

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH SHELBY WATER )  
COMPANY FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO CONSTRUCT, ) NO. 2014-\_\_\_\_\_  
FINANCE AND INCREASE RATES PURSUANT TO )  
THE PROVISIONS OF KRS 278.020 AND KRS 278.023 )

A P P L I C A T I O N

This Application of North Shelby Water Company (the "Applicant") respectfully shows:

1. The Applicant is a non-profit water association incorporated in Kentucky on June 4, 1968 under Chapter 273 of the Kentucky Revised Statutes. It is currently in good standing in Kentucky.

2. The mailing address of the Applicant is:

North Shelby Water Company  
P.O. Box 97  
Bagdad, Kentucky 40003

The electronic mail address of the Applicant is:

nswcus60@bellsouth.net

3. The Applicant, pursuant to the provisions of KRS 278.020 and KRS 278.023, seeks (i) a Certificate of Public Convenience and Necessity, permitting the Applicant to construct a water-works construction project consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant; (ii) approval of the proposed plan of financing the project; and (iii) approval of an increase in Applicant's water rates.
4. The proposed Project includes the construction and installation of (i) approximately 19,340 linear feet of 12-inch PVC transmission main, 200 linear feet of 10-inch PVC transmission main, and 120 linear feet of 6-inch PVC transmission main, most of which is new and some of which will replace existing portions of small PVC transmission main; and (ii) a new booster pump station and appurtenances.
5. The Applicant proposes to finance the construction of the Project through the issuance of a \$2,100,000 Promissory Note to USDA, Rural Development ("RD"). The Applicant has a commitment from RD

to purchase said \$2,100,000 note maturing over a 40-year period, at an interest rate equal to the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, as set out in the RD Letter of Conditions, as amended, filed herewith as Exhibit 1.

6. The Applicant does not contemplate having the Project constructed with any deviation from minimum construction standards of this Public Service Commission.
7. The Applicant files herewith the following Exhibits pursuant to 807 KAR 5:069 in support of this Application:
  - A. A copy of the RD Letter of Conditions dated March 25, 2013, and the Amendment No. 1 dated June 4, 2014, as Exhibit 1.
  - B. A copy of the RD Letter of Concurrence in Bid Award as Exhibit 2.
  - C. A copy of Preliminary and Final Engineering Reports as Exhibit 3.
  - D. A certified statement from the President of the Applicant, based upon statements of the Engineers for the Applicant as Exhibit 4, and concerning the following:
    1. The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
    2. All other state approvals or permits have been obtained.
    3. The proposed rates of the Applicant shall produce the total revenue requirements recommended in the engineering reports.
    4. Setting out the dates when it is anticipated that construction will begin and end.
8. Notice meeting the requirements of 807 KAR 5:069, Section 3 has been given. A copy of the notice is filed herewith as Exhibit 5.
9. The foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.023 of the Kentucky Revised Statutes and in accordance with the "Filing Requirements" specified in 807 KAR 5:069, Section 2.


WHEREFORE, the Applicant, North Shelby Water Company, asks that the Public Service Commission of the Commonwealth of Kentucky grant to the Applicant the following:

- a. A Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks project consisting of


system of Applicant.

- b. An Order approving the financing arrangements made by the Applicant, viz., the issuance of a \$2,100,000 Promissory Note at an interest rate equal to the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, as set out in the RD Letter of Conditions, as amended, filed herewith as Exhibit 1.
- c. An Order approving the proposed increased rates as set out in Paragraph 24 of Amendment No. 1 to the RD Letter of Conditions.

NORTH SHELBY WATER COMPANY

  
\_\_\_\_\_  
Jerry Ruble, President

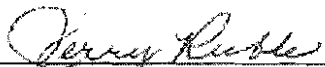
MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C

By:   
\_\_\_\_\_  
Donald T. Prather  
Counsel for Applicant  
500 Main Street, Suite 5  
Shelbyville, Kentucky 40065  
Phone: (502) 633-5220

STATE OF KENTUCKY        )  
COUNTY OF SHELBY        )

The undersigned, Jerry Ruble, being duly sworn, deposes and states that he is President of North Shelby Water Company, 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 19 day of June, 2014.

  
\_\_\_\_\_  
Jerry Ruble

STATE OF KENTUCKY       )  
COUNTY OF SHELBY       )

Subscribed and sworn to before me by Jerry Ruble, President of North  
Shelby Water Company, on this the 19~~th~~ day of June, 2014.



Notary Public

ID: 434455

Commission Expires: 2/1/15



**United States Department of Agriculture  
Rural Development  
Kentucky State Office**

March 25, 2013

Jerry Ruble, President  
North Shelby Water Company  
4596 Bagdad Road  
Bagdad, Kentucky 40003

Dear Mr. Ruble:

This letter establishes conditions which must be understood and agreed to by you before further consideration may be given to the application. The loan will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area office staff of USDA Rural Development. Any changes in project cost, source of funds, scope of services or any other significant changes in the project or applicant must be reported to and approved by USDA Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application. It should also be understood that Rural Development is under no obligation to provide additional funds to meet an overrun in construction costs.

This letter is not to be considered as loan approval or as a representation as to the availability of funds. The docket may be completed on the basis of a RUS loan not to exceed \$2,100,000. No applicant cash contribution will be required.

If Rural Development makes the loan, the interest rate will be the lower of the rate in effect at the time of loan approval or the rate in effect at the time of loan closing, unless the applicant otherwise chooses. The loan will be considered approved on the date a signed copy of Form RD 1940-1, "Request for Obligation of Funds," is mailed to you.

Please complete and return the attached Form RD 1942-46, "Letter of Intent to Meet Conditions," if you desire that further consideration be given to your application.

The "Letter of Intent to Meet Conditions" must be executed within three weeks from the date of this letter or it becomes invalid unless a time extension is granted by Rural Development.

If the conditions set forth in this letter are not met within 210 days from the date hereof, Rural Development reserves the right to discontinue the processing of the application.

In signing Form RD 1942-46, "Letter of Intent to Meet Conditions," you are agreeing to complete the following as expeditiously as possible:

771 Corporate Drive - Suite 200 - Lexington, KY 40503  
Phone (859) 224-7336 · Fax: (859) 224-7344 · TDD: (859) 224-7422 · Web: <http://www.rurdev.usda.gov/ky>

Committed to the future of rural communities

USDA is an equal opportunity provider, employer and lender.  
To file a complaint of discrimination write USDA, Director, Office of Civil Rights,  
1400 Independence Avenue, SW, Washington, DC 20250-9410  
or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)

1. Number of Users and Their Contribution:

There shall be 4,842 water users, of which all are existing users. The Area Director will review and authenticate the number of users prior to advertising for construction bids.

2. Drug-Free Work Place:

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

3. Repayment Period:

The loan will be scheduled for repayment over a period not to exceed 40 years from the date of the Promissory Note. Principal payment will not be deferred for a period in excess of two years from the date of the Promissory Note. The Corporation may be required to adopt a supplemental payment agreement providing for monthly payments of principal and interest so long as the Promissory Note is held or insured by RUS. Monthly payments will be approximate amortized installments.

4. Recommended Repayment Method:

Payments on this loan shall be made using the Preauthorized Debit (PAD) payment method. This procedure eliminates the need for paper checks and ensures timely receipt of RD loan payments. To initiate PAD payments, Form RD 3550-28, "Authorization Agreement for Preauthorized Payments," should be signed by the Corporation to authorize the electronic withdrawal of funds from your designated bank account on the exact installment payment due date. The Area Director will furnish the necessary forms and further guidance on the PAD procedure.

5. Reserve Accounts:

Reserves must be properly budgeted to maintain the financial viability of any operation. Reserves are important to fund unanticipated emergency maintenance, pay for repairs, and assist with debt service should the need arise.

The Corporation will be required to deposit \$840 per month into a "Funded Debt Reserve Account" until the account reaches \$100,800. The deposits are to be resumed any time the account falls below the \$100,800.

The required monthly deposits to the Reserve Account and required Reserve Account levels are in addition to the requirements of the Corporation's prior loan resolutions.

The monthly deposits to the Reserve Account are required to commence with the first month of the first full fiscal year after the facility becomes operational.

The Corporation also needs to fund an account for short-lived assets by depositing a sum of \$3,335 monthly to the account. The funds in the short-lived asset account may be used by the Corporation as needed to replace or add short-lived assets in the Corporation's water system.

6 Security Requirements:

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

7 Land Rights and Real Property:

The Corporation will be required to furnish satisfactory title, easements, etc., necessary to install, maintain and operate the facility to serve the intended users. The pipelines will be on private rights-of-way where feasible Easements and options are to be secured prior to advertising for construction bids.

8 Organization:

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

9. Business Operations:

The Corporation will be required to operate the system under a well-established set of resolutions, rules and regulations. A budget must be established annually and adopted by the Corporation after review by Rural Development. At no later than loan pre-closing, the Corporation will be required to furnish a prior approved management plan to include, as a minimum, provisions for management, maintenance, meter reading, miscellaneous services, billing, collecting, delayed payment penalties; disconnect/reconnect fees, bookkeeping, making and delivering required reports and audits.

10 Accounts, Records and Audits:

The Corporation will be required to maintain adequate records and accounts and submit annual budgets and year-end reports (annual audits)/statistical and financial reports, in accordance with subsection 1780 47 of RUS Instruction 1780.

Rural Development review of the accounting system is required.

11. Accomplish Audits for Years in Which Federal Financial Assistance is Received:

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

12 Insurance and Bonding:

The following insurance and bonding will be required:

- A Adequate Liability and Property Damage Insurance including vehicular coverage, if applicable, must be obtained and maintained by the Corporation The

Corporation should obtain amounts of coverage as recommended by its attorney, consulting engineer and/or insurance provider.

- B. Worker's Compensation - The Corporation will carry worker's compensation insurance for employees in accordance with applicable state laws
- C. Fidelity Bond - The Corporation will provide Fidelity Bond Coverage for all persons who have access to funds. Coverage may be provided either for all individual positions or persons, or through "blanket" coverage providing protection for all appropriate employees and/or officials. The amount of coverage required for all RUS loans is \$250,000.
- D. Real Property Insurance - The Corporation will obtain and maintain adequate fire and extended coverage on all structures including major items of equipment or machinery located in the structures. The amounts of coverage should be based on recommendations obtained by the Corporation from its attorney, consulting engineer and/or insurance provider. Subsurface lift stations do not have to be covered except for the value of electrical and pumping equipment therein.
- E. Flood Insurance - The Corporation will obtain and maintain adequate coverage on any facilities located in special flood and mudslide prone areas.

13. Planning and Performing Development:

- A. The engineer should not be authorized to commence work on final plans and specifications until a determination has been made that the project can be planned and constructed within the estimated cost shown in paragraph "22" of this letter. The engineer may then proceed to develop final plans and specifications to be completed no later than 180 days from this date, and prepare bid documents. The Area Director is prepared to furnish the necessary guide to follow so as to keep the project plans and documents within our guidelines and requirements. The project should not be advertised for construction bids until all easements and enforceable options have been obtained, and total funds are committed or available for the project.
- B. The following documents will be submitted to Rural Development for review and must be concurred in by Rural Development prior to advertisement for construction bids:
  - 1. Final plans, specifications and bid documents.
  - 2. Applicant's letter on efforts to encourage small business and minority - owned business participation.
  - 3. Legal Service Agreements.
  - 4. Engineering Agreements.

Revision in these documents will be subject to Rural Development concurrence. Any agreements, contracts, etc. not reviewed and approved by Rural Development will not be eligible for payment from project funds or revenues from facilities financed by this Agency.



accordance with their contract or other agreements and, in the case of the contractor, that he has paid his suppliers and sub-contractors.

21 Disbursement of Project Funds:

A construction account for the purpose of disbursement of project funds (RUS) will be established by the Corporation prior to start of construction. The position of officials entrusted with the receipt and disbursement of RUS project funds will be covered by a "Fidelity Bond," with USDA Rural Development as Co-Obligee, in the amount of construction funds on hand at any one time during the construction phase.

For each "construction account" as established, if the amount of RUS loan and grant funds plus any applicant contributions or funds from other sources to be deposited into the account are expected to exceed \$250,000 at any time, the financial institution will secure the amount in excess of \$250,000 by pledging collateral with the Federal Reserve Bank in an amount not less than the excess in accordance with 7 CFR, 1902.7(a).

During construction, the Corporation shall disburse project funds in a manner consistent with subsection 1780.76 (e) of RUS Instruction 1780 Form RD 1924-18, "Partial Payment Estimate," or similar form approved by Rural Development, shall be used for the purpose of documenting periodic construction estimates, and shall be submitted to Rural Development for review and acceptance. Prior to disbursement of funds by the Corporation, the Board of Directors shall review and approve each payment estimate. All bills and vouchers must be approved by Rural Development prior to payment by the Corporation

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

Borrowers receiving federal loan and/or grant funds by EFT will have funds directly deposited to a specified account at a financial institution with funds being available to the recipient on the date of payment. The borrower should complete Form SF-3881, "Electronic Funds Transfer Payment Enrollment Form," for each account where funds will be electronically received. The completed form(s) must be received by Rural Development at least thirty (30) days prior to the first advance of funds.

Monthly audits of the Corporation's construction account records shall be made by Rural Development.

22. Cost of Facility:

Breakdown of Costs:

Development	\$ 1,627,000
Land and Rights	22,000
Legal and Administrative	20,000
Engineering	233,000
Interest	35,000
Contingencies	<u>163,000</u>
TOTAL	\$ 2,100,000

Financing:

RUS Loan	\$ <u>2,100,000</u>
TOTAL	\$ 2,100,000

23. Proposed Operating Budget:

You will be required to submit to Rural Development a copy of your proposed annual operating budget that supports the proposed loan repayment prior to this agency giving you written authorization to proceed with the bidding phase. The operating budget should be based on a typical year cash flow, subject to completion of this project in the first full year of operation. Form RD 442-7, Operating Budget, or similar form may be utilized for this purpose.

24. Rates and Charges:

Rates and charges for facilities and services rendered by the Corporation must be at least adequate to meet cost of maintaining, repairing and operating the water system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

Proposed Rate Schedule without RUS Grant:

5/8 x 3/4 Inch (Residential)

First	2,000	gallons @ \$	17.55 - Minimum Bill.
Next	3,000	gallons @ \$	6.60 - per 1,000 gallons
Next	5,000	gallons @ \$	5.22 - per 1,000 gallons
Next	40,000	gallons @ \$	4.53 - per 1,000 gallons
All Over	50,000	gallons @ \$	3.85 - per 1,000 gallons.

1 Inch (Residential and Non-Residential)

First	5,000	gallons @ \$	37.35 - Minimum Bill.
Next	5,000	gallons @ \$	5.22 - per 1,000 gallons
Next	40,000	gallons @ \$	4.53 - per 1,000 gallons.
All Over	50,000	gallons @ \$	3.85 - per 1,000 gallons

## 1 1/2 Inch ( Non-Residential)

First	10,000	gallons @ \$	63.45 - Minimum Bill
Next	40,000	gallons @ \$	4.53 - per 1,000 gallons
All Over	50,000	gallons @ \$	3.85 - per 1,000 gallons.

## 2 Inch (Non-Residential)

First	15,000	gallons @ \$	86.10 - Minimum Bill.
Next	35,000	gallons @ \$	4.53 - per 1,000 gallons.
All Over	50,000	gallons @ \$	3.85 - per 1,000 gallons

## 3 Inch and larger (Non-Residential)

First	35,000	gallons @ \$	176.70 - Minimum Bill.
Next	15,000	gallons @ \$	4.53 - per 1,000 gallons.
All Over	50,000	gallons @ \$	3.85 - per 1,000 gallons

25. Water Purchase Contract:

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

26. Compliance with the Bioterrorism Act:

Prior to pre-closing, the Corporation will provide a certification they have completed a Vulnerability Assessment (VA) and prepared an emergency response plan (ERP) as required by the Safe Drinking Water Act (SDWA).

27. Floodplain Construction:

The Corporation will be required to pass and adopt a Resolution or amend its By-Laws whereby the Corporation will deny any water service to any future customer wishing to build on or develop property located within a designated floodplain. If a customer or developer requests service for construction in a designated floodplain, the customer or developer must provide evidence and a justification for approval by the Corporation and Rural Development officials that there are no other alternatives to construction or development within the designated floodplain. The community must be a participant in the National Flood Insurance Program (NFIP) and the customer or developer must obtain the required permits prior to the tap on restrictions being waived.

28. Mitigation Measures:

- A. The project shall be in compliance with all requirements noted in the Governor's Office for Local Development letter dated March 15, 2013, from Ms. Lee Nalley
- B. The line design and construction shall be accomplished in a way that will leave

flood plains and farmland without effect after construction is complete. The Army Corps of Engineers Nationwide Permit No. 12 applies to all floodplain and wetland utility line construction.

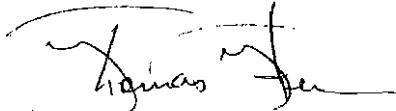
- C Any excavation by Contractor that uncovers a historical or archaeological artifact shall be immediately reported to Owner and a representative of Agency. Construction shall be temporarily halted pending the notification process and further directions issued by Agency after consultation with the State Historic Preservation Officer (SHPO).
- D The design and construction shall be in compliance with all local, state and federal environmental statutes, regulations and executive orders applicable to the project.
- E Best Management Practices shall be incorporated into the project design, construction, and maintenance.

29 Final Approval Conditions:

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

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

Sincerely,



THOMAS G. FERN  
State Director

Enclosures

- cc: Area Director - Shelbyville, Kentucky  
KIPDA ADD - Louisville, Kentucky  
Donald Prather - Shelbyville, Kentucky  
Monarch Engineering - Lawrenceburg, Kentucky  
PSC - ATIN: Dennis Jones - Frankfort, Kentucky



Rural Development

June 4, 2014

Kentucky State Office

771 Corporate Drive,  
Suite 200  
Lexington, KY  
40503

Jerry Ruble, President  
North Shelby Water Company  
PO Box 97  
Bagdad, Kentucky 40003

Voice 859 224 7300  
Fax 859.224 7425  
TTY 859 224 7422

Re: Letter of Conditions Dated March 25, 2013

Dear Mr. Ruble:

This letter shall serve as Amendment No. 1 to the Letter of Conditions dated March 25, 2013. The purpose of this amendment is to amend water rates to reflect an increase in wholesale purchase rates from the Louisville Water Company.

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

" 24. Rates and Charges:

Rates and charges for facilities and services rendered by the\* must be at least adequate to meet cost of maintaining, repairing and operating the \* system and meeting required principal and interest payments and the required deposits to debt service and/or depreciation reserve.

Water rates will be at least:

5/8 x 3/4 Inch (Residential)

First	2,000	gallons @ \$	17.66	- Minimum Bill.
Next	3,000	gallons @ \$	6.64	- per 1,000 gallons
Next	5,000	gallons @ \$	5.26	- per 1,000 gallons
Next	40,000	gallons @ \$	4.57	- per 1,000 gallons.
All Over	50,000	gallons @ \$	3.89	- per 1,000 gallons

1 Inch (Residential and Non-Residential)

First	5,000	gallons @ \$	37.55	- Minimum Bill.
Next	5,000	gallons @ \$	5.26	- per 1,000 gallons.
Next	40,000	gallons @ \$	4.57	- per 1,000 gallons.
All Over	50,000	gallons @ \$	3.89	- per 1,000 gallons.

1 1/2 Inch ( Non-Residential)

First	10,000	gallons @ \$	63.85	- Minimum Bill.
Next	40,000	gallons @ \$	4.57	- per 1,000 gallons
All Over	50,000	gallons @ \$	3.89	- per 1,000 gallons

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF) found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue SW, Washington, D.C. 20250-9410 by fax (202) 690-7442 or email at [program.intake@usda.gov](mailto:program.intake@usda.gov)

2 Inch (Non-Residential)

First	15,000	gallons @ \$	86.70. - Minimum Bill.
Next	35,000	gallons @ \$	4.57. - per 1,000 gallons.
All Over	50,000	gallons @ \$	3.89. - per 1,000 gallons

3 Inch and larger (Non-Residential)

First	35,000	gallons @ \$	178.10. - Minimum Bill.
Next	15,000	gallons @ \$	4.57. - per 1,000 gallons.
All Over	50,000	gallons @ \$	3.89. - per 1,000 gallons.

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

Sincerely,



THOMAS G. FERN  
State Director

cc: Area Director - Shelbyville, Kentucky  
KIPDA ADD - Louisville, Kentucky  
Donald Prather - Shelbyville, Kentucky  
Monarch Engineering - Lawrenceburg, Kentucky  
PSC - ATTN: Jeff Derouen - Frankfort, Kentucky



United States Department of Agriculture

Rural Development

June 4, 2014

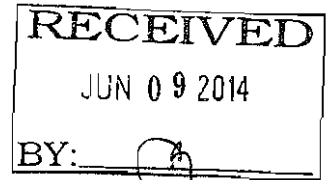
Kentucky State Office

771 Corporate Drive  
Suite 200  
Lexington KY  
40503

SUBJECT: North Shelby Water Company  
East-West Connector: Phase 2  
Contract Award Concurrence

Voice 859 224 7300  
Fax 859.224 7425  
TTY 859 224 7422

TO: Area Office  
Shelbyville, Kentucky



Based on the bids received and the recommendation of the consulting engineer, Rural Development concurs in the award of subject contract to the low bidder, Horsley Construction, Inc., in the amount of \$1,087,288.00.

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

  
THOMAS G. FERN  
State Director  
Rural Development

cc: Monarch Engineering  
Lawrenceburg, Kentucky

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

USDA is an equal opportunity provider and employer

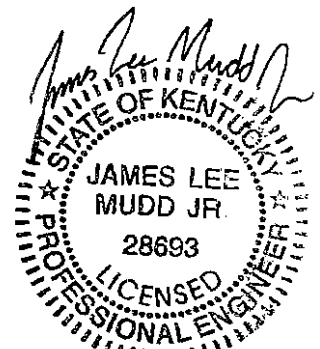
If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form (PDF) found online at [http://www.ascr.usda.gov/complaint\\_filing\\_cust.html](http://www.ascr.usda.gov/complaint_filing_cust.html), or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 by fax (202) 690-7442 or email at [program\\_intake@usda.gov](mailto:program_intake@usda.gov)

# PRELIMINARY ENGINEERING REPORT

EAST-WEST CONNECTOR – PHASE II  
WATER SYSTEM IMPROVEMENTS PROJECT

NORTH SHELBY WATER COMPANY  
SHELBY COUNTY, KENTUCKY

SEPTEMBER 2012



9-13-12



# **PRELIMINARY ENGINEERING REPORT**

**EAST-WEST CONNECTOR – PHASE II  
WATER SYSTEM IMPROVEMENTS PROJECT**

**NORTH SHELBY WATER COMPANY  
SHELBY COUNTY, KENTUCKY**

**SEPTEMBER 2012**

**PRELIMINARY ENGINEERING REPORT  
EAST WEST CONNECTOR – PHASE II  
NORTH SHELBY WATER COMPANY  
SHELBY COUNTY, KENTUCKY**

**I      GENERAL**

This Preliminary Engineering Report is intended to analyze the proposed water system improvements which are being planned by the North Shelby Water Company. The improvements include construction a new water transmission main and booster pump station which will serve to connect the eastern and western portions of the water distribution system. The transmission main will consist of approximately 17,500 L.F. of 12-inch Ductile Iron piping along with other associated appurtenances.

Rural Development "Kentucky Guide 7A" will be submitted at a later date and will serve as the Summary Addendum to this report. The Summary Addendum will further analyze the capability of the Company to execute this project through an evaluation of its financial standing and overall system operation.

**II     PROJECT PLANNING AREA**

The areas to be affected by construction will generally lie adjacent to existing transportation routes. The transmission main will be installed on state highway rights-of-way or on utility easements granted to the Company. The booster pump station will be construction on property to be purchased in fee simple title. The topography of these areas is relatively flat and varies to gently rolling hills. The land use in this area is mainly agricultural with intermittent areas of residential and recreational development. Within the proposed project area there are no major commercial or industrial businesses expected in the next decade.

Implementation of the project will have a direct impact on the Company's entire service area. However, the impact will initially be more pronounced for portion of the system east of Shelbyville. This segment of the service area has experienced significant growth since the water system was first installed over fifty years ago. The growth is expected to continue as residents shift in from neighboring Franklin County.

Attached as a part of this report are location and topographic maps which depict the transmission main route including the location of the proposed booster pump station and connection points to existing system mains.

**III    EXISTING FACILITIES**

The North Shelby Water Company owns and operates a water distribution system which serves the rural population of northern Shelby and northeast Franklin Counties. Small areas of both Oldham and Henry Counties are also served by the system. The Company

purchases all water for resale from the Louisville Water Company, the Frankfort Plant Board, and the City of Shelbyville. The combination of which has sufficient water treatment capacity to serve the Company's approximately 4,757 existing residential, commercial and industrial customers

The Company operates the water system through a Board of Directors, a General Manager, as well as office and field personnel. The water distribution system consists of a network of water supply and distribution mains along with a series of water tanks and booster pump stations. This includes various size water lines ranging from 2-inch to 12-inch, seven pumps stations, and six water storage tanks rated at 1,827,000 gallons. The majority of the system has been in place for less than 30 years. Pipe material within the system consists of cast iron and asbestos cement for the older lines and plastic for the newer ones.

Currently, the distribution system is divided into two separate supply zones. The western portion is supplied primarily by the Louisville Water Company and the Eastern portion is supplied primarily by the Frankfort Plant Board. The supply to both zones is supplemented with water from the City of Shelbyville on an as needed basis.

Further information regarding the current rate structure, annual operation and maintenance cost, a tabulation of monthly users and revenue, and a list of the outstanding bonds can be found in the Summary Addendum

#### IV. NEED FOR THE PROJECT

The projects primary objective is to allow the Company to purchase an increased amount of water from the Louisville Water Company. The need to purchase a greater volume is twofold and of the utmost importance to the future operation of the system.

As previously stated, the eastern portion of the system continues to experience sustained growth. As a result, the capacity of the existing Frankfort supply is approaching its limit. If demand continues to increase without the proposed upgrades, a potentially serious health hazard could result. The risk would occur during instances where customer demand could not be maintained, leading to water pressures at or below the established regulatory minimum. The occurrence of such situations would render the system unsafe and leave affected customers without a potable water supply.

Aside from correcting the current system deficiencies in the eastern supply zone, the improvements will also improve the overall reliability of the entire system. Currently, the North Shelby lacks the ability to transport water from the Louisville supply to the eastern portion of their system and vice versa from the Frankfort supply. In the event of an emergency supply failure in either zone, the Company lacks capacity to supply all customers from a single supply source. Given the virtually unlimited supply that can be provided from Louisville, the proposed transmission main would allow the majority of customers in the eastern portion to be served in the event of an emergency failure in the Frankfort supply. Given the limitations of the Frankfort supply, the project will not allow for the entire western portion be served from that source. However, it will greatly

improve the current level of transmission, which would significantly reduce the effect of an emergency supply failure from Louisville.

Furthermore, the project would allow North Shelby to eliminate its current demand from the City of Shelbyville. Shelbyville has experienced raw water shortages in the past and reducing the Company's demand would free up capacity for the cities current and future customers. In the event of an emergency, the improvements would also allow North Shelby to supply to Shelbyville using the Louisville supply.

## V ALTERNATIVES CONSIDERED

For the majority of its customers, North Shelby is the only available supplier of potable water. Therefore all alternatives considered were relative to water supply, transport and storage within their system.

One alternative considered was to replace the two existing pumps stations which supply the eastern zone from Frankfort with two new stations of greatly increased capacity. This would allow for an increase in supply to be purchased from the Frankfort Plant Board and transported to underserved customers in the eastern portion of the system.

Another alternative considered was to upgrade the existing pump station which currently supplements the Frankfort supply with water from the City of Shelbyville. This would allow for an increase in supply to be purchased from the Shelbyville and transported to underserved customers in the western portion of the system.

The alternatives described above and others were evaluated based on several factors. They included: the needs of each service area; the total project costs; the topography of the existing transmission main routes and tank sites; the availability of transmission main rights-of-way, tank sites, and pump station sites; the future cost of maintaining the improvements; and future supply availability from each of the various suppliers.

## VI PROPOSED PROJECT

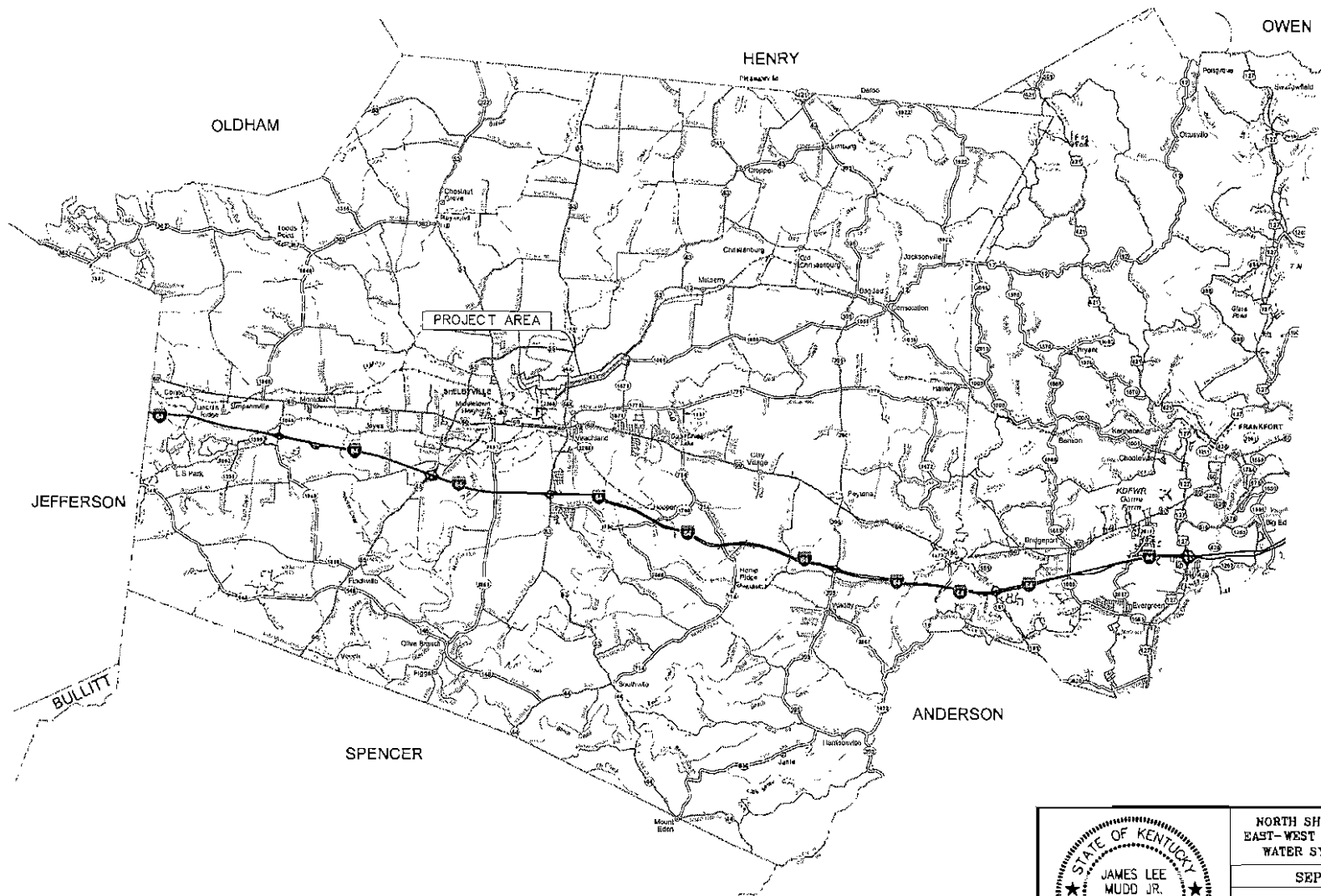
In order to correct the above-described deficiencies, the project proposes to supplement existing system mains with a new water transmission main. The proposed improvements consist of the installation of approximately 17,500 linear feet of 12-inch water transmission main, a booster pump station and appurtenances. The water transmission main will be constructed of ductile iron material and it will extend from the intersection of Burkes Branch Road and Blossom Circle running in an eastern direction cross county through the Shelby County Park and private property and then parallel to Kentucky Highway 43 to the intersection of Kentucky Highway 1005.

The proposed transmission main and booster pump station will supply water from the Shelby School Storage tank to underserved portions of the western supply zone. The station will also have the ability to supply the eastern zone as required. This will allow the Association to serve its entire system from multiple individual suppliers in the event of a water shortage or other emergency.

An itemized cost estimate is included in this report and outlines all of the individual construction items along with their estimated unit costs. A summary cost estimate is also included herein and recaps all of the project costs and outlines the funding scheme for the project. The total cost of the improvements is estimated to be \$2,100,000 with full funding being provided by a USDA Rural Development loan.

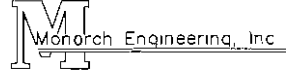
## VII. CONCLUSIONS AND RECOMMENDATIONS

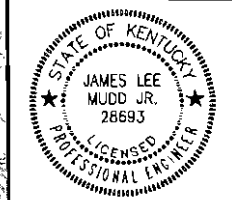
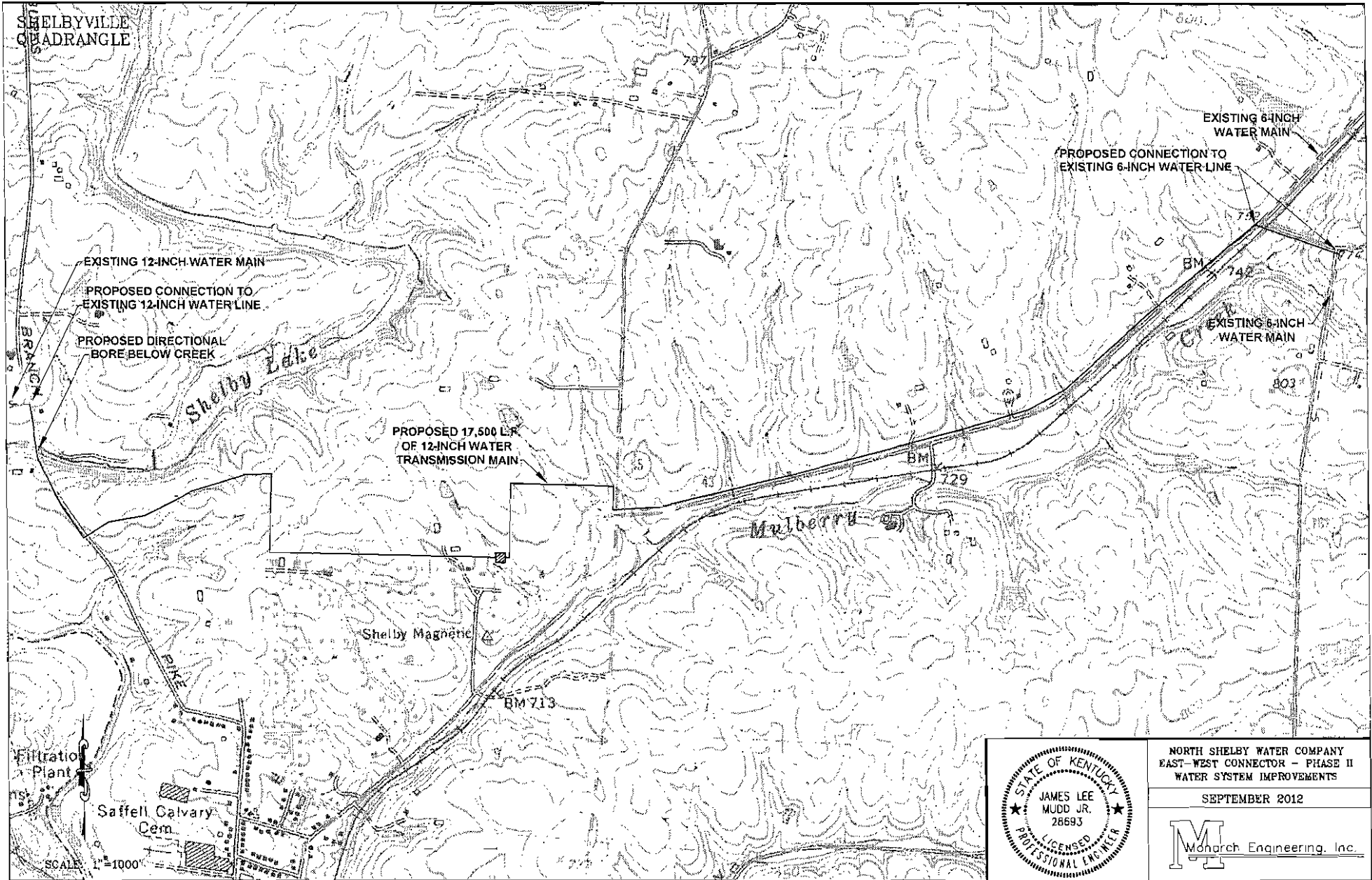
Based on our evaluations of the Company's water system, and its inability to effectively supply existing customers and transport water throughout the system, it is recommended that the Company pursue financing from the U.S. Department of Agriculture through their Rural Development program so that these improvements can be implemented.



NORTH SHELBY WATER COMPANY  
 EAST-WEST CONNECTOR - PHASE II  
 WATER SYSTEM IMPROVEMENTS

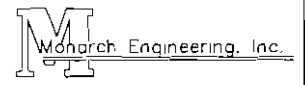
SEPTEMBER 2012





NORTH SHELBY WATER COMPANY  
 EAST-WEST CONNECTOR - PHASE II  
 WATER SYSTEM IMPROVEMENTS

SEPTEMBER 2012



**PRELIMINARY COST ESTIMATE  
EAST WEST CONNECTOR - PHASE II  
NORTH SHELBY WATER COMPANY  
SEPTEMBER 2012**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	TOTAL COST
1	12-Inch Water Transmission Main	17,500	LF	\$55.00	\$962,500.00
2	Bore & Case for 12-Inch WTM	500	LF	200.00	100,000.00
3	Direction Bore for 12-Inch WTM	400	LF	300.00	120,000.00
4	Creek Crossing for 12-Inch WTM	250	LF	200.00	50,000.00
5	12-Inch Valve	20	EA	2,000.00	40,000.00
6	8-Inch Gate Valve	2	EA	800.00	1,600.00
7	6-Inch Gate Valve	4	EA	600.00	2,400.00
8	4-Inch Gate Valve	2	EA	500.00	1,000.00
10	3-Way Flush Hydrant	9	EA	3,000.00	27,000.00
11	Air Release Valves	4	EA	2,500.00	10,000.00
12	Connections	5	EA	2,500.00	12,500.00
12	Booster Pump Station	1	EA	300,000.00	300,000.00
Subtotal					\$1,627,000.00
Contingency					163,000.00
Total Construction					\$1,790,000.00



**PRELIMINARY COST ESTIMATE  
EAST WEST CONNECTOR - PHASE II  
NORTH SHELBY WATER COMPANY  
SEPTEMBER 2012**

**PROJECT COSTS**

DEVELOPMENT	\$1,627,000
CONTINGENCY	163,000
ENGINEERING DESIGN	132,000
CONSTRUCTION INSPECTION	81,000
LEGAL	20,000
INTEREST	35,000
PRELIMINARY ENGINEERING REPORT	10,000
ENVIRONMENTAL ASSESSMENT	10,000
EASEMENT ACQUISITION	<u>22,000</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$2,100,000</b>

**PROJECT FINANCING**

RURAL DEVELOPMENT LOAN	<u>2,100,000</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$2,100,000</b>

# **FINAL ENGINEERING REPORT**

**EAST-WEST CONNECTOR – PHASE II  
WATER SYSTEM IMPROVEMENTS PROJECT**

**NORTH SHELBY WATER COMPANY  
SHELBY COUNTY, KENTUCKY**

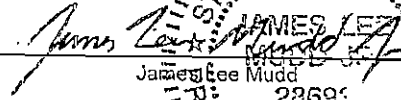
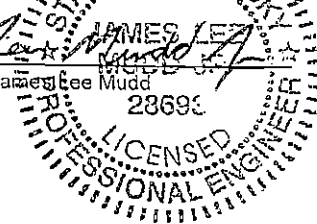
**MAY 2014**

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

**BID TABULATIONS**  
**NORTH SHELBY WATER COMPANY**  
**EAST-WEST CONNECTOR - PHASE II**  
**WATER SYSTEM IMPROVEMENTS**  
**SHELBY COUNTY, KENTUCKY**  
**BID DATE: MAY 16, 2014 @ 11:00 A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	Horsley Construction, Inc. 368 Hagan Dennis Lane Hudson, KY 40145		Hubert Excavating 2590 Bondville Road Salvisa, KY 40372		Twin States Utilities P.O. Box 14 Mt. Hermon, KY 42157	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	<b>BASE BID CONTRACT</b>							
1	12-Inch PVC SDR-17 Water Line	19,100 LF	\$25.98	\$496,218.00	\$25.00	\$477,500.00	\$28.00	\$534,800.00
2	6-Inch PVC SDR-17 Water Line	120 LF	14.00	1,680.00	14.00	1,680.00	19.00	2,280.00
3	12-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	240 LF	55.00	13,200.00	54.00	12,960.00	60.00	14,400.00
4	10-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	200 LF	40.00	8,000.00	50.00	10,000.00	40.00	8,000.00
5	16-Inch HDPE DR-11 Directional Bore	400 LF	225.00	90,000.00	260.00	104,000.00	185.00	74,000.00
6	Bore & Case for 12-Inch Water Line	300 LF	131.00	39,300.00	155.00	46,500.00	120.00	36,000.00
7	Bore & Case for 10-Inch Water Line	160 LF	121.00	19,360.00	140.00	22,400.00	120.00	19,200.00
8	Free Bore & Case for 12-Inch Water Line	80 LF	76.00	6,080.00	85.00	6,800.00	80.00	6,400.00
9	Creek Crossing for 12-Inch Water Line	50 LF	60.00	3,000.00	140.00	7,000.00	150.00	7,500.00
10	12-Inch Gate Valve	21 EA	2,400.00	50,400.00	2,500.00	52,500.00	2,250.00	47,250.00
11	10-Inch Gate Valve	1 EA	1,750.00	1,750.00	2,000.00	2,000.00	2,000.00	2,000.00
12	6-Inch Gate Valve	2 EA	1,000.00	2,000.00	1,130.00	2,260.00	750.00	1,500.00
13	Air Release Valve	6 EA	3,400.00	20,400.00	3,900.00	23,400.00	3,500.00	21,000.00
14	Flush Hydrant Assembly	8 EA	3,200.00	25,600.00	3,500.00	28,000.00	3,500.00	28,000.00
15	Blowoff Assembly	1 EA	1,000.00	1,000.00	850.00	850.00	3,000.00	3,000.00
16	Direct Connection	1 EA	1,000.00	1,000.00	5,300.00	5,300.00	1,800.00	1,800.00
17	Type II Connection	3 EA	1,500.00	4,500.00	2,000.00	6,000.00	2,500.00	7,500.00
18	Booster Pump Station	1 LS	302,800.00	302,800.00	299,350.00	299,350.00	324,479.00	324,479.00
	18A) Site Work		17,680.00		17,000.00		30,000.00	
	18B) Foundations		8,380.00		6,000.00		10,000.00	
	18C) Factory Built Booster Pump Station		259,480.00		253,850.00		268,479.00	
	18D) Brickwork		6,380.00		7,500.00		5,000.00	
	18E) Site Electrical		10,880.00		15,000.00		11,000.00	
19	Exploration	10 HR	100.00	1,000.00	150.00	1,500.00	400.00	4,000.00
	<b>TOTAL BASE BID</b>			<b>\$1,087,288.00</b>		<b>\$1,110,000.00</b>		<b>\$1,143,109.00</b>

THE ABOVE IS A TRUE AND COMPLETE TABULATION OF BIDS RECEIVED AT 11:00A.M. LOCAL TIME, FRIDAY, MAY 16, 2014 AT THE NORTH SHELBY WATER COMPANY.

BY:   
 James Lee Mudd  
 28693  


5-19-14  
 DATE

Project No. 1201

MONARCH ENGINEERING, INC.

556 Carlton Drive

Lawrenceburg, KY 40342

Phone (502) 839-1310

Fax (502) 839-1373

**BID TABULATIONS**  
**NORTH SHELBY WATER COMPANY**  
**EAST-WEST CONNECTOR - PHASE II**  
**WATER SYSTEM IMPROVEMENTS**  
**SHELBY COUNTY, KENTUCKY**

**BID DATE: MAY 16, 2014 @ 11:00 A.M. LOCAL TIME**

ITEM NO.	DESCRIPTION	QUANTITY	Salmon Construction, Inc. P.O. Box 97 MT. Washington, KY 40047		United Pipeline, Inc. 4627 Gamaliel Road Tompkinsville, KY 42167		Little Creek Construction 47 Tolliver Road Greenup, KY 41144	
			UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST	UNIT PRICE	TOTAL COST
	<b>BASE BID CONTRACT</b>							
1	12-Inch PVC SDR-17 Water Line	19,100 LF	\$27.00	\$515,700.00	\$28.00	\$534,800.00	\$22.00	\$420,200.00
2	6-inch PVC SDR-17 Water Line	120 LF	24.40	2,928.00	15.00	1,800.00	11.00	1,320.00
3	12-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	240 LF	65.50	15,720.00	63.00	15,120.00	57.00	13,680.00
4	10-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	200 LF	53.00	10,600.00	39.00	7,800.00	32.00	6,400.00
5	16-Inch HDPE DR-11 Directional Bore	400 LF	240.00	96,000.00	221.00	88,400.00	335.00	134,000.00
6	Bore & Case for 12-Inch Water Line	300 LF	160.70	48,210.00	165.00	49,500.00	240.00	72,000.00
7	Bore & Case for 10-Inch Water Line	160 LF	150.50	24,080.00	175.00	28,000.00	240.00	38,400.00
8	Free Bore & Case for 12-Inch Water Line	80 LF	160.00	12,800.00	104.00	8,320.00	125.00	10,000.00
9	Creek Crossing for 12-Inch Water Line	50 LF	140.00	7,000.00	138.00	6,900.00	120.00	6,000.00
10	12-Inch Gate Valve	21 EA	2,317.00	48,657.00	2,660.00	55,860.00	2,500.00	52,500.00
11	10-Inch Gate Valve	1 EA	1,925.00	1,925.00	2,200.00	2,200.00	2,100.00	2,100.00
12	6-Inch Gate Valve	2 EA	2,132.00	4,264.00	1,100.00	2,200.00	850.00	1,700.00
13	Air Release Valve	6 EA	4,500.00	27,000.00	3,400.00	20,400.00	5,000.00	30,000.00
14	Flush Hydrant Assembly	8 EA	4,000.00	32,000.00	4,500.00	36,000.00	3,900.00	31,200.00
15	Blowoff Assembly	1 EA	850.00	850.00	4,000.00	4,000.00	3,600.00	3,600.00
16	Direct Connection	1 EA	1,220.00	1,220.00	2,500.00	2,500.00	2,300.00	2,300.00
17	Type II Connection	3 EA	3,200.00	9,600.00	3,000.00	9,000.00	2,600.00	7,800.00
18	Booster Pump Station	1 LS	327,500.00	327,500.00	347,100.00	347,100.00	437,000.00	437,000.00
	18A) Site Work		36,000.00		71,020.00		39,000.00	
	18B) Foundations		16,500.00		5,500.00		20,000.00	
	18C) Factory Built Booster Pump Station		259,000.00		257,580.00		335,000.00	
	18D) Brickwork		7,500.00		6,000.00		22,000.00	
	18E) Site Electrical		8,500.00		7,000.00		21,000.00	
19	Exploration	10 HR	300.00	3,000.00	100.00	1,000.00	250.00	2,500.00
	<b>TOTAL BASE BID</b>			<b>\$1,189,054.00</b>		<b>\$1,220,900.00</b>		<b>\$1,272,700.00</b>

**BID TABULATIONS**  
**NORTH SHELBY WATER COMPANY**  
**EAST-WEST CONNECTOR - PHASE II**  
**WATER SYSTEM IMPROVEMENTS**  
**SHELBY COUNTY, KENTUCKY**  
**BID DATE: MAY 16, 2014 @ 11:00 A.M. LOCAL TIME**

Cleary Construction, Inc.  
 2006 Edmonton Road  
 Tompkinsville, KY 42167

ITEM NO.	DESCRIPTION	QUANTITY	UNIT PRICE	TOTAL COST
	BASE BID CONTRACT			
1	12-Inch PVC SDR-17 Water Line	19,100 LF	\$35.50	\$678,050.00
2	6-Inch PVC SDR-17 Water Line	120 LF	30.00	3,600.00
3	12-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	240 LF	68.00	16,320.00
4	10-Inch PVC SDR-17 Integral Bell Restrained Joint (Certa-Lok) Water Line	200 LF	40.00	8,000.00
5	16-Inch HDPE DR-11 Directional Bore	400 LF	220.00	88,000.00
6	Bore & Case for 12-Inch Water Line	300 LF	175.00	52,500.00
7	Bore & Case fro 10-Inch Water Line	160 LF	160.00	25,600.00
8	Free Bore & Case for 12-Inch Water Line	80 LF	125.00	10,000.00
9	Creek Crossing for 12-Inch Water Line	50 LF	175.00	8,750.00
10	12-Inch Gate Valve	21 EA	2,600.00	54,600.00
11	10-Inch Gate Valve	1 EA	2,000.00	2,000.00
12	6-Inch Gate Valve	2 EA	1,200.00	2,400.00
13	Air Release Valve	6 EA	3,800.00	22,800.00
14	Flush Hydrant Assembly	8 EA	3,700.00	29,600.00
15	Blowoff Assembly	1 EA	1,600.00	1,600.00
16	Direct Connection	1 EA	3,000.00	3,000.00
17	Type II Connection	3 EA	3,000.00	9,000.00
18	Booster Pump Station	1 LS	360,000.00	360,000.00
	18A) Site Work		37,500.00	
	18B) Foundations		10,000.00	
	18C) Factory Built Booster Pump Station		290,000.00	
	18D) Brickwork		9,000.00	
	18E) Site Electrical		13,500.00	
19	Exploration	10 HR	100.00	1,000.00
	<b>TOTAL BASE BID</b>			<b>\$1,376,820.00</b>

**FINAL PROJECT BUDGET  
EAST WEST CONNECTOR - PHASE II  
NORTH SHELBY WATER COMPANY  
MAY 2014**

**PROJECT COSTS**

DEVELOPMENT	1,087,288.00
CONTINGENCY	772,664.73
ENGINEERING DESIGN	95,137.70
CONSTRUCTION INSPECTION	59,909.57
LEGAL	20,000.00
INTEREST	35,000.00
PRELIMINARY ENGINEERING REPORT	10,000.00
ENVIRONMENTAL ASSESSMENT	10,000.00
EASEMENT ACQUISITION	<u>10,000.00</u>
<b>TOTAL PROJECT COSTS</b>	<b>2,100,000.00</b>

**PROJECT FINANCING**

RURAL DEVELOPMENT LOAN	<u>2,100,000.00</u>
<b>TOTAL PROJECT COSTS</b>	<b>2,100,000.00</b>

**CERTIFIED STATEMENT**

The undersigned, Jerry Ruble, who is the President of the Board of Directors of North Shelby Water Company, hereby certifies the following based upon the statements of the engineers for North Shelby:

1. The proposed plans and specifications for the Project have been designed to meet the minimum construction and operating requirements set out in 807 KAR 5:066, Section 4(3) and (4); Section 5(1); Sections 6 and 7; Section 8(1) through (3); Section 9(1) and Section 10.
2. All other state approvals or permits have been obtained.
3. The proposed rates of the Applicant shall produce the total revenue requirements recommended in the engineering reports.
4. It is anticipated that construction will begin on July 31, 2014 and end on April 30, 2015.

  
 \_\_\_\_\_  
 Jerry Ruble, President

STATE OF KENTUCKY        )  
 COUNTY OF SHELBY        )


The undersigned, Jerry Ruble, being duly sworn, deposes and states that he is President of North Shelby Water Company, Applicant in the above proceedings; that he has read the foregoing Certified Statement and that it is true based upon the statements of the engineers for North Shelby Water Company.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on this 19<sup>th</sup> day of June, 2014.

  
 \_\_\_\_\_  
 Jerry Ruble

STATE OF KENTUCKY        )  
 COUNTY OF SHELBY        )

Subscribed and sworn to before me by Jerry Ruble, President of North Shelby Water Company, on this the 19<sup>th</sup> day of June, 2014.

  
 \_\_\_\_\_  
 Notary Public  
 ID: 1434455  
 Commission Expires: 2/1/15

## LEGAL NOTICE

North Shelby Water Company (“Company”) will file on or after June 25, 2014 an application with the Kentucky Public Service Commission (“PSC”) to construct approximately 93,660 feet of mostly 12-inch water main and a pump station, and will seek to increase rates effective August 15, 2014 as follows:

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<u>5/8" x 3/4" Meters:</u>				
First 2,000 gallons	\$16.44 minimum bill	\$17.66 minimum bill	\$1.22	7.4%
Next 3,000 gallons	\$6.54 per 1,000 gallons	\$6.64 per 1,000 gallons	10¢	1.5%
Next 5,000 gallons	\$5.16 per 1,000 gallons	\$5.26 per 1,000 gallons	10¢	1.9%
Next 40,000 gallons	\$4.47 per 1,000 gallons	\$4.57 per 1,000 gallons	10¢	2.2%
Over 50,000 gallons	\$3.79 per 1,000 gallons	\$3.89 per 1,000 gallons	10¢	2.6%
<u>1" Meters:</u>				
First 5,000 gallons	\$36.06 minimum bill	\$37.55 minimum bill	\$1.49	4.1%
Next 5,000 gallons	\$5.16 per 1,000 gallons	\$5.26 per 1,000 gallons	10¢	1.9%
Next 40,000 gallons	\$4.47 per 1,000 gallons	\$4.57 per 1,000 gallons	10¢	2.2%
Over 50,000 gallons	\$3.79 per 1,000 gallons	\$3.89 per 1,000 gallons	10¢	2.6%
<u>1 1/2" Meters:</u>				
First 10,000 gallons	\$61.86 minimum bill	\$63.85 minimum bill	\$1.99	3.2%
Next 40,000 gallons	\$4.47 per 1,000 gallons	\$4.57 per 1,000 gallons	10¢	2.2%
Over 50,000 gallons	\$3.79 per 1,000 gallons	\$3.89 per 1,000 gallons	10¢	2.6%
<u>2" Meters:</u>				
First 15,000 gallons	\$84.21 minimum bill	\$86.70 minimum bill	\$2.49	3.0%
Next 35,000 gallons	\$4.47 per 1,000 gallons	\$4.57 per 1,000 gallons	10¢	2.2%
Over 50,000 gallons	\$3.79 per 1,000 gallons	\$3.89 per 1,000 gallons	10¢	2.6%
<u>3" Meters:</u>				
First 35,000 gallons	\$173.61 minimum bill	\$178.10 minimum bill	\$4.49	2.6%
Next 15,000 gallons	\$4.47 per 1,000 gallons	\$4.57 per 1,000 gallons	10¢	2.2%
Over 50,000 gallons	\$3.79 per 1,000 gallons	\$3.89 per 1,000 gallons	10¢	2.6%

The average bill for a customer using 5,000 gallons of water each month will increase 3.38% from \$36.06 to \$37.28 each month under the new rates. A person may examine this application at the Company office at 4596 Bagdad Road, KY, or at the PSC office located at 211 Sower Blvd, Frankfort, KY, Monday - Friday from 8:00 a.m. - 4:30 p.m., or on the PSC website at <http://psc.ky.gov>. Written comments regarding this application may be submitted to PSC through its website or by mail to Public Service Commission, PO Box 615, Frankfort, KY 40602. The proposed rates are required under the terms of an agreement between the Company and USDA Rural Development. KRS 278.023 does not grant the PSC any discretionary authority either to modify or reject any portion of the agreement between RD and the Company, or to defer the issuance of all necessary orders to implement the terms of that agreement.