

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NORTHERN KENTUCKY)	
WATER DISTRICT FOR APPROVAL OF)	CASE NO. 2011-00128
THE TAYLOR MILL TREATMENT)	
PLANT ADVANCED TREATMENT FACILITY,)	
AND ISSUANCE OF A CERTIFICATE OF)	
CONVENIENCE AND NECESSITY)	

SUPPLEMENTAL APPLICATION FOR APPROVAL OF CONSTRUCTION

Northern Kentucky Water District (NKWD), by counsel, petitions for an order approving the new construction to the Taylor Mill Treatment Plant pursuant to KRS 278.020. This is the third phase of construction at the District's treatment plants. The other portions of these projects were approved in Case Nos. 2010-00038 and 2010-00093. Northern requests that the records in those cases be incorporated by reference and that the documents supporting the need for and the benefits of the treatment plant upgrade and the treatment method be relied on as support for this project pursuant to 807 KAR 5:001(50(5)).

In support of the application, the following information is provided:

1. NKWD's office address is 2835 Crescent Spring Rd., Erlanger, KY 41018-0640. Its principal officers are listed in its current Annual Report on page 6, which is filed with the Commission as are its prior years Reports;
2. NKWD is a non-profit water district organized under Chapter 74 and has no separate articles of incorporation;
3. A description of NKWD's water system and its property stated at original cost by accounts is contained in its Annual Report, which is attached as Exhibit E.
4. NKWD serves retail customers in Kenton, Boone and Campbell Counties and

sells water at wholesale to non-affiliated water distribution systems in Kenton, Boone, Pendleton and Campbell Counties.

5. NKWD proposes to construct new facilities at the existing treatment plant as described in Exhibit A. The project involves the construction of a new concrete and masonry brick building, which will house the preliminary treatment building on one side and the granular activated carbon building on the other. The treatment building will contain a rapid mix basin, four flocculation basins and two sedimentation basins with plate settlers and residuals collection system. The GAC building with a vegetative roof will house 14 granular activated carbon pressure vessels plus a smaller pump for backwashing the pressure vessels and the relocation of two existing medium pressure ultraviolet disinfection reactors. The GAC will also have three vertical turbine pumps with electrical gear for two diesel driven standby power generators located adjacent to the GAC Feed Pump Station that will operate the entire treatment plant in a power loss and ancillary facilities such as a relocated operator's laboratory, control through the existing SCADA system, mechanical HVAC and plumbing systems, and electrical systems.

Two paper copies of the Maps, Plans and Specifications are provided as a separate bound document. The estimated cost is \$28,350,000. The District proposes to finance the project with \$1,833,000 from the 2009 BAN. The remaining \$26,517,000 will be taken from future BANs.

6. The construction is in the public interest and is required to allow NKWD to continue to provide adequate service to its customers. The project, its cost, need and other details are contained in Exhibit A.

7. The total financing will be approximately \$35,000,000.00. See Exhibits C and D. The District has received all approvals from the DOW for the Plans and Specifications and funding for these improvements.

8. Easements and rights of way are not required, see Exhibit B.

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

10. The proposed construction project identified in Exhibit A is scheduled to begin construction in upon PSC approval and substantially completed in 24 months with an additional two months to final completion. Board approval of the final bids for the project has not been finalized. The resolution approving the bids will be filed as a supplement to Exhibit C. Bid information will be filed when available as a supplement to Exhibit C. Bids are expected to be opened on May 3, 2011. **Because of the mandatory deadline to have the facilities on line, NKWD requests expedited review and approval of this application to assure that the project is completed on time. The District requests a deviation from the filing of the final engineering report, final financial information, bids, bid tabulations and Board approval of the bids pursuant to 807 KAR 5:001(14). The information is attached, except for the Board resolution, which will be filed when available.**

The following is the anticipated schedule:

March 24, 2011;	First bid advertisement
April 14, 2011;	Second bid advertisement
April 19, 2011;	Pre-bid meeting
May 3, 2011;	Bid Opening
May 19, 2011;	Bids submitted NKWD Commissioners
August 31, 2011;	Bid expiration date (120 days)

11. No new franchises are required. A copy of the DOW letter approving the Plans and Specifications for the proposed improvements is attached as Exhibit B.

12. Construction descriptions are in Exhibit A and Bid Documents. Facts relied on to justify the public need are included in the project descriptions in Exhibit A.

13. Maps of the area showing location of the proposed facilities are in Exhibit A.

14. The construction costs will be funded by approximately \$35M of BANS.

15. Estimated operating costs for operation and maintenance, depreciation and debt service after construction are shown in Exhibit D.

16. A description of the facilities and operation of the system are in Exhibit A.

17. A full description of the route, location of the project, description of construction

and related information is in Exhibit A.

18. The start date for construction is October, 2011 with a proposed in-service date of May, 2014. The total estimated cost of construction at completion is referenced in Exhibits A, B and D.

19. CWIP at end of test year is listed in Exhibit E.

20. Plant retirements are listed in Exhibit B and E. No salvage values are included as booked.

21. The use of the funds and need for the facilities is justified based on a the engineering report included as Exhibit A

22. No rate adjustment is being proposed.

23. The following information is provided in response to 807 KAR 5:001 (8):

a. Articles of Incorporation – None. NKWD is a statutorily created water district under KRS Chapter 74;

24. The following information is supplied pursuant to 807 KAR 5:001(9):

a. Facts relied upon to show that the application is in the public interest: See Exhibit A.

25. The following information is provided as required by 807 KAR 5:001 (11):

a. A general description of the property is contained in the Annual Report, Exhibit E.

b. No stock is to be issued; No bonds are to be issued in this case;

c. There is no refunding or refinancing;

d. The proceeds of the financing are to construct the property described in Exhibit A

e. The par value, expenses, use of proceeds, interest rates and other information is not applicable because no bonds are being issued at this time.

26. The following exhibits are provided pursuant to 807 KAR 5:001 (11)(2):

a. There are no trust deeds. All notes, indebtedness and mortgages are

included in Exhibits E and F.

b. Property is to be constructed is described in Exhibit A.

27. The following information is provided pursuant to 807 KAR 5:001(6):

a. No stock is authorized.

b. No stock is issued.

c. There are no stock preferences.

d. Mortgages are listed in Exhibit F.

e. Bonds are listed in Exhibit F.

f. Notes are listed in Exhibit F.

g. Other indebtedness is listed in Exhibit F.

h. No dividends have been paid.

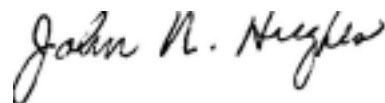
i. Current balance sheet, income statement and debt schedule are attached as Exhibits F and G.

28. USoA plant accounts are included in Exhibit D.

29. Depreciation cost, cost of operation after installation and debt service are in Exhibit D.

For these reasons, the District requests issuance of an order granting authority to construct the facilities and for any other authorization that may be necessary.

SUBMITTED BY:



John N. Hughes
124 W. Todd St.
Frankfort, KY 40601

Attorney for Northern
Kentucky Water District

Section 8(1)	Full name and post office address of applicant and a reference to the particular provision of law requiring Commission approval.	Application
Section 8(2)	The original and 10 copies of the application with an additional copy for any party named therein as an interested party.	yes
Section 8(3)	If applicant is a corporation, a certified copy of the Articles of Incorporation and all amendments thereto <u>or</u> if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding.	n/a
Section 9(2)	1. The facts relied upon to show that the proposed new construction is or will be required by public convenience or necessity.	Exhibit A
	2. Copies of franchises or permits, if any, from the proper public authority for the proposed new construction or extension, if not previously filed with the commission.	Exhibit B
	3. A full description of the proposed location, route, or routes of the new construction or extension, including a description of the manner in which same will be constructed, and also the names of all public utilities, corporations, or persons with whom the proposed new construction or extension is likely to compete.	Exhibit A
	4. Three (3) maps to suitable scale (preferably not more than two (2) miles per inch) showing the location or route of the proposed new construction or extension, as well as the location to scale of any like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of such other facilities.	Exhibit A

5. The manner, in detail, in which it is proposed to finance the new construction or extension.

Exhibits A, D

6. An estimated cost of operation after the proposed facilities are completed.

Exhibit D

KRS 322.340

Engineering plans, specifications, plats and report for the proposed construction. The engineering documents prepared by a registered engineer, requires that they be signed, sealed, and dated by an engineer registered in Kentucky.

Exhibit A

Section 8(1)

Full name and post office address of applicant and a reference to the particular provision of law requiring Commission approval.

Application

Section 8(2)

The original and 10 copies of the application with an additional copy for any party named therein as an interested party.

yes

Section 8(3)

If applicant is a corporation, a certified copy of the Articles of Incorporation and all amendments thereto or if the articles were filed with the PSC in a prior proceeding, a reference to the style and case number of the prior proceeding.

n/a

KRS 278.300(2)

Every financing application shall be made under oath, and shall be signed and filed on behalf of the utility by its president, or by a vice president, auditor, comptroller or other executive officer having knowledge of the matters set forth and duly designated by the utility.

Application

807 KAR 5:001:

Section 11(1)(a)

Description of applicant's property.
Statement of original cost of applicant's property and the cost to the applicant, if different.

Exhibit E

Section 11(1)(b)

If stock is to be issued: and kinds to be issued.

--Description of amount and kinds to be issued.

--If preferred stock, a description of the preferences.

none

none

	If Bonds or Notes or Other Indebtedness is proposed:	Exhibits E, F
	--Description of the amount(s)	
	--Full description of all terms	
	--Interest rates(s)	
	--Whether the debt is to be secured and if so a description of how it's secured.	
Section 11(1)(c)	Statement of how proceeds are to be used. Should show amounts for each type of use (i.e., property, debt refunding, etc.)	Exhibit A
807 KAR 5:001:		
Section 11(1)(d)	If proceeds are for property acquisition, give a full description thereof. Supply any contracts.	n/a
Section 11(1)(e)	If proceeds are to refund outstanding obligations, give:	n/a
	--Par value	
	--Amount for which actually sold	
	--Expenses and application of proceeds	
	--Date of obligations	
	--Total amount	
	--Time held	
	--Interest rate	
	--Payee	
Section 11(2)(a)	Financial Exhibit (see below)	
Section 11(2)(b)	Copies of all trust deeds or mortgages. If previously filed, state case number.	Exhibit E
Section 11(2)(c)	If Property to be acquired:	Exhibit A
	--Maps and plans of property.	
Section 11(2)(c)	--Detailed estimates by USOA account number.	Exhibit D

ALL INFORMATION BELOW IN SECTIONS 6(1) THROUGH 6(9) SHOULD COVER

THE PERIOD ENDING NOT MORE THAN 90 DAYS PRIOR TO DATE ON WHICH APPLICATION WAS FILED:

807 KAR 5:001

Section 6(1)	Amount and types of stock authorized.	None
Section 6(2)	Amount and types of stock issued and outstanding.	None
Section 6(3)	Detail of preference terms of preferred stock.	None
Section 6(4)	<u>Mortgages:</u>	Exhibit E,F
	--Date of Execution	
	--Name of Mortgagor	
	--Name of Mortgagee or Trustee	
	--Amount of Indebtedness Secured	
	--Sinking Fund Provisions	
Section 6(5)	<u>Bonds</u>	Exhibit E,F
	--Amount Authorized	
	--Amount Issued	
	--Name of Utility Who Issued	
	--Description of Each Class Issued	
	--Date of Issue	
	--Date of Maturity	
	--How Secured	
	--Interest Paid in Last Fiscal Year	
Section 6(6)	<u>Notes Outstanding:</u>	Exhibit E,F
	--Date of Issue	
	--Amount	
	--Maturity Date	

	--Rate of Interest	
	--In Whose Favor	
	--Interest Paid in Last Fiscal Year	
Section 6(7)	<u>Other Indebtedness:</u>	
	--Description of Each Class	
	--How Secured	
	--Description of Any Assumption of Indebtedness by Outside Party (i.e., any transfer)	
	--Interest Paid in Last Fiscal Yr.	none
Section 6(8)	Rate and amount of dividends paid during the five (5) previous fiscal years and the amount of capital stock on which dividends were paid each year.	None
Section 6(9)	Detailed income statement and balance sheet.	Exhibits F G

May 19, 2011

Mr. Jeff Derouen
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40601

Re: Case 2011-00128 Taylor Mill Treatment Plant Advanced Treatment

Dear Mr. Derouen,

Please find enclosed additional information pertinent to the application of the Northern Kentucky Water District for approval of the Taylor Mill Treatment Plant Advanced Treatment Facility and for issuance of a Certificate of Convenience and Necessity.

Additional information is provided in this submittal for your consideration. We request that you let us know by June 3, 2011, if we are missing any information other than the Board Resolution. The Board Resolution will be submitted following future Board action, as the project was not ready for the May 19, 2011 meeting.

As stated in the application, we would appreciate the favor of a response by July 24, 2011.

Please let me know if you have any questions.

Sincerely,



Amy Kramer
Design Engineering Manager

akk

NORTHERN KENTUCKY WATER DISTRICT
Taylor Mill Treatment Plant Advanced Treatment Improvements
184-457

TABLE OF CONTENTS – MAY 19, 2011 SUBMITTAL

<u>EXHIBIT</u>	<u>TITLE</u>
A	No additional information
B	No additional information
C	BID INFORMATION AND BOARD RESOLUTION SUPPLEMENTS - Bid tabulation - Engineer's recommendation of award - Board resolution to be submitted later
D	PROJECT FINANCE INFORMATION - REVISED Replace entire section with attached information: Customers added and revenue effect, Debt issuance and source of debt, Additional costs and operating and maintenance, USoA plant account, Depreciation cost and debt service after construction.
E	No additional information
F	No additional information
G	No additional information

Bid Tabulation

**Northern Kentucky Water District
Taylor Mill Water Treatment Plant
Advanced Treatment Improvements**

Bids Opened At 2:00 PM, May 3, 2011

Bid Items	Unit	Estimated Quantity	Engineer's Estimate		Building Crafts, Inc.			W. Rogers Company			Danis Industrial Construction Co.				
			Unit Price	Total	Unit Price	Total	Add or Deduct	Unit Price	Total	Add or Deduct	Unit Price	Total	Add or Deduct		
Items															
Base Bid Items:															
Item 1 - For General Construction	LS	1	\$ 26,666,000.00	\$ 26,666,000.00	\$ 23,457,200.00	\$ 23,457,200.00		\$ 24,114,000.00	\$ 24,114,000.00		\$ 24,413,000.00	\$ 24,413,000.00			
Item 2 - For Drilled Concrete Piers (3'-0" Diameter)	VF	5,400	\$ 130.00	\$ 702,000.00	\$ 82.00	\$ 442,800.00		\$ 94.00	\$ 507,600.00		\$ 85.00	\$ 459,000.00			
Item 3 - Contingency Allowance	LS	1	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		\$ 100,000.00	\$ 100,000.00		\$ 100,000.00	\$ 100,000.00			
Total Base Bid Amount				\$ 27,468,000.00		\$ 24,000,000.00			\$ 24,721,600.00			\$ 24,972,000.00			
Alteranatives:															
Alternative No. 1 - Sky Light Access	LS	1	\$ 50,000.00	\$ 50,000.00	\$ -	\$ -	Add	\$ 7,000.00	\$ 7,000.00	Add	\$ 73,000.00	\$ 73,000.00	Deduct		
Alternative No. 2 - Duke to Construct 69 KV Transmssion Substation	LS	1	\$ 474,300.00	\$ 474,300.00	\$ 400,000.00	\$ 400,000.00	Deduct	\$ 400,000.00	\$ 400,000.00	Deduct	\$ 500,000.00	\$ 500,000.00	Deduct		
Alternative No. 3 - Duke to Demolish Existing Electrical Substation	LS	1	\$ 9,800.00	\$ 9,800.00	\$ 10,000.00	\$ 10,000.00	Deduct	\$ 10,000.00	\$ 10,000.00	Deduct	\$ 49,000.00	\$ 49,000.00	Deduct		
Alternative No. 4 - 732 Days For Substantial Completion	LS	1	\$ 650,000.00	\$ 650,000.00	\$ 1,000,000.00	\$ 1,000,000.00	Add	\$ 2,557,000.00	\$ 2,557,000.00	Add	\$ 700,000.00	\$ 700,000.00	Add		
Alternative No. 5 - Delele Standby Generators & Related Work	LS	1	\$ 2,266,500.00	\$ 2,266,500.00	\$ 1,420,000.00	\$ 1,420,000.00	Deduct	\$ 1,672,380.00	\$ 1,672,380.00	Deduct	\$ 1,442,000.00	\$ 1,442,000.00	Deduct		
TOTAL BASE BID AMOUNT			\$	27,468,000.00	\$	24,000,000.00	\$	24,721,600.00	\$	24,972,000.00					

Bids Reviewed and Certified by:
MALCOLM PIRNIE, INC.

Jason M. Abbott
Project Engineer

EXHIBIT C

Bid Tabulation

**Northern Kentucky Water District
Taylor Mill Water Treatment Plant
Advanced Treatment Improvements**

Bids Opened At 2:00 PM, May 3, 2011

Bid Items	Unit	Estimated Quantity	Engineer's Estimate		Shook, Inc.			Kokosing Construction Company, Inc.			Adams Robinson Construction		
			Unit Price	Total	Unit Price	Total	Add or Deduct	Unit Price	Total	Add or Deduct	Unit Price	Total	Add or Deduct
Items													
Base Bid Items:													
Item 1 - For General Construction	LS	1	\$ 26,666,000.00	\$ 26,666,000.00	\$ 24,750,000.00	\$ 24,750,000.00		\$ 25,497,000.00	\$ 25,497,000.00		\$ 25,690,000.00	\$ 25,690,000.00	
Item 2 - For Drilled Concrete Piers (3'-0" Diameter)	VF	5,400	\$ 130.00	\$ 702,000.00	\$ 68.00	\$ 367,200.00		\$ 95.00	\$ 513,000.00		\$ 65.00	\$ 351,000.00	
Item 3 - Contingency Allowance	LS	1	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00		\$ 100,000.00	\$ 100,000.00		\$ 100,000.00	\$ 100,000.00	
Total Base Bid Amount				\$ 27,468,000.00		\$ 25,217,200.00			\$ 26,110,000.00			\$ 26,141,000.00	
Alternatives:													
Alternative No. 1 - Sky Light Access	LS	1	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	Deduct	\$ 70,000.00	\$ 70,000.00	Deduct	\$ 1,000.00	\$ 1,000.00	Deduct
Alternative No. 2 - Duke to Construct 69 KV Transmission Substation	LS	1	\$ 474,300.00	\$ 474,300.00	\$ 380,000.00	\$ 380,000.00	Deduct	\$ 400,000.00	\$ 400,000.00	Deduct	\$ 400,000.00	\$ 400,000.00	Deduct
Alternative No. 3 - Duke to Demolish Existing Electrical Substation	LS	1	\$ 9,800.00	\$ 9,800.00	\$ 7,500.00	\$ 7,500.00	Deduct	\$ 10,000.00	\$ 10,000.00	Deduct	\$ 10,000.00	\$ 10,000.00	Deduct
Alternative No. 4 - 732 Days For Substantial Completion	LS	1	\$ 650,000.00	\$ 650,000.00	\$ 790,000.00	\$ 790,000.00	Add	\$ 120,000.00	\$ 120,000.00	Add	\$ 700,000.00	\$ 700,000.00	Add
Alternative No. 5 - Delete Standby Generators & Related Work	LS	1	\$ 2,266,500.00	\$ 2,266,500.00	\$ 1,500,000.00	\$ 1,500,000.00	Deduct	\$ 1,500,000.00	\$ 1,500,000.00	Deduct	\$ 140,000.00	\$ 140,000.00	Deduct
TOTAL BASE BID AMOUNT			\$	27,468,000.00	\$	25,217,200.00	\$	26,110,000.00	\$	26,141,000.00			

Bids Reviewed and Certified by:
MALCOLM PIRNIE, INC.

Jason M. Abbott
Project Engineer

EXHIBIT C

**MALCOLM
PIRNIE** **ARCADIS***The Water Division of ARCADIS*

ARCADIS U.S., Inc.
8600 Governor's Hill Drive
Suite 210
Cincinnati
Ohio 45249
Tel 513.677.8380
Fax 513.677.8480

Amy Kramer, P.E.
Design Engineering Manager
Northern Kentucky Water District
2835 Crescent Springs Road
Erlanger, Kentucky 41018-0640

Re: Northern Kentucky Water District
Taylor Mill Treatment Plant
Advanced Treatment Improvements
Project No. 184-457
Bid Evaluation and Recommendation of Award

WATER DIVISION

May 9, 2011

Dear Mrs. Kramer:

Bids were received for the above referenced project on May 3, 2011. The bids were based on a lump sum or unit price for each item of Work listed on the Bid Form. In addition to the Total Lump Sum Base Bid, the Bidders were required to provide Bids on five Project Alternatives, which could be Added or Deducted from the Total Lump Sum Base Bid.

The bids have been reviewed and a Bid Tabulation Summary has been compiled showing the low bidder when comparing only the Total Lump Sum Base Bids. At the time of this letter, NKWD had not yet determined which alternatives would be incorporated into the above referenced project. A copy of the Bid Tabulation Summary and Bid Review Checklists for the three lowest bidders is enclosed for reference.

The total amounts for bids received are as follows:

Jason M. Abbott

(513) 677-8380

Jason.Abbott
@ARCADIS-US.com

04775012.0000

Amy Kramer
May 9, 2011

ARCADIS

Total Lump Sum Base Bid Amount

Smith Contractors, Inc.	\$ 22,790,000.00
Dugan & Meyers Construction Co.	\$ 23,474,600.00
Reynolds, Inc.	\$ 23,758,000.00
Building Crafts, Inc.	\$ 24,000,000.00
W. Rogers Company	\$ 24,721,600.00
Danis Industrial Construction Co.	\$ 24,972,000.00
Shook, Inc.	\$ 26,110,000.00
Adams Robinson Construction	\$ 26,141,000.00

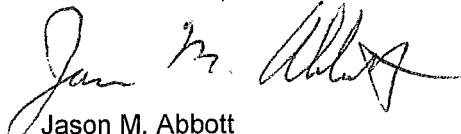
Based on the above summary, the lowest Total Lump Sum Base Bid Amount was received from Smith Contractors, Inc. in the amount of \$22,790,000.00. Smith Contractors, Inc. has submitted the required Drinking Water State Revolving Fund (DWSRF) Loan forms, which were submitted within 7 days of the Bid opening.

Therefore, based on Malcolm Pirnie's review of the bid submittal documents provided by each bidder and contingent on review by the District's legal counsel and approval by the District's Board, we recommend that the project be awarded to Smith Contractors, Inc. in the amount of \$22,790,000.00.

If you have any questions regarding this information, please let us know.

Sincerely,

ARCADIS U.S., Inc.


Jason M. Abbott
Project Engineer

C: file

Northern Kentucky Water District

Customers Added and Revenue Effect: There will be zero new customers added and no revenue effect as a result of the Taylor Mill Treatment Plant Advanced Treatment Improvements project.

Debt Issuance and Source of Debt: This project will be paid from the District's Five-Year Capital Budget, PSC No. 136 "TMTP Advanced Treatment and Sedimentation Basin Replacement & Generator" with a budget of \$35,000,000 which includes construction cost, engineering, and contingencies. A summary of the project costs (prior to opening bids) is provided below:

○ Design Engineering	\$ 1,958,850
○ Construction Engineering	\$ 1,150,000
○ Contractor's Bid	\$22,790,000
○ Misc. & Contingencies	\$ 2,451,150
Total Project Cost	\$28,350,000

The Engineer's estimate presented in Exhibit A is \$27,468,000 for construction. The construction contingency amount of \$6,112,000 shown in the engineer's 100% Opinion of Probable Construction Cost covers contractor bonds, mobilization, insurance, overhead and profit, plus a contingency amount for items that may have been excluded from the quantity take-offs in the detailed estimate. The engineer's contingency also includes a factor for escalation to the mid-point of construction.

The District's \$2,451,150 amount for miscellaneous costs and contingencies includes materials and equipment that the District will be purchasing directly to avoid the contractor's mark-up (i.e. SCADA computer hardware and software for process control) as well as repair of erosion in the hillside along Banklick Creek that, if left uncorrected, could be exacerbated by plant operations and future discharge of storm water from the detention pond that will be constructed with the Advanced Treatment project.

The project will be funded through multiple sources. The project is already partially funded through BAN 2009 in the amount of \$1,833,000 for engineering services. It is proposed that the remaining \$26,517,000 be taken from future Bond Anticipation Notes.

USoA Accounts: The anticipated amounts for the project cost of \$28,350,000 will fall under the following Uniform System of Accounts Codes:

Code 304 "Structures and Improvements"	\$14,553,920
Code 310 "Power Generation Equipment"	\$ 5,694,154
Code 311 "Pumping Equipment"	\$ 530,768
Code 320 "Water Treatment Equipment"	\$ 7,571,158

Additional Costs and O&M: Additional operating and maintenance costs incurred for the project are as follows:

Power	\$ 75,000
Labor	\$ 70,000
Maintenance	<u>\$1,500,000</u>
	\$ 1,645,000 Annual O&M

Depreciation and Debt Service: Annual depreciation and debt service after construction are as follows:

Depreciation: \$388,105/year over 37.5 years for Code 304 Structures & Improvements
\$284,708/year over 20 years for Code 310 Power Generation Equipment
\$26,538/year over 20 years for Code 311 Pumping Equipment
\$252,372/year over 30 years for Code 320 Water Treatment Equipment

Debt Service: \$2,011,502 over 25 years (conventional 5.0% loan).

Fort Thomas Treatment Plant Advanced Treatment Project			
Depreciation	Cost	Depreciation Years	Annual Depreciation
Account 304 Structures & Improvements	\$14,553,920	37.5	\$388,104.53
Account 310 Power Generation Equipment	\$5,694,154	20	\$284,707.70
Account 311 Pumping Equipment	\$530,768	20	\$26,538.40
Account 320 Water Treatment Equipment	\$7,571,158	30	\$252,371.93
Total	\$28,350,000.00		\$951,722.57
Debt Service on SRF Loan			
Total Borrowed	\$0		
Interest Rate including administration fee	2.20%		
Term (Years)	20		
Annual Debt Service SRF	\$0.00		
Debt service on bond issue			
Total Borrowed	\$28,350,000		
Interest Rate	5.00%		
Term (Years)	25		
Annual Debt Service Traditional	\$2,011,502.16		
Total Annual Debt Service	\$2,011,502.16		