALE AND ISSUANCE OF THE BOARD'S ELECTRIC AND WATER REVENUE BONDS, SERIES 2013 TO REFUND THE BOARD'S ELECTRIC AND WATER SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2012; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE 2013 BONDS AND ADDITIONAL BONDS RANKING ON A PARITY THEREWITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE SECURITY OF THE SERIES 2013 BONDS AND THE PAYMENT THEREOF FROM THE REVENUES OF THE BOARD'S COMBINED ELECTRIC AND WATER SYSTEM, THE COLLECTION, SEGREGATION AND APPLICATION OF SUCH REVENUES AND THE OPERATION AND MAINTENANCE OF THE SYSTEM; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2013 BONDS AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE 2013 BONDS

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Adopted August 20, 2013

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## BOND AUTHORIZING RESOLUTION

A RESOLUTION OF THE ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY, AUTHORIZING THE SALE AND ISSUANCE OF THE BOARD'S ELECTRIC AND WATER REVENUE BONDS, SERIES 2013 TO REFUND THE BOARD'S ELECTRIC AND WATER SYSTEM REVENUE BOND ANTICIPATION NOTE, SERIES 2012; SETTING FORTH THE TERMS AND CONDITIONS UPON WHICH THE 2013 BONDS AND ADDITIONAL BONDS RANKING ON A PARITY THEREWITH ARE TO BE AND MAY BE ISSUED AND OUTSTANDING; PROVIDING FOR THE SECURITY OF THE SERIES 2013 BONDS AND THE PAYMENT THEREOF FROM THE REVENUES OF THE BOARD'S COMBINED ELECTRIC AND WATER SYSTEM, THE COLLECTION, SEGREGATION AND APPLICATION OF SUCH REVENUES AND THE OPERATION AND MAINTENANCE OF THE SYSTEM; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF THE SERIES 2013 BONDS AND THE ENFORCEMENT THEREOF; AND PROVIDING FOR AN ADVERTISED, PUBLIC, COMPETITIVE SALE OF THE 2013 BONDS

WHEREAS, the Electric and Water Plant Board of the City of Frankfort, Kentucky (the "Board"), a body politic and corporate and a political subdivision of the Commonwealth of Kentucky created and existing pursuant to Sections 96.171 through 96.188 of the Kentucky Revised Statutes (the "Act") and an ordinance of the City of Frankfort, Kentucky (the "City"), adopted on August 27, 1946, is vested with the exclusive operation, management, supervision and control of the City's combined electric and water system (sometimes referred to as the electric and water plant) supplying electric and water services for public, domestic, commercial and industrial uses to the inhabitants of the City and its environs (the "System"); and

WHEREAS, the Board has the power and authority under the Act, among other things, to improve, add to and expand the System and to finance and refinance such improvements, additions and expansions by the issuance of the Board's bonds, notes and other obligations secured by a pledge of the revenues of the System; and

WHEREAS, the Board currently has outstanding the following bonds, note and obligations:

- (1) \$7,470,000.00 outstanding principal amount of Electric and Water Refunding Revenue Bonds, Series 2009 (the "2009 Bonds"), authorized by a Resolution of the Board adopted on October 27, 2009 (the "2009 Resolution") and being payable by the Board on a first pledge basis from the revenues of the System;
- (2) \$6,282,895.46 outstanding principal amount of a monthly repayment obligation (the "KIA Loan") owed by the Board to the Kentucky Infrastructure Authority ("KIA") pursuant to an Assistance Agreement dated October 1, 2008 by and between the Board and KIA (the "KIA");

Assistance Agreement”) and being payable by the Board from the revenues of the System on a subordinate basis and subject to the pledge and lien securing the 2009 Bonds; and

- (3) \$3,500,000 outstanding principal amount of Electric and Water System Revenue Bond Anticipation Note, Series 2012 (the “2012 Note”), authorized by a Resolution of the Board adopted on August 21, 2012 (the “2012 Resolution”) and being payable by the Board from the revenues of the System on a subordinate basis and subject to the pledges and liens securing the 2009 Bonds and the KIA Loan; and

WHEREAS, the 2009 Bonds, the KIA Loan and the 2012 Note are current as to the payment of principal and interest and for their security certain funds and reserves are being maintained in the amounts and manner prescribed by the 2009 Resolution, the KIA Assistance Agreement and the 2012 Resolution; and

WHEREAS, it is provided in the 2009 Resolution that the Board may issue additional bonds ranking on a basis of parity and equality with the 2009 Bonds for the purpose of paying the costs of extensions, additions and improvements to the System and refunding existing parity bonds upon a showing of compliance with the parity bond coverage test set forth in the 2009 Resolution, and it has been determined by the Board that it may meet such coverage test so that additional parity bonds, on a parity with the 2009 Bonds, may, upon the enactment and implementation of water service rate increases, if necessary, be issued in an amount sufficient to satisfy the purposes set forth below; and the Board has determined to make a commitment to enact and to implement such a rate increase, if necessary, in order to issue such additional parity bonds; and

WHEREAS, the Board desires and intends to authorize, sell and issue \$4,050,000 principal amount (subject to adjustment as hereinafter provided) of its Electric and Water Revenue Bonds, Series 2013 (the “2013 Bonds”), pursuant to the Act for the following purposes:

- (1) to currently refund, pay and discharge the 2012 Note;
- (2) to fund a debt service reserve for the 2013 Bonds, if necessary; and
- (3) to pay costs of issuance of the 2013 Bonds, including underwriter’s discount; and

WHEREAS, the 2013 Bonds, when issued, will be payable on a first pledge basis from the revenues of the System on a parity with the 2009 Bonds and the KIA Loan shall be payable from the revenues of the System on a subordinate basis and subject to the pledge and lien securing the 2009 Bonds and the 2013 Bonds; and

WHEREAS, it is now appropriate for the Board to provide for borrowing of the sum of \$4,050,000 (subject to adjustment as hereinafter provided) by means of the issuance and sale of the Bonds according to authority of the Act; and the Bonds shall be payable as to both principal and interest solely from the Board’s income and revenues derived from the operation of the

System and shall not constitute an indebtedness of the Board or the City within the meaning of any statutory or constitutional provisions or limitations;

NOW, THEREFORE, THE ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY, DOES HEREBY RESOLVE AND ORDER AS FOLLOWS:

Section 1. Affirmation of Preamble Recitals; System to Be Municipally Owned and Operated. All statements and recitals set forth in the preamble of this Resolution, including the terms defined therein, are hereby affirmed and adopted as a part of this Resolution.

It is hereby further determined and declared to be necessary in the interests of the general welfare of the citizens and inhabitants of the City and its environs that the Board undertake at this time the current refunding, payment and discharge of the 2012 Note pursuant to the Act.

So long as any of the 2013 Bonds hereinafter authorized, or bonds issued on a parity therewith, shall remain outstanding and unpaid as to principal or interest, the System shall continue to be municipally owned, controlled, operated and maintained by the Board pursuant to the Act for the security and source of payment of the 2013 Bonds and such parity bonds.

Section 2. Authorization of 2013 Bonds. For the purposes set out in the preamble hereof, and pursuant to the laws of the Commonwealth of Kentucky, particularly the Act, there are hereby authorized to be issued \$4,050,000 aggregate principal amount of Electric and Water Plant Board of the City of Frankfort, Kentucky, Electric and Water Revenue Bonds, Series 2013 (the “2013 Bonds”), which aggregate amount, together with corresponding amounts of annual maturities as set out in Section 3 hereof, may be increased or decreased by as much as \$405,000 pursuant to official action of the Chairman, Vice Chairman or Secretary-Treasurer of the Board upon the sale of the 2013 Bonds as hereinafter provided in Section 20, and each of which Bonds shall be designated an “Electric and Water Plant Board of the City of Frankfort, Kentucky, Electric and Water Revenue Bond, Series 2013.”

Section 3. Description of 2013 Bonds.

(a) Payment of Principal and Interest; Other Provisions. The 2013 Bonds shall be dated the date of issuance and shall bear interest payable on December 1, 2013, and on each June 1 and December 1 thereafter to maturity or redemption and payment of the 2013 Bonds. Interest on each 2013 Bond not registered in Book-Entry Form to a Securities Depository (as described in Section 3(b) hereof) shall be paid by check or draft drawn upon the Paying Agent and Bond Registrar or one of its affiliates, hereinafter designated, and mailed to each person in whose name a 2013 Bond is registered as hereinafter provided (a “Registered Holder”) at the address of such Registered Holder as it appears on the registration books of the Paying Agent and Bond Registrar. The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky is hereby designated and appointed as the Paying Agent and Bond Registrar. The principal of the 2013 Bonds not registered in Book-Entry Form to a Securities Depository (as described in Section 3(b) hereof) shall be payable to the respective Registered Holders without exchange or collection charges, in lawful money of the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal office of the Paying Agent and Bond Registrar in Louisville, Kentucky. The 2013

Bonds shall be issued and reissued by the Paying Agent and Bond Registrar from time to time only as fully registered bonds without coupons in the denominations of \$5,000 and any integral multiple thereof, as hereinafter provided. Unless the Board shall otherwise direct, the 2013 Bonds shall be numbered separately from 1 upward.

Principal of and interest on 2013 Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee (all as described in Section 3(b) hereof) shall be payable by wire transfer from the Paying Agent and Bond Registrar to the Securities Depository or its nominee.

The 2013 Bonds shall bear interest at a rate or rates to be established by official action of the Chairman, Vice Chairman or Secretary-Treasurer of the Board on the basis of competition after the 2013 Bonds are offered for sale at an advertised, public, competitive sale as hereinafter provided. The fifteenth (15th) day of the month before a June 1 or December 1 interest payment date shall be the record date for the 2013 Bonds (the "Record Date") for the purpose of determining the Registered Holder to whom interest shall be payable on the next succeeding interest payment date, and the Paying Agent and Bond Registrar may treat for such purpose the person in whose name any 2013 Bond is registered on the Record Date as the Registered Holder thereof. Interest shall be computed on the basis of a year of 360 days consisting of twelve 30-day months.

The 2013 Bonds shall mature and be payable as to principal as follows:

<u>Maturity Date</u>	<u>Principal Amount</u> *	<u>Maturity Date</u>	<u>Principal Amount</u> *
December 1, 2014	\$370,000	December 1, 2019	\$405,000
December 1, 2015	370,000	December 1, 2020	415,000
December 1, 2016	380,000	December 1, 2021	425,000
December 1, 2017	385,000	December 1, 2022	445,000
December 1, 2018	395,000	December 1, 2023	460,000

\*Subject to increase or reduction as provided in Section 2 and Section 20 hereof.

provided, however, certain 2013 Bonds may become Term Bonds subject to mandatory sinking fund redemption as described in Section 4 hereof and in Section 20 hereof.

All of the 2013 Bonds, together with the 2009 Bonds, and the interest thereon and any parity bonds permitted to be issued hereunder, shall be payable only out of and secured by a pledge of the Sinking Fund (as defined by Section 12(b) hereof) created by the 2009 Resolution and shall be a valid claim of the Registered Holder thereof only against the Sinking Fund and the portion or amount of the income and revenues of the System pledged to the Sinking Fund. The Sinking Fund and all income and revenues of the System and other moneys which are or should in accordance with the terms hereof be paid into the Sinking Fund are hereby pledged for the purpose of equally securing the payments when due of principal of and interest on the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder.

(b) 2013 Bonds Issued in Book-Entry Form. As used in this Resolution, the following terms shall have the indicated meanings:

“Book-Entry Form” means, with respect to the 2013 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in 2013 Bonds and principal and interest payments thereon may be transferred only through a book entry and (ii) physical 2013 Bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as Registered Holder, with the physical 2013 Bond certificates held in the custody of a Securities Depository.

“Participant” means a member of, or a participant in, the Securities Depository.

“Securities Depository” means any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act, operating and maintaining, with its Participants or otherwise, a Book-Entry system to record ownership of beneficial interests in bonds and bond service charges, and to effect transfers of bonds in Book-Entry Form, and means, initially, The Depository Trust Company (a limited purpose trust company), New York, New York.

“Securities Depository Nominee” means any nominee of a Securities Depository and shall initially mean Cede & Co., New York, New York, as nominee of The Depository Trust Company.

The 2013 Bonds shall initially be issued in Book-Entry Form and registered in the name of the Securities Depository or the Securities Depository Nominee as provided in this Section 3(b). Except when the 2013 Bonds are no longer issued in Book-Entry Form as provided below in this Section 3(b), the 2013 Bonds shall be registered in the name of the Securities Depository or the Securities Depository Nominee, and ownership thereof shall be maintained in Book-Entry Form by the Securities Depository for the account of the Participants thereof. Initially, the 2013 Bonds shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, which shall be the initial Securities Depository. Each of the Chairman, Vice Chairman and Secretary-Treasurer is authorized to approve and execute on behalf of the Board a letter of representations or other appropriate instrument with The Depository Trust Company (to which the Paying Agent and Bond Registrar may also be a party) relating to the issuance and administration of the 2013 Bonds in Book-Entry Form.

Except when the 2013 Bonds are no longer issued in Book-Entry Form as provided below in this Section 3(b), the 2013 Bonds may be transferred, in whole but not in part, only to the Securities Depository or the Securities Depository Nominee, or to a successor Securities Depository selected or approved by the Board or to a nominee of such successor Securities Depository.

As to any 2013 Bond, the person in whose name the 2013 Bond shall be registered shall be the Registered Holder and the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on any such 2013 Bond shall be made only to or on the order of the Registered Holder thereof or his legal representative.

Neither the Board nor the Paying Agent and Bond Registrar shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of the Securities Depository or any Participant with respect to any beneficial ownership interest in the 2013 Bonds;
- (ii) the delivery to any Participant, any beneficial owner of the 2013 Bonds or any other person, other than the Securities Depository, of any notice with respect to the 2013 Bonds; or
- (iii) the payment to any Participant, any beneficial owner of the 2013 Bonds or any other person, other than the Securities Depository, of any amount with respect to the principal or interest on the 2013 Bonds.

So long as any 2013 Bonds are registered in Book-Entry Form, the Board and the Paying Agent and Bond Registrar may treat the Securities Depository as, and deem the Securities Depository to be, the absolute owner and the Registered Holder of such 2013 Bonds for all purposes whatsoever, including without limitation:

- (i) the payment of principal and interest on the 2013 Bonds;
- (ii) giving notices of redemption and other matters with respect to the 2013 Bonds;
- (iii) registering transfers with respect to the 2013 Bonds;
- (iv) selection of 2013 Bonds for redemption; and
- (v) for purposes of obtaining any consents under this Resolution.

As used herein, the terms “holder of 2013 Bonds” or “Bondholder” shall be deemed to refer to the Registered Holder of the 2013 Bonds.

If at any time the Securities Depository notifies the Board that it is unwilling or unable to continue as Securities Depository with respect to the 2013 Bonds, or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Securities Depository is not appointed by the Board within ninety (90) days after the Board receives notice or becomes aware of such condition, as the case may be, then this Section 3(b) shall no longer be applicable and the Board shall execute and the Paying Agent and Bond Registrar shall authenticate and deliver certificates representing the 2013 Bonds to the Registered Holders.

Payment of principal and interest on any 2013 Bonds not registered in Book-Entry Form shall be made as provided in Section 3(a) hereof.

Section 4. Redemption of 2013 Bonds.

(a) Mandatory Sinking Fund Redemption. If the successful bidder and original purchaser of the 2013 Bonds so elects in accordance with the provisions of Section 20 hereof and as may be provided by official action of the Chairman, Vice Chairman or Secretary-Treasurer in awarding the 2013 Bonds to such original purchaser, the 2013 Bonds stated to mature on the maturity dates set out in the successful bid of such original purchaser shall be combined to comprise the maturities of Term Bonds as set out in said successful bid and in said official action; and such Term Bonds shall be subject to mandatory redemption in part, at the selection of the Paying Agent and Bond Registrar on a pro rata basis in such manner as the Paying Agent and Bond Registrar may determine, from moneys in the Sinking Fund on each applicable December 1 at par plus accrued interest to the redemption date, according to the mandatory sinking fund redemption schedule or schedules set out in said official action and in principal amounts corresponding to the above maturity schedule set out in Section 3(a) hereof, as may be adjusted as provided in Section 20 hereof.

(b) Optional Redemption. The 2013 Bonds are not subject to option redemption before their stated maturities.

(c) Other Redemption Provisions.\* The Paying Agent and Bond Registrar shall, upon being satisfactorily indemnified as to expenses, cause notice of the call for any redemption, identifying the 2013 Bonds or portions thereof (\$5,000 or any integral multiples thereof) to be redeemed, to be sent by first class mail at least thirty (30) but no more than sixty (60) days before the date fixed for redemption to the Registered Holder of each 2013 Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing or any defect therein in respect of any 2013 Bond shall not affect the validity of any proceedings for the redemption of any other 2013 Bond. Any notice mailed as provided in this Section 4(c) shall be conclusively presumed to have been duly given, irrespective of whether the Registered Holder receives the notice. Such notice shall set forth in detail the redemption provisions.

Before the date fixed for redemption of 2013 Bonds, funds shall be deposited by the Board with the Paying Agent and Bond Registrar to pay, and the Paying Agent and Bond Registrar is hereby authorized and directed to deposit such funds into the Sinking Fund hereinafter identified and to apply such funds to the payment of, the 2013 Bonds or portions thereof called for redemption, together with accrued interest thereon to the redemption date. Upon the giving of notice and the deposit of adequate funds in the Sinking Fund for redemption of 2013 Bonds, interest on the 2013 Bonds or portions thereof so called for redemption shall cease to accrue after the date fixed for redemption. No payment of principal or interest shall be made by the Paying Agent and Bond Registrar upon any 2013 Bond or portion thereof called for redemption until such 2013 Bond or portion thereof shall have been delivered to the Paying Agent and Bond Registrar for payment or cancellation, or the Paying Agent and Bond Registrar shall have received the items required by Section 7 hereof with respect to any mutilated, lost, stolen or destroyed 2013 Bond.

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\* Section 4(c) is applicable only if the purchase elects to stipulate Terms Bonds as provided in Section 4(a) and Section 20.

A portion of any 2013 Bond may be redeemed, but 2013 Bonds shall be redeemed only in the principal amount of \$5,000 each or any integral multiples thereof. Upon surrender of any 2013 Bond for redemption in part only, the Board shall execute and the Paying Agent and Bond Registrar shall register, authenticate and deliver to the holder thereof, within a period of three (3) days from surrender of such 2013 Bond to the Paying Agent and Bond Registrar, at the expense of the Board, a new 2013 Bond or 2013 Bonds of the same maturity, of authorized denominations and in aggregate principal amount equal to the unredeemed portion of the 2013 Bond surrendered.

Section 5. Execution of Bonds; Limited Obligation. The 2013 Bonds shall be executed on behalf of the Board by the manual or reproduced facsimile signature of the Chairman or the Vice Chairman and shall have impressed or imprinted thereon either a true impression or a reproduced facsimile of the official seal of the Board and shall be attested with the manual or reproduced facsimile signature of the Secretary-Treasurer. An authorized facsimile signature shall have the same force and effect as a manual signature. In case any officer of the Board whose signature or a facsimile of whose signature shall appear on the 2013 Bonds shall cease to be such officer before the delivery of such 2013 Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The 2013 Bonds are not general obligations of the Board but are special and limited obligations payable solely from the Sinking Fund as hereinafter provided, and the Sinking Fund and the income and revenues of the System herein provided to be paid into the Sinking Fund are hereby specifically pledged to the holders of the 2013 Bonds for the payment of the 2013 Bonds and interest thereon in the manner and to the extent provided herein. The 2013 Bonds and the interest thereon do not constitute a debt, indebtedness or a pledge of the faith and credit of the City or the Board within the meaning of any provision or limitation of the Constitution or statutes of the Commonwealth of Kentucky and shall not constitute a charge against their general credit. The Board shall not be obligated to pay the principal of the 2013 Bonds or the interest thereon or other costs incident thereto except from the net revenues and amounts pledged therefor, and the faith and credit of the Board are not pledged to the payment of the principal of the 2013 Bonds or the interest thereon or other costs incident thereto.

Section 6. Form of 2013 Bonds. The 2013 Bonds shall be issued only in the form of bonds registered as to payment of both principal and interest in substantially the following form, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution, as follows:

(FORM OF 2013 BOND)

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
COMMONWEALTH OF KENTUCKY  
ELECTRIC AND WATER PLANT BOARD  
OF THE CITY OF FRANKFORT, KENTUCKY  
ELECTRIC AND WATER REVENUE BONDS  
SERIES 2013

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>BOND DATE</u>	<u>CUSIP</u>
_____ %	December 1, _____	September __, 2013	_____

REGISTERED HOLDER: Cede & Co.

PRINCIPAL AMOUNT: \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: That the Electric and Water Plant Board of the City of Frankfort, Kentucky (the "Board"), a statutory body politic and corporate created, organized and existing pursuant to Sections 96.171 through 96.188 of the Kentucky Revised Statutes, and a political subdivision of the Commonwealth of Kentucky, for value received, hereby promises to pay to the registered holder identified above, or registered assigns, solely and only from the special fund pledged for that purpose as hereinafter referred to and not otherwise, the principal amount set out above, on the maturity date set out above, and to pay interest from the same source on the unpaid balance of said amount at the interest rate per annum set out above, payable on the first days of June and December in each year, beginning December 1, 2023, until payment of the principal amount or until the date fixed for redemption if this Bond is called for prior redemption and payment on such redemption date is duly provided for. Each such interest payment shall represent interest accruing on this Bond from the later of the Bond date set out above, or the most recent interest payment date (June 1 or December 1), to which interest has been paid or duly provided for.

Interest accruing on this Bond shall be payable as aforesaid by check drawn upon The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, as the Paying Agent and Bond Registrar (the "Paying Agent and Bond Registrar"), and mailed to the person who is the registered holder hereof as of the close of business on the Record Date for such interest installment, which Record Date shall be the fifteenth (15th) day of the month (whether or not a business day) next preceding an interest payment date, at the address of such registered holder as it appears on the books of the Paying Agent and Bond Registrar. Principal shall be paid when due upon delivery of this Bond for payment at the principal corporate trust office of the Paying Agent and Bond Registrar.

This Bond is one of a duly authorized issue of Bonds of the Board designated "Electric and Water Plant Board of the City of Frankfort, Kentucky Electric and Water Revenue Bonds, Series 2013" (the "Bonds"), issued in the original principal amount of \$\_\_\_\_\_, authorized and issued by the Board pursuant to a Resolution duly adopted by the Board (the "Bond Resolution")

for the purpose (among others) of refinancing major additions and improvements to the Board’s combined and consolidated municipal electric and water system (the “System”) by refunding a certain note of the Board, and this Bond has been issued under and in full compliance with the Constitution and statutes of the Commonwealth of Kentucky, including among others Sections 96.171 through 96.188 of the Kentucky Revised Statutes (the “Act”).

Reference is made to the Bond Resolution for provisions with respect to the nature and extent of the security, rights, duties and obligations of the holders of the Bonds, the Board and the Paying Agent and Bond Registrar, the terms upon which the Bonds are issued and the terms and conditions upon which the Bonds will be deemed to be paid at or before their scheduled maturity or redemption upon the making of provision for the payment thereof in the manner set forth in the Bond Resolution.

\*The Bonds maturing on December 1, 20\_\_, are subject to mandatory sinking fund redemption in part, at the selection of the Paying Agent and Bond Registrar by lot, from moneys in the special fund identified hereinafter on each December 1, beginning December 1, 20\_\_, at the principal amount thereof plus accrued interest to the redemption date, according to following schedule of mandatory sinking fund installments:

<u>December 1</u>	<u>Amount</u>
20__	\$ ____
20__ (maturity)	\$ ____

\*At least thirty (30) but no more than sixty (60) days before the redemption date of any Bonds, the Paying Agent and Bond Registrar shall cause a notice of redemption to be mailed postage prepaid by first class mail to all registered holders of Bonds to be redeemed in whole or in part at their registered addresses. Failure to mail any notice or any defect therein in respect of any such Bond shall not affect the validity of the redemption of any other Bond. Such redemption notice shall set forth in detail the redemption provisions.

\* The preceding two paragraphs are to be inserted, and may be repeated, with respect to any Term Bonds as described in Section 4(a) hereof.

This Bond and the series of which it forms a part, together with additional bonds ranking on a parity therewith as may be hereafter issued and outstanding from time to time under the conditions and restrictions set forth in the Bond Resolution, are payable from and secured by a pledge of a fixed portion of the revenues to be derived from the operation of the System after paying operation and maintenance expenses of the System, which fixed portion shall be sufficient to pay the principal of and interest on this Bond and the series of which it forms a part and any such additional parity bonds as and when the same become due and payable and which shall be set aside as a special fund for that purpose and identified as the “Electric and Water Revenue Bonds Sinking Fund of 2009.”

This Bond and the series of which it forms a part do not constitute an indebtedness of the Board or the City of Frankfort, Kentucky, within the meaning of any constitutional or statutory provisions or limitations. The Board covenants that the System will be continuously operated as a revenue producing undertaking and that it will fix and charge such rates for the services and

facilities of the System so that the revenues therefrom will be sufficient to pay the interest on and principal of this series of Bonds and all other bonds ranking on a parity therewith as may be outstanding from time to time and also to pay the costs of operation and maintenance of the System.

This Bond is issued under and pursuant to the statutory laws of the Commonwealth of Kentucky, including the Act, and its construction will be governed thereby.

This Bond shall be transferable only upon the presentation and surrender hereof at the principal office of the Paying Agent and Bond Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered holder or his authorized representative. The Paying Agent and Bond Registrar shall not be required to transfer or exchange this Bond (a) during any period beginning five (5) days before the selection by the Paying Agent and Bond Registrar of Bonds to be redeemed before maturity and ending on the date of mailing of notice of any such redemption or (b) if this Bond has been selected or called for redemption in whole or in part.

Bonds shall be exchangeable upon the presentation and surrender thereof at the principal office of the Paying Agent and Bond Registrar for a Bond or Bonds of the same maturity, and in the denomination of \$5,000 or any integral multiple thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent and Bond Registrar shall authenticate and deliver Bonds delivered in exchange in accordance herewith.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of this Bond have existed, have happened and have been performed in due time, form and manner as required by law; that the issuance of this Bond and the series of which it forms a part, together with all other obligations of the Board, does not exceed or violate any constitutional or statutory limitation; and that a sufficient portion of the revenues of the System, after allowance for operation and maintenance expenses as aforesaid, has been pledged to and will be set aside into said special fund by the Board for the prompt payment of the principal of and interest on this series of Bonds and all other bonds which by their terms and by the provisions of the Bond Resolution are payable from said special fund.

This Bond is exempt from *ad valorem* taxation by the Commonwealth of Kentucky and by all of the political subdivisions thereof.

This Bond shall not be valid or become obligatory for any purpose until the authentication certificate hereon shall have been executed by the Paying Agent and Bond Registrar.

IN WITNESS WHEREOF, the Electric and Water Plant Board of the City of Frankfort, Kentucky, has caused this Bond to be executed with the manual or reproduced facsimile of the official signature of its Chairman or Vice Chairman, to be sealed by an impression or a reproduced facsimile of an impression of the official seal of the Board and to be attested by the



Dated: \_\_\_\_\_

NOTICE: The signature of this assignment must correspond with the name of the registered holder as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature guaranteed:

\_\_\_\_\_

(END OF FORM OF 2013 BOND)

Section 7. Mutilated, Lost, Stolen or Destroyed 2013 Bonds. In the event any 2013 Bond is mutilated, lost, stolen or destroyed, the Board may execute and the Paying Agent and Bond Registrar may authenticate and deliver a new 2013 Bond of like series, date, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated 2013 Bond, such 2013 Bond shall first be surrendered to the Paying Agent and Bond Registrar, and in the case of any lost, stolen or destroyed 2013 Bond, there shall be first furnished to the Board and the Paying Agent and Bond Registrar evidence of such loss, theft or destruction satisfactory to them and such indemnity as the Board and the Paying Agent and Bond Registrar may require. In the event any such 2013 Bond shall have matured, in lieu of issuing a duplicate 2013 Bond, the Board may pay the same without surrender thereof. The Board and the Paying Agent and Bond Registrar may charge the holder or owner of such 2013 Bond their reasonable fees and expenses in this connection.

Section 8. Registration, Authentication, Transfer and Exchange of 2013 Bonds. So long as any 2013 Bonds remain outstanding, the Paying Agent and Bond Registrar shall keep and maintain at its principal office in Louisville, Kentucky, complete registration books for the 2013 Bonds and shall provide for the registration and transfer of the 2013 Bonds in accordance with the terms of this Resolution. Each 2013 Bond shall be authenticated by the Paying Agent and Bond Registrar and shall be transferable only upon the presentation and surrender thereof at the principal office of the Paying Agent and Bond Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Holder or his authorized representative. Upon receipt of any such 2013 Bond, duly endorsed for transfer or accompanied by any assignment for transfer, the Paying Agent and Bond Registrar shall transfer such 2013 Bond within a period of three (3) days by reissuing such 2013 Bond, duly executed by the Board and authenticated by the Paying Agent and Bond Registrar, and delivering the same to the new Registered Holder thereof forthwith.

The Paying Agent and Bond Registrar shall not be required to transfer or exchange any 2013 Bond (a) during any period beginning five (5) days before the selection by the Paying Agent and Bond Registrar of 2013 Bonds to be redeemed before maturity and ending on the date of mailing of notice of any such redemption or (b) if such 2013 Bond has been selected or called for redemption in whole or in part.

Except as may be otherwise provided in Section 3(b) hereof for 2013 Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, each 2013 Bond shall be exchangeable upon the presentation and surrender thereof at the principal office of the Paying Agent and Bond Registrar for a 2013 Bond or 2013 Bonds of the same maturity, in the denomination of \$5,000 or an integral multiple thereof, in an aggregate principal amount or amounts equal to the unpaid principal amount of the 2013 Bond or 2013 Bonds presented for exchange. The Paying Agent and Bond Registrar shall and is hereby authorized to authenticate and deliver 2013 Bonds delivered in exchange in accordance herewith. Each 2013 Bond delivered in exchange for a surrendered 2013 Bond shall constitute an original contractual obligation of the Board and shall be entitled to the benefits and security of this Resolution to the same extent as the 2013 Bond or 2013 Bonds in lieu of which any 2013 Bond is delivered in exchange. Any 2013 Bonds surrendered for exchange shall be canceled by the Paying Agent and Bond Registrar and the Paying Agent and Bond Registrar shall maintain a complete record of all exchanges, transfers and cancellations of 2013 Bonds and shall make a report thereof to the Board on not less than an annual basis.

Except as may be otherwise provided in Section 3(b) hereof for 2013 Bonds registered in Book-Entry Form in the name of the Securities Depository or the Securities Depository Nominee, no service charge or other transfer fee shall be charged to any Bondholder in connection with any transfer or exchange of a 2013 Bond. However, the Registered Holder of any 2013 Bond may be required to pay an amount equal to any tax or other governmental charge, if any, that may be imposed in connection with the transfer or exchange of any 2013 Bond.

Section 9. Destruction of 2013 Bonds. Whenever any outstanding 2013 Bond shall be delivered to the Paying Agent and Bond Registrar for cancellation thereof pursuant to this Resolution, upon payment of the principal amount or interest represented thereby or for replacement or exchange, such 2013 Bonds, following such replacement or exchange, shall be promptly canceled and destroyed by the Paying Agent and Bond Registrar and counterparts of a certificate of destruction evidencing such destruction shall be furnished by the Paying Agent and Bond Registrar to the Board.

All 2013 Bonds which have been redeemed shall not be reissued but shall be canceled and destroyed by the Paying Agent and Bond Registrar in accordance with this Section 9.

Section 10. Appointment and Duties of Paying Agent and Bond Registrar. The Board has appointed The Bank of New York Mellon Trust Company, N.A., Louisville, Kentucky, as Paying Agent and Bond Registrar in respect of the 2013 Bonds. The Paying Agent and Bond Registrar shall maintain a complete and current record of each 2013 Bond issued, the name and address of each owner (Registered Holder) of any 2013 Bonds and such additional information as may be required for compliance with applicable laws and regulations. The Paying Agent and Bond Registrar will also make all payments of interest on the 2013 Bonds and pay principal of the 2013 Bonds as herein provided.

The recitals of fact herein and in the 2013 Bonds contained shall be taken as the statements of the Board and the Paying Agent and Bond Registrar assumes no responsibility for the correctness of the same. The Paying Agent and Bond Registrar makes no representations as to the validity or sufficiency of this Resolution or of any 2013 Bonds issued thereunder or in

respect of the security afforded by this Resolution, and the Paying Agent and Bond Registrar shall not incur any responsibility in respect thereof. The Board shall, however, be responsible for its representations contained in the 2013 Bonds. The Paying Agent and Bond Registrar shall not be under any responsibility or duty with respect to the issuance of the 2013 Bonds for value or the application of the proceeds thereof or the application of any moneys paid to the Board. The Paying Agent and Bond Registrar shall be under no obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless properly indemnified. The Paying Agent and Bond Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Paying Agent and Bond Registrar may consult with counsel, who may or may not be of counsel to the Board, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith. Whenever the Paying Agent and Bond Registrar shall deem it necessary or desirable that a matter be proved or established before taking or suffering any action hereunder, including payment of moneys out of any fund, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an authorized officer of the Board and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent and Bond Registrar may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidences as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the Board to the Paying Agent and Bond Registrar shall be sufficiently executed if executed in the name of the Board by its Chairman or Secretary-Treasurer. The Paying Agent and Bond Registrar may execute any of its trusts or powers and perform any of its duties under this Resolution by or through attorneys, agents or employees.

The Board shall pay to the Paying Agent and Bond Registrar reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. The Board further agrees to indemnify and hold the Paying Agent and Bond Registrar harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its negligence or default. This indemnification shall survive the termination of this Resolution.

The Paying Agent and Bond Registrar may become the owner of any 2013 Bonds, with the same rights it would have if it were not the Paying Agent and Bond Registrar. The Paying Agent and Bond Registrar and any other fiduciary may act as depository for, or permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the 2013 Bonds or this Resolution, whether or not any such committee shall represent the holders of a majority in principal amount of the 2013 Bonds then outstanding.

Any corporation, association or other entity into which the Paying Agent and Bond Registrar may be converted or merged, or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust assets and businesses or any corporation, association or other entity resulting from any such conversion, sale, merger consolidation or other transfer to which it is a party, *ipso facto*, shall be and become successor Paying Agent and Bond Registrar hereunder, as applicable, vested with all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, notwithstanding anything herein to the contrary.

Section 11. Disposition of 2013 Bond Proceeds. The 2013 Bond proceeds shall be applied as follows:

(a) The expenses incident to the authorization, sale and issuance of the 2013 Bonds, including without limitation the contractual fee of the Board's Financial Advisor, the fees and expenses of the Paying Agent and Bond Registrar, all counsel fees and expenses, rating service fees, printing and publishing expenses and any other necessary or desirable fees and expenses related to the issuance of the 2013 Bonds and the payment of the 2012 Note, shall, upon written direction of the Chairman, Vice Chairman or Secretary-Treasurer, be paid from the proceeds of the 2013 Bonds. For this purpose, the Board may cause the establishment of a special account to be applied by or at the written direction of the Chairman, Vice Chairman or Secretary-Treasurer for payment of such expenses within sixty (60) days from the date of issuance of the 2013 Bonds; provided any balance in the special account not needed to pay expenses shall be transferred to the Sinking Fund.

(b) A portion of the 2013 Bond proceeds in an amount sufficient to pay and discharge the 2012 Note shall, by or on the written direction of the Chairman, Vice Chairman or Secretary-Treasurer, be paid to the holder thereof.

(c) A portion of the 2013 Bond proceeds which, together with other available funds held pursuant to the Board's Resolution adopted on November 30, 1999 (the "1999 Resolution") and transferred to the Debt Service Reserve Account identified in Section 12(b) hereof, shall, but only if necessary to fund the Debt Service Reserve Account to the Reserve Amount (defined in Section 12(b) hereof), by or on the written direction of the Chairman, Vice Chairman or Secretary-Treasurer, be deposited in the Debt Service Reserve Account.

(d) Any remaining balance of the Bond proceeds shall be deposited in the Sinking Fund hereinafter identified in Section 12(b).

Section 12. Operation and Revenues of System; Funds and Accounts. A special and separate fund of the Board, distinct from all other funds and accounts of the Board, was created in and by the 2009 Resolution and designated and identified as the "Electric and Water Plant Board Electric and Water Revenue Fund" (the "Revenue Fund"). The Revenue Fund shall continue to be maintained so long as any of the 2009 Bonds, the 2013 Bonds or any parity bonds permitted to be issued hereunder are outstanding and unpaid. From and after the delivery of the 2013 Bonds, and for so long as any of the 2009 Bonds, the 2013 Bonds or any parity bonds permitted to be issued hereunder are outstanding and unpaid, the Board shall operate the System as a revenue-producing and self-liquidating undertaking and shall set aside into the Revenue

Fund, and hereby pledges daily as collected, the income and revenues of the System, together with all extensions, improvements or betterments thereto. The Board shall use and apportion the income and revenues set aside into the Revenue Fund as follows:

(a) A special and separate fund of the Board, distinct from all other funds and accounts of the Board, was created in and by the 2009 Resolution and designated and identified as the "Operation and Maintenance Fund" (the "Operation and Maintenance Fund"). The Operation and Maintenance Fund shall continue to be maintained so long as any of the 2009 Bonds, the 2013 Bonds or any parity bonds permitted to be issued hereunder are outstanding and unpaid. On or before the 20th day of each month there shall be withdrawn from the Revenue Fund and credited to the Operation and Maintenance Fund a sum sufficient to pay the reasonably necessary costs of operating and maintaining the System during such month, including without limitation salaries, wages, cost of materials and supplies, power at wholesale and insurance for such month, and any deficit for the same arising in the preceding month.

(b) A special and separate fund of the Board, distinct from all other funds and accounts of the Board, was created in and by the 2009 Resolution and designated and identified as the "Electric and Water Plant Board Electric and Water Revenue Bonds Sinking Fund of 2009" (the "Sinking Fund"). The Sinking Fund shall continue to be maintained so long as any of the 2009 Bonds, the 2013 Bonds or any parity bonds permitted to be issued hereunder are outstanding and unpaid. The Sinking Fund shall continue to comprise three (3) accounts, the Interest Account, the Principal Account and the Debt Service Reserve Account, which are hereby irrevocably pledged and shall be used and applied for the following purposes. Money in the Interest Account shall be used solely for the payment of interest falling due on the 2009 Bonds, the 2013 Bonds and any parity bonds herein permitted to be issued hereunder. Money in the Principal Account shall be used solely for the purpose of paying the principal of the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder when due at maturity or pursuant to any call for redemption. The Debt Service Reserve Account shall be held for the benefit of the holders of all of the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder and shall be used solely for the purpose of paying principal of or interest on the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder as to which there would otherwise be a default.

There shall be set aside into the Sinking Fund in equal monthly installments on or before the 20th day of each month, out of the Revenue Fund (subject to the priorities of the foregoing subsection (a) of this Section 12) sufficient funds to pay when due the interest on and principal of any outstanding bonds (including the 2013 Bonds) which by their terms are payable from the Sinking Fund. Such monthly payments into the Sinking Fund shall be made in the minimum amounts each month as follows:

- (i) An amount which together with other funds available for such purpose will be equal to at least one sixth (1/6th) of the interest falling due on the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder on the next succeeding interest payment date shall be deposited in the Interest Account.

- (ii) An amount which together with other funds available for such purpose will be equal to at least one twelfth (1/12th) of the principal amount of the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder coming due on the next December 1 shall be deposited in the Principal Account.

Upon issuance of the 2013 Bonds, the Debt Service Reserve Account shall be initially funded in the Reserve Amount from proceeds of the 2013 Bonds, if necessary, and transfers from other available funds held pursuant to the 1999 Resolution as provided in Section 11(d) hereof. Whenever any amount in the Debt Service Reserve Account is less than the Reserve Amount, such deficiency shall be made up (in any event within three (3) years from the date such deficiency occurs) from the first moneys thereafter available in the Revenue Fund (after the requirements of subparagraphs (i) and (ii) above have been satisfied) or in the Depreciation Fund hereinafter identified. The term "Reserve Amount" as used in this Resolution is defined as an amount of money (calculated separately for each issue of parity bonds outstanding) equal to the least of (i) the highest amount required to be paid into the Interest Account and the Principal Account for account of the 2009 Bonds, the 2013 Bonds and any additional parity bonds permitted to be issued hereunder in any 12-month period ending December 1, (ii) an amount equal to 125% of the average amount required to be paid into the Interest Account and the Principal Account for account of the 2009 Bonds, the 2013 Bonds and any additional parity bonds permitted to be issued hereunder in each 12-month period ending December 1, and (iii) an amount equal to 10% of the proceeds of the 2009 Bonds, the 2013 Bonds and any additional parity bonds permitted to be issued hereunder within the meaning of Section 148(d) of the United States Internal Revenue Code of 1986, as amended (the "Code").

As and when additional parity bonds are issued provision shall be made for additional payments into the Sinking Fund so as to pay the interest on and principal of such additional parity bonds as and when the same become due and for increasing the amount in the Debt Service Reserve Account on the date of issuance of the additional parity bonds to the then required Reserve Amount.

No further payments need be made into the Sinking Fund after and so long as the amount then held in the Sinking Fund, including the Debt Service Reserve Account, is equal to the entire amount required for retiring all bonds then outstanding which are payable from the Sinking Fund and paying all interest that will accrue at the time of such retirement.

If for any reason there should be a failure to pay into the Sinking Fund the full amount above stipulated, then an amount equivalent to such deficiency shall be set apart and paid into the Sinking Fund from the first available income and revenues of the System or from the Depreciation Fund hereinafter created.

All moneys held in the Sinking Fund, including the Debt Service Reserve Account, shall be deposited in a bank or banks which are members of the Federal Deposit Insurance Corporation ("FDIC") and all such deposits which cause the aggregate deposits of the Board in any one bank to be in excess of the amount insured by the FDIC or one of its agencies shall be continuously secured by a valid pledge of direct obligations of, or obligations the payment of principal of and interest on which is guaranteed by, the United States of America having an

equivalent market value. All or any part of the Sinking Fund may, provided that the Debt Service Reserve Account therein shall, be invested in Investment Obligations, as defined in Section 13 hereof, maturing or being subject to retirement at the option of the holder on such dates as the same may be needed for meeting interest and/or principal payments, and all such investments shall be carried to the credit of the particular account in the Sinking Fund which supplied the funds for such investments, but the income from such investments shall be credited to the Interest Account; provided, however, if the amount in the Debt Service Reserve Account is less than the Reserve Amount, income from investments in the Debt Service Reserve Account shall be credited to the Debt Service Reserve Account until the Reserve Amount is accumulated therein. Investment Obligations in the Debt Service Reserve Account shall be valued at the fair market value thereof or, for a plain par investment within the meaning of Treas. Reg. §1.148-5(d) or any successor provision, at the outstanding stated principal amount thereof plus any accrued unpaid interest.

The Sinking Fund shall be used solely and only and is hereby pledged for the purpose of paying principal of and interest and premium, if any, on the 2013 Bonds and any additional bonds ranking on a parity therewith that may be outstanding from time to time in accordance with the terms and provisions of this Resolution.

Notwithstanding the foregoing provisions of this Section 12(b) relating to the Debt Service Reserve Account, in lieu of the deposit of funds in the Debt Service Reserve Account, the Board may obtain a Debt Service Reserve Guaranty. Any Debt Service Reserve Guaranty shall be considered a deposit of funds in the Debt Service Reserve Account equal to the Debt Service Reserve Guaranty Coverage provided by the Debt Service Reserve Guaranty Agreement. As conditions precedent to delivery of a Debt Service Reserve Guaranty, the Board shall obtain (i) the Debt Service Reserve Guaranty, (ii) an opinion of counsel addressed to the Board stating that the delivery of such Debt Service Reserve Guaranty to the Board is authorized under this Resolution and complies with the terms hereof, and (iii) written evidence from a Rating Agency, if the Bonds and any additional parity bonds are then rated by such Rating Agency, that the Rating Agency has reviewed the proposed Debt Service Reserve Guaranty and that (a) the issuance of the Debt Service Reserve Guaranty to the Board and, (b) if a Debt Service Reserve Guaranty is then in effect with respect to the Debt Service Reserve Account, the substitution of the proposed Debt Service Reserve Guaranty for the Debt Service Reserve Guaranty then in effect, will not, by itself, result in a reduction or withdrawal of its rating on the Bonds and any additional parity bonds. If the 2013 Bonds and any additional parity bonds are insured by a bond insurer, the references to a Rating Agency in the preceding sentence shall be read to mean such bond insurer and the substitution of the proposed Debt Service Reserve Guaranty shall not result in the cancellation of the bond insurance provided by such bond insurer.

The capitalized terms used in the preceding paragraph shall have the following meanings:

“Debt Service Reserve Guarantor” means the issuer of a Debt Service Reserve Guaranty.

“Debt Service Reserve Guaranty” means a letter of credit, insurance policy, surety bond or similar arrangement representing the irrevocable obligation of the Debt Service Reserve Guarantor to pay to or for the account of the Board upon request made by the Board or its designee up to an amount stated therein for application as provided in this Section 12(b).

“Debt Service Reserve Guaranty Agreement” means the reimbursement agreement, bond insurance agreement, loan agreement or similar agreement between the Board and a Debt Service Reserve Guarantor with respect to repayment of amounts advanced under the Debt Service Reserve Guaranty.

“Debt Service Reserve Guaranty Coverage” means the amount available at any particular time to be paid to or for the account of the Board under the terms of the Debt Service Reserve Guaranty.

“Debt Service Reserve Guaranty Limit” means the maximum aggregate amount available to be paid to or for the account of the Board under the terms of a Debt Service Reserve Guaranty.

“Rating Agency” means either Moody’s Investors Service, Inc. or Standard & Poor’s Rating’s Services, and their successors and assigns.

(c) In order to provide moneys which will be available for improvements and major repairs to and replacements and extensions of the System, the special fund currently maintained by the Board, separate and apart from all other accounts and funds of the Board, designated the “Depreciation Fund,” is hereby continued and shall be maintained in accordance with the Act. Balances at any time on deposit in the Depreciation Fund may be expended for costs indicated in this paragraph. Monthly transfers and deposits from the Revenue Fund to the Depreciation Fund shall be made (after meeting the requirements of the foregoing subsections (a) and (b) of this Section 12) until such time as a balance equal to six percent (6%) of the undepreciated book value of the System (based on the most recent audited financial statements of the System) shall have been accumulated therein, represented either by cash or the market value of investments, as hereinafter permitted. Upon the accumulation of a balance in such amount, the monthly transfers from the Revenue Fund may be suspended. To the extent amounts in the Depreciation Fund from time to time may exceed the foreseeable need for making disbursements therefrom, they may be invested and reinvested by the Board in Investment Obligations, as defined in Section 13 hereof, which shall have a maturity date or be redeemable at the option of the holder within five (5) years from the date of investment therein, and all income therefrom shall be credited to the Depreciation Fund (or to the Revenue Fund at the election of the Board if the aforesaid minimum balance is on deposit in the Depreciation Fund) and any expenses or loss in connection therewith shall be charged to the Depreciation Fund. In the event there would otherwise be a default in the payment of interest on or principal of any bond or bonds outstanding under authority of this Resolution, amounts in the Depreciation Fund shall be withdrawn and applied to such extent as may be necessary in order to prevent such default, and any investments held for the account of the Depreciation Fund shall be converted into cash if and to the extent required for such purpose; but such withdrawal shall be deemed to be advances from the Depreciation Fund and the amount thereof shall be restored as soon as moneys are available.

(d) The remaining moneys in the Revenue Fund shall be used and applied to the extent necessary (i) to maintain a cash working fund equal to one-twelfth (1/12) of the gross income and revenues of the System during the preceding fiscal year; (ii) to pay all other obligations authorized and incurred by the Board in the operation and maintenance of the System and furnishing of services and facilities thereby; (iii) to pay such taxes, if any, as the Board may

elect to pay to the City under the provisions of Section 96.179 of the Act; and (iv) for any other lawful corporate purpose as permitted and provided by Section 96.182 of the Act.

The Board reserves the right from time to time to purchase 2013 Bonds herein authorized or permitted to be issued in advance of maturity and to redeem such 2013 Bonds pursuant to the pertinent redemption terms through the use and application of surplus income and revenues from the System and from excess funds in the Sinking Fund, provided no such purchase shall be made from the Sinking Fund at a price exceeding the redemption terms on the next succeeding redemption date; and all 2013 Bonds so purchased or redeemed shall be canceled.

Section 13. Investments. As used in this Resolution, the term “Investment Obligations” shall mean any of the following, if and to the extent the following are legal investments for the moneys held in the funds and accounts established pursuant to this Resolution:

(a) Obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, if delivery of these obligations subject to repurchase agreements is taken either directly or through an authorized custodian, which investments may be accomplished through repurchase agreements reached with sources including, but not limited to, national or state banks chartered in the Commonwealth of Kentucky;

(b) Obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, including but not limited to: (i) United States Treasury; (ii) Export-Import Bank of the United States; (iii) Government National Mortgage Corporation; and (iv) Merchant Marine;

(c) Obligations of any corporation of the United States government, including but not limited to: (i) Federal Home Loan Mortgage Corporation; (ii) Federal Farm Credit Banks; (iii) Bank for Cooperatives; (iv) Federal Intermediate Credit Banks; (v) Federal Land Banks; (vi) Federal Home Loan Banks; (vii) Federal National Mortgage Association; and (viii) Tennessee Valley Authority;

(d) Certificates of deposit issued by or other interest bearing accounts of any bank or savings and loan institution, including the Paying Agent and Bond Registrar or any of its affiliates, which are insured by FDIC or similar entity or which are collateralized, to the extent uninsured, by any obligations, including surety bonds, permitted by Section 41.240(4) of the Kentucky Revised Statutes;

(e) Uncollateralized certificates of deposit issued by any bank or savings and loan institution, including the Paying Agent and Bond Registrar or any of its affiliates, rated in one of the three highest categories by a nationally recognized rating agency;

(f) Bankers' acceptances for banks, including the Paying Agent and Bond Registrar or any of its affiliates, rated in one of the three highest categories by a nationally recognized rating agency;

(g) Commercial paper rated in the highest category by a nationally recognized rating agency, including commercial paper issued by the Paying Agent and Bond Registrar or any of its affiliates;

(h) Bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities;

(i) Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency; and

(j) Shares of mutual funds, each of which shall have the following characteristics:

(i) The mutual fund shall be an open-end diversified investment company registered under the Federal Investment Company Act of 1940, as amended;

(ii) The management company of the investment company shall have been in operation for at least five (5) years;

(iii) All of the securities in the mutual fund shall be investments in any one or more of the investments described in (a) through (i) above;

(iv) The mutual funds may include, without limitation, any mutual fund for which the Paying Agent and Bond Registrar or any of its affiliates serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Paying Agent and Bond Registrar or any of its affiliates receives fees from such funds for services rendered, (2) the Paying Agent and Bond Registrar or any of its affiliates charges and collects fees for services rendered pursuant to this Resolution, which fees are separate from the fees received from such funds, and (3) services performed for such funds and pursuant to this Resolution may at times duplicate those provided to such funds by the Paying Agent and Bond Registrar or its affiliates; and

(k) Investment agreements with any financial institution the long-term debt, claims paying ability or financial program strength of which is rated not lower than the second highest category (without regard to gradations within such category) by at least one of the nationally recognized rating agencies; provided that if the investment agreement is guaranteed by a third-party, then the above rating requirement will apply to the guarantor only.

Section 14. Rebate Fund. The following terms when used hereinafter shall have the indicated meanings:

“Computation Period” means, with respect to the 2013 Bonds, the period of time over which Excess Earnings are required to be computed under Section 148(f) of the Code and applicable regulations thereunder.

“Cumulative Excess Earnings” means the amount of all Excess Earnings earned from the date of original delivery of the 2013 Bonds through the end of the relevant computation date, less the amount of any Excess Earnings paid to the United States pursuant to this Section 14.

“Excess Earnings” means an amount equal to the sum of (i) plus (ii) where:

- (a) is the excess of
  - (i) the aggregate amount earned on all nonpurpose investments in which gross proceeds of the 2013 Bonds are invested (other than investments attributable to an excess described in this clause (a)), over
  - (ii) the amount which would have been earned if such nonpurpose investments (other than amounts attributable to an excess described in this clause (a)) were invested at a rate equal to the yield on the 2013 Bonds; and
- (b) is any income attributable to the excess described in clause (a).

The sum of (a) plus (b) shall be determined in accordance with Section 148(f) of the Code. As used herein, the terms “gross proceeds,” “nonpurpose investments” and “yield” have the meanings assigned to them for purposes of Section 148(f) of the Code.

The Board’s Electric and Water Revenue Bonds, Series 2013 Rebate Fund (the “Rebate Fund”) is hereby created. Amounts from time to time held in the Rebate Fund, if any, shall be invested in Investment Obligations (to the extent practicable), shall not be subject to the pledge of this Resolution, shall not constitute a part of the funds held for the benefit of the holders of the 2013 Bonds and shall be dedicated to the United States of America to the extent of any obligation on the part of the Board to rebate to the United States Cumulative Excess Earnings.

Within ten (10) days after the end of each Computation Period and within ten (10) days after the payment in full of all outstanding 2013 Bonds, the Board shall calculate the amount of Cumulative Excess Earnings as of the end of that Computation Period or the date of such payment, and shall also determine the amount then on deposit in the Rebate Fund. If the amount then on deposit in the Rebate Fund is in excess of the Cumulative Excess Earnings, the Board shall forthwith deposit that excess amount in the Sinking Fund. If the amount then on deposit in the Rebate Fund is less than the Cumulative Excess Earnings, the Board shall within ten (10) days deposit in the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Cumulative Excess Earnings. Within thirty (30) days after the end of the fifth anniversary date of the issuance of the 2013 Bonds and every such fifth anniversary date thereafter, the Board shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to 90% (or such greater percentage not in excess of 100% as the Board may direct) of the Cumulative Excess Earnings as of the end of such fifth anniversary date. Within sixty (60) days after the payment in full of all outstanding 2013 Bonds, the Board shall pay to the United States in accordance with Section 148(f) of the Code from the moneys then on deposit in the Rebate Fund an amount equal to

100% of the Cumulative Excess Earnings as of the date of such payment and any moneys remaining in the Rebate Fund following such payment shall be paid to the Sinking Fund.

Section 15. Covenants to Bondholders.

(a) Rates and Charges. While the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder remain outstanding and unpaid, the rates and charges for all services rendered by the System shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining and operating the same, and the amounts necessary for the retirement of all bonds and the accruing interest on all such bonds as may be issued or permitted to be issued under the provisions of this Resolution and the payments provided to be made into the Depreciation Fund. Such rates will be fixed, maintained and, if necessary, adjusted from time to time so as to produce after costs of normal maintenance and operation, net revenues (as defined in Section 16 hereof) sufficient (i) to provide for the payment of the principal and interest maturing in the next fiscal year of the System on the 2009 Bonds, the 2013 Bonds and parity bonds, if any are issued under the restrictions and conditions set forth in Section 16 hereof, and to accumulate and maintain the Reserve Amount in the Debt Service Reserve Account as provided in Section 12 hereof; (ii) to accumulate in the Depreciation Fund for account of the System up to an amount equal to six percent (6%) of the undepreciated book value of the System; (iii) to maintain a cash working fund equal to one-twelfth (1/12) of the gross income and revenues of the System during the preceding fiscal year; (iv) to pay all other obligations authorized and incurred by the Board in the operation and maintenance of the System and the furnishing of services and facilities thereby; (v) to pay such taxes, if any, as the Board may elect to pay to the City under the provisions of Section 96.179 of the Kentucky Revised Statutes; and (vi) to satisfy any other obligations or commitments authorized or incurred by the Board for any lawful corporate purpose as permitted and provided by Section 96.182 of the Act. The rates prevailing at any time will not be reduced except upon the basis of a written statement of a consulting engineer or firm of consulting engineers of national reputation, after necessary investigation, expressing the opinion that the net earnings of the System will not thereby be reduced below the level prescribed in the preceding sentence; and there shall be charged against all users of electric and water services rendered by or through the System, including the City, such rates and amounts for such services as shall be adequate to meet the requirements of this Section 15. Compensation for services rendered to the City shall be charged against the City and payment for the same from the corporate funds shall be made and shall be apportioned as other income and revenues.

(b) Performance. The Board hereby covenants and agrees with the holder or holders of the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder, or any of them, that it will faithfully and punctually perform all duties with reference to the System and the operation and maintenance thereof as required by the Constitution and laws of the Commonwealth of Kentucky.

(c) Disposal of Facilities. The Board hereby further covenants, binds and obligates itself and the City not to sell, lease, mortgage or in any manner dispose of any integral part of the System, including any and all extensions, additions and appurtenances thereto that may be made or constructed, until all the 2009 Bonds, the 2013 Bonds and any parity bonds permitted to be issued hereunder shall have been paid in full, both principal and interest;

provided, however, that this covenant shall not be construed to prevent disposal of property by exchange for other property on the basis of a finding by the Board, after necessary investigation, that the property to be obtained through such exchange is of equal or greater value and utility than the property so disposed of and such exchange will not adversely affect the operations of the System or the income and revenues to be derived therefrom; nor shall be construed to prevent the sale, lease or other disposal of properties of the System which are found by the Board to be no longer necessary or useful in the operations of the System, provided that the proceeds, if any, received from the lease, sale or other disposition of any such property shall be paid either into the Depreciation Fund or into the Sinking Fund, but such payments shall not operate to reduce the amounts otherwise required to be paid into said funds.

Section 16. No Priority among Bonds; Issuance of Additional Bonds. The 2009 Bonds and the 2013 Bonds, together with any additional parity bonds issued under the restrictions and conditions hereinafter set forth, shall not be entitled to priority one over the other in the application of the income and revenues of the System regardless of the time or times of their issuance, it being the intention that there shall be no priority among such bonds, regardless of the fact that they may be actually issued and delivered at different times.

The Board hereby reserves the right and privilege of issuing additional bonds from time to time payable from the income and revenues of the System ranking on a parity with the 2009 Bonds and the 2013 Bonds (herein sometimes referred to as “additional parity bonds”) in order to pay the costs of extensions, additions and improvements to the System and related costs, including without limitation providing funds for deposit in the Debt Service Reserve Account, provided that (a) either of the conditions set forth in (i) or (ii) below is met and (b), if the KIA Loan, other subordinate KIA loans or similar subordinate obligations payable from the revenues of the System are in effect, the requirements, if any, for the issuance of additional parity bonds (on a parity with the 2009 Bonds and the 2013 Bonds) contained in the KIA Assistance Agreement, in any other assistance agreements with KIA or in other similar agreements with respect to similar subordinate loan obligations are met.

- (i) The net revenues of the System for the fiscal year preceding the year in which such parity bonds are to be issued were at least 120% of the maximum annual debt service requirements (for any year ending December 1) with respect to all 2009 Bonds, 2013 Bonds and parity bonds which are then outstanding and the additional parity bonds then proposed to be issued. The term “net revenues” as herein used is defined as gross income and revenues of the System, which shall mean electric and water service sales and all operating revenues and non-operating income of the System as identified in the Board’s financial statements prepared in accordance with generally accepted accounting principles (“GAAP”), less operating expenses of the System, which shall include salaries, wages, costs of maintenance and operation, materials and supplies, costs of electricity generation and purchases and costs of water treatment and purchases, pumping costs and insurance, as well as all other items that are normally and regularly so included under GAAP, but exclusive of capital costs, allowances for depreciation and amortization and payments into the

Sinking Fund. Such showing of net revenues for such preceding fiscal year may be based on the report of the auditors.

- (ii) A statement is filed with the Secretary-Treasurer by (i) an independent certified public accountant or firm of certified public accountants not in the regular employ of the Board on a monthly salary basis or (ii) an independent professional engineer or firm or firms of professional engineers not in the employ of the Board on a monthly salary basis, and of recognized expertise and good reputation in the fields of electric and water engineering and licensed in the Commonwealth of Kentucky, reciting the opinion or determination based upon necessary investigation that the net revenues of the System as defined in (i) above for twelve (12) consecutive months out of the eighteen (18) months preceding the issuance of said additional parity bonds (with adjustments as hereinafter provided, if necessary) were equal to at least 120% of the maximum annual debt service (for any year ending December 1) on the 2009 Bonds, the 2013 Bonds and any parity bonds then outstanding and the proposed additional parity bonds. The net revenues may be adjusted for the purpose of the foregoing computations to reflect any revision in the schedule of rates or charges being imposed at the time of the issuance of any such additional parity bonds, and also to reflect any increase in such net revenues by reason of the extensions, additions and improvements to the System the cost of which (in whole or in part) is to be paid through the issuance of such additional parity bonds and by reason of the investment of any proceeds of such additional parity bonds that are deposited in the Debt Service Reserve Account; but such adjustments to reflect an increase in net revenues by reason of extensions, additions and improvements to the System shall only be made if contracts for the immediate construction or acquisition of such extensions, additions and improvements have been or will be entered into before the issuance of such additional parity bonds. All such adjustments to reflect any revision of rates and charges or an increase in net revenues by reason of extensions, additions and improvements to the System shall be based upon written certification by (1) a professional engineer not in the employ of the Board on a monthly salary basis, or a firm or firms of professional engineers of recognized expertise and good reputation in the fields of electric and water engineering and licensed in the Commonwealth of Kentucky or (2) a certified public accountant or firm of certified public accountants.

The Board hereby further reserves the right and privilege of issuing additional parity bonds for the purpose of refunding the 2009 Bonds, the 2013 Bonds or any parity bonds, or any portion thereof, as may be outstanding, provided that before any additional parity bonds are issued for such purpose, there shall have been procured and filed with the Secretary-Treasurer a statement by an independent certified public accountant or firm of independent certified public accountants reciting the opinion or determination based upon necessary investigation that after the issuance of such additional parity bonds the net revenues, as adjusted and defined above, of the System for the fiscal year preceding the date of issuance of such additional parity bonds or

for twelve (12) consecutive months out of eighteen (18) months preceding the issuance of such additional parity bonds, after taking into account the revised Reserve Amount resulting from the issuance of such additional parity bonds and from the elimination of the bonds being refunded thereby, are equal to not less than 120% of the maximum annual debt service (for any year ending December 1) on the 2009 Bonds, the 2013 Bonds and any parity bonds then outstanding and the proposed additional parity bonds and calculated in the manner specified above.

The interest payment dates for all such additional parity bonds shall be semiannually on June 1 and December 1 of each year, and the principal maturities thereof shall be on December 1 of the year in which any such principal is scheduled to become due.

The additional parity bonds, the issuance of which is restricted and conditioned by this Section 16, shall be understood to mean bonds payable from the income and revenues of the System on a parity with the 2009 Bonds and the 2013 Bonds, and shall not be deemed to include nor prohibit the issuance of other obligations, the security and source of payment of which is subordinate and subject to the priority of the payments into the Sinking Fund for account of the 2009 Bonds, the 2013 Bonds and any parity bonds.

Section 17. Additional Covenants of Board.

(a) Insurance. The Board covenants and agrees that so long as the 2009 Bonds, the 2013 Bonds or any parity bonds permitted to be issued hereunder are outstanding the Board will keep its operations and all buildings and all machinery and equipment therein, constituting a part of the System, insured to the extent insurable under a policy or policies of a responsible insurance company or companies authorized and qualified under the laws of the Commonwealth of Kentucky to assume such risks and in amounts and of the character customarily carried by municipal utilities in similar operations. The proceeds of all such insurance shall be available for the repair, replacement and reconstruction of damaged or destroyed property. The Board further covenants and agrees in like manner to carry public liability and property damage insurance covering such risks and for such amounts as the Board determines from time to time to be necessary or advisable by reason of the character and extent of its operations. If the insurance proceeds are in excess of the amount required for making good the loss or damage in respect of which such proceeds are received by repairing, replacing and reconstructing the property damaged or destroyed, any balance remaining shall be paid into the Sinking Fund or the Depreciation Fund, and if for any reason the insurance proceeds are insufficient for the repair, replacement and reconstruction of the damaged or destroyed property, any deficiency may be supplied from any moneys legally available to the Board for such purposes.

(b) Financial Records. The Board covenants and agrees that it will keep and maintain proper books and accounts adapted to the System, which books and accounts will show the several items of receipts and disbursements and the same shall be audited annually by a recognized independent firm of certified public accountants; and in each annual audit report such accountants shall be instructed to comment on the performances of the Board during the audit period as compared with the requirements set forth in this Resolution. The balance sheet and the profit and loss statement of the System as certified by such accountants shall be generally available to the holder or holders of any 2013 Bonds upon their written request.

Section 18. Tax Covenants and Representations. The Board certifies, covenants and agrees to and for the benefit of the Bondholders that so long as any of the 2013 Bonds remain outstanding, moneys on deposit in any fund or account in connection with the 2013 Bonds, whether or not such moneys were derived from the proceeds of the sale of the 2013 Bonds or from any other sources, will not be invested or used in a manner which will cause the 2013 Bonds to be “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code, and any lawful income tax regulations issued or proposed thereunder, as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Chairman, Vice Chairman and/or Secretary-Treasurer as the officers of the Board charged with the responsibility for issuing the 2013 Bonds are authorized and directed, for and on behalf of the Board, to execute all certificates and other documents that may be required for evidencing compliance with federal tax rules, and any representations, certifications and covenants contained in such certificates and other documents so executed shall be deemed to constitute representations, certifications and covenants of the Board.

The Board further represents, warrants, agrees, covenants and certifies as follows:

(a) Within the meaning of Section 141 of the Code and the Income Tax Regulations issued thereunder, over the term of the 2013 Bonds (i) less than 10% of the proceeds of the 2013 Bonds, if any, will be applied for any private business use, and the payment of principal of or interest on less than 10% of the amount of the 2013 Bonds, if any, will be secured directly or indirectly by any interest in property used for a private business use, or payments in respect of such property, or will be derived directly or indirectly from payments (whether or not to the Board) in respect of such property; (ii) at least 90% of the proceeds applied for a governmental use of the Board; (iii) any private business use of the System will be related to such governmental use of the Board and will not be unrelated or disproportionate; and (iv) none of the proceeds of the 2013 Bonds will be used, directly or indirectly, to make or finance loans to private persons. It is reasonably expected that over the term of the 2013 Bonds (a) the System will be available for general public use, in that it will be reasonably available for use by natural persons not engaged in a trade or business on the same basis as any other person or entity, (b) no nongovernmental person will have any special legal entitlement to use the System, and (c) there will be no direct or indirect payments made with respect to the System or the security of the 2013 Bonds by any persons or entities other than payments by the general public as described in clause (i) above.

(b) The Board will take all action necessary to comply with the arbitrage rebate requirements of Section 148(f) of the Code in respect of the 2013 Bonds.

(c) It is reasonably expected that during the term of the 2013 Bonds the facilities refinanced by the 2013 Bonds will not be disposed of; provided, however, should there be any disposition of any personal property constituting facilities refinanced by the 2013 Bonds because it is no longer suitable for its governmental purpose, it is reasonably expected that the fair market value of such personal property will not exceed 25% of its cost.

(d) The weighted average maturity of the Bonds does not exceed 120% of the weighted average useful life of the facilities financed or refinanced by the 2013 Bonds.

(e) The 2013 Bonds are not federally guaranteed within the meaning of Section 149(b) of the Code.

(f) The Board will comply with the information reporting requirements of Section 149(e) of the Code.

(g) The Board will not use or permit the use of any of the funds provided by the 2013 Bonds in such manner as to, or take or omit to take any action which would, impair the exclusion from gross income for federal income tax purposes of interest on the 2013 Bonds. The Board shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Board on the 2013 Bonds shall, for the purposes of federal income taxation, be excludable from gross income.

(h) Within the meaning of Section 265(b) of the Code, the 2013 Bonds are “qualified tax-exempt obligations” and are hereby so designated (or deemed designated) by the Board for purposes of Section 265(b)(3) of the Code, and in this connection the Board states that the reasonably anticipated amount of qualified tax-exempt obligations (other than private activity bonds and current refunding bonds not exceeding the amount of the refunded obligations) which will be issued by the Board during calendar year 2013 does not exceed \$10,000,000.

Section 19. Defeasance. If the Board shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all 2013 Bonds the total principal and interest due or to become due thereon at the times and in the manner stipulated therein and in this Resolution, then the pledge of this Resolution, and all covenants, agreements and other obligations of the Board to the Bondholders, shall thereon cease, terminate and become void and be discharged and satisfied.

Whenever there shall be held irrevocably in the Sinking Fund or an escrow fund established for such purpose either (a) moneys in an amount which shall be sufficient or (b) direct obligations of or obligations fully guaranteed by the United States of America, including such obligations issued or held in book-entry form, the principal of and interest on which when due (without consideration of reinvestment income) will provide moneys which, together with other moneys, if any, then on deposit in the Sinking Fund or such escrow fund, shall be sufficient to pay when due the principal of and interest on the 2013 Bonds or any part thereof to and including the date on which the 2013 Bonds or any of them will be redeemed in accordance with this Resolution, or the maturity date or dates thereof, as the case may be, then and in any of such events all such 2013 Bonds shall be deemed to have been paid within the meaning and with the effect expressed above in this Section 19; and the Paying Agent and Bond Registrar shall be and is instructed to send in accordance with this Resolution irrevocable notice of redemption to the holders of any such 2013 Bonds that are to be redeemed. Thereafter the holders of such 2013 Bonds shall be entitled only to payment out of the cash and obligations deposited as aforesaid.

The provisions of the immediately foregoing paragraph are subject to the limitation that no discharge and release of the pledge of this Resolution shall be accomplished through the use of any funds or investments which would adversely affect the exclusion of interest on any such 2013 Bonds from gross income for federal income tax purposes.

Section 20. Sale of Bonds. Each of the Chairman, Vice Chairman and Secretary-Treasurer is authorized to execute and to cause to be published pursuant to KRS Chapter 424 an appropriate form of Notice of Bond Sale soliciting competitive bids for the purchase of the 2013 Bonds, such bids to be received until a fixed time and day, as the Chairman, Vice Chairman or Secretary-Treasurer may determine, after which fixed time the competitive bids theretofore received shall be tabulated by the Board's Financial Advisor, Raymond James & Associates, Inc. (the "Financial Advisor"). The Notice of Bond Sale shall be in such form as may be prepared by the Board's Bond Counsel, Stoll Keenon Ogden PLLC ("Bond Counsel"), and recommended by the Financial Advisor in connection with the issuance of the 2013 Bonds.

The public offering of the 2013 Bonds shall be on the following terms and conditions and such other terms and conditions as may be set out in the sale materials hereinafter referred to and as the Chairman, Vice Chairman and Secretary-Treasurer may determine:

(a) Bids shall be for the entire series and may be required to be submitted upon or in a form containing the essential elements of the Official Bid Form hereinafter approved in order to provide for uniformity in submission of bids and ready determination of the best bid. The Financial Advisor may submit a bid for the 2013 Bonds.

(b) Bidders shall be required to bid not less than 98.0% of par; provided that upon the recommendation of the Financial Advisor, each of the Chairman, Vice Chairman or Secretary-Treasurer is authorized to approve a change in the required minimum bid price, and also to change the date and hour of the sale.

(c) The successful bidder shall be required to wire a 2.0% good faith deposit to the Paying Agent and Bond Registrar, for the account of the Board, by the end of the day following the sale.

(d) Bidders must stipulate an interest rate or rates in a multiple of 1/8 or 1/20 of 1.0%. There is no limit on the number of different interest rates which may be specified by any bidder, provided that all 2013 Bonds of the same maturity shall bear the same and a single interest rate from the date thereof to maturity.

(e) The right to reject bids for any reason deemed advisable by the Board, and the right to waive any possible informalities or irregularities in any bid which in the judgment of the Board shall be minor or immaterial, are expressly reserved.

(f) CUSIP identification numbers may be printed on the 2013 Bonds at the expense of the Board. Neither the failure to print a CUSIP number on any 2013 Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 2013 Bonds in accordance with the terms of the purchase agreement.

(g) Bidders have the option of specifying that all of the principal amount of the 2013 Bonds maturing on any two or more consecutive dates given in the schedule in Section 3 hereof may, in lieu of maturing on each of such dates, be considered to comprise one maturity of the 2013 Bonds ("Term Bonds") scheduled to mature on the latest of such dates and be subject to mandatory sinking fund redemption at par in the manner described in Section 4(a) hereof on

each of the dates and in the principal amounts as given in said schedule (subject to adjustment as herein provided), except for the principal amount of such 2013 Bonds scheduled to mature on the date of maturity of the Term Bonds, which shall mature in such year. Bidders may specify one or more of such Term Bonds.

(h) The determination of the best bid will be made on a true interest cost basis as approved by the Board and as set out in the Official Terms and Conditions of Bond Sale described below and on the basis of all bids submitted for the total amount of 2013 Bonds offered for sale under the terms and conditions herein specified. The Board will accept a bid or reject such bids by official action of the Chairman, Vice Chairman or Secretary-Treasurer; provided, however, the Board reserves the right to increase or decrease by an amount not exceeding \$405,000 (in \$5,000 denominations) the total amount of 2013 Bonds sold to such best bidder by increasing or decreasing any of the stipulated principal maturities. In the event of any such adjustment, which shall be by official action of the Chairman, Vice Chairman or Secretary-Treasurer, no rebidding or recalculation of the bid submitted will be required or permitted. The price at which such adjusted amount of 2013 Bonds will be sold will be at the same price per \$1,000 of the advertised amount of 2013 Bonds as the price bid per \$1,000 for the advertised amount of 2013 Bonds.

Further, upon determination of the best bid for the 2013 Bonds, the Board shall have the right within its sole discretion, without increasing or decreasing the aggregate principal amount of 2013 Bonds, to increase or decrease (in increments of \$5,000) the amount of any annual principal maturities in order to achieve desired debt service levels. In the event of any such adjustments, which shall be made by official action of the Chairman, Vice Chairman or Secretary-Treasurer, no rebidding or recalculation of a submitted bid will be required or permitted.

(i) If the successful bidder for the 2013 Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the 2013 Bonds, the successful bidder may do so at its own risk and expense and the obligation of the successful bidder to pay for the 2013 Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The Board will cooperate with the successful bidder in obtaining such insurance but the Board will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy and any taxes related thereto, provided that the Board will pay the fee of Standard & Poor's Ratings Services for rating the 2013 Bonds.

\* \* \*

Each of the Chairman, Vice Chairman and Secretary-Treasurer is authorized in connection with the 2013 Bond sale to sign and cause to be furnished to any interested party upon request an Official Terms and Conditions of Bond Sale containing the above conditions, together with additional requirements and information relating to the sale and delivery of the 2013 Bonds, and giving a description of the 2013 Bonds, all calculated to bring about uniformity in bidding.

Suggested forms of the Notice of Bond Sale and the Official Terms and Conditions of Bond Sale, including the Official Bid Form, having been prepared and submitted according to the recommendation of the Financial Advisor by Bond Counsel, and the same having been examined by the Board and found to be in order, the same are hereby approved for use in connection with the Bond sale.

In addition to the foregoing, on the recommendation of the Financial Advisor bids may be taken or submitted electronically (provided all electronic proposals shall be deemed to incorporate in substance the provisions of the Official Bid Form). Any bid transmitted electronically shall be submitted through BIDCOMP/PARITY® and no other provider of electronic bidding services will be accepted. Bidders submitting an electronic proposal must fulfill any requirements of the bidding service provider over and above the requirements of the Board set forth in the Official Terms and Conditions of Bond Sale. Electronic bidding for the 2013 Bonds shall be made available to bidders solely as a courtesy by the Board. The Board shall assume no responsibility or liability for bids submitted through the electronic bidding service provider. Without limiting the generality of the foregoing disclaimers, the Board does not assume responsibility for any communications or negotiations between bidders and the electronic bidding service provider, or for any failure of the provider to accurately or timely submit any electronic proposal. Any electronic proposal shall be deemed to incorporate all of the provisions of the Official Bid Form and the Official Terms and Conditions of Bond Sale. Each bidder shall be solely responsible for making necessary arrangements to access the electronic bidding service provider for purposes of submitting such bidder's bid in a timely manner and in compliance with the requirements of the Board. The Board shall have no duty or obligation to provide or assure such access to any bidder. The Board shall not be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, the provider's service. The Board shall use the provider's service solely as a communication mechanism, and not as the Board's agent, to conduct the electronic bidding for the 2013 Bonds. If any provision in the Official Terms and Conditions of Bond Sale (herein approved) conflicts with information provided by the electronic bidding service provider, the Official Terms and Conditions of Bond Sale shall control.

In addition, in connection with the Bond sale the Board has caused to be prepared its Preliminary Official Statement (the "Preliminary Official Statement") setting forth relevant information concerning the issuance of the 2013 Bonds, including, *inter alia*, financial data relating to the System. The Preliminary Official Statement and the use thereof by the Board in offering and selling the 2013 Bonds is hereby expressly approved, the Board, through certain of its officials and employees, having reviewed the Preliminary Official Statement and having found the factual statements and the data therein to be accurate, and each of the Chairman, Vice Chairman and Secretary-Treasurer is authorized to approve the same on behalf of the Board, with such modifications as may be necessary or desirable and approved by the Chairman, Vice Chairman or Secretary-Treasurer. The Preliminary Official Statement shall be supplemented following sale of the 2013 Bonds, and either the Chairman or the Vice Chairman is authorized to approve and sign such supplemented or final Official Statement on behalf of the Board, which is authorized for distribution in connection with the sale of the 2013 Bonds. The Preliminary Official Statement is in a form "deemed final" by the Board for purposes of SEC Rule 15c2-12(b)(1) but, as aforesaid, is subject to supplementation and completion following sale of the 2013 Bonds. The Chairman, Vice Chairman or Secretary-Treasurer of the Board is also hereby

authorized and directed, on the recommendation of the Board's Financial Advisor, to cause the Official Terms and Conditions of Bond Sale (including the Official Bid Form) and the Preliminary Official Statement and/or the final Official Statement to be posted on the Internet through one or more nationally recognized municipal market information or electronic bidding service providers. The electronic or physical distribution of the and Official Terms and Conditions of Bond Sale (including the Official Bid Form) and the Preliminary Official Statement as herein provided is hereby ratified, confirmed, authorized and approved. If any provision of the Notice and Official Terms and Conditions of Bond Sale and the Preliminary Official Statement, herein approved, conflicts with information provided by any electronic information service provider, the Notice and Official Terms and Conditions of Bond Sale and Preliminary Official Statement as herein approved shall control.

The Chairman, Vice Chairman and Secretary-Treasurer and other officials of the Board, including the Finance Director, and each of them, are further authorized to enter into and to execute on behalf of the Board any and all certificates, opinions, instruments and documents necessary or desirable, upon the advice of counsel or the Financial Advisor, to effectuate the issuance of the 2013 Bonds, including without limitation any modifications of this Resolution which are deemed to be insubstantial.

On the date and at the hour set forth for the opening of purchase bids, as provided in the instruments hereinabove approved, the bids theretofore received by the Board shall be publicly examined by one of the Chairman, Vice Chairman or Secretary-Treasurer and shall then be referred to the Board's Financial Advisor for assistance in determining the best bid. After examination and recommendation by the Financial Advisor, each of the Chairman, Vice Chairman and Secretary-Treasurer of the Board is hereby authorized to, and one of them shall, establish the rates of interest on, the principal maturities of, the mandatory sinking fund installments, if any, of and necessary or appropriate details of the 2013 Bonds by completion and execution of the acceptance on the Official Bid Form of the successful bidder, if submitted, or other certificate or document establishing those terms and details, a copy of which document shall be filed in the official records of the Board, provided that the net average interest rate on the 2013 Bonds shall not exceed 8.0% per annum.

Section 21. Bondholders' Rights and Remedies. As provided in Section 96.184 of the Act, any holder or holders of 2013 Bonds shall have the right, in addition to all other rights:

(a) By action in court, to enforce his or their rights against the Board, and any other proper officer, agent or employee of the Board, including without limitation the right to require the Board, and any proper officer, agent or employee of the Board, to fix and collect rates and charges adequate to carry out any agreement as to, or pledge of, revenues from the System, and to require the Board, and any officer, agent or employee of the Board, to carry out any other covenants or agreements and to perform its and their duties under the Act.

(b) By action in equity, to enjoin any act or thing which may be unlawful or a violation of the rights of the holder of 2013 Bonds.

If there is a default in the payment of the principal or interest of any 2013 Bonds, any court having jurisdiction may, upon the petition of the holders of not less than twenty-five

percent (25%) of the outstanding 2013 Bonds, appoint a receiver to administer the System on behalf of the Board, with power to charge and collect rates sufficient to provide for the payment of any bonds or obligations outstanding against the System and for the payment of the operating expenses and to apply the income and revenues in conformity with the Act.

Section 22. Resolution as Contract. The provisions of this Resolution shall constitute a contract between the Board and the holders of the 2013 Bonds and any additional parity bonds, and after the issuance of any of said bonds no material change, variation or alteration of any kind in the provisions of this Resolution shall be made in any manner without the consent of such holders and except as otherwise herein provided, until such time as all of the bonds issued hereunder and interest thereon have been paid or provided for in full by defeasance as provided in Section 19 hereof or as otherwise provided herein.

The Board may specifically make any amendment or change herein (a) to evidence the succession of an institution as Paying Agent and Bond Registrar, (b) to cure any ambiguity or to cure, correct or supplement any defective or inconsistent provisions contained herein or in any resolution or other proceedings pertaining hereto, (c) to grant to or confer on the Paying Agent and Bond Registrar for the benefit of the holders of the 2013 Bonds any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Resolution as theretofore in effect, (d) to permit the Paying Agent and Bond Registrar to comply with any obligations imposed on it by law, (e) to achieve compliance of this Resolution with any federal tax law, regulation or ruling, (f) to maintain or improve any rating on the 2013 Bonds or (g) for any other purpose not inconsistent with the terms of this Resolution which shall not impair the security of the Bondholders or otherwise materially adversely affect the rights of the Bondholders.

Additionally, and not in limitation of the foregoing, the holders of eighty percent (80%) in principal amount of the 2013 Bonds shall have the right to consent to and approve the adoption of resolutions or other proceedings modifying or amending any of the terms or provisions contained in this Resolution, subject to the condition that this Resolution shall not be so modified in any manner that may adversely affect the rights of any holders without similarly affecting the rights of all holders of the 2013 Bonds or to reduce the percentage of the number of holders whose consent is required to effect a further modification.

Section 23. Continuing Disclosure. Before the issuance of the 2013 Bonds, the Board shall execute a Continuing Disclosure Certificate dated the date of issuance and delivery of the 2013 Bonds, which document, as originally executed and as it may be amended from time to time in accordance with the terms thereof, is hereinafter referred to as the "Continuing Disclosure Certificate." The Board hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the Board to comply with the Continuing Disclosure Certificate shall not be considered an event of default under this Resolution; however, any holder of a 2013 Bond may take such action as may be necessary to obtain specific performance by court order to cause the Board to comply with its obligations under this Section 23.

Section 24. Holidays. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Resolution, is not a

business day for the Paying Agent and Bond Registrar, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the nominal date provided in this Resolution, and no interest shall accrue for the period after such nominal date.

Section 25. Severability. If any section, paragraph, clause or provision of this Resolution shall be held to be invalid or ineffective for any reason, the remainder of this Resolution shall remain in full force and effect, it being expressly hereby found and declared that the remainder of this Resolution would have been adopted despite the invalidity of such section, paragraph, clause or provision.

Section 26. Miscellaneous Provisions.

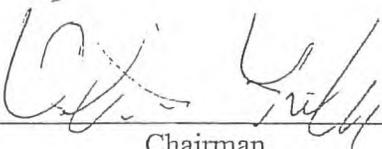
(a) All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

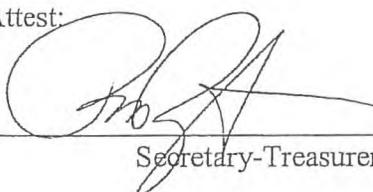
(b) This Resolution shall take effect immediately upon its adoption as provided by law.

(c) The captions or headings in this Resolution, and in the Table of Contents preceding this Resolution, are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

(Signature page to follow)

ADOPTED BY THE ELECTRIC AND WATER PLANT BOARD OF THE CITY OF FRANKFORT, KENTUCKY, at a meeting held on the 20th day of August, 2013, signed by the Chairman or Vice Chairman, attested by the Secretary-Treasurer, and declared to be in full force and effect.

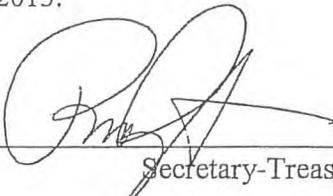
  
\_\_\_\_\_  
Chairman

Attest:  
  
\_\_\_\_\_  
Secretary-Treasurer

CERTIFICATION

The undersigned, Secretary-Treasurer of the Electric and Water Plant Board of the City of Frankfort, Kentucky (the "Board"), hereby certifies that the foregoing is a true, complete and correct copy of a Resolution duly adopted by the Board at a properly convened meeting of the Board held on the 20th day of August, 2013, as shown by the official records of the Board in my custody and under my control, and that said Resolution is in full force and effect.

WITNESS my hand this 20th day of August, 2013.

  
\_\_\_\_\_  
Secretary-Treasurer

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 9

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 9: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 5, Exhibit 1, Bond-Authorizing Resolution, Frankfort Plant Board's Electric and Water Revenue Bonds, Series 2009 at 25.

- a. There is a requirement that net revenues should be at least 120 percent of the maximum annual debt-service requirement for any year ending December 1. Explain whether Frankfort Plant Board followed this requirement in calculating its requested debt-service coverage.
- b. The Bond Ordinance requires that depreciation and amortization be excluded from the debt-service calculation. Given this requirement, explain why Frankfort Plant Board has included depreciation expense in its Cost of Service Allocation Study.

Response:

- a. The Frankfort Plant Board included in the calculation of revenue requirement debt service plus 20% coverage calculated on fiscal year 2015/2016 annual debt service.
- b. See response to Attorney General's Initial Data Requests, Item 21. The calculation of revenue requirements for cost of service purposes is different than the calculation for coverage requirements related to Bond Authorizing Resolutions.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 10

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 10: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 6, Exhibit 1.

a. Provide a list of all water division employees employed during fiscal year ending June 30, 2013. For each employee listed, provide the following:

(1) Name;

(2) Title;

(3) Length of employment with Frankfort Plant Board;

(4) Test-period pay rate and current pay rate;

(5) Test-period regular time worked and overtime worked;

(6) Percentage of test-period payroll capitalized;

(7) Total test period payroll expensed and capitalized; and

(8) Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Frankfort Plant Board.

b. Provide a list of those employees whose salaries are allocated to the water division and are classified as either: Administration; Information Technology; Human Resources; or Support Services. For each employee listed, provide the following:

(1) Name;

(2) Title;

(3) Length of employment with Frankfort Plant Board;

(4) Test-period pay rate and current pay rate;

(5) Test-period regular time worked and overtime worked;

(6) Percentage of test-period payroll capitalized;

(7) Percentage of test-period payroll allocated to the water division;

- (8) Total test period payroll expensed, capitalized, and allocated to the water division; and
- (9) Type of employee benefits (i.e., health insurance, dental insurance, vision insurance, pension, etc.) and amounts paid for each by Frankfort Plant Board.
- c. Identify any employees listed in the response to 10(a) for the fiscal year ending June 30, 2013, that are no longer employed by Frankfort Plant Board. State whether the vacant position has been filled, and if so, provide the date the position was filled. If the position has not been filled, state when you expect to hire a new employee, or whether the position will remain vacant.
- d. Provide the information requested in 10(a) for any new water division employee identified in the response to 10(c).
- e. Identify any employees listed in the response to 10(b) for the fiscal year ending June 30, 2013, who are no longer employed by Frankfort Plant Board. State whether the vacant position has been filled, and if so, provide the date the position was filled. If the position has not been filled, state when you expect to hire a new employee, or state whether the position will remain vacant.
- f. Provide the information requested in 10(b) for any new employee identified in the response to 10(e).
- g. Provide a copy of the employee information requested in Items 10(a) — 10(f), on a CD-ROM in Excel format.
- h. Provide the employer retirement contribution rate(s) that were effective during calendar years 2011, 2012, and 2013, including the date the rate became effective.
- i. If the employer retirement contribution rate has been changed in calendar year 2014, provide the rate and the date it became effective.

Response:

10a-10g: See attached disc provided at Item 2.

10h: FPB's Kentucky Retirement System CERS Non-Hazardous employer contribution rates for fiscal years 2011, 2012, 2013, 2014, and 2015 and effective dates are listed below:

- 2011 – 16.93% effective 7/1/2010
- 2012 – 18.96% effective 7/1/2011
- 2013 – 19.55% effective 7/1/2012
- 2014 – 18.89% effective 7/1/2013
- 2015 – 17.67% effective 7/1/2014

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 11

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 11: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 7, Divisional Budget Detail Fiscal Year 2012-2013. Provide a revised schedule substituting the Fiscal Year 2012-2013 actual revenues and expenses for the budget numbers.

Response: See the attached Item 11, for a FPB budget to actual statement that shows the general ledger account number, account description, actual year-to-date revenue and expense for test period, and budgeted revenue and expense for test period. Please note that the budgeted revenue and expense totals in the budget column match the budget figures provided in response to July 23, 2014 Order, Item 7 for FPB as a whole and by electric, water, and cable divisions. Pages one through three show the budget to actual figures for all FPB divisions, pages four and five show budget to actual for the electric division, pages six and seven show budget to actual for the water division, and pages eight through ten show budget to actual for the cable division.

Frankfort Plant Board System  
 BUDGETARY COMPARISON  
 Summary of All Units  
 For the Twelve Months Ending June 30, 2013

Account	Description	Current Year	
		YTD Actual	Annual Budget
<b>OPERATIONAL SALES:</b>			
440100	RESIDENTIAL ELECTRIC	17,811,474	17,181,400
442100	COMMERCIAL 1 PHASE ELECT	6,354,468	6,538,400
442400	LARGE POWER ELECTRIC	25,420,944	25,108,200
444100	ELECTRIC STREET LIGHTING	195,820	197,900
445100	MUNICIPAL ELECTRIC	1,089,113	1,000,900
448100	ELECT USED BY ELECT DEPT	848,517	838,100
448200	ELECT USED BY WATER DEPT	42,677	0
449100	ELECTRIC SECURITY LIGHTS	151,785	107,800
450100	ELECT COLLECTION CHARGES	313,742	265,000
451100	MISC ELECTRIC & POLE RENT	0	15,500
	<b>TOTAL ELECTRIC</b>	<b>52,228,540</b>	<b>51,253,200</b>
461100	RESIDENTIAL CITY WATER	2,185,967	2,179,300
461200	RESIDENTIAL COUNTY WATER	1,304,416	1,294,400
461300	COMMERCIAL CITY WATER	1,623,070	1,607,400
461400	COMMERCIAL COUNTY WATER	991,052	939,400
462100	FIRE SPRINKLER SERVICE	166,679	161,000
462200	PRIVATE FIRE HYDRANTS	8,601	8,700
463100	CITY FIRE HYDRANTS	67,493	67,700
466100	WATER SALES RESALE	1,333,787	1,389,100
466200	WATER SALES RESALE-PROD	577,135	360,700
467100	WATER USED BY ELECTRIC DEPT	287	300
467200	WATER USED BY WATER DEPT	2,114	2,300
470100	WATER COLLECTION CHARGES	50,265	45,800
471100	WATER TAP FEE REVENUE	17,944	20,100
	<b>TOTAL WATER</b>	<b>8,328,810</b>	<b>8,076,200</b>
420100	BASIC SERVICE REVENUE	8,740,829	8,835,400
420150	DIGITAL BASIC REVENUE	1,998,476	1,895,100
420170	VOD REVENUE	233,524	204,000
420175	PAY PER VIEW REVENUE	35,850	39,600
420200	H B O SERVICE FEES	440,961	461,300
420510	CONNECTION CHARGES	201,161	200,000
420520	PAY CHANNEL DISCOUNTS	(87,692)	(131,100)
420530	CABLE PENALTY CHARGES	213,501	200,000
420600	SHOWTIME SERVICE REVENUE	135,906	146,300
420700	CINEMAX SERVICE FEE	77,478	77,000
420750	STARZ/ENCORE REVENUE	187,008	188,600
420810	HOME SECURITY SERVICE	418,781	389,000
420815	HOME SECURITY INSTALLATIONS	63,295	60,000
420820	HICAP REVENUE	343,713	330,000
420825	LONG DISTANCE PHONE REVENUE	338,267	360,000
420826	ACCESS BILLING REVENUE	108,274	115,000
420830	HSDS REVENUE	6,343,819	6,145,000
420832	BUNDLED SERVICE DISC	(654,001)	(575,000)
420835	CLEC LOCAL PHONE REVENUE	2,815,098	2,551,300
420840	DIGITAL CONVERTER REVENUE	273,672	256,200
420900	ADVERTISING REVENUE	693,576	720,000
420901	PRODUCTION REVENUE	31,366	28,000
420910	LEASE OR SALE CHANNEL	89,030	105,000
420920	SHOPPING CHANNEL REVENUE	65,675	75,000
420970	CHANNEL 10 REVENUE	8,094	5,000
420990	DARK FIBER REVENUE	1,136,492	1,225,000
	<b>TOTAL CABLE</b>	<b>24,252,173</b>	<b>23,905,700</b>
		<b>84,809,523</b>	<b>83,235,100</b>
<b>OTHER INCOME:</b>			
415100	SALES OF MATERIAL	5,478	16,900
415400	MAPPING INCOME	66	200
418200	RENTAL CLUBHOUSE	21,279	14,500
419050	INT CASH WORKING FUND	1	1
419100	INT CONTRACT FUND	6,771	10,000
419200	INT REVENUE BOND SINKING FUNI	16,793	17,800
419250	INT REVENUE BOND INT & RED FUJ	218	200
419300	INT DEPRECIATION FUND	3,266	3,400
419350	INT OPERATIONS AND MAINT	1,208	600
419400	INT REV FUND FARMERS BANK	1,605	1,900
419450	INT REVENUE FUND STATE NA	4,586	5,800
419500	INT CLUBHOUSE FUND	1,033	800
419550	INT REV FUND REPUBLIC BANK	12	10
419600	INT CONSTRUCTION ACCOUNT	22	0
419603	INT INCOME-RETIREMENT	18,683	0
421100	MISCELLANEOUS INCOME	694,940	776,600
421300	CAPITAL CONTRIBUTIONS	690,514	463,100
421400	AMORTIZATION OF BOND PREMIUM	12,389	12,400
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	25,676	0
419607	UNREALIZED GAIN/(LOSS)-RETIREI	(24,636)	0
419605	GAIN/(LOSS) ON SALE OF ASSETS-	(428)	0
		<b>1,479,476</b>	<b>1,324,211</b>
	<b>TOTAL REVENUE</b>	<b>86,288,999</b>	<b>84,559,311</b>

CABLE COSTS AND EXPENSES:			
(510100 To 510102)	CABLE OP & MAINT PR	1,255,478	1,318,400
510300	CABLE DISTRIBUTION EXPENSE	297,761	205,000
510510	H B O EXPENSE	401,062	411,300
510540	SHOWTIME EXPENSE	121,565	104,900
510550	CINEMAX EXPENSE	35,504	40,700
510565	STARZ/ENCORE EXPENSE	136,469	129,200
510600	SATELLITE STATION EXPENSE	5,582,857	5,715,400
510650	DIGITAL STATION EXPENSE	967,984	763,500
510660	HIGH DEFINITION TV EXPENSE	90,641	48,100
510675	PAY PER VIEW EXPENSE	18,568	19,800
510170	VOD EXPENSE	162,743	115,000
510700	POLE RENTAL EXPENSE	17,671	40,000
510800	ROYALTY COPYRIGHT EXPENSE	81,195	85,000
(520100 To 520102)	CHANNEL 10 SALARIES	569,001	538,000
520200	CHANNEL 10 EXPENSES	12,746	15,000
525200	CABLE ADVERTISING EXPENSE	77,686	95,000
525210	MARKETING EXPENSE	74,760	75,000
(530100 To 530102)	BROADBAND PAYROLL	424,734	368,400
530130	HSDS PAYROLL (FSN)	628	0
530140	CLEC LOCAL PHONE PAYROLL (FS)	625	0
530150	EXPANDED CABLE PR (FSN)	76	0
(530160 To 530162)	SECURITY PAYROLL (FSN)	97,920	107,400
(530500 To 530502)	TELEPHONE PAYROLL	509,113	525,000
530510	HICAP EXPENSE (FSN)	0	5,000
530520	LONG DISTANCE PHONE EXPENSE	209,944	230,000
530525	ACCESS BILLING EXPENSE (FSN)	42,433	40,000
530530	HSDS EXPENSE (FSN)	788,318	760,000
530540	CLEC LOCAL PHONE EXPENSE (FS)	269,177	341,500
530560	SECURITY EXPENSE (FSN)	99,332	100,000

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12,355,991      12,196,600

ELECTRIC OPERATING EXPENSE:			
555100	COST PER KW PURCHASED	17,926,489	18,567,600
555150	KW TRANSMISSION DEMAND	1,935,285	2,013,200
555200	COST PER KWH PURCHASED	20,894,156	20,987,100
555250	FACILITIES CHARGE	20,796	20,800
555300	COST OF FUEL ADJUSTMENT PUR	1,899,173	1,875,900
555400	SEPA POWER ADJUSTMENT	(146,290)	(238,600)
(571100 To 571102)+(568000)	ELECT TRANS PAYROLL EXP	3,218	11,000
571000 +(569000)	ELECT TRANSMISSION EXPENSE	4,605	50,000
592000	ELECT DIST STAT EQUIP EXPENSE	50,817	140,000
(592100 To 592102)	ELECT DIST STAT EQUIP PAYROLL	235,958	149,500
593000	ELECT DIST OVERHEAD LINES EXF	738,371	810,000
(593100 To 593102)	ELECT DIST OVERHEAD LINES PA	1,243,886	1,164,400
594000	ELECT DIST UNDERGROUND LINEE	58,617	60,000
(594100 To 594102)	ELECT DIST UND GND PR	185,979	209,100
596000	ELECT DIST ST LIGHTS & SIG	20,257	43,500
(596100 To 596102)	ELECT DIST ST LGT & SIG PR	25,935	35,000
598000	ELECT DISTRIBUTION EXPENSES	31	0
598100	ELECT DIST PAYROLL	2,693	0
599000	ELECT DIST SEC LIGHTS	5,804	9,000
(599100 To 599102)	ELECT DIST SEC LIGHT PR	3,850	6,000

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TOTAL OP&MAINT      45,109,630      45,913,500

WATER TREATMENT OPERATIONS & MAINTENANCE			
623000	PUMPING POWER	439,985	447,400
633000	PUMPING MAINTENANCE	66,195	71,300
641000	WATER TREATMENT CHEMICALS	406,881	389,600
(642000 To 642002)	WATER TREATMENT LABOR	366,619	441,500
643000	MISC TREATMENT EXPENSE	17,419	35,000
644000	TREATMENT LAB EXPENSE	42,596	55,000
652000	WATER TREAT MAINT	232,468	81,500
(652100 To 652102)	WATER TREAT MAINT PAYROLL	139,793	96,300

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1,711,956      1,617,600

WATER DISTRIBUTION O & M			
677000	FIRE HYDRANTS	4,570	15,000
(677100 To 677102)	FIRE HYDRANTS PAYROLL	64,932	71,400
678000	WATER DISTRIBUTION EXPENSES	224,265	221,000
(678100 To 678102)	WATER DIST PAYROLL	961,031	882,100

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961,031      882,100

		1,254,798	1,189,500
ENGINEERING DEPARTMENT EXPENSE:			
700000	ENGINEERING EXPENSE ACCOUNT	3,008	89,000
(700100 To 700102)	ENGINEERING PAYROLL	649,280	633,300
		-----	-----
		652,288	722,300
SUPPORT SERVICES DEPARTMENT:			
932110	SUPPORT SERVICES EXP	12,538	16,500
(932120 To 932122)	SUPPORT SERVICES PAYROLL	514,895	542,200
932130	INVENTORY ADJUSTMENTS	51,887	40,000
932140	COST OF SALES CLEARING	3,094	0
932200	AUTO & TRUCK REPAIR EXP	217,638	200,000
(932210 To 932212)	AUTO & TRUCK REPAIR PR	236,124	242,700
932220	AUTO & TRUCK GAS & OIL	352,316	460,000
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		1,388,492	1,501,400
OFFICE DEPARTMENT EXPENSES:			
902000	READING EXPENSES	20,200	26,400
(902100 To 902102)	METER READING PAYROLL	398,676	453,100
903000	CUST REC AND COLL EXP	320,277	417,000
903010	POSTAGE AND PRINTING	16,600	11,500
(903100 To 903102)	CUST REC AND COLL PR	888,327	908,700
903200	CASH OVER AND SHORT	109	200
903921	OFFICE SUPPLIES EXPENSE	58,511	59,500
904000	BAD DEBTS EXPENSE	650,000	650,000
(905100 To 905102)	INFO TECH PAYROLL	594,285	620,000
905200	GIS EXPENSES	50,000	57,000
905210	CIS EXPENSES	165	10,000
905300	COMPUTER EXPENSE	110,309	119,300
905400	SOFTWARE SERVICES	243,367	318,200
		-----	-----
		3,350,826	3,650,900
ADMINISTRATIVE EXPENSES:			
913000	PUBLISHING EXPENSE	4,937	16,500
930101	ADMIN PIO EXPENSE	1,408	2,000
920000	ADMINISTRATIVE EXPENSE	20,013	21,700
920060	DUES AND SUBSCRIPTIONS	66,518	77,300
920070	CELL PHONE EXPENSE	59,158	59,600
(920100 To 920102)	ADMINISTRATIVE PAYROLL	1,058,187	1,036,400
920200	CLEARING ACCOUNT	(248)	0
920400	SAFETY EXPENSE	66,508	69,100
920700	TRAVEL AND TRAINING EXP	102,328	168,800
920810	BOARD EXPENSES	233	1,500
920820	BOARD PAYROLL	5,827	5,600
920910	SOCIAL SECURITY EXPENSE	794,929	815,100
923300	LEGAL RETAINER FEES	32,479	32,400
923400	OTHER CONSULTING FEES	116,616	221,000
923500	OTH LEGAL AND ACCOUNTING	70,311	80,000
923600	LEGAL EXP CABLE CASES	659	5,000
923700	OTHER SERVICES	39,388	24,200
924000	INSURANCE EXPENSE	817,302	900,000
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		3,256,553	3,536,200
GENERAL EXPENSES:			
930100	GENERAL EXPENSES	9,369	2,000
930110	MAINTENANCE EXPENSES	83,531	133,700
930130	MAINTENANCE SUPPLIES	78,025	50,500
930300	UTILITIES	669,883	658,200
930403	DEPRECIATION EXPENSE	6,899,746	6,668,000
930424	INTEREST EXPENSE ON KIA LOAN	65,139	65,100
930425	INTEREST EXPENSE ON FSN	848,627	828,500
930426	INTEREST ON BAN	35,787	14,400
930427	INTEREST ON BONDS	248,710	248,700
930431	INTEREST CUST DEPOSITS	5,183	2,000
930435	CASH CONTR TO CITY	25,000	25,000
		-----	-----
		8,967,000	8,696,100
EMPLOYEE BENEFITS:			
926000	UNEMPLOYMENT INSURANCE	4,721	7,500
926060	VACATION BENEFITS EXP	12,582	0
926070	SICK BENEFITS EXPENSE	8,031	0
926100	EMPLOYEES WELFARE EXP	6,364	10,000
926300	EMPLOYEE HEALTH INSURANCE	2,567,444	2,500,000
926310	EMPLOYEE LIFE INSURANCE	70,004	75,000
926400	CLUBHOUSE EXPENSE	17,326	17,000
926450	EMPLOYEE ACTIVITY EXP	10,615	8,200
926460	UNIFORM EXPENSE	77,056	110,000
926470	EMPLOYEE ASSISTANCE EXP	2,469	3,500
926500	CO CONTRI TO EMP PEN	2,170,656	2,224,300
926600	OTH CO PAID PENSION EXP	10,911	0
		-----	-----
		4,958,179	4,955,500
TOTAL EXPENSES			
		-----	-----
		83,005,713	83,979,600
NET MARGINS			
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		3,283,286	579,711
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Frankfort Plant Board System  
BUDGETARY COMPARISON  
Electric  
For the Twelve Months Ending June 30, 2013

Account	Description	Current Year	
		YTD Actual	Annual Budget
<b>OPERATIONAL SALES:</b>			
440100	RESIDENTIAL ELECTRIC	17,811,474	17,181,400
442100	COMMERCIAL 1 PHASE ELECT	6,354,468	6,538,400
442400	LARGE POWER ELECTRIC	25,420,944	25,108,200
444100	ELECTRIC STREET LIGHTING	195,820	197,900
445100	MUNICIPAL ELECTRIC	1,089,113	1,000,900
448100	ELECT USED BY ELECT DEPT	848,517	838,100
448200	ELECT USED BY WATER DEPT	42,677	0
449100	ELECTRIC SECURITY LIGHTS	151,785	107,800
450100	ELECT COLLECTION CHARGES	313,742	265,000
451100	MISC ELECTRIC & POLE RENT	0	15,500
	<b>TOTAL ELECTRIC</b>	<b>52,228,540</b>	<b>51,253,200</b>
		<hr/>	<hr/>
		52,228,540	51,253,200
<b>OTHER INCOME:</b>			
415100	SALES OF MATERIAL	2,804	4,503
415400	MAPPING INCOME	18	53
418200	RENTAL CLUBHOUSE	5,671	3,864
419050	INT CASH WORKING FUND	1	1
419100	INT CONTRACT FUND	2,401	3,546
419300	INT DEPRECIATION FUND	1,118	1,164
419350	INT OPERATIONS AND MAINT	747	371
419400	INT REV FUND FARMERS BANK	993	1,175
419450	INT REVENUE FUND STATE NA	2,837	3,588
419500	INT CLUBHOUSE FUND	275	213
419550	INT REV FUND REPUBLIC BANK	8	6
419600	INT CONSTRUCTION ACCOUNT	14	0
419603	INT INCOME-RETIREMENT	6,229	0
421100	MISCELLANEOUS INCOME	147,641	208,867
421300	CAPITAL CONTRIBUTIONS	130,125	119,000
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	7,621	0
419607	UNREALIZED GAIN/(LOSS)-RETIRE	(8,214)	0
419605	GAIN/(LOSS) ON SALE OF ASSETS-	(143)	0
		<hr/>	<hr/>
		300,146	346,351
	<b>TOTAL REVENUE</b>	<b>52,528,686</b>	<b>51,599,551</b>
<b>ELECTRIC OPERATING EXPENSE:</b>			
555100	COST PER KW PURCHASED	17,926,489	18,567,600
555150	KW TRANSMISSION DEMAND	1,935,285	2,013,200
555200	COST PER KWH PURCHASED	20,894,156	20,987,100
555250	FACILITIES CHARGE	20,796	20,800
555300	COST OF FUEL ADJUSTMENT PUR	1,899,173	1,875,900
555400	SEPA POWER ADJUSTMENT	(146,290)	(238,600)
(571100 To 571102)+(568000)	ELECT TRANS PAYROLL EXP	3,218	11,000
571000 +(569000)	ELECT TRANSMISSION EXPENSE	4,605	50,000
592000	ELECT DIST STAT EQUIP EXPENSE	50,817	140,000
(592100 To 592102)	ELECT DIST STAT EQUIP PAYROLL	235,958	149,500
593000	ELECT DIST OVERHEAD LINES EXF	738,371	810,000
(593100 To 593102)	ELECT DIST OVERHEAD LINES PA\	1,243,886	1,164,400
594000	ELECT DIST UNDERGROUND LINE:	58,617	60,000
(594100 To 594102)	ELECT DIST UND GND PR	185,979	209,100
596000	ELECT DIST ST LIGHTS & SIG	20,257	43,500
(596100 To 596102)	ELECT DIST ST LGT & SIG PR	25,935	35,000
598000	ELECT DISTRIBUTION EXPENSES	31	0
598100	ELECT DIST PAYROLL	2,693	0
599000	ELECT DIST SEC LIGHTS	5,804	9,000
(599100 To 599102)	ELECT DIST SEC LIGHT PR	3,679	6,000
	<b>TOTAL OP&amp;MAINT</b>	<b>45,109,459</b>	<b>45,913,500</b>
<b>ENGINEERING DEPARTMENT EXPENSE:</b>			
700000	ENGINEERING EXPENSE ACCOUN'	1,353	81,000
(700100 To 700102)	ENGINEERING PAYROLL	268,838	256,500
		<hr/>	<hr/>
		270,191	337,500

SUPPORT SERVICES DEPARTMENT:			
932110	SUPPORT SERVICES EXP	3,367	4,396
(932120 To 932122)	SUPPORT SERVICES PAYROLL	136,079	144,470
932130	INVENTORY ADJUSTMENTS	30,063	23,176
932140	COST OF SALES CLEARING	1,350	0
932200	AUTO & TRUCK REPAIR EXP	76,286	72,873
(932210 To 932212)	AUTO & TRUCK REPAIR PR	86,044	88,432
932220	AUTO & TRUCK GAS & OIL	128,776	167,608
		<hr/>	<hr/>
		461,965	500,955

OFFICE DEPARTMENT EXPENSES:			
902000	READING EXPENSES	11,585	15,141
(902100 To 902102)	METER READING PAYROLL	228,690	259,857
903000	CUST REC AND COLL EXP	85,354	111,110
903010	POSTAGE AND PRINTING	4,428	3,064
(903100 To 903102)	CUST REC AND COLL PR	236,739	242,125
903200	CASH OVER AND SHORT	29	53
903921	OFFICE SUPPLIES EXPENSE	16,745	15,854
904000	BAD DEBTS EXPENSE	402,090	402,085
(905100 To 905102)	INFO TECH PAYROLL	158,377	165,200
905200	GIS EXPENSES	13,325	15,188
905210	CIS EXPENSES	44	2,665
905300	COMPUTER EXPENSE	29,397	31,788
905400	SOFTWARE SERVICES	104,836	110,585
		<hr/>	<hr/>
		1,291,639	1,374,715

ADMINISTRATIVE EXPENSES:			
913000	PUBLISHING EXPENSE	1,438	4,289
930101	ADMIN PIO EXPENSE	375	533
920000	ADMINISTRATIVE EXPENSE	5,536	5,782
920060	DUES AND SUBSCRIPTIONS	33,505	35,475
920070	CELL PHONE EXPENSE	12,696	14,376
(920100 To 920102)	ADMINISTRATIVE PAYROLL	280,214	276,151
920200	CLEARING ACCOUNT	580	0
920400	SAFETY EXPENSE	41,558	28,515
920700	TRAVEL AND TRAINING EXP	38,337	63,179
920810	BOARD EXPENSES	62	400
920820	BOARD PAYROLL	1,553	1,492
920910	SOCIAL SECURITY EXPENSE	234,671	211,854
923300	LEGAL RETAINER FEES	8,655	8,633
923400	OTHER CONSULTING FEES	76,393	158,463
923500	OTH LEGAL AND ACCOUNTING	39,783	46,990
923700	OTHER SERVICES	1,816	6,448
924000	INSURANCE EXPENSE	220,397	244,170
		<hr/>	<hr/>
		997,569	1,106,750

GENERAL EXPENSES:			
930100	GENERAL EXPENSES	2,497	533
930110	MAINTENANCE EXPENSES	16,015	27,098
930130	MAINTENANCE SUPPLIES	18,411	13,456
930300	UTILITIES	53,798	85,219
930403	DEPRECIATION EXPENSE	1,716,836	1,647,200
930431	INTEREST CUST DEPOSITS	4,419	1,705
930435	CASH CONTR TO CITY	15,465	15,465
		<hr/>	<hr/>
		1,827,441	1,790,676

EMPLOYEE BENEFITS:			
926000	UNEMPLOYMENT INSURANCE	1,398	1,949
926060	VACATION BENEFITS EXP	(4,349)	0
926070	SICK BENEFITS EXPENSE	(418)	0
926100	EMPLOYEES WELFARE EXP	1,654	2,599
926300	EMPLOYEE HEALTH INSURANCE	721,649	649,780
926310	EMPLOYEE LIFE INSURANCE	20,566	19,493
926400	CLUBHOUSE EXPENSE	4,476	4,418
926450	EMPLOYEE ACTIVITY EXP	2,811	2,131
926460	UNIFORM EXPENSE	31,798	40,049
926470	EMPLOYEE ASSISTANCE EXP	642	910
926500	CO CONTRI TO EMP PEN	642,587	578,122
926600	OTH CO PAID PENSION EXP	3,638	0
		<hr/>	<hr/>
		1,426,452	1,299,451

TOTAL EXPENSES	<hr/>	51,384,716	52,323,547
NET MARGINS	<hr/>	1,143,970	(723,996)
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Frankfort Plant Board System  
BUDGETARY COMPARISON  
Water  
For the Twelve Months Ending June 30, 2013

Account	Description	Current Year	
		YTD Actual	Annual Budget
<b>OPERATIONAL SALES:</b>			
461100	RESIDENTIAL CITY WATER	2,185,967	2,179,300
461200	RESIDENTIAL COUNTY WATER	1,304,416	1,294,400
461300	COMMERCIAL CITY WATER	1,623,070	1,607,400
461400	COMMERCIAL COUNTY WATER	991,052	939,400
462100	FIRE SPRINKLER SERVICE	166,679	161,000
462200	PRIVATE FIRE HYDRANTS	8,601	8,700
463100	CITY FIRE HYDRANTS	67,493	67,700
466100	WATER SALES RESALE	1,333,787	1,389,100
466200	WATER SALES RESALE-PROD	577,135	360,700
467100	WATER USED BY ELECTRIC DEPT	287	300
467200	WATER USED BY WATER DEPT	2,114	2,300
470100	WATER COLLECTION CHARGES	50,265	45,800
471100	WATER TAP FEE REVENUE	17,944	20,100
	<b>TOTAL WATER</b>	<b>8,328,810</b>	<b>8,076,200</b>
		<b>8,328,810</b>	<b>8,076,200</b>
<b>OTHER INCOME:</b>			
415100	SALES OF MATERIAL	993	3,349
415400	MAPPING INCOME	13	40
418200	RENTAL CLUBHOUSE	4,215	2,873
419100	INT CONTRACT FUND	3,598	5,314
419200	INT REVENUE BOND SINKING FUNI	16,793	17,800
419250	INT REVENUE BOND INT & RED FU	218	200
419300	INT DEPRECIATION FUND	1,068	1,112
419350	INT OPERATIONS AND MAINT	129	64
419400	INT REV FUND FARMERS BANK	171	203
419450	INT REVENUE FUND STATE NA	490	620
419500	INT CLUBHOUSE FUND	205	159
419550	INT REV FUND REPUBLIC BANK	1	1
419600	INT CONSTRUCTION ACCOUNT	2	0
419603	INT INCOME-RETIREMENT	6,227	0
421100	MISCELLANEOUS INCOME	125,179	208,866
421300	CAPITAL CONTRIBUTIONS	544,326	294,100
421400	AMORTIZATION OF BOND PREMIUM	12,389	12,400
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	7,361	0
419607	UNREALIZED GAIN/(LOSS)-RETIRE	(8,211)	0
419605	GAIN/(LOSS) ON SALE OF ASSETS-	(143)	0
		<b>715,024</b>	<b>547,101</b>
	<b>TOTAL REVENUE</b>	<b>9,043,834</b>	<b>8,623,301</b>
<b>ELECTRIC OPERATING EXPENSE:</b>			
(599100 To 599102)	ELECT DIST SEC LIGHT PR	171	0
	<b>TOTAL OP&amp;MAINT</b>	<b>171</b>	<b>0</b>
<b>WATER TREATMENT OPERATIONS &amp; MAINTENANCE</b>			
623000	PUMPING POWER	439,985	447,400
633000	PUMPING MAINTENANCE	66,195	71,300
641000	WATER TREATMENT CHEMICALS	406,881	389,600
(642000 To 642002)	WATER TREATMENT LABOR	366,619	441,500
643000	MISC TREATMENT EXPENSE	17,419	35,000
644000	TREATMENT LAB EXPENSE	42,596	55,000
652000	WATER TREAT MAINT	232,468	81,500
(652100 To 652102)	WATER TREAT MAINT PAYROLL	139,793	96,300
		<b>1,711,956</b>	<b>1,617,600</b>
<b>WATER DISTRIBUTION O &amp; M</b>			
677000	FIRE HYDRANTS	4,570	15,000
(677100 To 677102)	FIRE HYDRANTS PAYROLL	64,932	71,400
678000	WATER DISTRIBUTION EXPENSES	224,265	221,000
(678100 To 678102)	WATER DIST PAYROLL	961,031	882,100
		<b>1,254,798</b>	<b>1,189,500</b>
<b>ENGINEERING DEPARTMENT EXPENSE:</b>			
700000	ENGINEERING EXPENSE ACCOUN	1,655	6,000

(700100 To 700102)	ENGINEERING PAYROLL	266,111	283,800
		<u>267,766</u>	<u>289,800</u>
SUPPORT SERVICES DEPARTMENT:			
932110	SUPPORT SERVICES EXP	2,588	3,270
(932120 To 932122)	SUPPORT SERVICES PAYROLL	101,153	107,435
932130	INVENTORY ADJUSTMENTS	11,182	8,620
932140	COST OF SALES CLEARING	590	0
932200	AUTO & TRUCK REPAIR EXP	79,222	64,194
(932210 To 932212)	AUTO & TRUCK REPAIR PR	75,796	77,899
932220	AUTO & TRUCK GAS & OIL	112,819	147,646
		<u>383,350</u>	<u>409,064</u>
OFFICE DEPARTMENT EXPENSES:			
902000	READING EXPENSES	8,615	11,259
(902100 To 902102)	METER READING PAYROLL	169,985	193,243
903000	CUST REC AND COLL EXP	63,447	82,628
903010	POSTAGE AND PRINTING	3,138	2,279
(903100 To 903102)	CUST REC AND COLL PR	175,978	180,056
903200	CASH OVER AND SHORT	22	40
903921	OFFICE SUPPLIES EXPENSE	12,684	11,790
904000	BAD DEBTS EXPENSE	69,420	69,451
(905100 To 905102)	INFO TECH PAYROLL	117,728	122,852
905200	GIS EXPENSES	9,905	11,294
905210	CIS EXPENSES	33	1,981
905300	COMPUTER EXPENSE	21,852	23,639
905400	SOFTWARE SERVICES	55,998	77,670
		<u>708,805</u>	<u>788,182</u>
ADMINISTRATIVE EXPENSES:			
913000	PUBLISHING EXPENSE	1,278	4,070
930101	ADMIN PIO EXPENSE	279	396
920000	ADMINISTRATIVE EXPENSE	4,783	4,300
920060	DUES AND SUBSCRIPTIONS	23,419	23,141
920070	CELL PHONE EXPENSE	14,031	11,229
(920100 To 920102)	ADMINISTRATIVE PAYROLL	208,295	205,359
920200	CLEARING ACCOUNT	(224)	0
920400	SAFETY EXPENSE	13,249	18,662
920700	TRAVEL AND TRAINING EXP	24,329	38,891
920810	BOARD EXPENSES	46	297
920820	BOARD PAYROLL	1,154	1,110
920910	SOCIAL SECURITY EXPENSE	220,612	201,082
923300	LEGAL RETAINER FEES	6,434	6,420
923400	OTHER CONSULTING FEES	39,780	50,765
923500	OTH LEGAL AND ACCOUNTING	21,736	8,917
923700	OTHER SERVICES	17,635	4,795
924000	INSURANCE EXPENSE	274,150	298,260
		<u>870,986</u>	<u>877,694</u>
GENERAL EXPENSES:			
930100	GENERAL EXPENSES	1,856	396
930110	MAINTENANCE EXPENSES	11,856	20,152
930130	MAINTENANCE SUPPLIES	21,141	10,006
930300	UTILITIES	271,283	226,981
930403	DEPRECIATION EXPENSE	1,467,012	1,587,000
930424	INTEREST EXPENSE ON KIA LOAN	65,139	65,100
930426	INTEREST ON BAN	35,787	14,400
930427	INTEREST ON BONDS	248,710	248,700
930431	INTEREST CUST DEPOSITS	765	295
930435	CASH CONTR TO CITY	2,670	2,671
		<u>2,126,219</u>	<u>2,175,701</u>
EMPLOYEE BENEFITS:			
926000	UNEMPLOYMENT INSURANCE	1,318	1,851
926060	VACATION BENEFITS EXP	10,604	0
926070	SICK BENEFITS EXPENSE	2,065	0
926100	EMPLOYEES WELFARE EXP	1,570	2,467
926300	EMPLOYEE HEALTH INSURANCE	708,743	616,740
926310	EMPLOYEE LIFE INSURANCE	19,465	18,503
926400	CLUBHOUSE EXPENSE	4,299	4,194
926450	EMPLOYEE ACTIVITY EXP	2,608	2,023
926460	UNIFORM EXPENSE	20,869	28,850
926470	EMPLOYEE ASSISTANCE EXP	609	863
926500	CO CONTRI TO EMP PEN	606,716	548,726
926600	OTH CO PAID PENSION EXP	3,637	0
		<u>1,382,503</u>	<u>1,224,217</u>
TOTAL EXPENSES		<u>8,706,554</u>	<u>8,571,758</u>
NET MARGINS		<u>337,280</u>	<u>51,543</u>
		=====	=====

Frankfort Plant Board System  
BUDGETARY COMPARISON  
Cable  
For the Twelve Months Ending June 30, 2013

Account	Description	Current Year	
		YTD Actual	Annual Budget
OPERATIONAL SALES:			
420100	BASIC SERVICE REVENUE	8,740,829	8,835,400
420150	DIGITAL BASIC REVENUE	1,998,476	1,895,100
420170	VOD REVENUE	233,524	204,000
420175	PAY PER VIEW REVENUE	35,850	39,600
420200	H B O SERVICE FEES	440,961	461,300
420510	CONNECTION CHARGES	201,161	200,000
420520	PAY CHANNEL DISCOUNTS	(87,692)	(131,100)
420530	CABLE PENALTY CHARGES	213,501	200,000
420600	SHOWTIME SERVICE REVENUE	135,906	146,300
420700	CINEMAX SERVICE FEE	77,478	77,000
420750	STARZ/ENCORE REVENUE	187,008	188,600
420810	HOME SECURITY SERVICE	418,781	389,000
420815	HOME SECURITY INSTALLATIONS	63,295	60,000
420820	HICAP REVENUE	343,713	330,000
420825	LONG DISTANCE PHONE REVENUE	338,267	360,000
420826	ACCESS BILLING REVENUE	108,274	115,000
420830	HSDS REVENUE	6,343,819	6,145,000
420832	BUNDLED SERVICE DISC	(654,001)	(575,000)
420835	CLEC LOCAL PHONE REVENUE	2,815,098	2,551,300
420840	DIGITAL CONVERTER REVENUE	273,672	256,200
420900	ADVERTISING REVENUE	693,576	720,000
420901	PRODUCTION REVENUE	31,386	28,000
420910	LEASE OR SALE CHANNEL	89,030	105,000
420920	SHOPPING CHANNEL REVENUE	65,675	75,000
420970	CHANNEL 10 REVENUE	8,094	5,000
420990	DARK FIBER REVENUE	1,136,492	1,225,000
	TOTAL CABLE	24,252,173	23,905,700
		24,252,173	23,905,700
OTHER INCOME:			
415100	SALES OF MATERIAL	1,680	9,048
415400	MAPPING INCOME	35	107
418200	RENTAL CLUBHOUSE	11,393	7,763
419100	INT CONTRACT FUND	772	1,140
419300	INT DEPRECIATION FUND	1,080	1,124
419350	INT OPERATIONS AND MAINT	332	165
419400	INT REV FUND FARMERS BANK	441	522
419450	INT REVENUE FUND STATE NA	1,259	1,592
419500	INT CLUBHOUSE FUND	553	428
419550	INT REV FUND REPUBLIC BANK	3	3
419600	INT CONSTRUCTION ACCOUNT	6	0
419603	INT INCOME-RETIREMENT	6,227	0
421100	MISCELLANEOUS INCOME	422,119	358,867
421300	CAPITAL CONTRIBUTIONS	16,063	50,000
475100 +(419609)	GAIN/(LOSS) ON FIXED ASSETS	10,693	0
419607	UNREALIZED GAIN/(LOSS)-RETIRE	(8,211)	0
419605	GAIN/(LOSS) ON SALE OF ASSETS-	(143)	0
		464,302	430,759
	TOTAL REVENUE	24,716,475	24,336,459
CABLE COSTS AND EXPENSES:			
(510100 To 510102)	CABLE OP & MAINT PR	1,255,478	1,318,400
510300	CABLE DISTRIBUTION EXPENSE	297,761	205,000
510510	H B O EXPENSE	401,062	411,300
510540	SHOWTIME EXPENSE	121,565	104,900
510550	CINEMAX EXPENSE	35,504	40,700
510565	STARZ/ENCORE EXPENSE	136,469	129,200
510600	SATELLITE STATION EXPENSE	5,582,857	5,715,400
510650	DIGITAL STATION EXPENSE	967,984	763,500
510660	HIGH DEFINITION TV EXPENSE	90,641	48,100
510675	PAY PER VIEW EXPENSE	18,568	19,800
510170	VOD EXPENSE	162,743	115,000
510700	POLE RENTAL EXPENSE	17,671	40,000
510800	ROYALTY COPYRIGHT EXPENSE	81,195	85,000
(520100 To 520102)	CHANNEL 10 SALARIES	569,001	538,000
520200	CHANNEL 10 EXPENSES	12,746	15,000
525200	CABLE ADVERTISING EXPENSE	77,686	95,000
525210	MARKETING EXPENSE	74,760	75,000
(530100 To 530102)	BROADBAND PAYROLL	424,734	368,400

530130	HSDS PAYROLL (FSN)	628	0
530140	CLEC LOCAL PHONE PAYROLL (FS	625	0
530150	EXPANDED CABLE PR (FSN)	76	0
(530160 To 530162)	SECURITY PAYROLL (FSN)	97,920	107,400
(530500 To 530502)	TELEPHONE PAYROLL	509,113	525,000
530510	HICAP EXPENSE (FSN)	0	5,000
530520	LONG DISTANCE PHONE EXPENSE	209,944	230,000
530525	ACCESS BILLING EXPENSE (FSN)	42,433	40,000
530530	HSDS EXPENSE (FSN)	798,318	760,000
530540	CLEC LOCAL PHONE EXPENSE (FE	269,177	341,500
530560	SECURITY EXPENSE (FSN)	99,332	100,000
		<hr/>	<hr/>
		12,355,991	12,196,600

ENGINEERING DEPARTMENT EXPENSE:

700000	ENGINEERING EXPENSE ACCOUN'	0	2,000
(700100 To 700102)	ENGINEERING PAYROLL	114,331	93,000
		<hr/>	<hr/>
		114,331	95,000

SUPPORT SERVICES DEPARTMENT:

932110	SUPPORT SERVICES EXP	6,583	8,834
(932120 To 932122)	SUPPORT SERVICES PAYROLL	277,664	290,295
932130	INVENTORY ADJUSTMENTS	10,642	8,204
932140	COST OF SALES CLEARING	1,155	0
932200	AUTO & TRUCK REPAIR EXP	62,131	62,933
(932210 To 932212)	AUTO & TRUCK REPAIR PR	74,285	76,369
932220	AUTO & TRUCK GAS & OIL	110,721	144,746
		<hr/>	<hr/>
		543,181	591,381

OFFICE DEPARTMENT EXPENSES:

903000	CUST REC AND COLL EXP	171,476	223,262
903010	POSTAGE AND PRINTING	9,034	6,157
(903100 To 903102)	CUST REC AND COLL PR	475,611	486,519
903200	CASH OVER AND SHORT	58	107
903921	OFFICE SUPPLIES EXPENSE	29,082	31,856
904000	BAD DEBTS EXPENSE	178,490	178,464
(905100 To 905102)	INFO TECH PAYROLL	318,180	331,948
905200	GIS EXPENSES	26,770	30,518
905210	CIS EXPENSES	88	5,354
905300	COMPUTER EXPENSE	59,059	63,873
905400	SOFTWARE SERVICES	82,533	129,945
		<hr/>	<hr/>
		1,350,381	1,488,003

ADMINISTRATIVE EXPENSES:

913000	PUBLISHING EXPENSE	2,221	8,141
930101	ADMIN PIO EXPENSE	754	1,071
920000	ADMINISTRATIVE EXPENSE	9,694	11,618
920060	DUES AND SUBSCRIPTIONS	9,595	18,684
920070	CELL PHONE EXPENSE	32,431	33,995
(920100 To 920102)	ADMINISTRATIVE PAYROLL	569,678	554,890
920200	CLEARING ACCOUNT	(604)	0
920400	SAFETY EXPENSE	11,701	21,923
920700	TRAVEL AND TRAINING EXP	39,662	66,730
920810	BOARD EXPENSES	125	803
920820	BOARD PAYROLL	3,120	2,998
920910	SOCIAL SECURITY EXPENSE	339,645	402,164
923300	LEGAL RETAINER FEES	17,389	17,347
923400	OTHER CONSULTING FEES	443	11,772
923500	OTH LEGAL AND ACCOUNTING	8,792	24,093
923600	LEGAL EXP CABLE CASES	659	5,000
923700	OTHER SERVICES	19,937	12,957
924000	INSURANCE EXPENSE	322,756	357,570
		<hr/>	<hr/>
		1,387,998	1,551,756

GENERAL EXPENSES:

930100	GENERAL EXPENSES	5,016	1,071
930110	MAINTENANCE EXPENSES	55,660	86,450
930130	MAINTENANCE SUPPLIES	36,473	27,038
930300	UTILITIES	344,802	346,000
930403	DEPRECIATION EXPENSE	3,715,897	3,433,800
930425	INTEREST EXPENSE ON FSN	848,627	828,500
930435	CASH CONTR TO CITY	6,865	6,864
		<hr/>	<hr/>
		5,013,340	4,729,723

EMPLOYEE BENEFITS:			
926000	UNEMPLOYMENT INSURANCE	2,006	3,700
926060	VACATION BENEFITS EXP	6,327	0
926070	SICK BENEFITS EXPENSE	6,383	0
926100	EMPLOYEES WELFARE EXP	3,140	4,934
926300	EMPLOYEE HEALTH INSURANCE	1,137,052	1,233,480
926310	EMPLOYEE LIFE INSURANCE	29,974	37,004
926400	CLUBHOUSE EXPENSE	8,550	8,388
926450	EMPLOYEE ACTIVITY EXP	5,196	4,046
926460	UNIFORM EXPENSE	24,389	41,101
926470	EMPLOYEE ASSISTANCE EXP	1,218	1,727
926500	CO CONTRI TO EMP PEN	921,353	1,097,452
926600	OTH CO PAID PENSION EXP	3,637	0
		-----	-----
		2,149,225	2,431,832
		-----	-----
	TOTAL EXPENSES	22,914,447	23,084,295
		-----	-----
	NET MARGINS	1,802,028	1,252,164
		=====	=====

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 12

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

- ITEM 12: Refer to Frankfort Plant Board's responses to: (1) the July 23, 2014 Order, Item 9, Water Treatment Depreciation Schedule; (2) Item 2, Exhibit 1, Financial Statements Fiscal Years Ended June 30, 2013 and 2012 at 32; and (3) Item 22, Cost of Service Allocation Study, Schedule B, Cost of Service for the Twelve Months Ended June 30, 2013, Allocated to Customer Classifications at 3.
- a. In the Fiscal Year 2012-2013, Frankfort Plant Board lists test-year depreciation expense of \$1,467,012, but in the Cost of Service Allocation Study, depreciation expense is \$1,178,750. Provide a reconciliation explaining the difference in reported depreciation expense.
  - b. Provide a detailed depreciation schedule to support test-year depreciation expense of \$1,178,750 and includes the following information by Account:
    - (1) Original Plant Investment;
    - (2) Accumulated Depreciation;
    - (3) Depreciation Service Life; and
    - (4) Depreciation Expense.
  - c. Identify the methodology (straight-line or an accelerated method) used by Frankfort Plant Board to calculate depreciation expense.
  - d. On its depreciation schedule, Frankfort Plant Board identifies donated asset depreciation expense for fiscal year 2012-2013 of \$144,131. Provide a schedule showing how depreciation for donated/contributed depreciation expense was calculated using the same detail as requested in 12(b).
  - e. Frankfort Plant Board lists donated assets in its response to Item 9. Confirm that depreciation expense associated with the contributed/donated assets is not included in test-year depreciation expense of \$1,178,750.
  - f. If depreciation on donated/contributed assets is included in test-year depreciation, identify the amount of contributed/donated depreciation that is included and explain

why Frankfort Plant Board should be allowed to recover this depreciation from its wholesale customers.

Response: 12a. See response to Item 5 included in this set of data requests.

12b (1-4):

See the attached Water Treatment System Depreciation Schedule and Water Distribution System Depreciation Schedule.

The Water Treatment System Depreciation Schedule relates to FPB general ledger number fixed asset account numbers 101311-101332 and are depreciated over 50 years using straight-line depreciation. The FY 12-13 (test year) depreciation for water treatment assets shown on the attached FPB Water Treatment Depreciation Schedule is \$412,918.60, which agrees to the cost of service study depreciation figures for account numbers 101311-101332 (see response to Item 5a).

The Water Distribution System Depreciation Schedule relates to FPB general ledger fixed asset account numbers 101341-101349 and are depreciated over 50 years using straight-line depreciation. The FY 12-13 (test year) depreciation for water distribution assets shown on the attached depreciation schedule is \$628,528.34, which includes \$144,131.05 of depreciation from donated assets that fit this asset class. When you back out the donated asset depreciation the total depreciation is \$484,397.29, which agrees to the cost of service study depreciation figure found on the Item 5a attachment for account numbers 101341-101349.

12c. FPB uses straight-line depreciation expense to calculate depreciation expense.

12d. See attached schedule

12e. The depreciation expense associated with the contributed/donated assets is not included in the test year depreciation expense. In fact, it was removed twice in error as listed in Item 5 of this set of data requests.

12f. N/A

WATER TREATMENT SYSTEM DEPRECIATION SCHEDULE				SA 310-332	50 YEARS	
FY 12-13		ADV.		ACCD DEP	CURR	ACCD DEP
DATE		USED	COST	6/30/2012	DEP	6/30/2013
6/30/1975			\$ 5,946,295.48	\$ 4,427,164.92	\$ 118,925.91	\$ 4,546,090.83
6/30/1976			\$ 960,684.02	\$ 703,405.40	\$ 19,213.68	\$ 722,619.08
6/30/1977			\$ 16,736.62	\$ 12,044.88	\$ 334.73	\$ 12,379.61
6/30/1985			\$ 2,151.85	\$ 1,172.15	\$ 43.04	\$ 1,215.19
6/30/1986			\$ 2,633.93	\$ 1,319.99	\$ 52.68	\$ 1,372.67
6/30/1988			\$ 23,518.57	\$ 11,304.98	\$ 470.37	\$ 11,775.35
6/30/1990			\$ 920.67	\$ 407.34	\$ 18.41	\$ 425.76
6/30/1991			\$ 16,714.28	\$ 7,094.37	\$ 334.29	\$ 7,428.66
6/30/1992			\$ 51,336.82	\$ 20,749.76	\$ 1,026.74	\$ 21,776.49
6/30/1993			\$ 138,634.49	\$ 53,691.41	\$ 2,772.69	\$ 56,464.10
6/30/1994			\$ 14,113.20	\$ 5,256.30	\$ 282.26	\$ 5,538.56
6/30/1995			\$ 72,762.45	\$ 25,207.13	\$ 1,455.25	\$ 26,662.38
6/30/1996			\$ 1,126,089.27	\$ 364,595.06	\$ 22,521.79	\$ 387,116.85
6/30/1997			\$ 715,056.82	\$ 222,615.34	\$ 14,301.14	\$ 236,916.47
6/30/1998			\$ 521,502.36	\$ 153,458.66	\$ 10,430.05	\$ 163,888.71
6/30/1999			\$ 50,595.87	\$ 13,616.78	\$ 1,011.92	\$ 14,628.70
6/30/2000			\$ 183,306.02	\$ 45,701.43	\$ 3,666.12	\$ 49,367.55
6/30/2001			\$ 62,642.15	\$ 14,355.39	\$ 1,252.84	\$ 15,608.24
6/30/2002			\$ 73,403.75	\$ 15,325.40	\$ 1,468.08	\$ 16,793.48
6/30/2003			\$ 137,948.43	\$ 26,029.17	\$ 2,758.97	\$ 28,788.14
6/30/2004			\$ 158,641.88	\$ 26,544.29	\$ 3,172.84	\$ 29,717.13
6/30/2005			\$ 41,909.17	\$ 6,499.37	\$ 838.18	\$ 7,337.56
6/30/2006			\$ 741,259.86	\$ 92,960.20	\$ 14,825.20	\$ 107,785.40
6/30/2007			\$ 85,568.34	\$ 8,889.56	\$ 1,711.37	\$ 10,600.92
6/30/2008			\$ 406,980.77	\$ 36,379.36	\$ 8,139.62	\$ 44,518.98
6/30/2009			\$ 636,935.62	\$ 40,123.48	\$ 12,738.71	\$ 52,862.19
6/30/2010			\$ 4,989,057.78	\$ 235,171.69	\$ 99,781.16	\$ 334,952.85
6/30/2011			\$ 2,274,647.11	\$ 68,719.46	\$ 45,492.94	\$ 114,212.40
6/30/2012			\$ 1,193,882.20	\$ 10,795.35	\$ 23,877.64	\$ 34,672.99
6/30/2013						
7/1/2012	BALANCE	\$ -	\$ 20,645,929.78	\$ 6,650,598.62	\$ 412,918.60	\$ 7,063,517.21
8-1			\$ 1,603.01		\$ 29.39	\$ 7,063,546.60
9-1			\$ 45,919.10		\$ 765.29	\$ 7,064,311.89
10-1			\$ 10,220.75		\$ 153.31	\$ 7,064,465.20
11-1			\$ 6,429.41		\$ 85.73	\$ 7,064,550.93
12-1			\$ 94,956.25		\$ 1,107.76	\$ 7,065,658.69
1-1			\$ 131,679.00		\$ 1,316.79	\$ 7,066,975.48
2-1			\$ 154,693.98		\$ 1,289.22	\$ 7,068,264.70
3-1			\$ 407,827.98		\$ 2,718.58	\$ 7,070,983.28
4-1			\$ 45,531.57		\$ 227.66	\$ 7,071,210.94
5-1			\$ 154,001.37		\$ 513.44	\$ 7,071,724.38
6-1			\$ 13,619.00		\$ 22.69	\$ 7,071,747.07
6-30			\$ 371,729.32		\$ -	
TOTALS		\$ -	\$ 1,438,210.74		\$ 421,148.46	
			\$ 22,084,140.52			
JULY		\$ 34,409.88	\$ 34,409.88			
AUGUST		\$ 34,412.56	\$ 68,822.44			
SEPTEMBER		\$ 34,489.08	\$ 103,311.52			
OCTOBER		\$ 34,506.12	\$ 137,817.64			
NOVEMBER		\$ 34,516.83	\$ 172,334.47			
DECEMBER		\$ 34,675.09	\$ 207,009.56			
JANUARY		\$ 34,894.55	\$ 241,904.11			
FEBRUARY		\$ 35,152.40	\$ 277,056.51			
MARCH		\$ 35,832.04	\$ 312,888.55			
APRIL		\$ 35,907.93	\$ 348,796.48			
MAY		\$ 36,164.64	\$ 384,961.12			
JUNE		\$ 36,187.34	\$ 421,148.46			

WATER DISTRIBUTION SYSTEM DEPRECIATION SCHEDULE				SA 340-349	50 YEARS	
FY 12-13						
DATE	ADV. USED	COST	ACCD DEP 6/30/2012	CURR DEP	ACCD DEP 6/30/2013	
6/30/2012	\$ -	\$ 32,665,756.57	\$ 11,452,986.38	\$ 615,547.08	\$ 12,068,533.46	
8-1	\$ -	\$ 50,109.26		\$ 918.70	\$ 12,069,452.16	
9-1	\$ -	\$ 101,537.88		\$ 1,692.23	\$ 12,071,144.39	
10-1	\$ -	\$ 57,347.81		\$ 860.22	\$ 12,072,004.61	
11-1	\$ -	\$ 171,726.76		\$ 2,289.80	\$ 12,074,294.41	
12-1	\$ -	\$ 139,993.09		\$ 1,633.16	\$ 12,075,927.57	
1-1	\$ -	\$ 67,968.56		\$ 679.69	\$ 12,076,607.26	
2-1	\$ -	\$ 332,204.15		\$ 2,768.59	\$ 12,079,375.85	
3-1	\$ -	\$ 185,350.74		\$ 1,235.55	\$ 12,080,611.40	
4-1	\$ -	\$ 77,990.23		\$ 389.95	\$ 12,081,001.35	
5-1	\$ -	\$ 152,767.71		\$ 509.33	\$ 12,081,510.68	
6-1	\$ -	\$ 2,424.70		\$ 4.04	\$ 12,081,514.72	
6-30	\$ -	\$ 417,799.22		\$ -	\$ 12,081,514.72	
TOTALS	\$ -	\$ 1,757,220.11		\$ 628,528.34		
NET PLANT		\$ 34,422,976.68				\$ 12,081,514.72
LAND NOT DEPRECIATED**		\$ 168,082.36		DONATED ASSET A/D THROUGH 6/30/11		\$ 2,719,115.81
DONATED ASSETS BOOKED FY 12-13*		\$ 7,538,495.85		DONATED ASSET DEPR EXP FY 11-12		\$ 144,188.02
				DONATED ASSET DEPR EXP FY 12-13		\$ 144,131.05
				ACCUMULATED DEPRECIATION 6/30/13		\$ 15,088,949.60
GRAND TOTAL		\$ 42,129,554.89				
JULY	\$ 51,295.59	\$ 51,295.59				
AUGUST	\$ 51,379.11	\$ 102,674.70				
SEPTEMBER	\$ 51,548.33	\$ 154,223.03				
OCTOBER	\$ 51,643.91	\$ 205,866.94				
NOVEMBER	\$ 51,930.14	\$ 257,797.08				
DECEMBER	\$ 52,163.44	\$ 309,960.52				
JANUARY	\$ 52,276.73	\$ 362,237.25				
FEBRUARY	\$ 52,830.44	\$ 415,067.69				
MARCH	\$ 53,139.33	\$ 468,207.02				
APRIL	\$ 53,269.32	\$ 521,476.34				
MAY	\$ 53,523.98	\$ 575,000.32				
JUNE	\$ 53,528.02	\$ 628,528.34				

Franklin Electric & Water Plant Board  
 Donated Assets  
 June 30, 2013

Year End	DuSable	Rate	Cost	Current Depreciation	Acc. Dep. (Book)	Current Depreciation	Acc. Dep. (Book)	Net	Cost Cable	A/D Cable	Cost Electric	A/D Electric	Cost Water	A/D Water
6/30/1943	Construction Advance	2.00%	8,300.00		8,300.00								8,300.00	8,300.00
6/30/1946	Construction Advance	2.00%	3,478.50		3,478.50								3,478.50	3,478.50
6/30/1948	Construction Advance	2.00%	7,475.91		7,475.91								7,475.91	7,475.91
6/30/1949	Construction Advance	2.00%	49,807.79		49,807.79								49,807.79	49,807.79
6/30/1950	Construction Advance	2.00%	30,724.71		30,724.71								30,724.71	30,724.71
6/30/1951	Construction Advance	2.00%	20,049.23		20,049.23								20,049.23	20,049.23
6/30/1952	Construction Advance	2.00%	17,046.23		17,046.23								17,046.23	17,046.23
6/30/1953	Construction Advance	2.00%	18,698.35		18,698.35								18,698.35	18,698.35
6/30/1954	Construction Advance	2.00%	7,522.61	0.00	7,522.61								7,522.61	7,522.61
6/30/1954	Construction Advance	2.00%	7,117.86	0.00	7,117.86								7,117.86	7,117.86
6/30/1955	Construction Advance	2.00%	12,346.65		12,346.65								12,346.65	12,346.65
6/30/1956	Construction Advance	2.00%	40,729.22		40,729.22								40,729.22	40,729.22
6/30/1957	Construction Advance	2.00%	32,625.62		32,625.62								32,625.62	32,625.62
6/30/1958	Construction Advance	2.00%	10,152.39		10,152.39								10,152.39	10,152.39
6/30/1959	Construction Advance	2.00%	20,621.65		20,621.65								20,621.65	20,621.65
6/30/1960	Construction Advance	2.00%	20,133.38		20,133.38								20,133.38	20,133.38
6/30/1961	Construction Advance	2.00%	2,403.53		2,403.53								2,403.53	2,403.53
6/30/1962	Construction Advance	2.00%	2,867.00		2,867.00								2,867.00	2,867.00
6/30/1963	Construction Advance	2.00%	13,373.84		13,373.84								13,373.84	13,373.84
6/30/1964	Construction Advance	2.00%	18,465.00		18,465.00								18,465.00	18,465.00
6/30/1965	Construction Advance	2.00%	23,200.00		23,200.00								23,200.00	23,200.00
6/30/1966	Construction Advance	2.00%	30,586.33	611.73	29,974.60	1,222.40	1,222.40						30,586.33	29,362.20
6/30/1967	Construction Advance	2.00%	15,710.27	314.21	14,455.50	945.57	945.57						15,710.27	14,455.50
6/30/1968	Construction Advance	2.00%	11,955.00		11,955.00								11,955.00	11,955.00
6/30/1969	Construction Advance	2.00%	35,048.99	700.88	34,348.11	700.88	700.88						35,048.99	34,348.11
6/30/1970	Construction Advance	2.00%	9,215.00	184.30	9,030.70	184.30	184.30						9,215.00	9,030.70
6/30/1971	Construction Advance	2.00%	113,934.72	2,586.09	111,348.63	2,586.09	2,586.09						113,934.72	111,348.63
6/30/1972	Construction Advance	2.00%	129,251.62	2,405.03	126,846.59	2,405.03	2,405.03						129,251.62	126,846.59
6/30/1973	Construction Advance	2.00%	25,109.57	502.01	24,607.56	502.01	502.01						25,109.57	24,607.56
6/30/1974	Construction Advance	2.00%	69,233.96	1,784.68	67,449.28	1,784.68	1,784.68						69,233.96	67,449.28
6/30/1975	Construction Advance	2.00%	37,063.31	759.29	36,304.02	759.29	759.29						37,063.31	36,304.02
6/30/1976	Construction Advance	2.00%	32,403.07	1,648.00	30,755.07	1,648.00	1,648.00						32,403.07	30,755.07
6/30/1977	Construction Advance	2.00%	14,848.00	62,834.08	14,848.00	62,834.08	14,848.00						14,848.00	62,834.08
6/30/1978	Construction Advance	2.00%	3,441.14	110,198.78	3,441.14	110,198.78	3,441.14						3,441.14	110,198.78
6/30/1981	Water	2.00%	22,079.43	441.59	21,637.84	441.59	441.59						22,079.43	21,637.84
6/30/1981	Electric	3.33%	69,104.05	2,372.90	71,556.94	2,372.90	2,372.90						69,104.05	71,556.94
6/30/1982	Electric	3.00%	116,644.87	3,759.59	120,404.46	3,759.59	3,759.59						116,644.87	120,404.46
6/30/1983	Water	2.00%	31,823.57	638.47	31,185.10	638.47	638.47						31,823.57	31,185.10
6/30/1983	Electric	3.33%	63,767.67	2,769.46	66,537.21	2,769.46	2,769.46						63,767.67	66,537.21
6/30/1984	Water	2.00%	27,467.95	549.36	27,917.31	549.36	549.36						27,467.95	27,917.31
6/30/1984	Electric	2.00%	155,625.42	2,512.51	158,137.93	2,512.51	2,512.51						155,625.42	158,137.93
6/30/1985	Water	2.00%	30,068.98	1,001.96	29,067.02	1,001.96	1,001.96						30,068.98	29,067.02
6/30/1985	Electric	2.00%	27,941.88	558.88	28,500.76	558.88	558.88						27,941.88	28,500.76
6/30/1986	Water	2.00%	84,413.30	1,588.27	82,825.03	1,588.27	1,588.27						84,413.30	82,825.03
6/30/1987	Water	2.00%	31,665.63	1,054.47	30,611.16	1,054.47	1,054.47						31,665.63	30,611.16
6/30/1987	Electric	3.33%	327,483.36	7,849.67	335,333.03	7,849.67	7,849.67						327,483.36	335,333.03
6/30/1988	Water	2.00%	11,508.28	2,473.31	13,981.59	2,473.31	2,473.31						11,508.28	13,981.59
6/30/1989	Water	2.00%	7,427.47	2,473.31	9,900.78	2,473.31	2,473.31						7,427.47	9,900.78
6/30/1990	Water	2.00%	12,050.55	4,358.39	16,408.94	4,358.39	4,358.39						12,050.55	16,408.94
6/30/1990	Electric	3.33%	67,902.02	1,900.17	69,802.19	1,900.17	1,900.17						67,902.02	69,802.19
6/30/1990	Cable	2.00%	7,749.50	7,749.50		7,749.50							7,749.50	7,749.50
6/30/1991	Water	2.00%	46,011.16	2,920.22	48,931.38	2,920.22	2,920.22						46,011.16	48,931.38
6/30/1991	Electric	3.33%	2,291.17	9,413.84	11,705.01	9,413.84	9,413.84						2,291.17	11,705.01
6/30/1991	Cable	2.00%	9,234.88	2,291.77	11,526.65	2,291.77	2,291.77						9,234.88	11,526.65
6/30/1992	Water	2.00%	29,437.12	568.74	29,068.38	568.74	568.74						29,437.12	29,068.38
6/30/1992	Electric	3.33%	130,927.21	4,359.88	135,287.09	4,359.88	4,359.88						130,927.21	135,287.09
6/30/1992	Cable	2.00%	2,843.57	52,894.32	55,737.89	52,894.32	52,894.32						2,843.57	55,737.89
6/30/1993	Water	2.00%	18,577.93	1,271.94	19,849.87	1,271.94	1,271.94						18,577.93	19,849.87
6/30/1993	Electric	3.33%	337,669.09	11,244.28	348,913.37	11,244.28	11,244.28						337,669.09	348,913.37
6/30/1994	Water	2.00%	86,097.01	1,757.96	87,855.00	1,757.96	1,757.96						86,097.01	87,855.00
6/30/1994	Electric	3.33%	17,757.96	1,757.96	19,515.92	1,757.96	1,757.96						17,757.96	19,515.92
6/30/1994	Cable	2.00%	1,011.74	20,884.37	21,896.11	20,884.37	20,884.37						1,011.74	21,896.11
6/30/1994	Water	2.00%	217,652.28	4,349.05	222,001.33	4,349.05	4,349.05						217,652.28	222,001.33
6/30/1995	Water	2.00%	52,894.32	2,943.57	55,837.89	2,943.57	2,943.57						52,894.32	55,837.89
6/30/1995	Cable	2.00%	180,532.81	8,011.74	188,544.55	8,011.74	8,011.74						180,532.81	188,544.55
6/30/1995	Electric	3.33%	119,101.65	2,398.21	121,500.00	2,398.21	2,398.21						119,101.65	121,500.00
6/30/1996	Water	2.00%	75,932.52	2,500.61	78,433.13	2,500.61	2,500.61						75,932.52	78,433.13
6/30/1996	Electric	3.33%	177,105.10	5,342.10	182,447.20	5,342.10	5,342.10						177,105.10	182,447.20
6/30/1997	Water	2.00%	124,816.81	4,156.40	128,973.21	4,156.40	4,156.40						124,816.81	128,973.21
6/30/1997	Electric	3.33%	7,691.76	3,032.52	10,724.28	3,032.52	3,032.52						7,691.76	10,724.28
6/30/1997	Cable	2.00%	6,687.75	66,897.75	73,585.50	66,897.75	66,897.75						6,687.75	73,585.50
6/30/1998	Water	2.00%	93,659.63	3,112.19	96,771.82	3,112.19	3,112.19						93,659.63	96,771.82
6/30/1998	Electric	3.33%	4,999.98	7,715.42	12,715.40	7,715.42	7,715.42						4,999.98	12,715.40
6/30/1998	Cable	2.00%	210,465.78	4,209.32	214,675.10	4,209.32	4,209.32						210,465.78	214,675.10
6/30/1999	Water	2.00%	15,912.50	4,016.40	19,928.90	4,016.40	4,016.40						15,912.50	19,928.90
6/30/1999	Electric	3.33%	119,607.75	2,398.18	122,005.93	2,398.18	2,398.18						119,607.75	122,005.93
6/30/2000	Water	2.00%	246,071.03	8,169.87	254,240.90	8,169.87	8,169.87							

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 13

Frankfort Electric and Water Plant Board  
 Response to Commission Staff's First Request for  
 Information dated August 19, 2014  
 Case No. 2014-00254

ITEM 13: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4, Exhibit 1, Test-Year General Ledger (July 1, 2012 — June 30, 2013). For each cost recorded/allocated to the water division accounts listed in Table II, provide a schedule listing each cost or allocation, a detailed description for each item, and a copy of all invoices related to the cost or allocation.

TABLE II			
<u>Account Number</u>		<u>Account Title</u>	
Account	Sub Account	Account	Sub Account
633000	20-24	Pumping Maintenance	Water Distribution
652000	20-24	Water Treatment Maintenance	Water - Treatment
678000	01-21	Water Distribution Expenses	Water – Balance Sheet
678000	20-20	Water Distribution Expenses	Water – Overall Water
678000	20-21	Water Distribution Expenses	Water – Distribution
678000	20-22	Water Distribution Expenses	Water Engineering
678000	20-23	Water Distribution Expenses	Water – Fire Hydrants
920060	20-21	Dues and Subscriptions	Water – Distribution
920060	20-22	Dues and Subscriptions	Water – Engineering
920060	20-24	Dues and Subscriptions	Water – Treatment
920060	20-50	Dues and Subscriptions	Water – Overall Admin & Gen
920060	20-51	Dues and Subscriptions	Water - Administration
920060	20-54	Dues and Subscriptions	Water – Finance
920060	20-56	Dues and Subscriptions	Water – Human Resources
920060	20-57	Dues and Subscriptions	Water – Info Technology
920060	20-59	Dues and Subscriptions	Water – Safety
923400	20-21	Other Consulting – Fees	Water – Distribution
923400	20-22	Other Consulting – Fees	Water – Engineering
923400	20-54	Other Consulting – Fees	Water – Finance
923400	20-56	Other Consulting – Fees	Water – Human Resources
923500	20-24	Other Legal and Accounting	Water – Treatment
923500	20-54	Other Legal and Accounting	Water – Finance
923700	20-21	Other Services	Water – Distribution

Response: See disc provided with Item 2.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 14

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 14: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study. Provide an electronic copy of the Cost of Service Allocation Study and billing analysis in Excel format. Make sure that all formulas and calculations are included in the spreadsheet so as to verify how each number and dollar amount are calculated and allocated.

Response: Please see FPB's Response to the Attorney General's Initial Data Request Number 20.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 15

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 15: Explain why there is a need for a large increase in the wholesale rate since Frankfort Plant Board's last rate increase four years ago. What specific changes to the system have occurred to warrant such a large increase?

Response: There are several reasons that explain the need for the increase Frankfort proposes, that include, but are not limited to the following:

- Declining sales (national trend)
- The last rate increase to wholesale customers was based on a test year ended June 30, 2009 (5 years ago)
  - Increase in debt service of \$941K (major improvements to system) since then
  - Increase in O&M of \$920K since then
  - Rates locked in for 4 years effectively while increases were necessary

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 16

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

- ITEM 16: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 22, Cost of Service Allocation Study, Schedule C at 9.
- a. Confirm that Frankfort Plant Board is allocating distribution mains 10-inch or smaller to the wholesale customers.
  - b. In prior rate case proceedings, the Commission has expressed concerns regarding expenses associated with distribution mains 10-inch or smaller being allocated to the wholesale customers. Explain why Frankfort Plant Board is proposing to allocate a portion of the costs of its distribution mains that are 10-inch or smaller to wholesale customers.
  - c. Provide a hydraulic analysis of Frankfort Plant Board's distribution system that supports allocating a portion of the cost of the distribution mains that are 10-inch or smaller to wholesale customers.

Response: Please see FPB's Response to the Attorney General's Initial Data Request Number 35 explaining how 10 inch lines are allocated and its Response to the Intervening Customers Initial Data Request Number 24. As the prior case established, the Wholesale customers benefit from the use of distribution mains. In fact, several of the Wholesale customers receive water service from mains smaller than 12-inch.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 17

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 17: Frankfort calculated a proposed increase of \$633,054 in revenues from non-water producers' wholesale customers, or an increase of 44.8 percent over current revenues. Explain how this amount of an increase was calculated.

Response: Although the FPB could have requested a larger increase to reflect the full cost of service from the Non-water Producers Wholesale class, the FPB decided to limit the increase to approximately 45% in the interest of gradualism.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 18

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 18: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 4. Provide the June 30, 2014 general ledger.

Response: FPB operates on a fiscal year ending on June 30 of any given year. FPB's accounting system is set for July of any given year to be period 1 and June of any given year to be period 12 with the year set as the year June is in. Refer to FPB's response to the July 23, 2014, Item 4, Exhibit 2. At the top of Item 4, Exhibit 2 you will see in the heading "Periods: 01-14 through 12-14", which means the general ledger is for July 2013 to June 2014. FPB's response to July 23, 2014 Order, Item 4, Exhibit 2 is the June 30, 2014 general ledger.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 19

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 19: Refer to Frankfort Plant Board's responses to the July 23, 2014 Order, Item 20.

- a. Identify the use for the three unmetered hydrants.
- b. Does use of the unmetered water increase the cost to the wholesale customer?

Response: FPB reviewed its records to determine the use for the three unmetered hydrants. Only one still exists, but it was shut off in the meter pit two years ago. Because there are no unmetered hydrants still in service, the cost to the Districts would not increase on that basis.

RESPONSE TO COMMISSION STAFF'S  
FIRST REQUEST FOR INFORMATION  
DATED AUGUST 19, 2014

*PSC CASE NO. 2014-00254*

ITEM 20

Frankfort Electric and Water Plant Board  
Response to Commission Staff's First Request for  
Information dated August 19, 2014  
Case No. 2014-00254

ITEM 20: Provide a comparison of the water statistics for the fiscal years 2009-2010 through 2013-2014 using Table III.

Response: See attached Table III.

Frankfort Plant Board  
PSC Case No. 2014-00254

Response to Commission Staff's First Request for Information - Table III

	Water Statistics for Fiscal Years				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Water Produced and Purchased					
Water Produced	2,676,303,000	2,947,946,000	2,782,610,000	2,844,057,000	2,722,217,000
Water Purchased	-	-	-	-	-
Total Water Produced and Purchased	2,676,303,000	2,947,946,000	2,782,610,000	2,844,057,000	2,722,217,000
Water Sales:					
Residential	618,254,200	642,777,000	606,323,200	618,798,500	590,246,900
Commercial	732,255,900	804,608,800	779,469,200	819,346,400	792,762,900
Industrial	-	-	-	-	-
Bulk Loading Stations	-	-	-	-	-
Resale Cutomers	856,425,100	1,032,588,500	864,118,500	938,993,600	885,104,400
Other	-	-	-	-	-
Total Water Sales	2,206,935,200	2,479,974,300	2,249,910,900	2,377,138,500	2,268,114,200
Other Water Used:					
Utility/Water Treatment Plant	62,179,000	25,271,000	30,319,100	46,013,800	62,521,100
Wastewater Plant	-	-	-	-	-
System Flushing	7,172,000	5,983,500	7,244,500	7,006,500	8,010,500
Fire Department	-	-	-	-	-
Other Water Used	-	-	-	-	-
Total Other Water Used	69,351,000	31,254,500	37,563,600	53,020,300	70,531,600
Water Loss:					
Tank Overflows	-	-	-	-	-
Line Breaks	-	-	-	-	-
Line Leaks	-	-	-	-	-
Other	400,016,800	436,717,200	495,135,500	413,898,200	383,571,200
Total Water Loss	400,016,800	436,717,200	495,135,500	413,898,200	383,571,200
Percentage Water Loss	14.95%	14.81%	17.79%	14.55%	14.09%