

BERRY, FLOYD & BAXTER, P.S.C.

ATTORNEYS AND COUNSELORS AT LAW

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FEB 17 2016

PUBLIC SERVICE
COMMISSION

D. Berry Baxter

John M. Berry (1900-1991)

Of Counsel: John M. Berry

February 16, 2016

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

Case No. 2016-00080

Re: Henry County Water District No. 2
Application for Certificate of Public Convenience and Necessity
U.S. 42 Storage Tank Project

Dear Mr. Derouen:

Enclosed please find the original and ten (10) copies of the Application of the Henry County Water District No. 2 to construct a project pursuant to KRS Chapter 278, along with the original and ten (10) copies of all exhibits required.

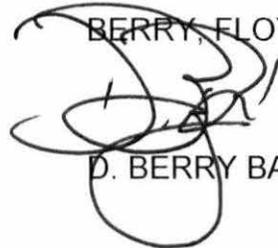
Also enclosed are two copies in paper medium and one copy in portable document format of the DOW-approved plans and specifications.

We request that the review of this application be done in as short a time frame as possible because, unless the construction contract is awarded by April 2, the District will forfeit its eligibility for the KIA loan upon which the project depends.

Please let us know if additional information or documentation is required, and we

will respond promptly.

Sincerely,


BERRY, FLOYD & BAXTER, PSC
D. BERRY BAXTER

Encs.

cc: Mr. Dale Jennings, Chairman HCWD2
Mr. Herb Lemaster, P.E.

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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PUBLIC SERVICE
COMMISSION

In the matter of:

APPLICATION OF THE HENRY COUNTY WATER
DISTRICT NO. 2 FOR A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY TO CONSTRUCT
A WATER IMPROVEMENT PROJECT PURSUANT TO
KRS 278.020 AND 807 KAR 5.001

Case No. 2016- 00080

APPLICATION

Henry County Water District No. 2 (the "District"), by counsel, pursuant to KRS 278.020 and 807 KAR 5.001, petitions the Commission for a certificate of public convenience and necessity ("CPCN") to construct a water improvement project. The following information is filed in accordance with the Commission's regulations:

1. The District's office address is P.O. Box 219, Campbellsburg, Kentucky 40011. Its electronic mail address is jsimpson@hcwd2.com. Its principal officers are listed in its 2014 Annual Report, which is on file with the Commission;
2. The District is a non-profit water district organized under KRS Chapter 74 and has no separate articles of incorporation or by-laws;
3. A description of the District's water system and its property stated at original cost by accounts is contained in its Annual Report, which is incorporated by reference pursuant to 807 KAR 5:001. All required normal financial schedules and other data are in the Annual Report;

4. The water project (the "Project") which is the subject matter of this Application consists of the construction of a one million gallon composite elevated storage tank which will replace a 48 year old 200,000 gallon elevated tank in poor condition (see **Appendix "A"** attached hereto);

5. The Project is in the public interest and will improve the District's system and provide reliability and reserve capacity in the critical first or "lead" tank in the distribution system;

6. The total project cost was estimated at approximately \$3,254,000, as set forth in the KIA Fund F Executive Summary attached hereto as **Appendix "B"**;

7. The tank site and access easements necessary for the Project and have been acquired and a highway access right-of-way permit has been issued;

8. This service will not compete with any other utility in the area;

9. Based on these facts (see Appendix "A" attached hereto), the District believes that it is in the public interest that this certificate be granted and that the plan of financing be authorized;

10. Copies of the certified bid tabulation are attached hereto as **Appendix "C"**;

11. The following information is provided in response to 807 KAR 5:001 Section (14)(2);

a. Articles of Incorporation - None, the District is a statutorily created water district under KRS Chapter 74;

12. The following information is supplied to 807 KAR 5:001 Section (15)(2);

a. Facts relied upon to show that the Project is in the public interest: The Project replaces an undersized storage tank in poor condition (see Appendix "A" attached hereto);

b. No new franchises are required. Copies of permits are attached hereto as **Appendix "D"**;

c. The tank site will be located adjacent to, and west of, the existing tank site, just north of US 42, and approximately 4 miles south of Bedford, Kentucky.

d. A map of suitable scale is included as **Appendix "E"**, and two sets of

DOW-approved Plans and Specifications are enclosed with this application;

e. The construction costs will be funded from the proceeds of a loan in the approximate amount of \$2,800,000 from the Kentucky Infrastructure Authority Fund "F" Loan (see Appendix "B");

f. The cost of operation of the system after Project completion will not increase;

13. The following information is provided as required by 807 KAR 5:001 Section (17)(1);

a. A general description of the property is contained in the 2014 Annual Report;

b. Financial information relating to the KIA Fund F Loan is contained in the Summary referred to in paragraph 6 above;

c. All funds are to be used in accordance with the KIA Executive Summary, (see Appendix "B");

d. No real property is being acquired with KIA funds in connection with this Project;

e. No proceeds of the KIA Loan will be used to refund outstanding obligations.

f. The KIA Loan will be secured by and paid out of the revenues of the District's system.

14. The following information is provided pursuant to 807 KAR 5:001 section (17)(2);

a. The District hereby requests and moves for a deviation from the requirements of 807 KAR 5:001, Section 17(2)(a), which requires that the financial data filed with the Application be for a twelve (12) month period ending within ninety (90) days of the filing of the application, The District states that there has been no change that is material in nature in the financial condition or operation of the District since December 31, 2014. The financial data filed herewith as **Appendix**

"F" is of record with the PSC and is for the twelve (12) month period ending December 31, 2014;

b. There are no trust deeds or mortgages applicable;

c. On January 15, 2016 the Kentucky Division of Water approved the District's submittal of plans and specifications. Complete SRF approval is awaiting the FONSI letter which can be finalized after a 30 day public notice is concluded on the DEP website on March 5. A copy of the DOW approval letter and the FONSI notice are included in **Appendix "D"**, and two sets of approved plans and specifications are enclosed with this application. Certified bid tabulations (**Appendix "C"**) are also attached hereto.

WHEREFORE, the Applicant, Henry County Water District No. 2 requests that the Public Service Commission of Kentucky grant to the Applicant the following:

A. A certificate of public convenience and necessity permitting the Applicant to acquire and install a water system improvement project;

B. An order approving the issuance of securities in the form of a loan from the Kentucky Infrastructure Authority Fund F in the approximate amount of \$2,800,000;

C. Applicant's motion for a deviation from the 90 day requirement for financial information as required by 807 KAR 5:001 Section (17).

Henry County Water District No. 2

By 
Chairman

Berry, Floyd, & Baxter, P.S.C.

By 
D. Berry Baxter, Esq.
Berry, Floyd, & Baxter, P.S.C.

117 West Main St
La Grange, KY 40031

COMMONWEALTH OF KENTUCKY

COUNTY OF HENRY

The undersigned, Dale Jennings, being duly sworn, deposes and states that he is the Chairman of the Henry County Water District No. 2, Applicant, in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

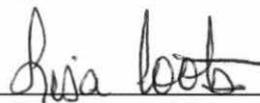
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 16th
day of February 2016.



Dale Jennings, Chairman
Henry County Water District No. 2

Subscribed and sworn to before me by Dale Jennings, Chairman of the Henry County Water District No. 2, on this 16th day of February 2016.

My Commission expires May 12, 2018



Notary Public in and for said County and State

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**PUBLIC SERVICE
COMMISSION**

APPENDIX A

U.S. 42 Storage Tank Project Description

The Henry County Water District No. 2 (HCWD2) provides treated drinking water to approximately 10,000 residential, commercial, and institutional customers in Trimble, Carroll, Henry, Shelby, and Oldham Counties in Kentucky. This number includes the District's direct customers, plus the resale customers of three wholesale purchasers: the West Carroll Water District and the Cities of New Castle and Eminence.

HCWD2 obtains its water supply from wells located in the alluvial aquifer along the Ohio River in Trimble County. It pumps raw water from these wells to its Morton Ridge Road treatment plant, also in Trimble County. The plant has a current maximum capacity of 4 MGD, however it was designed to allow for efficient expansion to a capacity of 6 MGD. Ground storage at the plant has a capacity of 1.5 million gallons of treated water.

This water is pumped four miles to reach the first tank in the distribution system, which includes eight other storage tanks. Combined capacity of these nine distribution system tanks is 2.2 million gallons, or about 73% of the current peak day usage of 3.0 million gallons.

The system's first elevated storage tank ("lead tank") is located on U.S. 42, and was built in 1968 with a capacity of 200,000 gallons. The average daily plant output is approximately 2.2 million gallons, with a peak day in the range of 3 million gallons. Almost all of this daily system usage passes through the existing U.S. 42 tank.

When breaks occur along Morton Ridge, or when pumping operations at the plant are interrupted for any reason, the U.S. 42 tank provides very limited reserve capacity into the system. Even under normal operating conditions this 200,000 gallon tank draws down very rapidly, requiring the high service pumps at the plant to cycle and run frequently. The proposed project addresses these problems.

Because of the proposed tank's increased capacity, it will require less frequent pump runs. It will also provide longer duration of gravity flows into the system, with a significantly greater reserve storage for supplying the system in the event of source outages due to plant or transmission main problems. The new tank will also save the District the considerable expenses of maintenance and repair to the existing 48 year old tank, which will be taken out of service. Because of rusting, and the presence of lead paint, there would be a need to totally contain the restoration work area. Due to this expense, combined with the 200' height of the tank, the expenses for maintenance and repair to the existing tank have been estimated in the range of \$350,000 to \$400,000.

The proposed composite concrete pedestal tank structure will have a design bowl height of 35' and a 74' diameter. A tank bowl mixing system such as Tideflex will be installed to assure water quality and proper turnover rates. Ground elevation at the proposed tank site is approximately 940, and tank overflow will be at 1140, the same overflow elevation as the old tank. The proposed tank site is at Longitude 85d 19' 28" West, Latitude 38d 31' 20.5" North, and adjoins the existing tank site, which is located at one of the highest elevations in the area.

The US 42 Tank project will benefit 100% of the District's customers, including the cities of New Castle and Eminence by providing reserve storage capacity for the entire system. It will help accommodate growth along the I-71 corridor, and it will allow for the possible regionalization of service to include the Trimble County Water District if that is considered desirable in the future.

APPENDIX B

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Jami Johnson October 2, 2014 F15-014 WX21103037	
BORROWER	HENRY COUNTY WATER DISTRICT #2 HENRY COUNTY			
BRIEF DESCRIPTION				
This project involves constructing a new 1 million gallon composite storage tank on U.S. Highway 42 for the Henry County Water District. The system will be constructed adjacent to an existing 47 year old, 200,000 gallon elevated storage tank that will be taken down once the proposed tank is in service. This project is phase two of an overall project that included 4.5 miles of recently completed 20" ductile iron waterline from the treatment plant to the existing 200,000 gallon storage tank. This proposed project will increase storage and gravity flow which will reduce run times at pump stations.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$2,800,000	RD Fee %	Actual %	
Local Funds	254,000	Administrative Expenses	\$10,000	
Shelby RECC	200,000	Legal Expenses	25,000	
		Land, Easements	10,000	
		Planning	10,000	
		Eng - Design / Const	7.3% 4.3% 126,400	
		Eng - Insp	4.1% 2.5% 73,100	
		Eng - Other	19,500	
		Construction	2,800,000	
		Contingency	170,000	
		Other	10,000	
TOTAL	\$3,254,000	TOTAL	\$3,254,000	
REPAYMENT	Rate Term	1.75% 20 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$173,532	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Tetra Tech, Inc Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Jan-15 Apr-15 Sep-15		
DEBT PER CUSTOMER	Existing Proposed	\$1,126 \$1,142		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	6,319	\$35.61 (for 4,000 gallons)	
	Additional	0	\$35.61 (for 4,000 gallons)	
REGIONAL COORDINATION	This project is consistent with regional planning recommendations.			
CASHFLOW	Cash Flow Before Debt Service	Debt Service	Cash Flow After Debt Service	Coverage Ratio
Audited 2012	1,087,332	734,127	353,205	1.5
Audited 2013	1,237,141	709,309	527,832	1.7
Projected 2014	1,191,044	713,366	477,678	1.7
Projected 2015	1,141,530	868,165	273,365	1.3
Projected 2016	1,249,767	1,128,225	121,542	1.1
Projected 2017	1,205,639	1,124,415	81,224	1.1
Projected 2018	1,160,628	967,531	193,097	1.2
Projected 2019	1,114,717	977,290	137,427	1.1

Reviewer: Jami Johnson
Date: October 2, 2014
Loan Number: F15-014

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
HENRY COUNTY WATER DISTRICT #2, HENRY COUNTY
PROJECT REVIEW
WX21103037**

I. PROJECT DESCRIPTION

The Henry County Water District #2 is requesting a Fund "F" loan in the amount of \$2,800,000 for the U.S Highway 42 Storage Tank project. The project involves the construction of a one million gallon composite storage tank. The proposed tank will replace a 47 year old 200,000 gallon elevated leg tank that is in need of \$250,000 in repairs and painting.

The proposed tank is phase two of an overall project that included 4.5 miles of recently completed 20 inch ductile iron waterline from the treatment plant to the existing 200,000 gallon storage tank. This project will increase storage capacity, allow for more water to be available to the first three booster pump stations in the distribution system, and increase gravity flow which will reduce pump run times at the pumping stations.

The District serves areas of Oldham, Shelby, Trimble, Henry, and Carroll Counties. The District treats water for the West Carroll Water District and the Cities of Eminence and New Castle.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$10,000
Legal Expenses	25,000
Land, Easements	10,000
Planning	10,000
Engineering Fees – Design / Const	126,400
Engineering Fees - Inspection	73,100
Engineering Fees - Other	19,500
Construction	2,800,000
Contingency	170,000
Other	10,000
Total	3,254,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$2,800,000	86%
Shelby Rural Electric Cooperative Corporation (RECC)	200,000	6%
Local Funds	254,000	8%
	<u>\$3,254,000</u>	<u>100%</u>

IV. KIA DEBT SERVICE

Construction Loan	\$2,800,000
Interest Rate	1.75%
Loan Terms (Years)	20
Estimated Annual Debt Service	166,532
Administrative Fee (.25%)	7,000
Total Estimated Annual Debt Service	<u>\$173,532</u>

V. PROJECT SCHEDULE

Bid Opening	January 2015
Construction Start	April 2015
Construction Stop	September 2015

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

<u>Customers</u>	<u>Current</u>
Residential	6,168
Commercial	149
Industrial	2
Total	<u>6,319</u>

B) Rates

	Current	Prior
Date of Last Rate Increase	8/12/2010	
First 1,500 gallons	\$18.76	\$16.00
Next 3,500 gallons	6.74	5.75
Next 5,000 gallons	6.15	5.25
Next 10,000 gallons	4.98	4.25
Next 30,000 gallons	3.81	3.25
Over 50,000 gallons	2.58	2.20
Wholesale per 1,000 gallons	2.58	2.20
Cost for 4,000 gallons	\$35.61	\$30.38
Increase %	17.2%	
Affordability Index (Rate/MHI)	0.9%	

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2008-2012, the District's service area population was 14,546 with a Median Household Income (MHI) of \$46,477. The median household income for the Commonwealth is \$42,610. The project will qualify for a 1.75% interest rate because it is a regional provider.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	714		12,740		June 2003	5.7%
1990	604	-15.4%	12,823	0.7%	June 2008	6.5%
2000	705	16.7%	15,060	17.4%	June 2012	8.4%
2010	813	15.3%	15,416	2.4%	June 2013	8.7%
Current	722	-11.2%	15,428	0.1%	June 2014	7.7%
Cumulative %		1.1%		21.1%		

VIII. 2014 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project does not qualify for additional subsidization.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2012 through December 31, 2013. Amounts for 2014 are estimated.

HISTORY

Revenues decreased 2% from \$3,387,732 in 2012 to \$3,301,767 in 2014. Operating expenses decreased 9% from \$2,321,052 to \$2,120,723. The debt coverage ratio was 1.5, 1.7 and 1.7 for years 2012 through 2014, respectively.

The balance sheet reflects a current ratio of 1.3, a debt to equity ratio of 0.7 and the number of months of operating in unrestricted cash is 2.2. The District spent approximately \$250,000 of internally generated funds during 2012 and 2013 to install radio read meters.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for volume
- 2) Revenues reflect an estimated 5% increase in user rates (approximately \$160,000) at the beginning of 2016 to meet the District's objective of achieving about \$100,000 in free cash flow each year to support limited internal capital spending. If the District does not pursue an increase they will incur negative cash flow in 2016, 2017 and 2019. However, estimated shortfalls can be absorbed by current operating cash and restricted funds.
- 3) Operating expenses will increase 2% annually.
- 4) Debt service coverage is 1.1 in 2016 which is the first full year of principal and interest repayments.

Based on the assumptions, the utility shows adequate cash flow to repay the KIA Fund F loan.

REPLACEMENT RESERVE

The annual replacement cost is \$7,000. This amount should be added to the replacement account each December 1 until the balance reaches \$70,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 2010B	5,235,000	2028
Series 2013B	2,575,000	2032
KIA F13-039	2,153,041	2034
Shelby (RECC)	200,000	2017
Total	\$10,163,041	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
KY 380 Extension	HB608	\$25,000	Grant
Pennywinkle Road Extension	HB608	55,000	Grant
Systemwide Betterment Project	HB608	300,000	Grant
Systemwide Betterment Project	HB608	50,000	Grant

XII. CONTACTS

Legal Applicant / Project Administrator	
Name	Henry County Water District #2
Address	8955 Main Street PO Box 219 Campsbellsburg, KY 40011
County	Henry
Authorized Official	James T. Simpson
Phone	(502) 532- 6279
Email	jsimpson@hcwd2.com

Consulting Engineer	
Name	Herbert Lemaster, P.E.
Firm	Tetra Tech, Inc
Address	800 Corporate Drive Suite 200 Lexington, KY 40503
Phone	(859) 223-8000
Email	herb.lemaster@tetrattech.com

XIII. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions.

**HENRY COUNTY WATER DISTRICT #2
FINANCIAL SUMMARY (DECEMBER YEAR END)**

	<u>Audited</u> <u>2012</u>	<u>Audited</u> <u>2013</u>	<u>Projected</u> <u>2014</u>	<u>Projected</u> <u>2015</u>	<u>Projected</u> <u>2016</u>	<u>Projected</u> <u>2017</u>	<u>Projected</u> <u>2018</u>	<u>Projected</u> <u>2019</u>
Balance Sheet								
Assets								
Current Assets	1,149,371	950,003	967,161	1,065,526	1,133,168	1,164,392	1,182,489	1,219,916
Other Assets	15,347,689	15,544,684	17,549,362	20,113,462	19,294,562	18,342,662	17,407,762	16,289,862
Total	16,497,060	16,494,687	18,516,523	21,178,988	20,427,730	19,507,054	18,590,251	17,509,778
Liabilities & Equity								
Current Liabilities	583,804	932,893	720,720	797,218	809,352	737,524	797,533	806,800
Long Term Liabilities	7,087,426	6,640,609	6,661,059	6,681,059	6,701,059	6,721,059	6,741,059	6,761,059
Total Liabilities	7,671,230	7,573,502	7,381,779	7,478,277	7,510,411	7,458,583	7,538,592	7,567,859
Net Assets	8,825,830	8,921,185	11,134,744	13,700,711	12,917,319	12,048,471	11,051,659	9,941,919
Cash Flow								
Revenues	3,387,732	3,301,767	3,301,767	3,301,767	3,460,267	3,460,267	3,460,267	3,460,267
Operating Expenses	2,321,052	2,079,140	2,120,723	2,170,237	2,220,500	2,264,628	2,309,639	2,355,550
Other Income	20,652	14,514	10,000	10,000	10,000	10,000	10,000	10,000
Cash Flow Before Debt Service	1,087,332	1,237,141	1,191,044	1,141,530	1,249,767	1,205,639	1,160,628	1,114,717
Debt Service	734,127	709,309	713,366	868,165	1,128,225	1,124,415	967,531	977,290
Cash Flow After Debt Service	353,205	527,832	477,678	273,365	121,542	81,224	193,097	137,427
Ratios								
Current Ratio	2.0	1.0	1.3	1.3	1.4	1.6	1.5	1.5
Debt to Equity	0.9	0.8	0.7	0.5	0.6	0.6	0.7	0.8
Days Sales in Accounts Receivable	48.4	48.6	48.6	48.6	48.6	48.6	48.6	48.6
Months Operating Expenses in Unrestricted Cash	2.2	2.1	2.2	2.7	2.9	3.0	3.1	3.2
Debt Coverage Ratio	1.5	1.7	1.7	1.3	1.1	1.1	1.2	1.1

APPENDIX C



**BID TABULATION
U.S. 42 STORAGE TANK
HENRY COUNTY WATER DISTRICT No. 2
Bids Received February 15, 2016**

Item	Caldwell Tanks, Inc.	C B & I, Inc.	Phoenix Fabricators and Erectors, Inc.	Landmark Structures I, L.P.
Total Lump Sum Bid Price	\$ 2,197,000.00	\$ 2,653,000.00	\$ 2,667,889.00	\$ 2,946,000.00

I hereby certify that this is a true and correct tabulation of bids.

A handwritten signature in blue ink, appearing to read 'Herbert R. Lemaster', is written over a horizontal line.

Herbert R. Lemaster, P.E.

2-16-2016

date

APPENDIX D



MATTHEW G. BEVIN
GOVERNOR

CHARLES G. SNAVELY
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT, KENTUCKY 40601
www.kentucky.gov

January 15, 2016

Mr. James T Simpson
Henry Co Water District 2
8599 Main St
Campbellsburg, KY 40011

RE: Henry Co Water District 2
AI # 1846, APE20150004
PWSID # 0520192-15-004
U.S. 42 Storage Tank
Henry, Trimble County, KY

Dear Mr. Simpson:

We have reviewed the plans and specifications for the above referenced project. The plans include the construction of approximately 1,000,000 gallon elevated water storage tank, 400 LF of 16-inch stainless steel and 150 LF of 20-inch DI water line. This is to advise that plans and specifications for the above referenced project are APPROVED with respect to sanitary features of design, as of this date with the requirements contained in the attached construction permit.

Based on DOW records, this project is being funded by a State Revolving Fund (SRF) loan. Therefore, this approval is for the technical aspects of the project only. Currently, a State Planning and Environmental Assessment Report (SPEAR) related to your funding application is under review. **Therefore, you are NOT authorized to advertise for bids at this time. Should you choose to proceed with the bidding and award a contract prior to DOW authorization to bid, this will be at your own risk and payment from the SRF program is not guaranteed**

If you have any questions concerning this project, please contact Mr. Abbas Pourghasemi at 502-564-3410 extension 4833.

Sincerely,

Terry Humphries, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

TH: AP
Enclosures

C: Tetra Tech Inc
Henry, Trimble County Health Department
Public Service Commission
Division of Plumbing

Distribution-Major Construction

Henry Co Water District 2
Facility Requirements

Activity ID No.: APE20150004

Page 1 of 10

PORT0000000044 (US 42 Storage Tank) 400 LF of 16-inch Stainless steel and 150 LF of 20-inch DI WLE :

Narrative Requirements:

Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water lines should be hydraulically capable of a flow velocity of 2.5 ft/s while maintaining a pressure of at least 20 psi. [Drinking Water General Design Criteria IV.1.b]
T-9	The normal working pressure in the distribution system at the service connection shall not be less than 30 psi under peak demand flow conditions. Peak demand is defined as the maximum customer water usage rate, expressed in gallons per minute (gpm), in the pressure zone of interest during a 24 hour (diurnal) time period. [Drinking Water General Design Criteria IV.1.d]
T-10	When static pressure exceeds 150 psi, pressure reducing devices shall be provided on mains or as part of the meter setting on individual service lines in the distribution system. [Drinking Water General Design Criteria IV.1.c]

Distribution-Major Construction

Henry Co Water District 2

Facility Requirements

Activity ID No.: APE20150004

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PORT0000000044 (continued):

Narrative Requirements:

Condition No.	Condition
T-11	The minimum size of water main in the distribution system where fire protection is not to be provided should be a minimum of three (3) inch diameter. Any departure from minimum requirements shall be justified by hydraulic analysis and future water use, and can be considered only in special circumstances. [Recommended Standards for Water Works 8.2.2, Drinking Water General Design Criteria IV.2.b]
T-12	Water mains not designed to carry fire-flows shall not have fire hydrants connected to them. [Recommended Standards for Water Works 8.4.1.b]
T-13	Flushing devices should be sized to provide flows which will give a velocity of at least 2.5 feet per second in the water main being flushed. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-14	No flushing device shall be directly connected to any sewer. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-15	Pipe shall be constructed to a depth providing a minimum cover of 30 inches to top of pipe. [Drinking Water General Design Criteria IV.3.a]
T-16	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-17	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a depth of at least six inches below the bottom of the pipe. [Recommended Standards for Water Works 8.7]
T-18	Water line installation shall incorporate the provisions of the AWWA standards and/or manufacturer's recommended installation procedures. [Recommended Standards for Water Works 8.7]
T-19	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-20	Packing and jointing materials used in the joints of pipe shall meet the standards of AWWA and the reviewing authority. [Recommended Standards for Water Works 8.1]
T-21	All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.7]

Distribution-Major Construction

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Facility Requirements

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PORT000000044 (continued):

Narrative Requirements:

Condition No.	Condition
T-22	All materials including pipe, fittings, valves and fire hydrants shall conform to the latest standards issued by the ASTM, AWWA and ANSI/NSF, where such standards exist, and be acceptable to the Division of Water. [Recommended Standards for Water Works 8.1]
T-23	Water mains which have been used previously for conveying potable water may be reused provided they meet the above standards and have been restored practically to their original condition. [Recommended Standards for Water Works 8.1]
T-24	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-25	The minimum size of water main which provides for fire protection and serving fire hydrants shall be six inch diameter. [Recommended Standards for Water Works 8.2, Drinking Water General Design Criteria IV.2.a]
T-26	Pipes and pipe fittings containing more than 8% lead shall not be used. All products shall comply with ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-27	Gaskets containing lead shall not be used. Repairs to lead joint pipe shall be made using alternative methods. [Recommended Standards for Water Works 8.1]
T-28	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-29	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-30	The hydrant lead shall be a minimum of six inches in diameter. Auxiliary valves shall be installed on all hydrant leads. [Recommended Standards for Water Works 8.4.3]
T-31	A sufficient number of valves shall be provided on water mains to minimize inconvenience and sanitary hazards during repairs. [Recommended Standards for Water Works 8.3]
T-32	Wherever possible, chambers, pits or manholes containing valves, blowoffs, meters, or other such appurtenances to a distribution system, shall not be located in areas subject to flooding or in areas of high groundwater. Such chambers or pits should drain to the ground surface, or to absorption pits underground. The chambers, pits and manholes shall not connect directly to any storm drain or sanitary sewer. Blowoffs shall not connect directly to any storm drain or sanitary sewer. [Recommended Standards for Water Works 8.6]

Distribution-Major Construction

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PORT000000044 (continued):

Narrative Requirements:

Condition No.	Condition
T-33	At high points in water mains where air can accumulate provisions shall be made to remove the air by means of air relief valves. [Recommended Standards for Water Works 8.5.1]
T-34	Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur. [Recommended Standards for Water Works 8.5.1]
T-35	The open end of an air relief pipe from automatic valves shall be extended to at least one foot above grade and provided with a screened, downward-facing elbow. [Recommended Standards for Water Works 8.5.2.c]
T-36	Discharge piping from air relief valves shall not connect directly to any storm drain, storm sewer, or sanitary sewer. [Recommended Standards for Water Works 8.5.2.d]
T-37	Water pipe shall be constructed with a lateral separation of 10 feet or more from any gravity sanitary or combined sewer measured edge to edge where practical. If not practical a variance may be requested to allow the water pipe to be installed closer to the gravity sanitary or combined sewer provided the water pipe is laid in a separate trench or undisturbed shelf located on one side of the sewer with the bottom of the pipe at least 18 inches above the top of the gravity sanitary or combined sewer pipe. [Drinking Water General Design Criteria IV.3.b]
T-38	Water lines crossing sanitary, combined or storm sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sanitary, combined or storm sewer with preference to the water main located above the sanitary, combined or storm sewer. [Drinking Water General Design Criteria IV.3.c]
T-39	At crossings, one full length of water pipe shall be located so both joints will be as far from the sewer as possible. [Recommended Standards for Water Works 8.8.3.b]
T-40	There shall be no connection between the distribution system and any pipes, pumps, hydrants, or tanks whereby unsafe water or other contaminating materials may be discharged or drawn into the system. [Recommended Standards for Water Works 8.10.1]
T-41	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-42	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]

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PORT0000000044 (continued):

Narrative Requirements:

Condition No.	Condition
T-43	New, cleaned and repaired water mains shall be disinfected in accordance with AWWA Standard C651. The specifications shall include detailed procedures for the adequate flushing, disinfection, and microbiological testing of all water mains. In an emergency or unusual situation, the disinfection procedure shall be discussed with the Division of Water. [Recommended Standards for Water Works 8.7.7]
T-44	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]
T-45	Valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding for pipes crossing underwater. [Recommended Standards for Water Works 8.9.2.b]
T-46	Permanent taps or other provisions to allow insertion of a small meter to determine leakage and obtain water samples on each side of the valve closest to the supply source for pipes crossing. [Recommended Standards for Water Works 8.9.2.c]

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STOR000000003 (Elevated WST) 1,000,000 gallon elevated water storage tank:

Narrative Requirements:

Condition No.	Condition
T-1	Water storage tanks shall have a minimum 100% turnover rate of once per 72 hours. [Drinking Water General Design Criteria IV.6.a]
T-2	Minimum water level for all gravity storage tanks shall maintain a minimum design pressure of 30 psi for all potential points of use supplied by the tank. [Drinking Water General Design Criteria IV.6.b]
T-3	Separate inlet and outlet is required on storage tanks; and the inlet has to be in the upper half of the tank (unless there is a separate mixing system). [Drinking Water General Design Criteria IV.6.c]
T-4	The maximum variation between high and low levels in storage structures providing pressure to a distribution system should not exceed 30 feet. [Recommended Standards for Water Works 7.3.1]
T-5	Finished water storage structures which provide pressure directly to the distribution system shall be designed so they can be isolated from the distribution system and drained for cleaning or maintenance without causing a loss of pressure in the distribution system. [Recommended Standards for Water Works 7.3.2]
T-6	The storage structure drain shall discharge to the ground surface with no direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.3.2]
T-7	Adequate controls shall be provided to maintain levels in distribution system storage structures. Level indicating devices should be provided at a central location. [Recommended Standards for Water Works 7.3.3]
T-8	The minimum storage capacity (or equivalent capacity) for systems not providing fire protection shall be equal to the average daily consumption. [Recommended Standards for Water Works 7.0.1.b]
T-9	The system should be designed to facilitate turnover of water in the reservoir. [Recommended Standards for Water Works 7.0.6]
T-10	Excessive storage capacity should be avoided to prevent potential water quality deterioration problems. [Recommended Standards for Water Works 7.0.1.c]
T-11	The overflow pipe shall be of sufficient diameter to permit waste of water in excess of the filling rate. [Recommended Standards for Water Works 7.0.7.d]
T-12	Finished water storage structures shall be designed with reasonably convenient access to the interior for cleaning and maintenance. [Recommended Standards for Water Works 7.0.8]

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STOR000000003 (continued):

Narrative Requirements:

Condition No.	Condition
T-13	Finished water storage structures shall be vented. Vents shall prevent the entrance of surface water, rainwater, bird, and animals. The overflow pipe shall not be considered a vent. Open construction between the sidewall and roof is not permissible. [Recommended Standards for Water Works 7.0.9]
T-14	Finished water storage structures and their appurtenances, especially the riser pipes, overflows, and vents, shall be designed to prevent freezing. Equipment used for freeze protection that will come into contact with the potable water shall meet ANSI/NSF Standard 61. [Recommended Standards for Water Works 7.0.13]
T-15	If a flapper valve is utilized, a screen shall be provide inside the valve. Provisions must be included to prevent the flapper from freezing shut. [Recommended Standards for Water Works 7.0.7.e]
T-16	The roof and sidewalls of all water storage structures must be watertight with no openings except properly constructed vents, manholes, overflows, risers, drains, pump mountings, control ports, or piping for inflow and outflow. [Recommended Standards for Water Works 7.0.10]
T-17	Any pipes running through the roof or sidewall of a metal storage structure must be welded, or properly gasketed. In concrete tanks, these pipes shall be connected to standard wall castings which were poured in place during the forming of the concrete. [Recommended Standards for Water Works 7.0.10.a]
T-18	Openings in the roof of a storage structure designed to accommodate control apparatus or pump columns, shall be curbed and sleeved with proper additional shielding to prevent contamination from surface or floor drainage. [Recommended Standards for Water Works 7.0.10.b]
T-19	Valves and controls should be located outside the storage structure so that the valve stems and similar projections will not pass through the roof or top of the reservoir. [Recommended Standards for Water Works 7.0.10.c]
T-20	Every catwalk over finished water in a storage structure shall have a solid floor with sealed raised edges, designed to prevent contamination from shoe scrapings and dirt. [Recommended Standards for Water Works 7.0.14]
T-21	The discharge pipes from water storage structures shall be located in a manner that will prevent the flow of sediment into the distribution system. [Recommended Standards for Water Works 7.0.15]
T-22	Smooth-nosed sampling tap(s) shall be provided to facilitate collection of water samples for both bacteriological and chemical analyses. The sample tap(s) shall be easily accessible. [Recommended Standards for Water Works 7.0.19]

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STOR000000003 (continued):

Narrative Requirements:

Condition No.	Condition
T-23	Sewers, drains, standing water, and similar sources of possible contamination must be kept at least 50 feet from water storage facilities. Gravity sewers constructed of water main quality pipe, pressure tested in place without leakage, may be used at distances greater than 20 feet but less than 50 feet. [Recommended Standards for Water Works 7.0.2.c]
T-24	The roof of the storage structure shall be well drained. Downspout pipes shall not enter or pass through the reservoir. [Recommended Standards for Water Works 7.0.10.d]
T-25	Porous material, including wood and concrete block shall not be used for potable water contact applications. [Recommended Standards for Water Works 7.0.11]
T-26	All finished water storage structures shall have suitable watertight roofs which exclude birds, animals, insects, and excessive dust. [Recommended Standards for Water Works 7.0.3]
T-27	Fencing, locks on access manholes, and other necessary precautions shall be provided to prevent trespassing, vandalism, and sabotage. [Recommended Standards for Water Works 7.0.4]
T-28	Ladders, ladder guards, balcony railings, and safely located entrance hatches shall be provided where applicable. [Recommended Standards for Water Works 7.0.12.a]
T-29	All water storage structures shall be provided with an overflow which is brought down to an elevation between 12 and 24 inches above the ground surface, and discharges over a drainage inlet structure or a splash plate. All overflow pipes shall be located so that any discharge is visible. [Recommended Standards for Water Works 7.0.7]
T-30	No drain on a water storage structure may have a direct connection to a sewer or storm drain. [Recommended Standards for Water Works 7.0.5]
T-31	The design shall allow draining the storage facility for cleaning or maintenance without causing loss of pressure in the distribution system. [Recommended Standards for Water Works 7.0.5]
T-32	No overflow may be connected directly to a sewer or a storm drain. [Recommended Standards for Water Works 7.0.7]
T-33	Proper protection shall be given to metal surfaces by paints or other protective coatings, by cathodic protective devices, or by both. [Recommended Standards for Water Works 7.0.17]

Distribution-Major Construction

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STOR000000003 (continued):

Narrative Requirements:

Condition No.	Condition
T-34	Paint systems shall meet ANSI/NSF standard 61. [Recommended Standards for Water Works 7.0.17.a]
T-35	Interior paint must be applied, cured, and used in a manner consistent with the ANSI/NSF approval. [Recommended Standards for Water Works 7.0.17.a]
T-36	After curing, the coating shall not transfer any substance to the water which will be toxic or cause taste or odor problems. [Recommended Standards for Water Works 7.0.17.a]
T-37	Wax coatings for the tank interior shall not be used on new tanks. [Recommended Standards for Water Works 7.0.17.b]
T-38	Old wax coating must be completely removed before using another tank coating. [Recommended Standards for Water Works 7.0.17.b]
T-39	Finished water storage structures shall be disinfected in accordance with AWWA Standard C652. Two or more successive sets of samples, taken at 24-hour intervals, shall indicate microbiologically satisfactory water before the facility is placed into operation. [Recommended Standards for Water Works 7.0.18.a]
T-40	The disinfection procedure specified in AWWA Standard C652 chlorination method 3, section 4.3 which allows use of the highly chlorinated water held in the storage tank for disinfection purposes, is prohibited unless the initial heavily chlorinated water is properly disposed. [Recommended Standards for Water Works 7.0.18.c]
T-41	The overflow for an elevated tank shall open downward and be screened with a four mesh, non-corrodible screen. [Recommended Standards for Water Works 7.0.7.c]
T-42	Elevated storage tanks shall have at least one of the access manholes framed at least four inches above the surface of the roof at the opening. All other manholes or access ways shall be bolted and gasketed. [Recommended Standards for Water Works 7.0.8.1]
T-43	Elevated storage tank vents shall open downward, and be fitted with either four mesh non-corrodible screen, or with finer mesh non-corrodible screen in combination with an automatically resetting pressure-vacuum relief mechanism. [Recommended Standards for Water Works 7.0.9.e]
T-44	Elevated tanks with riser pipes over eight inches in diameter shall have protective bars over the riser openings inside the tank. [Recommended Standards for Water Works 7.0.12.b]

Distribution-Major Construction

Henry Co Water District 2

Facility Requirements

Activity ID No.: APE20150004

STOR000000003 (continued):

Narrative Requirements:

Condition No.	Condition
T-45	Railings or handholds shall be provided on elevated tanks where persons must transfer from the access tube to the water compartment. [Recommended Standards for Water Works 7.0.12.c]
T-46	When an internal overflow pipe is used on elevated tanks, it should be located in the access tube. For vertical drops on other types of storage facilities, the overflow pipe should be located on the outside of the structure. [Recommended Standards for Water Works 7.0.7.a]
T-47	If a water circulation system is used, it is recommended that the circulation pipe be located separately from the riser pipe. [Recommended Standards for Water Works 7.0.13]
T-48	Reservoirs with pre-cast concrete roof structures must be made watertight with the use of a waterproof membrane or similar product. [Recommended Standards for Water Works 7.0.10.f]



Comments Due: March 5, 2016

MATTHEW G. BEVIN
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
WATER INFRASTRUCTURE BRANCH
200 FAIR OAKS LANE, 4TH FLOOR
FRANKFORT KENTUCKY 40601

CHARLES G. SNAVELY
SECRETARY

FINDING OF NO SIGNIFICANT IMPACT (FONSI)
US 42 Tank Project
Henry County Water District #2
Henry and Trimble Counties, Kentucky
AI ID: 1846; PLN20150001

The Department for Environmental Protection, Division of Water (DOW) has conducted a review of the above proposed project in accordance with the procedures contained in the State Revolving Fund Operating Agreement between the Environmental Protection Agency Region IV and the Commonwealth of Kentucky. Based on a review of the *Henry County Water District #2 (HCWD)– US 42 Tank* submitted by the applicant and other supporting documents, the DOW has determined the above referenced proposed project will not have a significant impact on the environment and is issuing a Finding of No Significant Impact (FONSI).

The *HCWD - US 42 Tank* project includes the replacement of an undersized and aging water storage tank. Based on the evaluation of alternatives, the selected alternative is to replace the aging 200,000 gallon water storage tank with a 1.0 million gallon storage tank. The existing tank is in need of repair and painting at an additional maintenance cost and the storage capacity is undersized and will not meet the future demands of the District or to allow for future regionalization in the area. The selected alternative has a projected cost of \$ 3,254,000.

Attached is an Environmental Assessment containing detailed information supporting this proposed action. It includes the following sections: A) Summary, B) Existing Environment, C) Existing Facilities, D) Need for Project, E) Alternatives Analysis, F) Environmental Consequences, Mitigative Measures, G) Public Participation and User Rates, and H) Sources Consulted.

This FONSI and Environmental Assessment will be available for review and comment for thirty (30) calendar days. Interested persons are encouraged to submit comments within thirty days of the issue date.

The DOW will take no action on this project until after the review and public comment period has ended, and will evaluate all comments before a decision is made to proceed with approval of the US 42 Tank project or awarding of SRF funds for this project. Written comments supporting or disagreeing with the proposed action should be sent to Cindy McDonald, Supervisor, Wastewater Planning Section, Water Infrastructure Branch, Division of Water, 200 Fair Oaks Lane, 4th Floor, Frankfort, Kentucky, 40601, or by e-mail to cindy.mcdonald@ky.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter T. Goodmann". The signature is stylized and cursive.

Peter T. Goodmann, Director
Division of Water

CM/d

ENVIRONMENTAL ASSEMENT
US 42 Tank
Henry County Water District
Henry and Trimble Counties, Kentucky
AI#1846; PLN20150001

A. Summary

Project Summary

The Henry County Water District (HCWD) has applied for a Drinking Water State Revolving Fund (DWSRF) loan to fund a project to construct a new 1.0 million gallon water storage tank to replace the existing 200,000 gallon water storage tank that will be taken out of service.

Funding Status

The total estimated funding amount for the proposed project is \$3,254,000 and will be funded in part by the DWSRF (F15-014). The remaining funds will be provided through local sources and from Shelby Energy.

B. Existing Environment

Topography and Geology

The proposed project is actually located in Trimble County just north of the boundary with Henry County. Trimble County is located in the north-central region of Kentucky in the Outer Bluegrass physiographic region which is characterized flat-topped ridges and some steep slopes, especially near the Ohio River and the Little Kentucky River; the two major river systems located within the county. The Little Kentucky River runs along the southeastern corner of the county and the Ohio River runs along the northern and western borders of the county.

The topography of Trimble County generally appears flat with moderately steep hillsides with broad ridgetops and shoulder slopes. The area is dissected by several small intermittent streams. Sinkholes may appear on the larger flat-topped ridges near the center of the county. The average upland elevation ranges from 750 ft. in the west to 850 ft. in the east. The highest elevations occur in the center of the county at 970 ft. north of Bedford on Fishers Ridge. The lowest elevation occurs in the alluvial areas along the Ohio River at 470 ft. near Wise Landing. Bedford, the county seat, sits at 910 ft. The elevations associated with the Little Kentucky River basin occur around 686 ft. and the river valley is cut at an average depth of 200 to 250 ft.

The new water storage tank is located just north of the Trimble – Henry County line and is proposed to be located adjacent to the existing 200,000 gallon water storage tank that will be decommissioned after the new tank is put into operation. This area is located in the uplands approximately 4.0 miles south of Bedford where the major land uses are farming and pasture land.

The geology of the county consists of consolidated sedimentary rocks from the Ordovician and Silurian ages and the alluvial areas consist of unconsolidated sediments from the Quaternary Age. During the late Ordovician age the seas were warming up and becoming shallower allowing for mud and sediments to be deposited. During the Silurian age the limestones and dolomites were formed and they were deposited on the rocks formed during the Ordovician age. The Quaternary sediments were being deposited along the rivers and streams in the alluvial areas during both of these time periods.

Soils

The proposed water tank is located in an upland, woody area behind a residence. The primary soil group located in the proposed project area is the Beasley-Nicholson group. This group is characterized by deep, well drained, erodible soils that have clayey or loamy subsoil and are located in the upland areas, mainly on ridgetops, sideslopes, and hillsides.

Beasley silt loam: These soils are the only soil type occurring in the proposed project area and they are well drained sloping soils from 6% to 20% located on steep hillsides and are very erodible. They have a moderate to rapid runoff with a high water capacity. Bedrock is located 40" to 60" below ground surface (bgs). Slope is a limiting factor to most urban uses. The Beasley 6-12% slope soils are considered farmland of statewide importance; however soils with a 12-20% slope are not considered prime farmland.

Nicholson silt loam: These soils are not located in project area but do occur in the south western part of the county. These soils occur on hilltops, sideslopes, and some toe slopes with a slope of 2% to 12%. These soils are typically gently sloping, well-drained to moderately drained soils and are usually eroded. They have the characteristics of slow to moderate permeability and runoff with a high water capacity.

The alluvial areas in the county are comprised of Stendal silt loam soils and are occasionally flooded due to the occurrence in nearly level areas (0-2% slope). These alluvial soils are formed from soil washed from the uplands. These soils have a high water capacity and are poorly drained and runoff is slow with moderate permeability.

Surface Waters

The project area is located within the Little Kentucky River, Bedford (HUC #051401010) and the Patton's Branch, Westport (HUC #05140101130) watersheds; both are part of the Salt-Licking River Basin Management Unit. The proposed water storage tank is located on the boundary of both watersheds. No streams will be impacted from this project because the proposed tank location is in an upland area. There are no impaired waters listed in the *2012 Integrated Report to Congress on the Condition of Water Resources in Kentucky* for these two watersheds. There are no Special Use Designated Waters, i.e. Exceptional Waters, Reference Reach Waters, or Outstanding National Resource Waters, located in the project area. The proposed water storage tank will be constructed in a Source Water Area Protection Program (SWAPP) zone for Louisville Water Company.

Groundwater

The water source for HCWD #2 is the Ohio River Alluvium Aquifer where they own a well field of six groundwater wells. These wells are located in Trimble County along the Ohio River from milepoint (MP) 572 to 573 MP. The source water is then pumped to the water treatment plant located in Campbellsburg in Henry County. Public water is provided to approximately 90 percent of Henry and Trimble County residents. The Ohio River Alluvium Aquifer is good source water for domestic use. Drilled wells produce several hundred gallons per minute and most can produce in wells less than 100 ft. deep. Groundwater in Henry and Trimble Counties flows through the Drakes Formation which is made up of shales and limestones which results in hard water and may contain salt in wells drilled in the river valleys but overall of good quality. The Drakes Formation can yield enough water to supply domestic wells but not commercial/industrial supplies. Water movement occurs in the fractures, joints, or faults.

The project area has a moderate groundwater sensitivity rating due to the amount of shale in the subsurface. Higher amounts of shale can impede infiltration of precipitation. The project area is located in a karst prone area. The well field has been deemed a Wellhead Protection Area affording the groundwater source certain protections and this also allows for continued monitoring of the susceptibility of contamination infiltration into the groundwater. The proposed project is not expected to have any adverse direct impacts to groundwater quality.

C. Existing Facilities

Drinking Water

Currently, the HCWD serves customers in Carroll, Henry, Oldham, Shelby, and Trimble Counties and serves approximately 6,400 customers with an estimated population of over 14,000. HCWD provides water at wholesale rates to Eminence Water Works, New Castle Water Works, and West Carroll Water District - Carrollton on a permanent basis. HCWD owns and operates a groundwater treatment facility constructed in 1998 with a capacity of 4.0 million gallons per day (MGD), an average distribution of 1.9 MGD, and an estimated water loss of approximately 23%. The distribution system owned and serviced by the HCWD includes approximately 520 miles of distribution and transmission lines, six pump stations, and eleven water storage tanks.

Wastewater

This project is located south of Bedford and west of Campbellsburg in a rural farming area. This area is not included in the wastewater service areas of either city so most of the area is serviced by on-site septic systems. This proposed project area does occur within the Bedford Wastewater Treatment Plant planning area but there are no projects proposed to extend sewer service to this area.

D. Need for Project

The proposed project includes replacing the existing 200,000 gallon water storage tank with the new 1.0 million gallon tank. By increasing the storage capacity, the District will be able to prepare for potential regionalization with an adjoining water district and meet the future needs of its customers. The existing tank is in need of repair and painting at an additional maintenance cost of \$200,000; eliminating this tank will result in a significant savings. The new, larger tank will also allow more water to be gravity fed rather than pumped allowing for an additional cost savings of approximately \$3,000 to \$4,000 per month in electricity use.

E. Alternative Analysis

Alternatives were considered to determine the most cost-effective method for providing a more reliable water supply to the entire service area.

- ***No Action***

If this option is chosen the District would rehabilitate the existing 200,000 gallon water storage tank at the expense of approximately \$200,000. This will not allow for the needed storage capacity in the area. Another disadvantage to this alternative is that the District would be paying more electricity costs because of the additional pumping.

- ***Construct New Water Storage Tank***

This alternative includes replacing the 200,000 gallon water storage tank with a new 1.0 million gallon tank. This project is part of the District's Capital Improvement Plan and comes two years after the installation of the new 20" water main that extends from the water treatment plant to the US 42 storage tank (\pm 4 miles). The larger diameter water main coupled with the larger storage capacity for the tank will increase in the system's reliability and efficiency. This increase in storage capacity will not only provide more reliable water service to the District but also to the neighboring District, as well as for possible future regionalization.

Selected Alternative

The selected alternative includes the replacement of the aging and undersized water storage tank along US 42 in Trimble County located approximately 4.0 miles south of the Water Treatment Plant in Bedford. A 1.0 million gallon water storage tank is proposed to replace the existing 200,000 gallon tank. This alternative shows a significant cost savings in the energy use per month. This alternative will also provide a more reliable service to the western section of the District plus allow for regionalization with neighboring districts due to the increase in water storage capacity. This alternative addresses existing and future system demand and provides the most cost-effective and responsible option for the customers of the Henry Count Water District #2.

F. Environmental Consequences; Mitigative Measures

The applicant solicited government agency review through the Kentucky State Clearinghouse (#KY20140729-0879) and from applicable federal agencies. Best management practices will be employed in all areas of construction. Indirect impacts of the project will be limited and do not outweigh the benefits to the customers of the HCWD.

Historic Properties and Archaeological Sites

The Kentucky Heritage Council (KHC) was solicited for comments by correspondence dated July 2, 2015, regarding potential impacts to historic artifacts and cultural resources. KHC responded by correspondence dated July 20, 2015, stating that an archaeology survey will be performed for this site. A Phase I Archaeological Survey entitled, *A Phase I Archaeological Survey for the Proposed Water Tank in Trimble County, Kentucky* was completed and submitted July 29, 2015. There were no archaeological findings in the survey area which included the areas where the US 42 Tank and the temporary access road (for construction purposes only) are proposed. The report recommends no further archaeological work conducted on this site. On August 24, 2015, KHC responded and agreed with the recommendations of the Phase I Archaeological Survey Report that additional survey work is not needed and that there are "no new historic or prehistoric archaeological sites were recorded."

Endangered Species and Critical Habitats

The United States Fish and Wildlife Service (USFWS) was solicited for comments on October 27, 2014, regarding potential impacts to threatened or endangered species. On June 8, 2015, HCWD #2 entered into a Conservation Memorandum of Agreement with the USFWS to mitigate for the loss of the Indiana bat (*Myotis sodalis*) and the Northern long-eared bat habitat (*Myotis septentrionalis*). The HCWD chose to enter into the MOA with the USFWS because the proposed project would result in the direct loss of 0.9 acres of forested habitat; the HCWD contributed \$4,252.50 to the Imperiled Bat Conservation Fund administered by the Kentucky Natural Lands Trust. Through the MOA entitled, *Forest-Dwelling Bat Conservation Memorandum of Agreement Between the U.S. Fish and Wildlife Service and Henry County Water District #2*, the USFWS describes the recovery-focused conservation benefits to the Indiana bat and the Northern long-eared bat through the implementation of minimization and mitigation measures. The requirements of Section 7 of the Endangered Species Act of 1973 have been fulfilled for the project.

Wetlands and Streams

The U.S. Army Corps of Engineers (USACE) was solicited for comments by correspondence dated July 7, 2015, concerning possible impacts to "waters of the U.S.". USACE commented by correspondence dated August 17, 2015, stating if the "it does not appear that a Department of the Army permit will be needed under the provisions of Section 404 of the Clean Water Act... If the project would necessitate the discharge of dredged or fill material into 'waters of the U.S.', including wetlands, plans should be submitted to our office for review".

KDFWR also commented concerning impacts to aquatic resources through the Clearinghouse process, recommending stream erosion control measures are in place prior to construction.

Prime Farmland or Farmland of Statewide Importance

The USDA Natural Resources Conservation Service (NRCS) was solicited for comments on July 7, 2015, regarding potential impact to "prime farmland" or farmland of statewide importance within the proposed project area. NRCS has not provided a response.

Floodplains

The Kentucky Division of Water (DOW) ascertained, in clearinghouse comments dated August 29, 2014, a floodplain construction permit is not required since the project will not occur in a floodplain.

Air Quality

No negative comments were received during the Clearinghouse interagency review process regarding air quality. Contractors should use best management practices to limit ambient air quality issues during construction.

Miscellaneous

If the construction area is equal to or greater than 1 acre, the applicant must apply for a Kentucky Pollutant Discharge Elimination System (KPDES) stormwater discharge permit.

A Groundwater Protection Plan may be required by the Division of Water, per Clearinghouse comments dated August 29, 2014 if the activities associated with the construction of the project warrant it.

No major civil rights impacts are anticipated as a result of the implementation of the proposed project.

With the exception of noise generated during construction, new noise is not anticipated as a direct result of the proposed project. Construction noise will be temporary in nature and kept to regulated levels.

No sole source aquifers are known to exist within or down gradient of the project area.

There will be no adverse effects to the National Wild and Scenic River System as identified by the National Rivers Inventory.

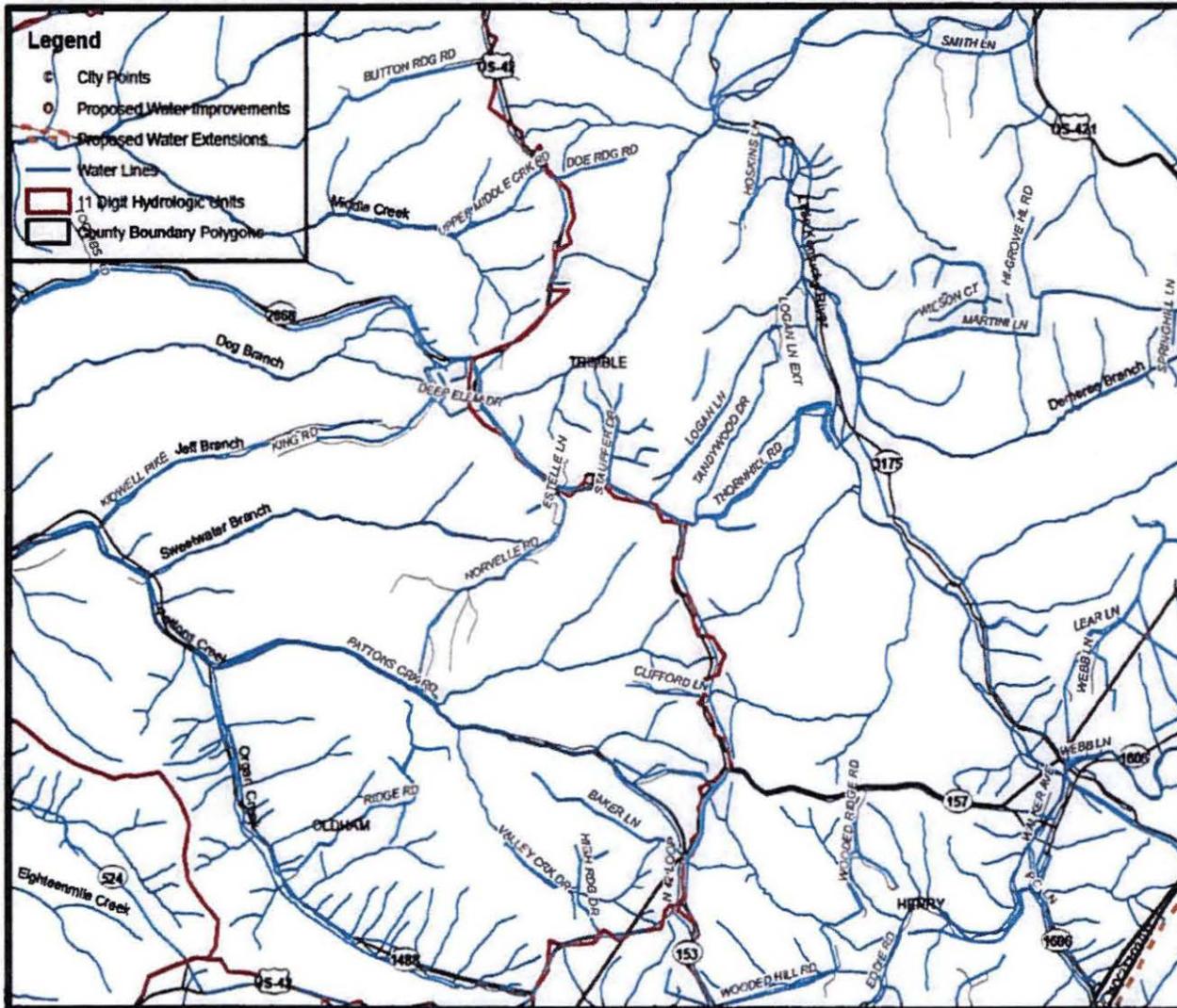
G. Public Participation and User Rates

The District conducted a public meeting on September 28, 2015 at 5:00 pm at the District Business Office in Hartford, Kentucky. The meeting notice was published in *The Time News* on September 2, 2015. The purpose of the meeting was to provide the public with an opportunity to attend and comment on such issues as economic and environmental impacts, project area, alternatives to the project, cultural and historical issues, or any other pertinent issues. No public comments were recorded.

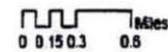
The average monthly customer rate is \$18.76 per 1,500 gallons. A rate increase occurred in 2010 to meet the needs of replacing aging infrastructure and the proposed projects under the Capital Improvement Plan. Finished water is sold at the wholesale rate to Eminence Water Works, New Castle Water Works, and West Carroll Water District - Carrollton for \$2.58 per 1,000 gallons.

H. Sources Consulted

Henry County Water District #2 website
Kentucky Department of Fish & Wildlife Resources
Kentucky Division for Air Quality
Kentucky Division of Water
Kentucky Heritage Council
Kentucky Geological Survey
Kentucky State Clearinghouse
Natural Resources Conservation Service
U.S. Fish & Wildlife Service
USDA Soil Conservation Service
U.S. Army Corps of Engineer
U.S. Geological Survey



HCWD #2 - US 42 Water Storage Tank



Map created utilizing data from KY EEC GIS Portal



Kentucky Transportation Cabinet
 Department of Highways
 Permits Branch

TC 99-1 (A)
 8/2012
 Page 1 of 4

APPLICATION FOR ENCROACHMENT PERMIT

Permittee Information		KYTC No. 05-2015-00380	
Name HENRY Co. WATER DISTRICT	Permit Information		
Address 8955 MAIN STREET	Address U.S. HWY. 42 WEST		
P.O. Box 219	City PENDLETON		
City CAMPBELLSBURG	State KENTUCKY	Zip 40055	
State KENTUCKY Zip 40011	County TRIMBLE		
Phone# 502-532-6279	Route No. US HWY. 42	Mile-Point	2.158
Contact BARRY Woods	Longitude (X) -85.325412		
Phone 502-532-6279 Cell 502-551-5262	Latitude (Y) 38.521461		
Email Bwoods@HCWA2.COM	Information below to be filled out by KYTC		
Contact JAMES T. SIMPSON	<input type="checkbox"/> Air Right	<input checked="" type="checkbox"/> Entrance	
Phone 502-532-6279 Cell 502-724-3387	<input type="checkbox"/> Utilities	<input type="checkbox"/> Other: _____	
Email JSIMPSON@HCWA2.COM	<input checked="" type="checkbox"/> Left <input type="checkbox"/> Right <input type="checkbox"/> X-ing		
	Access: <input type="checkbox"/> Full	<input type="checkbox"/> Partial	<input checked="" type="checkbox"/> by Permit

General Description of Work:

THE HENRY Co. WATER DISTRICT'S HWY. 42 TANK PROJECT WILL REQUIRE A TEMPORARY ACCESS ENTRANCE FROM HWY. 42 DURING CONSTRUCTION. THE CONSTRUCTION CONTRACT SPECIFICATIONS WILL REQUIRE THE CONTRACTOR TO PROVIDE A CERTIFIED TRAFFIC CONTROL PLAN. INCLUDED IN THIS PLAN SHALL BE APPLICABLE ADVANCED WARNING SIGNS. ALL SIGN AND TRAFFIC CONTROL SHALL BE IN ACCORDANCE WITH THE MANUAL OF UNIFORM TRAFFIC CONTROL DEVICES 2009 EDITION. **UPON COMPLETION-REMOVE ACCESS & RESTORE**

SEE ATTACHMENT:
SEE EMAIL FROM KENNY CARRICO-TRAFFIC CONTROL

BE AWARE - BURROW'S CEMETERY IS CLOSE

RECEIVED

MAR 3 2015

THE UNDERSIGNED PERMITTEE(S) (being duly authorized representative(s) or owner(s)) DO AGREE TO ALL TERMS AND CONDITIONS ON THE TC 99-1 (A).

[Signature] CHIEF OPERATING OFFICER

3/25/15 Traffic & Permits

Signature Date

This is not a permit unless and until the permittee(s) receives an approved TC 99-1(B) from KYTC. This application will become void if not approved by the cancellation date. The cancellation date will be one year from the date the permittee submits their application.



APPLICATION FOR ENCROACHMENT PERMIT

TERMS AND CONDITIONS

1. The permit, including this application and all related and accompanying documents and drawings making up the permit, remains in effect and is binding upon the Applicant/Permittee, its successors and assigns, as long as the encroachment(s) exists and also until the permittee is finally relieved by the Department of Highways from all its obligations.
2. Applicant shall meet all requirements of the Clean Water Act if the project will disturb one acre or more, the applicant shall obtain a KPDES KYR10 Permit from the Kentucky Division of Water. All disturbed areas shall meet the requirements of the Department of Highway's Standard Specifications, Sections 212 and 213, as amended.
3. **INDEMNITY:**
 - A. **PERFORMANCE BOND:** The permittee shall provide to the Department a performance bond according to the Permits Manual, Section PE-203 as a guarantee of conformance with the Department's Encroachment Permit requirements.
 - B. **PAYMENT BOND:** At the discretion of the department, a payment bond will be required of the permittee to ensure payment of liquidated damages assessed to the permittee.
 - C. **LIABILITY INSURANCE:** Liability insurance will be required of the permittee (in an amount approved by the department) to cover all liabilities associated with the encroachment.
 - D. It shall be the responsibility of the permittee, its successors and assigns, to maintain all indemnities in full force and effect until the permittee is authorized to release the indemnity by the Department.
4. A copy of this application and all related documents making up the approved permit will be given to the applicant and shall be made readily available for review at the work site at all times.
5. Perpetual maintenance of the encroachment is the responsibility of the permittee, its successors and assigns, with the approval of the Department as required, unless otherwise stated.
6. Permittee, its successors and assigns, shall comply with and agrees to be bound by the requirements and terms of (a) this application and all related documents making up the approved permit, (b) by the Department's Permits Manual, and (c) by the Manual on Uniform Traffic Control Devices, both manuals as revised to and in effect on the date of issuance of the permit, all of which documents are made a part thereof by this reference. Compliance by the permittee, its successors and assigns, with subsequent revisions to applicable provisions of either manual or other policy of the Department may be made a condition of allowing the encroachment to persist under the permit.
7. Permittee agrees that this and any encroachment may be ordered removed by the Department at any time, and for any reason, upon thirty days written notice to the last known address of the applicant or to the address at the location of the encroachment. The permittee agrees that the cost of removing and of restoring the associated right-of-way is the responsibility of the permittee, its successors and assigns.
8. Permittee, its successors and assigns, agree that if the Department determines that motor vehicular safety deficiencies develop as a result of the installation or use of the encroachment, the permittee, its successors and assigns, shall provide and bear the expenses to adjust, relocate, or reconstruct the facilities, and/or add signs, auxiliary lanes, or other corrective measures reasonably deemed necessary by the Department within a reasonable time after receipt of a written notice of such deficiency. The period within which such adjustments, relocations, additions, modifications, and/or other corrective measures must be completed will be specified in the notice.



APPLICATION FOR ENCROACHMENT PERMIT

9. Where traffic signals are required as a condition of granting the requested permit or are thereafter required to correct motor vehicular safety deficiencies, as determined by the Department, the costs for signal equipment and installation(s) shall be borne by the permittee, its successors and assigns, and/or the Department in its reasonable discretion and only in accordance with the Department's current policy set forth in the Traffic Operations Manual and Permits Manual. Any modifications to the permittee's entrance necessary to accommodate signalization (including necessary easement(s) on private property) shall be the responsibility of the permittee, its successors and assigns, at no expense to the Department.

10. The requested encroachment shall not infringe on the frontage rights of an abutting owner without their written consent as hereinafter described. Each abutting owner shall express their consent, which shall be binding on their successors and assigns, by the submission of a notarized statement as follows, "I (we), _____, hereby consent to the granting of the permit requested by the applicant along Route _____, which permit does affect frontage rights along my (our) adjacent real property." By signature(s) _____ subscribed and sworn by _____, on this date _____.

11. The permit, if approved, is subject to the agreement that it shall not interfere with any similar rights or permit(s) previously granted to any other party, except as otherwise provided by law.

12. Permittee shall include documentation which describes the facilities to be constructed. Permittee, its successors and assigns, agrees as a condition of the granting of the permit to construct and maintain any and all permitted facilities or other encroachments in strict accordance with the submitted and approved permit documentation and the policies and procedures of the Department. Permittee, its successors and assigns, shall not use facilities authorized herein in any manner contrary to that prescribed by the approved permit. Only normal usage as contemplated by the parties and by this application and routine maintenance are authorized by the permit.

13. Permittee, its successors and assigns, at all times from the date permitted work is commenced until such time as all permitted facilities or other encroachments are removed from the right-of-way and the right-of-way restored, shall defend, protect, indemnify and save harmless the Department from any and all liability claims and demands arising out of the work, encroachment, maintenance, or other undertaking by the permittee, its successors and assigns, related or undertaken pursuant to the granted permit, due to any claimed act or omission by the permittee, its servants, agents, employees, or contractors. This provision shall not inure to the benefit of any third party nor operate to enlarge any liability of the Department beyond that existing at common law or otherwise if this right to indemnity did not exist.

14. Upon a violation of any provision of the permit, or otherwise in its reasonable discretion, the Department may require additional action by the permittee, its successors and assigns, up to and including the removal of the encroachment and restoration of the right-of-way. In the event additional actions required by the Department under the permit are not undertaken as ordered and within a reasonable time, the Department may in its discretion cause those or other additional corrective actions to be undertaken and the Department may and shall recover the reasonable costs of those corrective actions from the permittee, its successors and assigns.

15. Permittee, its successors and assigns, shall use the encroachment premises in compliance with all requirements of federal law and regulation, including those imposed pursuant to Title VI of the Civil Right Act of 1964 (42 U.S.C. § 2000d et seq.) and the related regulations of the U.S. Department of Transportation in Title 49 C.F.R. Part 21, all as amended



APPLICATION FOR ENCROACHMENT PERMIT

16. Permittee, its successors and assigns, agree that if the Department determines it is necessary for the facilities or other encroachment authorized by the permit to be removed, relocated or reconstructed in connection with the reconstruction, relocation or improvement of a highway, the Department may revoke permission for the encroachment to remain under the permit and may order its removal, relocation or reconstruction by the permittee, its successors and assigns, at the expense of the permittee, except where the Department is required by law to pay any or all of those costs.

17. Permittee agrees that the authorized permit is personal to the permittee and shall remain in effect until such time as (a) the permittee's rights to the adjoining real property to have benefitted from the requested encroachment have been relinquished, (b) until all permit obligations have been assumed by appropriate successors and assigns, and (c) unless and until a written release from permit obligations has been granted by the Department. The permit and its requirements shall also bind the real property to have benefitted from the requested encroachment to the extent permitted by law. The permit and the related encroachment become the responsibility of the successors and assigns of the permittee and the successors and assigns of each property owner benefitting from the encroachment, or the encroachment may not otherwise permissibly continue to be maintained on the right-of-way. (Does not apply to utility encroachments serving the general public.)

18. If work authorized by the permit is within a highway construction project in the construction phase, it shall be the responsibility of the permittee to make personal contact with the Department's Engineer on the project in order to coordinate all permitted work with the Department's prime contractor on the project.

19. This permit is not intended to, nor shall it, affect, alter or alleviate any requirement imposed upon the permittee, its successors and assigns, by any other agency.

20. Permittee, its successors and assigns, agrees to contain and maintain all dirt, mud, and other debris emanating from the encroachment away from the surrounding right-of-way and the travel way of the highway hereafter and at all times that its obligations under the permit remain in effect.

Green, Tom

From: noreply@faa.gov
Sent: Thursday, December 17, 2015 10:50 AM
To: jsimpson@hcwd2.com; Green, Tom
Subject: Status of FAA Filing

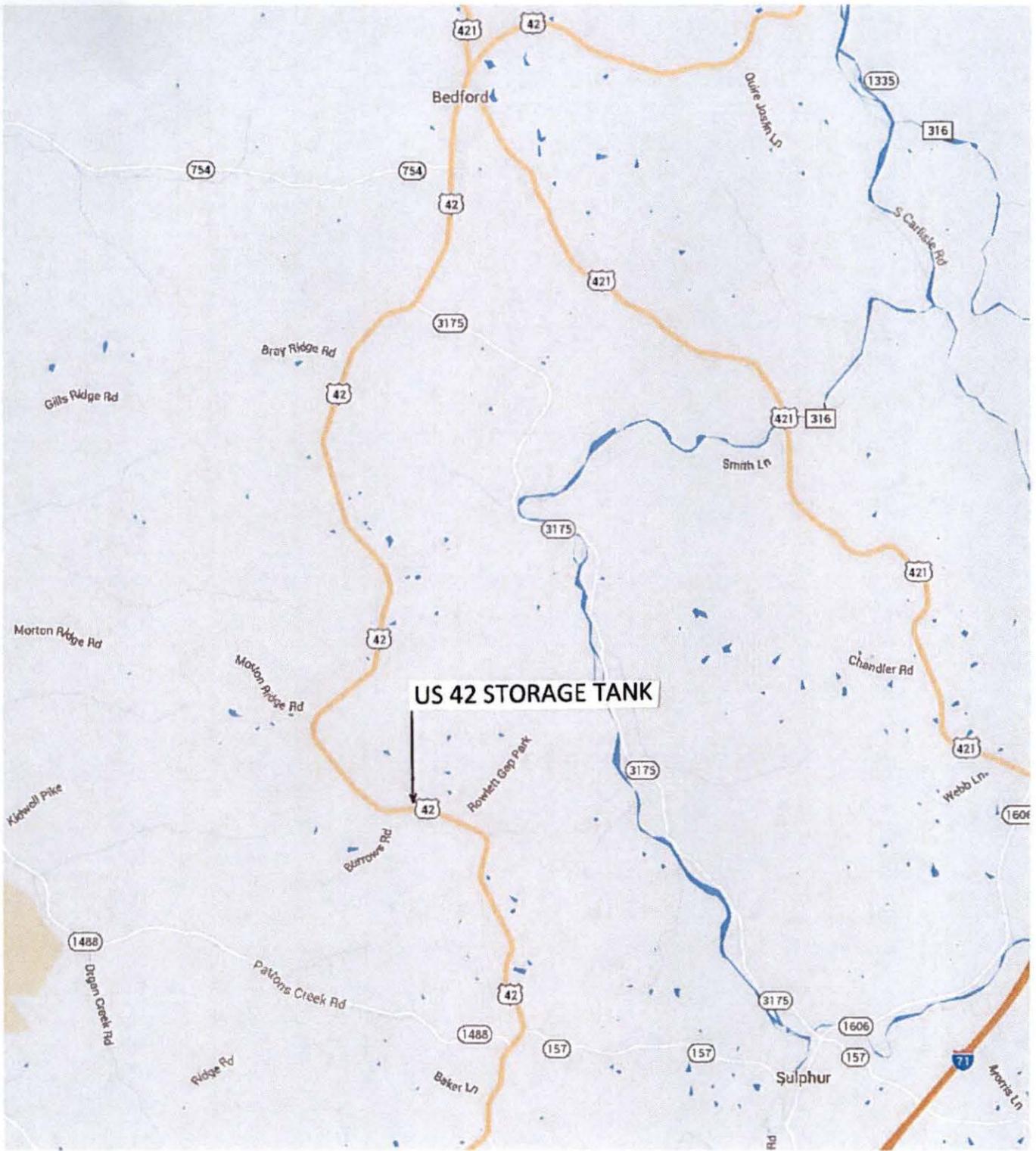
Your filing is assigned Aeronautical Study Number (ASN): 2015-ASO-21000-OE.

To review your electronic record, go to our website oeaaa.faa.gov and select the Search Archives link to locate your case using the assigned Aeronautical Study Number (ASN). Copies of your letter are available on the website for your convenience.

The FAA verified your filing and an aeronautical study has been initiated. Please allow a minimum 45 days for the FAA to complete the study. Please refer to the assigned ASN on all future inquiries regarding this filing.

To ensure e-mail notifications are delivered to your inbox please add noreply@faa.gov to your address book. Notifications sent from this address are system generated FAA e-mails and replies to this address will NOT be read or forwarded for review. Each system generated e-mail will contain specific FAA contact information in the text of the message.

APPENDIX E



US 42 STORAGE TANK
Henry County Water District No. 2

1" = 1 mile

APPENDIX F

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF NET POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current Assets:		
Cash, Including Time Deposits	\$ 178,833	\$ 364,933
Accrued Interest Receivable	83	93
Accounts Receivable (Net)	393,082	439,451
Inventory	104,773	118,324
Prepaid Expense	30,014	27,202
Total Current Assets	\$ 706,785	\$ 950,003
Noncurrent Assets:		
Restricted Assets:		
Cash, Including Time Deposits	\$ 2,339,649	\$ 1,722,324
Accrued Interest Receivable	1,107	1,915
Capital Assets (Net)	15,232,458	13,820,445
Total Noncurrent Assets	\$ 17,573,214	\$ 15,544,684
Total Assets	\$ 18,279,999	\$ 16,494,687
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss - Early Debt Retirement	\$ 246,375	\$ 263,465
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 74,089	\$ 52,410
Accounts Payable - Construction	10,145	31,510
Retainage Payable	-	283,589
Accrued Compensated Absences	26,778	45,656
Accrued Salaries, Wages & Benefits	44,268	40,375
Accrued Payroll Taxes/Employee Withholding	26,903	16,059
Utility Tax Payable	6,745	7,556
Sales Tax Payable	520	435
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable - Customer Deposits	184	303
Accrued Interest - Notes Payable	3,200	-
Revenue Bonds Payable	470,000	455,000
Notes Payable	156,827	-
Total Current Liabilities	\$ 819,659	\$ 932,893
Noncurrent Liabilities:		
Revenue Bonds Payable (Net of Unamortized Bond Discount & Premium of \$5,140 for 2014 and \$5,524 for 2013)	\$ 6,360,140	\$ 6,830,524
Notes Payable	2,190,739	-
Noncurrent Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	71,725	73,550
Total Noncurrent Liabilities	\$ 8,622,604	\$ 6,904,074
Total Liabilities	\$ 9,442,263	\$ 7,836,967
DEFERRED INFLOWS OF RESOURCES		
Funds Held for Future Lines	\$ 31,400	\$ -
NET POSITION		
Net Investment in Capital Assets	\$ 6,490,983	\$ 6,483,287
Restricted for Capital Projects	823,909	451,876
Restricted for Debt Service	1,347,396	1,133,113
Unrestricted	390,423	852,909
Total Net Position	\$ 9,052,711	\$ 8,921,185

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2014 and 2013

Operating Revenues:	2014	2013
Charges for Services:		
Water Charges (Net of Estimated Bad Debts)	\$ 2,949,020	\$ 2,939,215
Wholesale Water Charges	232,741	230,355
Total Charges for Services	\$ 3,181,761	\$ 3,169,570
Other Charges and Miscellaneous:		
Reconnect and Disconnect Charges	\$ 33,040	\$ 28,297
Forfeited Discounts	83,096	84,993
Miscellaneous	29,280	18,907
Total Other Charges and Miscellaneous	\$ 145,416	\$ 132,197
Total Operating Revenues	\$ 3,327,177	\$ 3,301,767
 Operating Expenses:		
Accounting and Collecting Labor	\$ 108,702	\$ 121,004
Chemicals	79,449	70,169
Commissioner Salaries	32,700	24,525
Continuing Education	3,306	5,431
Contractual Services-Maintenance of Mains/Distribution System	22,281	46,009
Dues	4,031	4,532
Insurance	44,297	46,136
Maintenance of Mains/Distribution System Expenses	296,490	196,158
Miscellaneous	6,469	5,285
Office Supplies and Expense	64,416	79,225
Operating Labor	624,704	595,743
Other Interest Expense	345	549
Payroll Taxes	60,839	60,104
Professional Services	62,588	50,681
Purchased Power	411,664	400,068
Regulatory Fees	6,461	6,557
Retirement Expense & Employee Benefits	326,773	315,376
Transportation Expense	27,895	23,093
Utilities	26,610	28,495
Depreciation Expense	803,110	791,267
Total Operating Expenses	\$ 3,013,130	\$ 2,870,407
 Net Operating Income	\$ 314,047	\$ 431,360
 Nonoperating Revenue (Expense):		
Investment Income	\$ 10,492	\$ 14,514
Interest Expense	(291,032)	(290,925)
Bond Issuance Costs	-	(61,389)
Gain (Loss) on Sale/Abandonment of Fixed Assets	(5,629)	(366)
Total Nonoperating Revenue (Expense)	\$ (286,169)	\$ (338,166)
 Income (Loss) Before Contributions	\$ 27,878	\$ 93,194
Capital Contributions	103,648	73,460
 Change in Net Position	\$ 131,526	\$ 166,654
 Net Position--Beginning of Year	8,921,185	8,754,531
 Net Position--End of Year	\$ 9,052,711	\$ 8,921,185

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 3,371,721	\$ 3,317,962
Payments to Suppliers	(1,461,827)	(1,240,250)
Payments to Employees	(781,091)	(721,389)
Other Receipts (Payments)	42,354	2,362
Net Cash Provided (Used) by Operating Activities	\$ 1,171,157	\$ 1,358,685
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets (Including Work In Process)	\$ (2,511,671)	\$ (653,715)
Principal Paid on Capital Debt	(460,475)	(3,158,000)
Interest Paid on Capital Debt	(271,125)	(291,309)
Note Proceeds	2,353,041	-
Bond Proceeds	-	2,749,277
Capital Contributions	135,048	66,460
Proceeds Sale of Capital Asset	3,940	13,751
Bond Issuance Costs	-	(61,389)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (751,242)	\$ (1,334,925)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	\$ 11,310	\$ 17,513
Net Cash Provided (Used) by Investing Activities	\$ 11,310	\$ 17,513
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 431,225	\$ 41,273
Balances-Beginning of the Year	977,222	935,949
Balances-End of the Year	\$ 1,408,447	\$ 977,222

	Balances Per December 31, 2014 Statement of Net Position	Balances Per December 31, 2014 Statement of Cash Flows
Cash	\$ 78,833	\$ 78,833
Certificates of Deposit	100,000	-
Restricted Cash	1,329,614	1,329,614
Restricted Certificates of Deposit	1,010,035	-
Total Cash and Cash Equivalents, End of Year	\$ 2,518,482	\$ 1,408,447

	Restated Balances Per December 31, 2013 Statement of Net Position	Restated Balances Per December 31, 2013 Statement of Cash Flows
Cash	\$ 54,898	\$ 54,898
Certificates of Deposit	310,035	-
Restricted Cash	922,324	922,324
Restricted Certificates of Deposit	800,000	-
Total Cash and Cash Equivalents, End of Year	\$ 2,087,257	\$ 977,222

(Continued)

HENRY COUNTY WATER DISTRICT #2
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	2014	2013
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 314,047	\$ 431,360
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Cash Flows Reported in Other Categories:		
Depreciation Expense	803,110	791,267
Change in Assets and Liabilities:		
Receivables, Net	46,369	9,131
Other Receivables	-	774
Inventories	13,551	117,385
Prepaid Expenses	(2,812)	3,488
Accounts Payable	3,703	721
Accrued Expenses	(4,867)	(1,852)
Customer Meter Deposits Payable	(1,944)	6,411
Net Cash Provided by Operating Activities	\$ 1,171,157	\$ 1,358,685

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

At December 31, 2014 and 2013, Henry County Water District #2 had \$10,145 and \$315,099 of capitalized expenditures for construction in accounts payable and retainage payable on the Statement of Net Position. At December 31, 2014, Henry County Water District #2 had \$17,976 of capital assets in accounts payable on the Statement of Net Position.

Application
CONTAINS
LARGE OR OVERSIZED
MAP(S)

RECEIVED ON:
2/17/2016