

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONROE COUNTY)	
WATER DISTRICT FOR AUTHORIZATION)	
TO ENTER AN ASSISTANCE AGREEMENT)	
WITH THE KENTUCKY INFRASTRUCTURE)	
AUTHORITY AND FOR A CERTIFICATE OF)	CASE NO. 2015-00315
PUBLIC CONVENIENCE TO CONSTRUCT A)	
WATER TREATMENT FACILITY,)	
ELEVATED STORAGE TANK, AND WATER)	
TRANSMISSION AND DISTRIBUTION)	
MAINS)	

APPLICATION

Pursuant to KRS 278.020(1), KRS 278.300, and 807 KAR 5:001, Sections 15 and 18, Monroe County Water District (“Monroe District”) applies to the Public Service Commission for an Order authorizing Monroe District’s entry into an Assistance Agreement with the Kentucky Infrastructure Authority (“KIA”) to borrow an amount not to exceed \$15,564,032 and granting a certificate of public convenience and necessity for the construction of a regional water treatment plant, associated facilities, a 600,000 gallon elevated water storage tank, and transmission mains.

In support of its Application, Monroe District provides the following:

A. General Information

1. Monroe District is a water district organized under KRS Chapter 74.
2. Monroe County’s principal office and mailing address is Monroe County Water District, 205 Capp Harlan Road, Tompkinsville, Kentucky 42167. Its e-mail address is mcwdr@scrtc.com.
3. Monroe District is not a corporation, limited liability company, or partnership and has no articles of incorporation or partnership agreement.

4. Monroe District was created by an Order of Monroe County Court entered April 9, 1975. A copy of this Order is attached as **Exhibit 1** to this Application.

5. Monroe District is engaged in the distribution and sale of water to approximately 3,205 residential customers and 206 commercial customers in Monroe County, Kentucky.¹ Its territory includes the City of Gamaliel, Kentucky² and the unincorporated areas of Monroe County, except those areas that Fountain Run Water District serves. Monroe District provides water for resale to the City of Glasgow and Fountain Run Water District.

6. A copy of the resolution of Monroe District's Board of Commissioners authorizing the filing of this application is attached as **Exhibit 2**.

B. Certificate of Public Convenience and Necessity

7. Monroe District proposes to construct a 2.0 million gallon per day ("MGD") water treatment facility; approximately 24,715 linear feet of 16-inch ductile iron, and 29,475 linear feet of 10-inch polyvinylchloride ("PVC") water main; and a 600,000 gallon elevated-water storage tank (collectively "Proposed Facilities").

8. The Proposed Facilities are necessary for Monroe District to meet its statutory duties. KRS 278.030(2) requires Monroe District to "furnish adequate, efficient and reasonable service." Adequate service is defined as

having sufficient capacity to meet the maximum estimated requirements of the customer to be served during the year following the commencement of permanent service and to meet the maximum estimated requirements of other actual customers to be supplied from the same lines or facilities during such year and to assure such customers of reasonable continuity of service.³

¹ Annual Report of Monroe County Water District to the Public Service Commission of the Commonwealth of Kentucky for the Calendar Year Ended December 31, 2014 ("2014 Annual Report") at 27.

² Monroe District acquired Gamaliel's facilities and the right to provide water service within that city's corporate limits in 1978.

³ KRS 278.010(14).

Commission Regulations further require that the water that Monroe District provides be “[f]rom a source reasonably adequate to provide a continuous supply of water”⁴ and that the quantity of water delivered to Monroe District’s “distribution system from all source facilities shall be sufficient to supply adequately, dependably and safely the total reasonable requirements of its customers under maximum consumption”⁵

9. The Proposed Facilities are necessary to provide Monroe District with an adequate and reliable supply of water. Monroe District currently purchases its total water requirements, which was approximately 265.7 million gallons in 2014,⁶ from the City of Tompkinsville (“Tompkinsville”). This water supply is neither adequate nor reliable.

a. Tompkinsville lacks an adequate source of raw water to meet the combined demands of Monroe District and Tompkinsville’s distribution system. Tompkinsville’s sole source of raw water is Mill Creek Lake in Monroe County, Kentucky. This water source is unable to provide sufficient water volumes during low rainfall periods. In the summers of 2006, 2007 and 2012, Monroe District was forced to implement water restrictions because of limited water supply. Moreover, Tompkinsville’s water withdrawal permit limits to 1.5 MGD from this source. Despite this restriction, Tompkinsville routinely exceeds these limits.⁷

b. The combined maximum daily demand of Tompkinsville’s distribution system and Monroe District exceeds 95 percent of the present capacity of Tompkinsville’s water treatment plant. Tompkinsville’s water treatment plant has a rated capacity of 2.5 MGD, but operational conditions generally limit its daily production to 1.9 MGD. When customer demand

⁴ 807 KAR 5:066, Section 3(2)(c).

⁵ 807 KAR 5:066, Section 10(4).

⁶ 2014 Annual Report at 30.

⁷ According to its monthly operating reports for the first eleven months of 2015 which were filed with the Kentucky Division of Water, Tompkinsville’s maximum monthly withdrawals exceeded its permit limits in nine of eleven months. Its average daily withdrawals for the months of February 2015 and March 2015 exceeded the permit limit.

exceeds 1.9 MGD, Tompkinsville is unable to provide water to the higher elevations within its service area. These higher elevation areas are located exclusively in Monroe District's territory. Thus in high usage periods, some Monroe District customers cannot obtain water. Because of physical space limitations at the water treatment plant site, the capacity of Tompkinsville's water treatment plant cannot be expanded. According to reports that Tompkinsville filed with the Kentucky Division of Water ("KDOW"), the water treatment plant operated 24 hours each day during the first eleven months of 2015.

c. Tompkinsville's water treatment plant has a history of poor operation practices. It has been cited at least 88 times for violations of water quality regulations.

10. Construction of the Proposed Facilities will not result in the wasteful duplication of utility facilities or inefficient investment.

11. The Proposed Facilities will be constructed as three contracts. Contract I: Water Treatment Plant requires construction of the water treatment plant facilities to be completed within 600 calendar days. The remaining contracts, Contract IIB: Water Lines and Contract IIIB: Elevated Storage Facility, require construction to be completed with 450 calendar days. Work on the contracts will be concurrent. The contracts will have the same work commencement date.

12. "Contract I: Water Treatment Plant" involves the construction of the proposed water treatment facility. This facility will have an initial capacity of 2.0 MGD, but can be expanded to 3.0 MGD. It will have two Actiflo trains, each of which will have a rated capacity of 2.0 MGD; three dual media rapid rate gravity filters with a maximum filtration rate of 873.3 gallons per minute ("gpm") per filter; a 250,000 gallon clearwell; two high service pumps capable of pumping 1,400 gpm; two raw water pumps with a pumping capacity of 1,400 gallons; a sludge filter press system; and other various appurtenances. The proposed water treatment

facility's raw water intake will be on the Cumberland River at River Mile 393.7. A 12-inch PVC water line will run approximately 7,500 feet along Cloyd Williams Road in Monroe County from the raw intake to the proposed water treatment facility, which will be located one mile from the Cumberland River and above the 100 year flood elevation. A copy of the plans for water treatment facility is attached to this Application as **Exhibit 3**. A copy of the specifications for the facility is attached to this Application as **Exhibit 4**.

13. "Contract IIB: Water Lines" involves the construction of approximately 24,715 linear feet of 16-inch ductile iron water main and 29,475 linear feet of 10-inch PVC water main and modifications to the County House Road Pumping Station. Monroe District proposes to construct 21,600 feet of 16-inch ductile iron water main running from the proposed water treatment plant site to the site of the proposed elevated water storage tank and running parallel to Cloyd Williams Road. An additional 3,000 feet of 16-inch ductile iron water main will be constructed from the storage tank site to the intersection of Cloyd Williams Road, Capp Harlan Road and Kentucky Highway 163. From this intersection, 7,000 feet of 10-inch PVC water main will be constructed along Capp Harlan Road to Monroe District's Persimmon Pumping Station. An additional 22,400 feet of 10-inch PVC water main will be constructed from the intersection to Monroe District's County House Road Storage Tank. This segment will first run along Kentucky Highway 163, then through approximately 6,000 feet of private property along acquired easements, and then along Kentucky Highway 1366. A copy of the plans and the specifications for Contract IIB is attached to this Application as **Exhibits 5 and 6**.

14. "Contract IIIB: Elevated Storage Facility" involves the construction of a 600,000 gallons elevated water storage tank. A copy of the plans for this storage tank is attached to this Application as **Exhibit 7**. A copy of the specifications for this storage tank is attached to this Application as **Exhibit 8**.

15. A description of the Proposed Facilities' Location and Routes is attached as **Exhibit 9** to this Application. A map depicting these locations and routes is attached as **Exhibit 10**.

16. A copy of the Preliminary and Final Engineering Reports for the Proposed Facilities is attached as **Exhibits 11 and 12** to this Application.

17. A copy of the hydraulic calculations upon which the Proposed Facilities are based is attached as **Exhibit 13** to this Application.

18. The Kentucky Division of Water ("KDOW") has reviewed the plans and specifications for the Proposed Facilities and has approved them with respect to sanitary features of design. A copy of the letters in which the KDOW stated its approval is set forth at **Exhibits 14 through 16** of this Application.

19. The KDOW has issued to Monroe District a Stream Construction Permit that authorizes Monroe District to construct a raw water intake in the Cumberland River. A copy of this permit is attached as **Exhibit 17** of this Application.

20. The KDOW has certified that the construction of the Proposed Facilities will not be result in the violation of applicable water quality standards. A copy of this Water Quality Certification is attached as **Exhibit 18** of this Application.

21. The KDOW has issued a water withdrawal permit to Monroe District permitting the withdrawal of a maximum of 2.8 MGD from the Cumberland River. A copy of this permit is attached as **Exhibit 19** of this Application.

22. Monroe District has not yet received a permit for the excavation of public rights-of-way under the jurisdiction of the Kentucky Department of Highways for those portions of the Proposed Facilities that will be located within such rights-of-way. Monroe District will file a copy of this permit with the Commission as soon as the permit is obtained.

23. Monroe District has applied to the Department of the Army, Corps of Engineers (“USACE”) for a permit under 33 USC §§ 403 and 1344 to construct and deposit material into the Cumberland River. The USACE is still reviewing this application. Monroe District will submit a copy of this permit to the Commission immediately upon its receipt.

24. Monroe District has acquired all property and easements and necessary for the Proposed Facilities.

25. Monroe District has requested bids on the construction of the Proposed Facilities. A copy of the certified bid tabulations and the Project Engineer’s recommendations is found in the Final Engineering Report, which is attached as **Exhibit 12** to this Application. Under the terms of request for bids, these bids may be withdrawn 90 days after bid submission. Each of the firms whose bid was selected, however, has extended the effective date of its bid to March 21, 2016. A copy of the notices of extension is found **Exhibits 20 through 22** to this Application.

26. A copy of the resolutions of Monroe District’s Board of Commissioners authorizing the selection of lowest bidders is attached as **Exhibit 23 through 25**.

27. The total estimated cost of the Proposed Facilities is \$15,962,694. Monroe District proposes to finance the construction of the Proposed Facilities with a loan of \$15,564,032 from KIA’s Fund F Infrastructure Revolving Loan Program and with appropriated funds from the Kentucky General Assembly of \$320,096 and \$78,266.⁸

28. Monroe County anticipates that the approximate annual cost of operation of the Proposed Facilities will be \$328,141. A schedule of these costs is set forth in **Exhibit 26**. These costs will be offset by a reduction in annual purchased water costs of approximately \$618,750.

29. The total estimated cost of the Proposed Facilities is \$15,962,694. Monroe District proposes to finance the construction of the Proposed Facilities with a loan of

⁸ 2014 Ky. Acts 667-668 (Ky. Legislative Research Com’n Electronic Version).

\$15,564,032 from KIA's Fund F Infrastructure Revolving Loan Program and with appropriated funds from the Kentucky General Assembly of \$320,096 and \$78,266.⁹

30. The Proposed Facilities will not compete with the facilities of any other public utility and are intended only to meet the present and future demands of Monroe District's existing customers. There no public utilities in Monroe County that produce water. Tompkinsville is the only water producer in Monroe County. Throughout the planning for the Proposed Facilities, Monroe District sought Tompkinsville's participation in the construction and operation of the Proposed Facilities. Tompkinsville declined to participate in the project and has stated no objections to the construction of the Proposed Facilities.

31. Monroe District is supporting this Application with the testimony of Mark Williams, Chairman, Monroe County Water District. In his testimony, Mr. Williams describes the water supply problems that Monroe District has experienced and its efforts to develop a solution to those problems. A copy of this testimony is attached as **Exhibit 27** of this Application.

C. Authorization to Enter Assistance Agreement

32. To finance the cost of constructing the Proposed Facilities, Monroe District proposes to enter an Assistance Agreement with KIA to borrow an amount not to exceed \$15,564,032. The proposed loan will bear interest at a rate of 0.75 percent per annum and must be repaid over a period not to exceed 30 years from the date on which the Proposed Facilities begin operation. Interest on the proposed loan will accrue from the time that Monroe District begins drawing funds from KIA. The proposed Assistance Agreement provides that 30 percent of the principal amount, not to exceed \$2,904,091, will be forgiven over the life of the loan.

⁹ See 2014 Ky. Acts 667-668 (Ky. Legislative Research Com'n Electronic Version).

Additional details regarding the proposed loan are set forth in the Conditional Commitment Letter of December 7, 2015, a copy of which is attached as **Exhibit 28**.

33. A description of Monroe District's water system and its property, stated at original cost by accounts, is contained in Annual Report of Monroe County Water District to the Public Service Commission for the Year Ending December 31, 2014 ("2014 Annual Report"), a copy of which Monroe District has previously been filed with the Public Service Commission and which is incorporated by reference into this Application.

34. Monroe District does not propose to issue any stock or bonds.

35. No proceeds from the Assistance Agreement will be used to refund outstanding obligations.

36. A copy of Monroe District's written notification to the State Local Debt Officer is attached as **Exhibit 29**.

37. For the 12-month period ending December 31, 2014, Monroe District had less than \$5,000,000 in gross annual revenues.

38. Pursuant to 807 KAR 5:001, Section 18(2)(a), a financial exhibit containing the following information is provided:

a. Monroe District's 2014 Annual Report is incorporated by reference into this Application. Monroe District also incorporates into this Application its audited financial statements for the years ending December 31, 2013 and December 31, 2014, which have previously been filed with the Commission.

b. No material changes have occurred in Monroe District's financial condition since December 31, 2014.

c. Monroe District is not authorized to issue any stock nor has it issued any stock.

d. There are no trust deeds or mortgages applicable.

e. Maps and plans of the proposed construction are found at **Exhibits 3, 5, 7, and 10** of this Application.

f. A detailed estimate of the acquired property, arranged according to the Uniform System of Accounts for Class A/B Water Districts and Associations, is attached to this Application as **Exhibit 30**.

39. The proposed loan will not require Monroe District to seek an immediate adjustment of its rates for service.

40. Monroe District's execution of an Assistance Agreement with KIA to borrow \$15,564,032 is for a lawful objective within Monroe District's corporate purposes, is necessary, appropriate for and consistent with Monroe District's proper performance of its service to the public and will not impair Monroe District's ability to perform that service, and is reasonably necessary and appropriate for such purpose.

WHEREFORE, Monroe County Water District requests that the Commission:

1. Grant Monroe District a Certificate of Public Convenience and Necessity to construct the Proposed Facilities;

2. Authorize Monroe District to enter and execute an Assistance Agreement with KIA to borrow a sum no greater than \$15,564,032;

3. Enter an Order granting the requested relief no later than March 18, 2016; and,

4. Grant any and all such other relief to which Monroe District may be entitled.

Dated: February 18, 2016

Respectfully submitted,




Gerald E. Wuetcher
Stoll Keenon Ogden PLLC
300 West Vine St. Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3017
Fax: (859) 259-3517
gerald.wuetcher@skofirm.com

Counsel for Monroe County Water District

COMMONWEALTH OF KENTUCKY)
) SS
COUNTY OF MONROE)

The undersigned, Mark Williams, being duly sworn, deposes and states that he is the Chairman of Monroe County Water District, the Applicant in the above proceedings; that he has read this Application and has noted its contents; 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.

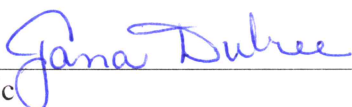
IN TESTIMONY WHEREOF, witness the signature of the undersigned on this February 16th, 2015.



Mark Williams
Chairman
Monroe County Water District

Subscribed and sworn to before me by Mark Williams, Chairman, Monroe County Water District, on this February 16th, 2016.

My Commission expires: May 16, 2019.



Notary Public

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, I certify that Monroe District's February 18, 2016 electronic filing of this Application is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on February 18, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original paper medium of the Application will be delivered to the Commission on or before February 22, 2016.



Gerald E. Wuetcher

**FILING REQUIREMENTS FOR AN APPLICATION FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

Source Authority	Requirement	Location
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	Page 1, Paragraph 2
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.020	Page 1
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	Page 11
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	Page 11
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 14(4)	If the applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 15(2)(a)	The facts relied upon to show that the public convenience and necessity requires the proposed construction	Pages 2-4, Paragraphs 8-9 Exhibit 27
807 KAR 5:001, § 15(2)(b)	Copies of franchises or permits for the proposed construction or extension	Pages 6-7, Paragraphs 18-24 Exhibits 14-19
807 KAR 5:001, § 15(2)(c)	A full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner in which same will be constructed, and the names of all public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete	Page 6, Paragraph 15 Page 8, Paragraph 30 Exhibit 9
807 KAR 5:001, § 15(2)(d)1	Maps to suitable scale showing the location or route of the proposed construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of the other facilities (Only one copy submitted pursuant to 807 KAR 5:001, Section 8)	Page 6, Paragraph 15 Exhibit 10

Source Authority	Requirement	Location
807 KAR 5:001, § 15(2)(d)2	Plans and specifications and drawings of the proposed plant, equipment, and facilities	Pages 4 -5, Paragraph 12-14 Exhibits 3-8
807 KAR 5:001, § 15(2)(e)	The manner in detail in which the applicant proposes to finance the proposed construction or extension.	Page 7, Paragraph 27
807 KAR 5:001, § 15(2)(f)	An estimated annual cost of operation after the proposed facilities are placed into service	Page 7, Paragraph 28
807 KAR 5:001, § 4(13)	Engineering plans, specifications, drawings, plats and reports for the proposed construction or extension prepared by a registered engineer, must be signed, sealed, and dated by an engineer registered in Kentucky	Exhibits 3-8, 11-12

**FILING REQUIREMENTS FOR AN APPLICATION FOR A
AUTHORITY TO ISSUE EVIDENCES OF INDEBTEDNESS**

Source Authority	Requirement	Location
807 KAR 5:001, § 14(1)	Applicant's name, mailing address and e-mail address	Page 1, Paragraph 2
807 KAR 5:001, § 14(1)	Statutory Reference – KRS 278.020	Page 1
807 KAR 5:001, § 4(3)	Signature of Applicant's Attorney	Page 11
807 KAR 5:001, § 4(3)	Name, Address, Telephone Number, Fax Number, and e-mail address of Applicant's Attorney	Page 11
807 KAR 5:001, § 14(2)	If Applicant is corporation: State and date of incorporation, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 14(3)	If Applicant is a limited liability company: State and date of organization, attestation of good standing in state of incorporation, statement regarding authorization to transact business in Kentucky	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 14(4)	If the applicant is a limited partnership: a certified copy of limited partnership agreement and all amendments or statement identifying prior Commission proceedings in which limited partnership agreement and all amendments filed	Page 1, Paragraph 3 Not Applicable
807 KAR 5:001, § 18(1)(b)	Description of applicant's property and the field of its operation	Page 9, Paragraph 33
807 KAR 5:001, § 18(1)(c)	Description of amount and kinds of stock to be issued	Page 9, Paragraph 34 Not Applicable
807 KAR 5:001, § 18(1)(c)	Description of amount, terms and interest rate of bond or note	Page 9, Paragraphs 32 and 34
807 KAR 5:001, § 18(1)(d)	Statement of how proceeds are to be used	Page 7, Paragraph 29 Page 8, Paragraph 32
807 KAR 5:001, § 18(1)(e)	If proceeds will be used to acquire, construct, improve, or extend property: a detailed description of property and all contracts	Page 2, Paragraph 2 Pages 4-5, Paragraphs 11-14 Exhibits 3-8
807 KAR 5:001, § 18(1)(f)	Requirements if proceeds are to refund outstanding obligations	Page 9, Paragraph 35
807 KAR 5:001, § 18(1)(g)	Applicant's written notification to state local debt officer regarding proposed issuance	Page 9, Paragraph 36 Exhibit 29
807 KAR 5:001, § 18(2)(a) 807 KAR 5:001, § 12(1)	Financial Exhibit	Page 9-10, Paragraph 38
807 KAR 5:001, § 18(2) 807 KAR 5:001, § 12(2)(a)-(c)	Financial Exhibit – information regarding stock	Page 9, Paragraph 38(c)
807 KAR 5:001, § 18(2)(b)	Copies of trust deeds or mortgages	Page 10, Paragraph 38(d)

Source Authority	Requirement	Location
807 KAR 5:001, § 12(2)(c)	If property acquired: maps and plans of property	Page 10, Paragraph 38(e) Exhibits 3, 5, 7 and 10
807 KAR 5:001, § 12(2)(c)	If property acquired: detailed estimates by USOA account number	Page 10, Paragraph 38(f) Exhibit 30

EXHIBITS

TABLE OF EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
1	Order Establishing and Creating Water District to Be Known As Monroe County Water District (Monroe County Court Apr. 9, 1975)
2	A Resolution of the Board of Commissioners of Monroe County Water District to Apply to the Kentucky Public Service Commission for Authority to Enter an Assistance Agreement with the Kentucky Infrastructure Authority and for a Certificate of Public Convenience and Necessity to Construct Certain Water Improvement Projects
3	Plans for Contract I: Water Treatment Plant
4	Specifications for Contract I: Water Treatment Plant
5	Plans for Contract IIB: Water Lines
6	Specifications for Contract IIB: Water Lines
7	Plans for Contract IIIB: Elevated Water Storage Facility
8	Specifications for IIIB: Elevated Water Storage Facility
9	Description of Proposed Facilities' Location and Routes
10	Map of Proposed Facilities' Location and Routes
11	Preliminary Engineering Report
12	Final Engineering Report
13	Hydraulic Calculations
14	KDOW Plan Approval Letter - Contract I: Water Treatment Plant
15	KDOW Plan Approval Letter - Contract IIB: Water Lines
16	KDOW Plan Approval Letter - Contract IIIB: Elevated Water Storage Facility
17	Stream Construction Permit
18	Water Quality Certification
19	Water Withdrawal Permit
20	Bid Extension Letter - Contract I: Water Treatment Plant

Exhibit**No.****Description**

- | | |
|----|--|
| 21 | Bid Extension Letter - Contract IIB: Water Lines |
| 22 | Bid Extension Letter - Contract IIIB: Elevated Water Storage Facility |
| 23 | A Resolution of the Board of Commissioners of Monroe County Water District to Award Phase IX Water System Improvements Contract I: Water Treatment Facility |
| 24 | A Resolution of the Board of Commissioners of Monroe County Water District to Award Phase IX Water System Improvements Contract II-B: Water Lines Project |
| 25 | A Resolution of the Board of Commissioners of Monroe County Water District to Award Phase IX Water System Improvements Contract III-B: Elevated Storage Facility Project |
| 26 | Statement of Annual Cost of Operation of Proposed Facilities |
| 27 | Written Testimony of Mark Williams |
| 28 | Conditional Commitment Letter of December 7, 2015 |
| 29 | Notice to State Local Debt Officer |
| 30 | Detailed Estimate of Acquired Property, Arranged According to the Uniform Systems of Accounts for Class A/B Water Districts and Associations |

EXHIBIT 1

Organized
1975

NO. _____

MONROE COUNTY COURT
MONROE COUNTY, KENTUCKY

IN THE MATTER OF MONROE COUNTY WATER DISTRICT

ORDER ESTABLISHING AND CREATING WATER DISTRICT
TO BE KNOWN AS
MONROE COUNTY WATER DISTRICT

WHEREAS, there has heretofore been filed a Petition by the above-named Petitioner and at least 25 other freeholders and residents of an area lying in this County, for the creation of a water district, and asking that same be named MONROE COUNTY WATER DISTRICT pursuant to Chapter 74 of the Kentucky Revised Statutes, and

WHEREAS, this Court, by order entered on February 24, 1975, set the case for hearing on the 9th day of April, 1975, at 10:00 A.M., C.D.T., and

WHEREAS, a Notice of the filing of such Petition and Notice of the Hearing as to same was duly published in the TOMPKINSVILLE NEWS, on March 6, 1975, and on March 27, 1975, advising interested parties of the fact that they were afforded a period of thirty days after the first publication of said Notice within which to file objections to the creation of said District, in compliance with all legal requirements, as set out in Affidavits of Publication heretofore filed in this proceeding, and

WHEREAS, a period of thirty days has expired after the first publication of such Notice, during which time all residents of the proposed district had an opportunity to file objections, and

WHEREAS, the Court has found and does hereby find that the establishment of such district is reasonably necessary for the public health, convenience, fire protection, safety and comfort of the residents within the area described in the

ORDERS } MONROE COUNTY COURT

Petition as being the area sought to be established as said water district,

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. That this Court has found and does hereby find that the establishment of a water district embracing the area described below is reasonably necessary for the public health, convenience, fire protection, safety and comfort of the residents of said area.

2. That this Court has determined and does hereby determine, that the original Petition filed in this Court for the creation of said Water District was signed by at least twenty-five (25) resident freeholders of the proposed District, as required by law, and that the creation of said District has been approved by the Public Service Commission of Kentucky as required by law, as evidenced by the order of said Public Service Commission filed with said Petition.

3. That this Court has determined that the territory of said District, as described hereinafter, does not embrace any portion of an incorporated municipality or other district in the County, and that all of the territory embraced by said District is located within the boundaries of this County.

4. That it is hereby ordered that there be and there is hereby established pursuant to KRS Chapter 74, a water district which shall have all of the powers available to water districts under KRS Chapter 74 and is hereby named "Monroe County Water District."

5. It is further ordered that the boundaries of said District shall be and are hereby determined to be as follows:

DESCRIPTION OF AREA OF PROPOSED WATER DISTRICT


All of Monroe County except Tompkinsville,
Gamaliel, and Fountain Run Water District No. 1.

ORDERS } MONROE COUNTY COURT

23

6. It is further ordered that three commissioners of said Water District shall be immediately appointed by separate Order of this Court, in accordance with Chapter 74 of the Kentucky Revised Statutes.

Entered this 9th day of April, 1975.



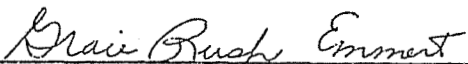
Judge of the Monroe County Court

CERTIFICATE OF COUNTY CLERK

I, GRACE RUSH EMMERT, hereby certify that I am the duly qualified and acting County Clerk of Monroe County, Kentucky, and that the foregoing is a true copy of an Order entered by the County Court of said County on April 9, 1975, as appears of record in County Court Order Book R, Page 21-23, in said office.

WITNESS my signature and seal of office this April 11, 1975.

(Seal of County)



County Clerk
By: Mary J. Cordingley, D.C.

EXHIBIT 2

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
MONROE COUNTY WATER DISTRICT TO APPLY TO THE
KENTUCKY PUBLIC SERVICE COMMISSION FOR AUTHORITY
TO ENTER AN ASSISTANCE AGREEMENT WITH THE
KENTUCKY INFRASTRUCTURE AUTHORITY AND FOR A
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO
CONSTRUCT CERTAIN WATER IMPROVEMENT PROJECTS**

WHEREAS, on December 4, 2014, the Kentucky Infrastructure Authority approved a loan to Monroe County Water District from the Federally Assisted Drinking Water Revolving Fund (Fund F) in the amount of \$8,000,000 to construct a water treatment plant facility and other waterworks improvements known as the Phase IX Water System Improvements;

WHEREAS, on July 2, 2015, Kentucky Infrastructure Authority approved an increase in the amount of the proposed loan from the Federally Assisted Drinking Water Revolving Fund to \$12,013,638 to construct the Phase IX Water System Improvements;

WHEREAS, on December 3, 2015, Kentucky Infrastructure Authority approved an increase in the amount of the proposed loan from the Federally Assisted Drinking Water Revolving Fund from \$12,013,638 to \$15,564,332 to construct the Phase IX Water System Improvements;

WHEREAS, Monroe County Water District must execute an Assistance Agreement with the Kentucky Infrastructure Authority to obtain this loan;

WHEREAS, the Assistance Agreement constitutes an evidence of indebtedness;

WHEREAS, KRS 278.300 prohibits a utility from issuing an evidence of indebtedness until it has been authorized to do so by order of the Kentucky Public Service Commission;

WHEREAS, Monroe District now proposes to construct the Phase IX Water System Improvements; and

WHEREAS, KRS 278.020(1) prohibits any person from commencing the construction of any plant or facility to provide utility service until that person has obtained a certificate of public convenience and necessity from the Kentucky Public Service Commission;

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MONROE COUNTY WATER DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. The Chairman is authorized and directed to take any and all actions reasonably necessary to execute and submit an application to the Kentucky Public Service Commission for authority to enter an Assistance Agreement with the Kentucky Infrastructure Authority to borrow \$15,564,332 for the purpose of financing the Phase IX Water System

Improvements and for a Certificate of Public Convenience and Necessity to construct the Phase IX Water System Improvements.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MONROE COUNTY WATER DISTRICT at a meeting held on December 14, 2015, signed by the Chairman, and attested by the Secretary.



Chairman

ATTEST:



Secretary

EXHIBIT 3

PROVIDED AS SEPARATE DOCUMENT

**ELECTRONIC VERSION IS TOO LARGE
TO UPLOAD USING E-FILING SYSTEM
AND HAS BEEN FURNISHED ON FLASH
DRIVE**

EXHIBIT 4

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 5

PROVIDED AS SEPARATE DOCUMENT

**ELECTRONIC VERSION IS TOO LARGE
TO UPLOAD USING E-FILING SYSTEM
AND HAS BEEN FURNISHED ON FLASH
DRIVE**

EXHIBIT 6

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 7

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 8

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 9

**Monroe County Water District
Proposed Location and Routes of Project**

The raw water intake is to be constructed on approximately 0.25 acres at Mile 393.7 of the Cumberland River. A 12-inch raw water line is to be constructed from the intake approximately 7,500 feet adjacent to Cloyd Williams Road in Monroe County to the 12 acre water treatment facility site.

From the water treatment facility site, 16-inch ductile iron line is to be constructed parallel to Cloyd Williams Road approximately 21,600 feet to an elevated tank site. The proposed tank is to have a capacity of 600,000 gallons.

From this tank site, the 16-inch line extends another 3,000 feet to the intersection of Cloyd Williams Road, Capp Harlan Road and State Highway 163. At State Highway 163, a 10-inch PVC line is to be extended parallel to Highway 163, then about 6,000 feet across fields on the easements acquired to Mill Creek Road and along to State Highway 1366 to the District's existing elevated tank (County House Road tank). The last line segment consists of approximately 7,000 feet of 10-inch line to provide suction pressure and supply to the District's existing Persimmon pump station.

EXHIBIT 10

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 11

PROVIDED AS SEPARATE DOCUMENT

**ELECTRONIC VERSION OF FIGURE
E-1 IS TOO LARGE TO UPLOAD USING
E-FILING SYSTEM AND HAS BEEN
FURNISHED ON FLASH DRIVE**

EXHIBIT 12

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 13

PROVIDED AS SEPARATE DOCUMENT

EXHIBIT 14



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

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

July 15, 2015

Mr. Richard Ross
Monroe County Water District
205 Capp Harlan Rd
Tompkinsville, KY 42167

RE: L0939
Monroe Co Water District—34034
Phase IX Improvement Cont I WTP
(APE20150004)
Monroe County, KY
Activity ID: FGL20150009

Dear Mr. Ross:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract. The DOW approves these plans and specifications with respect to sanitary features of design. The plans include the construction of:

- a 2.0 million gallon per day (MGD) Actiflo water treatment plant
- a dual level fixed raw water intake (geographic coordinates 36°41'27"N 85°34'06"W) on the Cumberland River
- two (2) pumps capable of 1,400 gallons per minute (gpm) at 110 ft total dynamic head (TDH)
- two (2) Actiflo trains each rated at 2.0 MGD
- three (3) 175 ft² dual media rapid rate gravity filters with a maximum filtration rate of 873.3 gpm per filter
- a 250,000 gallon clearwell
- two (2) high service pumps capable of pumping 1,400 gpm at 655 ft TDH
- a sludge filter press system
- associated chemicals, equipment, housing and piping.

The following construction stipulations and requirements shall apply:

1. The project shall be constructed in accordance with the requirements of 401 KAR 8:100.
2. A Kentucky Pollution Discharge Permit (KPDES) shall be obtained to reflect the proposed discharge to Sulfur Creek.
3. Contact Floodplain Management Section of the Surface Water Permits Branch at (502) 564-3410 to determine if a floodplain construction permit shall be required.

4. Prior to the start of construction the utility shall undergo a Division of Water Capacity development review to ensure the system has the financial, managerial and operational capacity to become a water producing system.
5. The filter basins, clearwell, high service pumps and connecting piping shall be disinfected according to the requirements of 401 KAR 8:150 prior to being placed into service.
6. The process water line shall have a backflow preventer.
7. Vents shall discharge to the outside atmosphere above grade and remote from air intakes.
8. Liquid storage tanks shall be vented, but not through vents in common with day tanks.
9. Acid storage tanks shall be vented to the outside atmosphere.
10. Liquid storage tanks shall be provided with a valved drain.
11. Liquid storage tanks and day tanks shall be provided with secondary containment capable of holding the volume of the largest container.
12. Liquid chemical storage tanks shall have an overflow that is turned downward, screened, has a free fall discharge and located where noticeable.
13. Liquid chemical storage tanks shall have a liquid level indicator and be clearly labeled with the chemical contained.
14. Sodium Hypochlorite tanks shall be located out of sunlight in an air conditioned or climate controlled area.
15. Sodium Hypochlorite tanks shall be vented to the outside atmosphere.
16. Ball valves shall not be used in conjunction with Sodium Hypochlorite.
17. At least two (2) diaphragm operated anti-siphon devices shall be provided on all fluorosilicic acid feed systems. One shall be located at the discharge side of the feed pump, the other at the point of application.
18. A deluge shower and eye washing device shall be installed where strong acids and alkalis are used or stored. A water holding tank or other methods of water tempering shall be installed on the water line feeding the deluge shower and eye washing devices to allow the water to come to room temperature.
19. Liquid chemical feeders shall be such that chemical solutions cannot be siphoned or overfed into the water supply.
20. Chemical fill lines shall be correctly labeled.
21. The chemical loading station PVC drain line shall be piped to an appropriate containment area.
22. Carbon room ventilation shall include a dust filter on the exhaust.
23. The carbon feeder room shall be equipped with explosion-proof electrical outlets, lights and motors.
24. A minimum 4-inch curb shall be provided around filters to prevent floor drainage into the filters.
25. The minimum water depth above the surface of the filter media shall be 3-feet.
26. You are required to comply with all of the requirements of the Kentucky Oral Health Program regarding the fluoride feed facility in the proposed design. Please refer to the attached memo dated March 10, 2010 sent by Mr. Robert Murphy.
27. When the project is completed, contact Mr. Bob Murphy at (502) 564-3246 ext 3778 for an Oral Health Program start-up approval.
28. If sanitary features of the approved plans are to be changed during construction, the engineer shall submit the revision to the Division of Water for approval prior to

- implementing the modification. Written approval from the Division of Water must be granted prior to on-site work dedicated to the adjustment.
29. When the project is completed, the owner shall submit a written certification to the Division of Water that the above referenced water facilities have been constructed and tested in accordance with the approved plans.
 30. When this project is completed, the engineer shall submit as-built drawings to the Division of Water.
 31. Unless construction of this project has begun within two (2) years from the issuance date of this approval, the approval shall expire. If this approval expires, the original plans and specifications may be resubmitted for a new comprehensive review.

The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We are enclosing one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, four (4) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

You may now advertise for bids on the construction of this project. In addition to other notifications, this project must be advertised in the newspaper of the largest daily circulation in the project area.

You are cautioned not to advertise unless you have a proper wage decision. The Federal Davis-Bacon wage rates and Kentucky prevailing wage rates are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal or state wage rates.

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity is required to be kept by the borrower.

Review the attached Project Review and Cost Summary form for details of the information to be collected and retained in your files or to be submitted to DOW for review and approval. This form must be completed, signed by the recipient, and with the necessary information be then forwarded to the DOW. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be approved by the DOW before executing any contracts.

Along with the Project Review and Cost Summary form, the following items must be submitted to the DOW for review and approval before executing any contracts:

- The bid advertisement
- Revised Project Budget
- Certified bid tabulation

- Documentation of compliance with DBE Good Faith Effort in accordance with 40 CFR 33.301

These items will be reviewed as a part of the Authority to Award process. The DOW will authorize you to award the contracts once these documents are approved

After the Notice to Proceed is signed, the DOW will need a copy of the executed contract documents, including plans and specifications.

Changes orders will require approval from the DOW before payment can be authorized from the State Revolving Fund. Submission of plans and specifications may be required for change order work.

Upon completion of the project, as-built drawings shall be provided to the DOW. As-builts shall be stamped, signed and dated by a professional engineer. A written certification stating that the project was constructed according to the approved plans shall be provided to the DOW by a professional engineer.

The construction permit included in this letter as been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

Once the treatment plant is completed, the following operating stipulations will apply until future construction, modification, or correspondence from the Division of Water changes the applicability of the stipulations. Further, if a stipulation is changed or deemed to be no longer applicable, unaffected stipulations shall not be voided.

1. The rated potable water production of the Monroe County Water Treatment Plant following construction shall be 2.0 million gallons per day due to the rated capacity of the filters. Therefore, the maximum potable water production, calculated from daily gallons of water treated and daily hours of operation, shall not exceed 1,400d on 24 hour operation) assuming one filter out of service. Provisions shall be made to ensure treated water production does not exceed this rating.
2. The Monroe County Water Treatment Plant shall be designated as a Class IIIA water treatment plant upon completion of construction.
3. The public water system shall be operated according to the provisions of KRS 223, KRS 224, and 401 KAR Chapter 8. Contact Brian Chitti in the Drinking Water Compliance and Technical Assistance Section at (502) 564-3410 for a new monitoring compliance schedule.
4. The water treatment plant shall be operated by certified water treatment plant operators who meet the requirements outlined in 401 KAR 8:030 and 401 KAR Chapter 11.
5. No discharges shall be made within five miles upstream of any drinking water intake station (Kentucky Division of Water five-mile policy).
6. Replacement parts for all chemical feed pumps shall be kept on-site.
7. Dry powdered activated carbon (PAC) shall be handled as a potentially combustible material.
8. Dry PAC shall be stored in a building or compartment as nearly fireproof as possible.
9. Other chemicals shall not be stored in the same area as PAC.

L0939
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Monroe County, KY
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July 15, 2015
Page 5 of 5

10. Dispose of empty PAC bags, drums or barrels by an approved procedure which will minimize exposure to dusts.
11. Because air scouring and backwash water are provided, the backwash water rate must be variable and shall not exceed 8 gpm/ft² unless operating experience shows that a higher rate is necessary to remove scoured particles from the filter media surfaces.

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Abbas Pourghasemi, Project Engineer, at (502) 564-3410, extension 4833.

Sincerely,



Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR: AP

Enclosures

Eligible List, Ineligible List, Approval Conditions
Project Review and Cost Summary Form
1 set plans and specification

C: Stigall Engineering Associates, Inc. (by e-mail only)
Kentucky Infrastructure Authority (by e-mail only)
Cabinet for Economic Development (by e-mail only)
Monroe County Health Department (by e-mail only)
Division of Plumbing (by e-mail only)

L0939

Monroe County Water District

SRF ELIGIBLE ITEMS:

Contract No. IB: No ineligible items determined

APPROVAL CONDITIONS:

CLEAN WATER SRF DRINKING WATER SRF
EPA GRANT
PROJECT REVIEW AND COST SUMMARY

THIS QUESTIONNAIRE/CHECK SHEET IS FURNISHED AS AN ADMINISTRATIVE AID AND IS REQUIRED FOR USE IN SUPPLYING INFORMATION AND DOCUMENTS, REPORTING MINOR CHANGES AND PROJECT STATUS. THE INFORMATION AND DOCUMENTS SHOULD BE SUBMITTED TO DOW AS SOON AS POSSIBLE AFTER BID OPENING.

SECTION 1.

1. Project Name _____ Project Number _____
2. **Changes: Have there been any changes in the project since DOW's approval of the plans and specifications?**
- Yes No Construction Drawings. If yes, submit revised drawings and addenda. **See Note***
- Yes No Specifications. If yes, submit addenda. **See Note***
- *Note: Prior approval is required for changes in design, scope, type of treatment, size, capacity, time to complete the project, etc. Changes, which result in increase in the amount of a contract, must be procured in accordance with state and federal requirements, as applicable.**
- Yes No Site Changes. If so, new Clear Site Certificates are required prior to start of construction.
- Yes No Authorized Representative (Mayor, City Manager, etc.). If so, provide name and title.

SECTION 2.

Date Bids Opened: _____ **Date Bids Expire:** _____

1. The following items should be submitted to DOW after bid opening:
- A. Executed Project Review & Cost Summary Form (this form).
 - B. Original bid advertisement or copy of advertisement with affidavit of publication.
 - C. Revised Budget (copies attached, use appropriate form).
 - D. Certified Bid Tabulations with engineer's seal.
 - E. DBE Documentation (See Attachment No. 12 of the Supplemental General Conditions (SGC)):
 - Disadvantaged Business Enterprise Participation Policy from the successful low bidder with DBE certifications and executed subcontracts with DBEs or letters of intent signed by both parties; and documentation on the level of effort taken to obtain DBEs including copies of correspondence with DBE contractors, requesting quotes and copies of any advertisements soliciting DBE contractors, copies of returned envelopes and certified mail receipts, telephone log, etc.

- Bidder's List Form from recipient and successful bidder.
- EPA Form 6100-3 from DBE subcontractors.
- EPA Form 6100-4 from successful bidder.

2. The following items must be submitted to DOW at the Pre-construction Meeting:

- A. Executed Contract Documents (once contract is signed).
- B. Notice of Award, Notice To Proceed, Bid Bond, Payment Bond, and Performance Bond.
- C. Contractor's Certification Regarding Lobbying (See Attachment No. 11 in the SGC).
- D. Contractor's Debarred Firm Certification (See Attachment No. 10 in the SGC).

3. A copy of the items identified in Section 2.1 and Section 2.2, above, and the following must be retained by the owner. This documentation is subject for review, by DOW, at the time of the pre-construction conference.

- A. Name and qualifications of the proposed resident inspector(s).
- B. Proposal of the successful bidder(s).
- C. EEO documentation required by Executive Order 11246 as amended. Items 1 through 11 (See Attachment No. 7 in the SGC), is required for all contracts over \$10,000 except supplier contracts. Supplier contracts require:
 - 1. Name, address, and telephone number.
 - 2. Materials to be supplied and dollar value.For contracts below \$10,000, the same information required for supplier contracts must be submitted.
- D. Engineer's letter to the loan recipient recommending award of the contract. Letter must include a description of work, dollar amount, and name of the low bidder. If award is recommended to be made to other than the low bidder, a justification indicating why the low bidder is not responsive or responsible.
- E. Contractor project construction schedule and payment schedule.
- F. Applicable wage rate determination letter.
- G. Tentative Award Resolution.

4. Comments: _____

I hereby certify that all documentation outlined in Section 2.1, 2.2 and 2.3 will be retained in our project files and all documentation outlined in Section 2.1 has been submitted to DOW and all documentation outlined in Section 2.2 will be submitted to DOW during the Pre-con meeting.

_____ **Date:** _____

Signature of Authorized Representative

Name and Title

Attachment

Drinking Water SRF Project Cost Summary

Project Title: _____

WRIS#: WX _____

Project Budget: _____

Estimated

As Bid

Revised

Cost Classification	DWSRF KIA Loan	Funding Source 1	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
	<small>enter date</small>			<small>enter date</small>			<small>enter date</small>		
1	Administrative Expenses								
2	Legal Expenses								
3	Land, Appraisals, Easements								
4	Relocation Expenses & Payments								
5	Planning								
6	Engineering Fees – Design								
7	Engineering Fees – Construction								
8	Engineering Fees – Inspection								
9	Engineering Fees – Other								
10	Construction								
11	Equipment								
12	Miscellaneous								
13	Contingencies								
Total									

Funding Sources	Amount	Date Committed
1		
2		
3		
4		
5		
Total		

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution		
Source		
Storage		
Purchase of Systems		
Restructuring		
Land Acquisition		
Total Costs		

Local Funding Sources	Amount	Date Committed
1		
2		
3		
Total		

Total Funding _____

EXHIBIT 15



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

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

July 14, 2015

Mr. Richard Ross
Monroe County Water District
205 Capp Harlan Rd
Tompkinsville, KY 42167

RE: L0939
Monroe Co Water District—34034
Phase IX Improvement WLE Permit
(APE20150003)
Contract IIB
Activity ID: FGL20150008

Dear Mr. Ross:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract. The DOW now approves these plans and specifications with respect to sanitary features of design in accordance with the requirements contained in the attached construction permit. The plans include the construction of approximately 24,715 feet of 16-inch DI, and 29,475 LF of 10-inch PVC water line extensions, and upgrading an existing pump station to 400 GPM with 133 feet TDH. The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We are enclosing one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, four (4) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

You may now advertise for bids on the construction of this project. In addition to other notifications, this project must be advertised in the newspaper of the largest daily circulation in the project area.

L0939
Monroe Co Water District—34034
Phase IX Improvement WLE Permit (APE20150003)
Contract IIB
Activity ID: FGL20150008
July 14, 2015
Page 2 of 3

You are cautioned not to advertise unless you have a proper wage decision. The Federal Davis-Bacon wage rates and Kentucky prevailing wage rates are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal or state wage rates.

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity is required to be kept by the borrower.

Review the attached Project Review and Cost Summary form for details of the information to be collected and retained in your files or to be submitted to DOW for review and approval. This form must be completed, signed by the recipient, and with the necessary information be then forwarded to the DOW. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be approved by the DOW before executing any contracts.

Along with the Project Review and Cost Summary form, the following items must be submitted to the DOW for review and approval before executing any contracts:

- The bid advertisement
- Revised Project Budget
- Certified bid tabulation
- Documentation of compliance with DBE Good Faith Effort in accordance with 40 CFR 33.301

These items will be reviewed as a part of the Authority to Award process. The DOW will authorize you to award the contracts once these documents are approved

After the Notice to Proceed is signed, the DOW will need a copy of the executed contract documents, including plans and specifications.

Changes orders will require approval from the DOW before payment can be authorized from the State Revolving Fund. Submission of plans and specifications may be required for change order work.

Upon completion of the project, as-built drawings shall be provided to the DOW. As-builts shall be stamped, signed and dated by a professional engineer. A written certification stating that the project was constructed according to the approved plans shall be provided to the DOW by a professional engineer.

L0939
Monroe Co Water District—34034
Phase IX Improvement WLE Permit (APE20150003)
Contract IIB
Activity ID: FGL20150008
July 14, 2015
Page 3 of 3

The construction permit included in this letter has been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Mr. Abbas Pourghasemi, Project Engineer, at (502) 564-3410, extension 4833.

Sincerely,

A handwritten signature in black ink that reads "Mark Rasche". The signature is written in a cursive, flowing style.

Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water

MR: AGP

Enclosures

Eligible List, Ineligible List, Approval Conditions
Project Review and Cost Summary Form
1 set plans and specification

C: Stigall Engineering Associates (by e-mail only)
Kentucky Infrastructure Authority (by e-mail only)
Cabinet for Economic Development (by e-mail only)
Monroe County Health Department (by e-mail only)
Division of Plumbing (by e-mail only)

L0939

Monroe County Water District

SRF ELIGIBLE ITEMS:

Contract No. IIB: No ineligible items determined

APPROVAL CONDITIONS:

CLEAN WATER SRF DRINKING WATER SRF
EPA GRANT
PROJECT REVIEW AND COST SUMMARY

THIS QUESTIONNAIRE/CHECK SHEET IS FURNISHED AS AN ADMINISTRATIVE AID AND IS REQUIRED FOR USE IN SUPPLYING INFORMATION AND DOCUMENTS, REPORTING MINOR CHANGES AND PROJECT STATUS. THE INFORMATION AND DOCUMENTS SHOULD BE SUBMITTED TO DOW AS SOON AS POSSIBLE AFTER BID OPENING.

SECTION 1.

1. Project Name _____ Project Number _____
2. **Changes: Have there been any changes in the project since DOW's approval of the plans and specifications?**
- Yes No Construction Drawings. If yes, submit revised drawings and addenda. **See Note***
- Yes No Specifications. If yes, submit addenda. **See Note***
- *Note: Prior approval is required for changes in design, scope, type of treatment, size, capacity, time to complete the project, etc. Changes, which result in increase in the amount of a contract, must be procured in accordance with state and federal requirements, as applicable.**
- Yes No Site Changes. If so, new Clear Site Certificates are required prior to start of construction.
- Yes No Authorized Representative (Mayor, City Manager, etc.). If so, provide name and title.

SECTION 2.

Date Bids Opened: _____ **Date Bids Expire:** _____

1. The following items should be submitted to DOW after bid opening:
- A. Executed Project Review & Cost Summary Form (this form).
 - B. Original bid advertisement or copy of advertisement with affidavit of publication.
 - C. Revised Budget (copies attached, use appropriate form).
 - D. Certified Bid Tabulations with engineer's seal.
 - E. DBE Documentation (See Attachment No. 12 of the Supplemental General Conditions (SGC)):
 - Disadvantaged Business Enterprise Participation Policy from the successful low bidder with DBE certifications and executed subcontracts with DBEs or letters of intent signed by both parties; and documentation on the level of effort taken to obtain DBEs including copies of correspondence with DBE contractors, requesting quotes and copies of any advertisements

soliciting DBE contractors, copies of returned envelopes and certified mail receipts, telephone log, etc.

- Bidder's List Form from recipient and successful bidder.
- EPA Form 6100-3 from DBE subcontractors.
- EPA Form 6100-4 from successful bidder.

2. The following items must be submitted to DOW at the Pre-construction Meeting:

- A. Executed Contract Documents (once contract is signed).
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- C. Contractor's Certification Regarding Lobbying (See Attachment No. 11 in the SGC).
- D. Contractor's Debarred Firm Certification (See Attachment No. 10 in the SGC).

3. A copy of the items identified in Section 2.1 and Section 2.2, above, and the following must be retained by the owner. This documentation is subject for review, by DOW, at the time of the pre-construction conference.

- A. Name and qualifications of the proposed resident inspector(s).
- B. Proposal of the successful bidder(s).
- C. EEO documentation required by Executive Order 11246 as amended. Items 1 through 11 (See Attachment No. 7 in the SGC), is required for all contracts over \$10,000 except supplier contracts. Supplier contracts require:
 - 1. Name, address, and telephone number.
 - 2. Materials to be supplied and dollar value.

For contracts below \$10,000, the same information required for supplier contracts must be submitted.

- D. Engineer's letter to the loan recipient recommending award of the contract. Letter must include a description of work, dollar amount, and name of the low bidder. If award is recommended to be made to other than the low bidder, a justification indicating why the low bidder is not responsive or responsible.
- E. Contractor project construction schedule and payment schedule.
- F. Applicable wage rate determination letter.
- G. Tentative Award Resolution.

4. Comments: _____

I hereby certify that all documentation outlined in Section 2.1, 2.2 and 2.3 will be retained in our project files and all documentation outlined in Section 2.1 has been submitted to DOW and all documentation outlined in Section 2.2 will be submitted to DOW during the Pre-con meeting.

_____ **Date:** _____

Signature of Authorized Representative

Name and Title

Drinking Water SRF Project Cost Summary

Project Title: _____

WRIS#: WX _____

Project Budget: _____

Estimated

As Bid

Revised

enter date

Cost Classification	DWSRF KIA Loan	Funding Source 1	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
	<small>enter date</small>						<small>enter date</small>		
1	Administrative Expenses								
2	Legal Expenses								
3	Land, Appraisals, Easements								
4	Relocation Expenses & Payments								
5	Planning								
6	Engineering Fees – Design								
7	Engineering Fees – Construction								
8	Engineering Fees – Inspection								
9	Engineering Fees – Other								
10	Construction								
11	Equipment								
12	Miscellaneous								
13	Contingencies								
	Total								

Funding Sources	Amount	Date Committed
1		
2		
3		
4		
5		
	Total	

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution		
Source		
Storage		
Purchase of Systems		
Restructuring		
Land Acquisition		
	Total Costs	

Local Funding Sources	Amount	Date Committed
1		
2		
3		
	Total	

Total Funding _____

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 1 of 9

PORT0000000035 (MCWD Ph IX Impr Cont IIB WLE)24,715 LF of 16-inch DI and 29,475 LF of 10-inch PVC WLE:

Narrative Requirements:

Condition No.	Condition
T-1	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]
T-2	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-3	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]
T-4	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-5	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]
T-6	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-7	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-8	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-9	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-10	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-11	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]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 2 of 9

PORT0000000035 (MCWD Ph IX Impr Cont IIB WLE)24,715 LF of 16-inch DI and 29,475 LF of 10-inch PVC WLE:

Narrative Requirements:

Condition No.	Condition
T-12	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-13	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-14	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-15	Wherever possible, chambers, pits or manholes containing valves, blow-offs, 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. Blow-offs shall not connect directly to any storm drain or sanitary sewer. [Recommended Standards for Water Works 8.6]
T-16	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-17	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-18	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-19	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-20	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-21	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-22	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]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 3 of 9

PORT0000000035 (MCWD Ph IX Impr Cont IIB WLE)24,715 LF of 16-inch DI and 29,475 LF of 10-inch PVC WLE:

Narrative Requirements:

Condition No.	Condition
T-23	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-24	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-25	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-26	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]
T-27	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-28	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-29	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-30	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-31	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-32	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-33	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-34	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]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 4 of 9

PORT0000000035 (MCWD Ph IX Impr Cont IIB WLE)24,715 LF of 16-inch DI and 29,475 LF of 10-inch PVC WLE:

Narrative Requirements:

Condition No.	Condition
T-35	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-36	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-37	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]
T-38	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-39	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-40	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-41	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-42	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-43	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-44	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-45	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)]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

PORT0000000035 (MCWD Ph IX Impr Cont IIB WLE)24,715 LF of 16-inch DI and 29,475 LF of 10-inch PVC WLE:

Narrative Requirements:

Condition No.	Condition
T-46	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]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 6 of 9

PORT000000036 (Monroe CWD Phase IX Improvement Contract II B)upgrading an existing pump station 400 GPM with 133-foot TDH:

Narrative Requirements:

Condition No.	Condition
T-1	Raw and finished pump stations shall have a floor elevation of at least six inches above finished grade. [Recommended Standards for Water Works 6.2.c]
T-2	All remote controlled stations shall be electrically operated and controlled and shall have signaling apparatus of proven performance. [Recommended Standards for Water Works 6.5]
T-3	All automatic pump stations should be provided with automatic signaling apparatus which will report when the station is out of service. [Recommended Standards for Water Works 6.5]
T-4	Booster pumps taking suction from ground storage tanks shall be equipped with automatic shutoffs or low pressure controllers. [Recommended Standards for Water Works 6.4.c]
T-5	Booster pumps shall controlled so that automatic shutoff or low pressure controllers maintain at least 20 psi in the suction line under all operating conditions. [Recommended Standards for Water Works 6.4.c]
T-6	Booster pumps taking suction from storage tanks shall be provided adequate net positive suction head. [Recommended Standards for Water Works 6.4.b]
T-7	Pump station piping shall be designed so that the friction losses will be minimized, not be subject to contamination, have watertight joints, be protected against surge or water hammer with suitable restraints when necessary, and be such that each pump has an individual suction line or the lines shall be manifolded that they will insure similar hydraulic and operating conditions. [Recommended Standards for Water Works 6.6.2]
T-8	Each pump shall have a positive?acting check valve on the discharge side between the pump and the shut?off valve. [Recommended Standards for Water Works 6.6.1]
T-9	Each pump must have an isolation valve on the intake and discharge side of the pump to permit satisfactory operation, maintenance and repair of the equipment. [Recommended Standards for Water Works 6.6.1]
T-10	Inline booster pumps shall be accessible for servicing and repairs. [Recommended Standards for Water Works 6.4.3]
T-11	All booster pumping stations shall be fitted with a flow rate indicating and totalizer meter. [Recommended Standards for Water Works 6.4.2]
T-12	Each booster pumping station shall contain not less than two pumps with capacities such that peak demand can be satisfied with the largest pump out of service. [Recommended Standards for Water Works 6.4.1]

Distribution-Major Construction
Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

PORT000000036 (Monroe CWD Phase IX Improvement Contract II B)upgrading an existing pump station 400 GPM with 133-foot TDH:

Narrative Requirements:

Condition No.	Condition
T-13	Booster pumps stations shall have a bypass available. [Recommended Standards for Water Works 6.4.e]
T-14	All lubricants which come into contact with the potable water shall be certified for conformance to ANSI/NSF Standard 60. [Recommended Standards for Water Works 6.6.8]
T-15	If standby power is provided by onsite generators or engines, the fuel storage and fuel line must be designed to protect the water supply from contamination. [Recommended Standards for Water Works 6.6.6]
T-16	Pump stations shall have a power supply provided from at least two independent sources or a standby or an auxiliary source. [Recommended Standards for Water Works 6.6.6]
T-17	Equipment shall be provided or other arrangements made to prevent surge pressures from activating controls which switch on pumps or activate other equipment outside the normal design cycle of operation. [Recommended Standards for Water Works 6.6.5]
T-18	Electrical controls shall be located above grade. [Recommended Standards for Water Works 6.6.5]
T-19	Provisions shall be made to prevent energizing the pump motor in the event of a backspin cycle. [Recommended Standards for Water Works 6.6.5]
T-20	Where two or more pumps are installed, provision shall be made for alternation. [Recommended Standards for Water Works 6.6.5]
T-21	Each pump shall have a compound gauge on its suction line. [Recommended Standards for Water Works 6.6.3.b]
T-22	Each pump shall have a standard pressure gauge on its discharge line. [Recommended Standards for Water Works 6.6.3.a]
T-23	Pump stations shall have indicating, totalizing, and recording metering of the total water pumped. [Recommended Standards for Water Works 6.6.3]
T-24	Pumps shall be provided with readily available spare parts and tools. [Recommended Standards for Water Works 6.3.c]
T-25	Pumps shall be driven by prime movers able to meet the maximum horsepower condition of the pumps. [Recommended Standards for Water Works 6.3.b]

Distribution-Major Construction

Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

Page 8 of 9

PORT000000036 (Monroe CWD Phase IX Improvement Contract II B)upgrading an existing pump station 400 GPM with 133-feet TDH:

Narrative Requirements:

Condition No.	Condition
T-26	Pumps shall have ample capacity to supply the peak demand against the required distribution system pressure without dangerous overloading. [Recommended Standards for Water Works 6.3.a]
T-27	At least two pumping units shall be provided. With any pump out of service, the remaining pump or pumps shall be capable of providing the maximum pumping demand of the system. [Recommended Standards for Water Works 6.3]
T-28	Raw and finished pump stations shall provide a suitable outlet for drainage from pump glands without discharging onto the floor. [Recommended Standards for Water Works 6.2.f]
T-29	Raw and finished pump stations shall have floors that slope to a suitable drain. [Recommended Standards for Water Works 6.2.e]
T-30	Raw and finished pump stations shall have adequate space for the installation of additional units if needed, and for the safe servicing of all equipment. [Recommended Standards for Water Works 6.2.a]
T-31	Pumping facilities shall be protected to prevent vandalism and entrance by animals or unauthorized persons. [Recommended Standards for Water Works 6.1.1.d]
T-32	Pumping facilities shall be graded around the station so as to lead surface drainage away from the station. [Recommended Standards for Water Works 6.1.1.c]
T-33	Pumping facilities shall be readily accessible at all times. [Recommended Standards for Water Works 6.1.1.b]
T-34	Pumping facilities shall be elevated to a minimum of three feet above the 100 ^{year} flood elevation, or three feet above the highest recorded flood elevation, whichever is higher, or protected to such elevations. [Recommended Standards for Water Works 6.1.1.a]
T-35	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-36	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-37	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)]

Distribution-Major Construction
Monroe Co Water District
Facility Requirements

Activity ID No.:APE20150003

PORT0000000036 (Monroe CWD Phase IX Improvement Contract II B)upgrading an existing pump station 400 GPM with 133-feet TDH:

Narrative Requirements:

Condition No.	Condition
T-38	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-39	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-40	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-41	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]

EXHIBIT 16



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

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

July 13, 2015

Mr. Richard Ross
Monroe County Water District
205 Capp Harlan Rd
Tompkinsville, KY 42167

RE: L0939
Monroe Co Water District—34034
Phase IX Improvements Elevated Tank
Permit (APE20150002)
Contract IIIB
Activity ID: FGL20150007

Dear Mr. Ross:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract. The DOW now approves these plans and specifications with respect to sanitary features of design in accordance with the requirements contained in the attached construction permit. These plans consist of include the construction of a 600,000 gallon elevated water storage tank. The approval conditions and a list of eligible/ineligible items are enclosed. Please note that ineligible items cannot be funded using State Revolving Fund (SRF) monies, and must be paid by other funding sources.

We are enclosing one (1) set of approved plans and specifications. An identical set should be made available at the project site at all times. If modifications are made to these plans and specifications before bidding, four (4) complete sets of as-bid plans and specifications must be submitted to the DOW for approval. A second DOW construction approval must be issued by separate correspondence before proceeding with advertising for bids. Any red line changes that were made by DOW personnel on the approved plans shall be incorporated into the bid set plans unless an alternative is approved.

You may now advertise for bids on the construction of this project. In addition to other notifications, this project must be advertised in the newspaper of the largest daily circulation in the project area.

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity

L0939

Monroe Co Water District—34034

Phase IX Improvements Elevated Tank Permit (APE20150002)

Contract IIIB

Activity ID: FGL20150007

July 13, 2015

Page 2 of 3

affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of You are cautioned not to advertise unless you have a proper wage decision. The Federal Davis-Bacon wage rates and Kentucky prevailing wage rates are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal or state wage rates.

You are reminded that the construction contracts are subject to the equal employment opportunity requirements contained in Executive Order 11246. Equal employment opportunity affirmative action by the prime contractors and all subcontractors is mandated throughout the duration of the contract. Documentation of efforts to comply with Executive Order 11246, Equal Employment Opportunity is required to be kept by the borrower.

Review the attached Project Review and Cost Summary form for details of the information to be collected and retained in your files or to be submitted to DOW for review and approval. This form must be completed, signed by the recipient, and with the necessary information be then forwarded to the DOW. This signature will certify that all the information to be retained by the recipient has been secured and is available for review by the Division at the pre-construction conference. The required information must be approved by the DOW before executing any contracts.

Along with the Project Review and Cost Summary form, the following items must be submitted to the DOW for review and approval before executing any contracts:

- The bid advertisement
- Revised Project Budget
- Certified bid tabulation
- Documentation of compliance with DBE Good Faith Effort in accordance with 40 CFR 33.301

These items will be reviewed as a part of the Authority to Award process. The DOW will authorize you to award the contracts once these documents are approved

After the Notice to Proceed is signed, the DOW will need a copy of the executed contract documents, including plans and specifications.

Changes orders will require approval from the DOW before payment can be authorized from the State Revolving Fund. Submission of plans and specifications may be required for change order work.

Upon completion of the project, as-built drawings shall be provided to the DOW. As-builts shall be stamped, signed and dated by a professional engineer. A written certification stating that the project was constructed according to the approved plans shall be provided to the DOW by a professional engineer.

L0939

Monroe Co Water District—34034

Phase IX Improvements Elevated Tank Permit (APE20150002)

Contract IIIB

Activity ID: FGL20150007

July 13, 2015

Page 3 of 3

The construction permit included in this letter as been issued under the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Issuance of this approval does not relieve the applicant from the responsibility of obtaining any other approvals, permits or licenses required by this Cabinet and other state, federal and local agencies.

You are cautioned that the advertisement and award of this contract will be subject to the laws and regulations that govern the State Revolving Fund (SRF) and to the conditions of your loan agreement. If we can be of further assistance, please call Abbas Pourghasemi, Project Engineer, at (502) 564-3410, extension 4833.

Sincerely,



Mark Rasche, P.E.

Supervisor, Engineering Section

Water Infrastructure Branch

Division of Water

MR:AP

Enclosures

Eligible List, Ineligible List, Approval Conditions

Project Review and Cost Summary Form

1 set plans and specification

- C: Monroe County Health Department (by e-mail only)
- Kentucky Infrastructure Authority (by e-mail only)
- Cabinet for Economic Development (by e-mail only)
- Monroe County Health Department (by e-mail only)
- Division of Plumbing (by e-mail only)

L0939

Monroe County Water District

SRF INELIGIBLE ITEMS:

Contract No. IIIB: No ineligible items determined

APPROVAL CONDITIONS:

CLEAN WATER SRF DRINKING WATER SRF
EPA GRANT
PROJECT REVIEW AND COST SUMMARY

THIS QUESTIONNAIRE/CHECK SHEET IS FURNISHED AS AN ADMINISTRATIVE AID AND IS REQUIRED FOR USE IN SUPPLYING INFORMATION AND DOCUMENTS, REPORTING MINOR CHANGES AND PROJECT STATUS. THE INFORMATION AND DOCUMENTS SHOULD BE SUBMITTED TO DOW AS SOON AS POSSIBLE AFTER BID OPENING.

SECTION 1.

1. Project Name _____ Project Number _____
2. **Changes: Have there been any changes in the project since DOW's approval of the plans and specifications?**
- Yes No Construction Drawings. If yes, submit revised drawings and addenda. **See Note***
- Yes No Specifications. If yes, submit addenda. **See Note***
- *Note: Prior approval is required for changes in design, scope, type of treatment, size, capacity, time to complete the project, etc. Changes, which result in increase in the amount of a contract, must be procured in accordance with state and federal requirements, as applicable.**
- Yes No Site Changes. If so, new Clear Site Certificates are required prior to start of construction.
- Yes No Authorized Representative (Mayor, City Manager, etc.). If so, provide name and title.

SECTION 2.

Date Bids Opened: _____ **Date Bids Expire:** _____

1. The following items should be submitted to DOW after bid opening:
- A. Executed Project Review & Cost Summary Form (this form).
 - B. Original bid advertisement or copy of advertisement with affidavit of publication.
 - C. Revised Budget (copies attached, use appropriate form).
 - D. Certified Bid Tabulations with engineer's seal.
 - E. DBE Documentation (See Attachment No. 12 of the Supplemental General Conditions (SGC)):
 - Disadvantaged Business Enterprise Participation Policy from the successful low bidder with DBE certifications and executed subcontracts with DBEs or letters of intent signed by both parties; and documentation on the level of effort taken to obtain DBEs including copies of correspondence with DBE contractors, requesting quotes and copies of any advertisements soliciting DBE contractors, copies of returned envelopes and certified mail receipts, telephone log, etc.

- Bidder's List Form from recipient and successful bidder.
- EPA Form 6100-3 from DBE subcontractors.
- EPA Form 6100-4 from successful bidder.

2. The following items must be submitted to DOW at the Pre-construction Meeting:

- A. Executed Contract Documents (once contract is signed).
- B. Notice of Award, Notice To Proceed, Bid Bond, Payment Bond, and Performance Bond.
- C. Contractor's Certification Regarding Lobbying (See Attachment No. 11 in the SGC).
- D. Contractor's Debarred Firm Certification (See Attachment No. 10 in the SGC).

3. A copy of the items identified in Section 2.1 and Section 2.2, above, and the following must be retained by the owner. This documentation is subject for review, by DOW, at the time of the pre-construction conference.

- A. Name and qualifications of the proposed resident inspector(s).
- B. Proposal of the successful bidder(s).
- C. EEO documentation required by Executive Order 11246 as amended. Items 1 through 11 (See Attachment No. 7 in the SGC), is required for all contracts over \$10,000 except supplier contracts. Supplier contracts require:
 - 1. Name, address, and telephone number.
 - 2. Materials to be supplied and dollar value.For contracts below \$10,000, the same information required for supplier contracts must be submitted.
- D. Engineer's letter to the loan recipient recommending award of the contract. Letter must include a description of work, dollar amount, and name of the low bidder. If award is recommended to be made to other than the low bidder, a justification indicating why the low bidder is not responsive or responsible.
- E. Contractor project construction schedule and payment schedule.
- F. Applicable wage rate determination letter.
- G. Tentative Award Resolution.

4. Comments: _____

I hereby certify that all documentation outlined in Section 2.1, 2.2 and 2.3 will be retained in our project files and all documentation outlined in Section 2.1 has been submitted to DOW and all documentation outlined in Section 2.2 will be submitted to DOW during the Pre-con meeting.

_____ **Date:** _____

Signature of Authorized Representative

Name and Title

Attachment

Drinking Water SRF Project Cost Summary

Project Title: _____

WRIS#: WX _____

Project Budget: _____

Estimated

As Bid

Revised

Cost Classification	DWSRF	Funding Source 1	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Local Funds	Unfunded Costs	Total
	KIA Loan								
1	Administrative Expenses								
2	Legal Expenses								
3	Land, Appraisals, Easements Relocation Expenses & Payments								
4	Planning								
5	Engineering Fees – Design								
6	Engineering Fees – Construction								
7	Engineering Fees – Inspection								
8	Engineering Fees – Other								
9	Construction								
10	Equipment								
11	Miscellaneous								
12	Contingencies								
13	Total								

Funding Sources	Amount	Date Committed
1		
2		
3		
4		
5		
Total		

Cost Categories	Funding Source	Total Cost
Treatment		
Transmission and Distribution		
Source		
Storage		
Purchase of Systems		
Restructuring		
Land Acquisition		
Total Costs		

Local Funding Sources	Amount	Date Committed
1		
2		
3		
Total		

Total Funding _____

EXHIBIT 17



STEVEN L. BESHEAR
GOVERNOR

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

LEONARD K. PETERS
SECRETARY

STREAM CONSTRUCTION PERMIT For Construction In Or Along A Stream

Issued to: **Monroe County Water District**
Address: **255 Capp Harlan Rd**
Tompkinsville, KY 42167

Permit expires on
June 17, 2016

Permit No. **21486**

In accordance with KRS 151.250 and KRS 151.260, the Energy and Environment Cabinet approves the application dated **May 21, 2015** for **construction of a raw water intake in the left descending floodplain of Cumberland River at about stream mile 388.1, with coordinates 36.689856, -85.567871, in Monroe County.** AI: 34034

There shall be no deviation from the plans and specifications submitted and hereby approved unless the proposed change shall first have been submitted to and approved in writing by the Cabinet. This approval is subject to the attached limitations. **Please read these limitations carefully!** If you are unable to adhere to these limitations for any reason, please contact this office prior to construction.

This permit is valid from the standpoint of stream obstruction only. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal and local agencies. Specifically if the project involves work in a stream, such as bank stabilization, dredging, relocation, or in designated wetlands, a 401 Water Quality Certification from the Division of Water will be required.

This permit is nontransferable and is not valid unless actual construction of this authorized work is begun prior to the expiration date noted above. Any violation of the Water Resources Act of 1966 as amended is subject to penalties as set forth in KRS 151.990.

If you have any questions regarding this permit, please call Soheyl Bigdeli at (502) 564-3410.

Issued June 17, 2015.

Ross Bishop, P.E., Acting Supervisor
Floodplain Management Section
Surface Water Permit Branch

RB/SB/kec

pc: Columbia Regional Office
David Rich – Monroe County Floodplain Coordinator
Robert Stigall, PE (by email)
File

Stream Construction Permit

Monroe Co Water District
Facility Requirements
Permit Number: 21486
Activity ID No.: APE20150006

STRC0000000005 (Intake) construction of a raw water intake:

Submittal/Action Requirements:

Condition No.	Condition
---------------	-----------

S-1 Monroe County Water District must submit final construction report: Due within 90 days after completion of construction Monroe County Water District must notify in writing that the project has been completed in accordance with the approved plans and specifications. A Final Construction Report Form is enclosed. [401 KAR 4:060 Section 6]

Narrative Requirements:

Condition No.	Condition
---------------	-----------

T-1 The issuance of this permit by the cabinet does not convey any property rights of any kind or any exclusive privilege. [KRS 151.250 & 401 KAR 4:060]

T-2 This permit is issued from the standpoint of stream obstruction only and does not constitute certification of any other aspect of the proposed construction. The applicant is liable for any damage resulting from the construction, operation, or maintenance of this project. This permit has been issued under the provisions of KRS Chapter 151.250 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal and local agencies. [KRS 151.250]

T-3 A copy of this permit must be available at the construction site. [KRS 151.250]

T-4 This permit holder may need to obtain a permit from the U.S. Army Corps of Engineers, Nashville District, pursuant to Section 10 of the River and Harbor Act of 1899 and Section 404 of the Clean Water Act, as may be required. [Clean Water Act Section 404 and River & Harbor Act of 1899]

T-5 Any work performed by or for Monroe County Water District that does not fully conform to the submitted application or drawings and the limitations set forth in this permit, is subject to partial or total removal and enforcement actions pursuant to KRS 151.280 as directed by the Kentucky Department for Environmental Protection. [KRS 151.280]

T-6 Any design changes or amendments to the approved plans must be submitted to the Division of Water and approved in writing prior to implementation. [KRS 151.250]

Stream Construction Permit

Monroe Co Water District

Facility Requirements

Permit Number:21486

Activity ID No.: APE20150006

Page 2 of 2

STRC0000000005 (continued):

Narrative Requirements:

Condition No.	Condition
T-7	Since Monroe County participates in the National Flood Insurance Program, a local floodplain permit must be obtained prior to beginning of construction. Upon completion of construction Monroe County Water District must contact the local permitting agency for final approval of the construction for compliance with the requirements of the local floodplain ordinance. [401 KAR 4:060 Section 9(c)]
T-8	The permittee must obtain a Water Quality Certification (or a determination that none is required) through the Division of Water, Water Quality Branch before beginning construction. Contact the Water Quality Certification Supervisor at (502) 564-3410. [KRS 224.16-050 & Clean Water Act Section 401]
T-9	Any electrical components shall be elevated above the base flood elevation of 527 feet MSL or provided with ground fault breakers. [KRS 151.250]
T-10	Monroe County Water District or its successor shall maintain the water intake in good condition and keep it free of drift and debris at all times. [KRS 151.250, 401 KAR 4:060 Section 3(1)]
T-11	Erosion prevention measures, sediment control measures, and other site management practices shall be designed, installed, and maintained in an effective operating condition to prevent migration of sediment off site. [KRS 224.70-110]
T-12	To avoid secondary adverse impacts, all materials used shall be stable and inert, free from pollutants and floatable objects, and shall meet all appropriate engineering standards. (Inert here means materials that are not chemically reactive and that will not rot or decompose, such as soil, rock, broken concrete or similar materials.) [401 KAR 4:060 Section 7]
T-13	All debris and excess material shall be removed for disposal outside of the base floodplain. [401 KAR 4:060]
T-14	The entry of mobile equipment into the stream channel shall be limited as much as reasonably possible to minimize degradation of the waters of the Commonwealth. [401 KAR 4:060]
T-15	Construction other than as authorized by this permit shall require written approval from the Division of Water. [401 KAR 4:060]

EXHIBIT 18



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

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

June 5, 2015

Jana Dupree
Monroe County Water District
255 Capp Harlan Rd
Tompkinsville, KY 42177

Re: Water Quality Certification #2015-039-1
Monroe Co Water District Phase IX Water
System Improvements
AI No.: 34034; Activity ID: APE20150005
Cumberland River
Monroe County, Kentucky

Dear Ms. Dupree:

Pursuant to Section 401 of the Clean Water Act (CWA), the Commonwealth of Kentucky certifies it has reasonable assurances that applicable water quality standards under Kentucky Administrative Regulations Title 401, Chapter 10, established pursuant to Sections 301, 302, 303, 304, 306, and 307 of the CWA, will not be violated by the above referenced project provided that the U.S. Army Corps of Engineers authorizes the activity under 33 CFR part 330, and the attached conditions are met.

All future correspondence on this project must reference **AI No. 34034**. **The attached document is your official Water Quality Certification; please read it carefully.** If you should have any questions concerning the conditions of this water quality certification, please contact Sarah Atherton of my staff at Sarah.Atherton@ky.gov or by calling (502) 564-3410.

Sincerely,

Andrea Keatley, Acting Supervisor
Water Quality Certification Section
Kentucky Division of Water

Attachment

cc: Deborah Tuck, USACE: Nashville (via email: Deborah.T.Tuck@usace.army.mil)
Roger Recktenwald (via email: Roger.Recktenwald@kaco.org)
Robert Stigall, Stigall Engineering Associates (via email: rstigall@bellsouth.net)
Lee Andrews, USFWS: Frankfort (via email: Teresa_Hyatt@fws.gov)

Water Quality Certification

Monroe Co Water District

Facility Requirements

Permit Number:2015-039-1

Activity ID No.: APE20150005

ACTV0000000001 (Cumberland River) Monroe County Water Treatment Facility raw water intake structure :

Submittal/Action Requirements:

Condition No.	Condition
S-1	Monroe County Water District shall submit notification: Due prior to any construction activity to the Kentucky Division of Water, 401 Water Quality Certification Section Project Manager. [Clean Water Act]
S-2	Monroe County Water District shall submit notification: Due when construction is complete to the Kentucky Division of Water, 401 Water Quality Certification Section Project Manager no later than two weeks post-construction. [Clean Water Act]

Narrative Requirements:

Condition No.	Condition
T-1	<p>The work approved by this certification shall be limited to the installation of a raw water intake structure and associated open trench stream crossings for the Monroe County Water District Phase IX Water System Improvements in Tompkinsville, Kentucky in Monroe County (Latitude: 36.690473 N, Longitude: 85.568309 W). The raw water intake is at mile marker 393.8 of the Cumberland River which is listed as an Outstanding State Resource Water due to its status as a Cold Water Aquatic Habitat. Proposed impacts to streams include the following:</p> <ul style="list-style-type: none">- 125 linear feet of perennial stream, Cumberland River- Temporary impacts to streams for utility crossings:<ul style="list-style-type: none">- 1 crossing of Little Sulphur Creek,- 4 crossings of UT to Sulphur Creek- 3 crossings of Sulphur Creek- 2 crossings of UT to Mill Creek- 1 crossing of Town Creek- 1 crossing of Curtis Branch- 1 crossing of UT to Curtis Branch- 3 crossings of UT to Sink Creek. [Clean Water Act]

Water Quality Certification

Monroe Co Water District

Facility Requirements

Permit Number:2015-039-1

Activity ID No.: APE20150005

ACTV0000000001 (continued):

Narrative Requirements:

Condition No.	Condition
T-2	<p>All work performed under this certification shall adhere to the design and specifications set forth in the following documents:</p> <ul style="list-style-type: none">- Stream crossing locations received April 17, 2015- Maps, construction plans, specifications, construction support plans (directional Boring, frac-out, sediment and erosion control, water diversion) included on the CD dated April 2015 received April 22, 2015- Application for Permit to Construct Across or Along a Stream and/or Water Quality Certification received April 24, 2015 <p>Documents were submitted by Roger Reckenwald and Robert Stigall on behalf of Monroe County Water District. [Clean Water Act]</p>
T-3	<p>The applicant is responsible for preventing degradation of waters of the Commonwealth from soil erosion. An erosion and sedimentation control plan must be designed, implemented, and maintained in effective operating condition at all times during construction. [Clean Water Act]</p>
T-4	<p>The Division of Water reserves the right to modify or revoke this certification should it be determined that the activity is in noncompliance with any condition set forth in this certification. [Clean Water Act]</p>
T-5	<p>If construction does not commence within one year of the date of this letter, this certification will become void. A letter requesting a renewal should be submitted. [Clean Water Act]</p>
T-6	<p>Other permits from the Division of Water may be required for this activity. If this activity occurs within a floodplain, a Permit to Construct Across or Along a Stream may be required. Please contact Todd Powers (502-564-3410) for more information. If the project will disturb one acre or more of land, or is part of a larger common plan of development or sale that will ultimately disturb one acre or more of land, a Kentucky Pollution Discharge Elimination System (KPDES) stormwater permit shall be required from the Surface Water Permits Branch. This permit requires the development of a Stormwater Pollution Prevention Plan (SWPPP). The SWPPP must include erosion prevention and sediment control measures. Contact: Surface Water Permits Branch (SWPB) Support (502-564-3410 or SWPBsupport@ky.gov). [Clean Water Act]</p>
T-7	<p>Dredging work shall not be conducted during the fish spawning season, April 15th through June 15th. [Clean Water Act]</p>
T-8	<p>Mitigation for impacts shall begin prior to or concurrently with impacts. [Clean Water Act]</p>
T-9	<p>Check dams are not allowed within the stream channel. [Clean Water Act]</p>

Water Quality Certification

Monroe Co Water District

Facility Requirements

Permit Number: 2015-039-1

Activity ID No.: APE20150005

ACTV0000000001 (continued):

Narrative Requirements:

Condition No.	Condition
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T-10	Remove all sediment and erosion control measures after re-vegetation has become well-established. [Clean Water Act]
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STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

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

ATTENTION APPLICANT

If your project involves one or more of the following activities, you may need more than one permit from the Kentucky Division of Water.

- *building in a floodplain *road culvert in a stream**
- *streambank stabilization *stream cleanout**
- *utility line crossing a stream**
- *construction sites greater than 1 acre**

- **Construction sites greater than 1 acre will require the filing of a Notice of Intent to be covered under the KPDES General Stormwater Permit. This permit requires the creation of an erosion control plan.
Contact: Surface Water Permits Branch (SWPB) Support at (502) 564-3410 or SWPBsupport@ky.gov**
- **Projects that involve filling in the floodplain will require a floodplain construction permit from the Water Resources Branch.
Contact: Todd Powers**
- **Projects that involve work IN a stream, such as bank stabilization, road culverts, utility line crossings, and stream alteration will require a floodplain permit and a Water Quality Certification from the Division of Water.
Contact: Andrea Keatley**

All three contacts listed above can be reached at (502) 564-3410. A complete listing of environmental programs administered by the Kentucky Department for Environmental Protection is available from Pete Goodmann by calling (502) 564-3410.

GENERAL CONDITIONS FOR WATER QUALITY CERTIFICATION

1. Measures shall be taken to prevent or control spills of fuels, lubricants, or other toxic materials used in construction from entering the watercourse.
2. All dredged material shall be removed to an upland location and/or graded on adjacent areas (so long as such areas are not regulated wetlands), to obtain original streamside elevations, i.e. overbank flooding shall not be artificially obstructed.
3. In areas not riprapped or other wise stabilized, revegetation of stream banks and riparian zones shall occur concurrently with project progression. At a minimum, revegetation will approximate pre-disturbance conditions.
4. To the maximum extent practicable, all instream work under this certification shall be performed during low flow.
5. Heavy equipment, e.g. bulldozers, backhoes, draglines, etc., if required for this project, should not be used or operated within the stream channel. In those instances where such instream work is unavoidable, then it shall be performed in such a manner and duration as to minimize resuspension of sediments and disturbance to substrates and bank or riparian vegetation.
6. Any fill or riprap including refuse fill, shall be of such composition that it will not adversely affect the biological, chemical, or physical properties of the receiving waters and/or cause violations of water quality standards. If riprap is utilized, it is to be of such weight and size that bank stress or slump conditions will not be created because of its placement.
7. If there are water supply intakes located downstream that may be affected by increased turbidity and suspended solids, the permittee shall notify the operator when work will be done.
8. Removal of existing riparian vegetation should be restricted to the minimum necessary for project construction.
9. Should evidence of stream pollution or jurisdictional wetland impairment and/or violations of water quality standards occur as a result of this activity (either from a spill or other forms of water pollution), the Kentucky Division of Water shall be notified immediately by calling 800/564-2380.

EXHIBIT 19



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

DIVISION OF WATER

200 FAIR OAKS LANE, 4TH FLOOR

FRANKFORT, KENTUCKY 40601

www.kentucky.gov

August 4, 2010

Richard Ross
Monroe Co Water District
205 Capp Harlan Rd
Tompkinsville, KY 42167

Water Withdrawal Permit: #1652
Activity ID Number: **APE20090005**

Dear Mr. Ross:

Thank you for your application for a new water withdrawal permit. This letter accompanies permit #1652 which authorizes withdrawals from River Mile 393.7 of the Cumberland River located in Monroe County with geographic coordinates of latitude 36° 41' 27"N longitude 85° 34' 06"W.

In accordance with this permit, water withdrawals are limited to the following rates from the specified location:

Jan. <=1.7 MGD (MA)	April <=2.0 MGD (MA)	July <=2.7 MGD (MA)	Oct. <=2.6 MGD (MA)
Feb. <=1.7 MGD (MA)	May <=2.2 MGD (MA)	Aug. <=2.8 MGD (MA)	Nov. <=2.1 MGD (MA)
March <=1.7 MGD (MA)	June <=2.6 MGD (MA)	Sept. <=2.8 MGD (MA)	Dec. <=2.7 MGD (MA)

Please refer to the enclosed permit which specifies all conditions associated with this withdrawal, including monitoring and compliance requirements.

The issuance of this permit does not release you from the obligation of obtaining any and all other permits that may be required by this Division or other regulatory agencies.

If you have any questions, please contact Chris Yeary or Rita Hockensmith at (502) 564-3410.

Issued this 4th of August 2010

By: E. Paulette Akers
E. Paulette Akers, Manager
Watershed Management Branch
Division of Water

EPA:cz
Enclosure
cc: Columbia Regional Office

EXHIBIT 20

JUDY

Construction Co.
GENERAL CONTRACTORS

P.O. BOX 457 CYNTHIANA, KENTUCKY 41031
Telephone (859) 234-6900 Fax (859) 234-3480
www.judyconstructionco.com

December 11, 2015

Stigall Engineering Associates, Inc.
4117 Hillsboro Pike
Suite 206
Nashville, TN 37215
Attn: Mr. Robert D. Stigall, P.E.

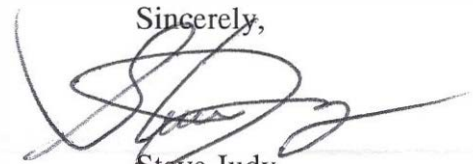
Ref: Monroe County Water District
Phase 1X Water Systems Improvements
Contract 1: Water Treatment Plant
SEA Project No. 0323

Dear Robert,

This letter will serve as Judy Construction Company's extension of our September 23, 2015 bid until March 21, 2016 for the above subject project.

If you have any questions, feel free to contact me.

Sincerely,



Steve Judy
President

cc: Ben Williams

SJ/lj



Celebrating 40 Years of Business



EXHIBIT 21



2006 Edmonton Road - Tompkinsville, KY 42167 - P: (270) 487-1784 - F: (270) 487-8029 - www.clearyconst.com

December 14, 2015

Mr. Robert Stigall
Stigall Engineering Associates, Inc.
4117 Hillsboro Pike, Suite 206
Nashville, Tennessee 37215

Re: Monroe County Water District Phase IX Water System Improvements Contract IIB: Water Lines

Dear Mr. Stigall:

Per your request, Cleary Construction, Inc. will hold its bid price on the referenced project an additional 90 days beyond the original 90 day hold period. This will extend the hold period until March 21, 2016.

Please let us know if you have any questions

Thank you.

A handwritten signature in black ink that reads "Darren Cleary". The signature is written in a cursive style with a large, stylized "D" and "C".

Darren Cleary

Cleary Construction, Inc.

EXHIBIT 22



December 3, 2015

Monroe County Water District
In C/O: Robert D. Stigall, P.E. with Stigall Engineering Associates, Inc.
205 Capp Harlan Road
Tompkinsville, KY 42167

**RE: 600,000 Gallon Big Sulphur Rd (Cloyd Williams Rd) Contract IIIB Tank
Tompkinsville, KY**

Dear Robert:

In accordance with your request, we are pleased to hold our bid an extra 90 days beyond the original 90 day hold period; this extends the hold period to end on March 21, 2016. Also as discussed in our last phone conversation, our completion of the project most likely will need to be extended so the tank painting takes place in appropriate weather conditions, which should be into the spring/early summer of 2017.

As always, please contact us if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Kenneth Eichenberger". The signature is written in a cursive style.

Kenneth Eichenberger
Regional Sales Manager

EXHIBIT 23

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
MONROE COUNTY WATER DISTRICT TO AWARD PHASE IX
WATER SYSTEM IMPROVEMENTS CONTRACT I: WATER
TREATMENT FACILITY**

WHEREAS, Monroe County Water District ("Monroe District") caused to be published in the August 13, August 27, and September 10, 2015 editions of *The Tompkinsville News* an advertisement for bids on Phase IX Water System Improvements Contract I: Water Treatment Facility Project ("the Contract") in accordance with the provisions of KRS Chapter 424;

WHEREAS, six firms submitted bids on the Contract in accordance with the terms of the advertisements;

WHEREAS, Judy Construction Company, of Cynthiana, Kentucky, submitted the lowest of the six bids with a bid of \$10,808,000; and

WHEREAS, the Project Engineer recommended that Monroe District award the Contract to Judy Construction Company subject to the Kentucky Infrastructure Authority's ("KIA") concurrence with the bid award and the issuance of a Certificate of Public Convenience and Necessity for the Water Treatment Facility Project by the Kentucky Public Service Commission ("KPSC");

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. Judy Construction Company is awarded the Contract at the revised bid amount of \$10,808,000.


Section 3. The Chairman is authorized and directed to take any and all actions reasonably necessary to implement the award of the Contract to Judy Construction Company to include the execution of any and all documents for such purpose upon receiving notice of KIA's concurrence with the bid award and the KPSC's issuance of a Certificate of Public Convenience and Necessity for the Water Treatment Facility Project.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT at a meeting held on December 14, 2015, signed by the Chairman, and attested by the Secretary.



Chairman

ATTEST:



Secretary

EXHIBIT 24

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
MONROE COUNTY WATER DISTRICT TO AWARD PHASE IX
WATER SYSTEM IMPROVEMENTS CONTRACT II-B: WATER
LINES PROJECT**

WHEREAS, Monroe County Water District ("Monroe District") caused to be published in the August 13, August 27, and September 10, 2015 editions of *The Tompkinsville News* an advertisement for bids on Phase IX Water System Improvements Contract II-B: Water Lines Project ("the Contract") in accordance with the provisions of KRS Chapter 424;

WHEREAS, six firms submitted bids on the Contract, five of which were in accordance with the terms of the advertisements;

WHEREAS, Cleary Construction, Inc., of Tompkinsville, Kentucky, submitted the lowest of the five responsive bids with a bid of \$2,999,880; and

WHEREAS, the Project Engineer has recommend that Monroe District award the Contract to Cleary Construction, Inc., subject to the Kentucky Infrastructure Authority's ("KIA") concurrence with the bid award and the issuance of a Certificate of Public Convenience and Necessity for the Water Lines Project by the Kentucky Public Service Commission ("KPSC");

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. Cleary Construction, Inc. is awarded the Contract at the bid amount of \$2,999,880.

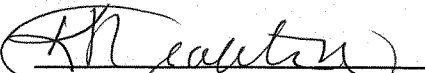
Section 3. The Chairman is authorized and directed to take any and all actions reasonably necessary to implement the award of the Contract to Cleary Construction, Inc. to include the execution of any and all documents for such purpose upon receiving notice of KIA's concurrence with the bid award and the KPSC's issuance of a Certificate of Public Convenience and Necessity for the Water Lines Project.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT at a meeting held on December 14, 2015, signed by the Chairman, and attested by the Secretary.



Chairman

ATTEST:



Secretary

EXHIBIT 25

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF
MONROE COUNTY WATER DISTRICT TO AWARD PHASE IX
WATER SYSTEM IMPROVEMENTS CONTRACT III-B: ELEVATED
STORAGE FACILITY PROJECT**

WHEREAS, Monroe County Water District ("Monroe District") caused to be published in the August 13, August 27, and September 10, 2015 editions of *The Tompkinsville News* an advertisement for bids on Phase IX Water System Improvements Contract III-B: Elevated Storage Facility Project ("the Contract") in accordance with the provisions of KRS Chapter 424;

WHEREAS, two firms submitted bids on the Contract in accordance with the terms of the advertisements;

WHEREAS, Caldwell Tanks, Inc., of Louisville, Kentucky, submitted the lowest of the two bids with a bid of \$957,814; and

WHEREAS, the Project Engineer has recommend that Monroe District award the Contract to Caldwell Tanks, Inc. subject to the Kentucky Infrastructure Authority's ("KIA") concurrence with the bid award and the issuance of a Certificate of Public Convenience and Necessity for the Elevated Storage Facility Project by the Kentucky Public Service Commission ("KPSC");

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT AS FOLLOWS:

Section 1. The facts, recitals, and statements contained in the foregoing preamble of this Resolution are true and correct and are hereby affirmed and incorporated as a part of this Resolution.

Section 2. Caldwell Tanks, Inc. is awarded the Contract at the bid amount of \$957,814.

Section 3. The Chairman is authorized and directed to take any and all actions reasonably necessary to implement the award of the Contract to Caldwell Tanks, Inc. to include the execution of any and all documents for such purpose upon receiving notice of KIA's concurrence with the bid award and the KPSC's issuance of a Certificate of Public Convenience and Necessity for the Elevated Storage Facility Project.

ADOPTED BY THE BOARD OF COMMISSIONERS OF MONROE DISTRICT at a meeting held on December 14, 2015, signed by the Chairman, and attested by the Secretary.



Chairman

ATTEST:



Secretary

EXHIBIT 26

**STATEMENT OF ANNUAL COST OF OPERATION
OF THE PROPOSED FACILITIES**

Treatment - Electrical	\$54,685
Pumping - Electrical	\$16,976
Building & Grounds Maintenance	\$3,130
Treatment - Chemicals	\$78,834
Salaries - Treatment Plant	\$110,018
Water Plant Supplies	\$2,634
Maintenance - Water Plant	\$6,649
Lab Testing	\$6,807
Employee Benefits	\$48,408
Total Production Costs:	<u>\$328,141</u>

EXHIBIT 27

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MONROE COUNTY)	
WATER DISTRICT FOR AUTHORIZATION)	
TO ENTER AN ASSISTANCE AGREEMENT)	
WITH THE KENTUCKY INFRASTRUCTURE)	
AUTHORITY AND FOR A CERTIFICATE OF)	CASE NO. 2015-00315
PUBLIC CONVENIENCE TO CONSTRUCT A)	
WATER TREATMENT FACILITY,)	
ELEVATED STORAGE TANK, AND WATER)	
TRANSMISSION AND DISTRIBUTION)	
MAINS)	

DIRECT TESTIMONY OF
MARK WILLIAMS
CHAIRMAN, MONROE COUNTY WATER DISTRICT

Filed: February 18, 2016

1 **Q. Please state your name, position, and business address.**

2 A. My name is Mark Williams. I am Chairman of the Board of Commissioners of
3 Monroe County Water District (“Monroe District”). My business address is 205
4 Capp Harlan Road, Tompkinsville, Kentucky.

5 **Q. Briefly describe your educational and business background.**

6 A. I attended Western Kentucky University where I studied agriculture. I have owned
7 and operated a dairy farm in Monroe County since 1975. My wife and I currently
8 own approximately 1,500 acres of farmland in Monroe County. In 1991, we
9 organized our farm operations as Twin Springs Farms, Inc., a Kentucky corporation.
10 It is one of the largest dairy operations in Monroe County. I serve as its president.

11 **Q. How long have you resided in Monroe County?**

12 A. My entire life – 59 years.

13 **Q. How long have you served as a member of the Monroe County Water District
14 Board of Commissioners?**

15 A. I have served as a member of Monroe District’s Board of Commissioners since
16 September 2004 and as its Chairman since January 2011.

17 **Q. What are your duties as Monroe District’s Chairman?**

18 A. I preside over the Board of Commissioners’ meetings and serve as Monroe District’s
19 principal representative to various financing and governmental agencies. Richard O.
20 Ross is Monroe District’s General Manager and manages its day-to-day operations.

21 **Q. Have you previously testified before the Commission?**

22 A. No.

1 **Q. Briefly describe Monroe District.**

2 A. Monroe District is a water district organized pursuant to KRS Chapter 74. Monroe
3 County Court created Monroe District on April 9, 1975. Its territory includes the City
4 of Gamaliel, Kentucky, and the unincorporated areas of Monroe County, except those
5 areas that Fountain Run Water District serves.

6 A five-member Board of Commissioners controls and manages Monroe
7 District's affairs. The Monroe County Judge/Executive appoints each Commissioner.
8 Monroe County Fiscal Court must approve the appointment. All current members
9 reside within Monroe District's boundaries. Their length of service on the Board
10 ranges from two years to almost 13 years.

11 Monroe District currently has no water treatment facilities, but purchases its
12 total water requirements from the City of Tompkinsville, Kentucky
13 ("Tompkinsville"). It entered into a Water Purchase Contract with Tompkinsville in
14 January 1976. Under the Water Purchase Contract's terms, Tompkinsville agreed to
15 provide Monroe District with potable water up to 5,000,000 gallons monthly for a
16 period of 40 years. In December 1993, Tompkinsville and Monroe District agreed to
17 extend the term of the Water Purchase Contract to 2036. In June 1994, they amended
18 the Water Purchase Contract to provide that Monroe District could purchase up to
19 15,000,000 gallons of water monthly from Tompkinsville.

20 **Q. Describe Monroe District's distribution system.**

21 A. Monroe District's distribution system is located entirely within Monroe County,
22 Kentucky. It has four delivery points from which it receives water from
23 Tompkinsville. As of December 31, 2014, it had a total of 634.8 miles of water

1 distribution mains. Table 1 shows a breakdown of Monroe District's water main by
 2 size. Monroe District has eight water storage facilities. Four of these facilities are
 3 water standpipes with a total storage capacity of 345,000 gallons. The other facilities
 4 are elevated water storage tanks with a combined total capacity of 1,000,000 gallons.
 5 Monroe District also operates eight pump stations.

Table 1	
Size	Length (Miles)
2-inch	9.12
3-inch	180.49
4-inch	286.08
6-inch	141.11
8-inch	18

6 Table 2 below shows the Monroe District's water purchases and sales and its reported
 7 line loss for the period 2005-2014. It also reflects Monroe District's maximum
 8 monthly and daily usage during this period.

Table 2					
Year	Purchases (Gals)	Sales (Gals)	Line Loss (%)	Max Monthly Usage (Gals)	Max Daily Usage (Gals)
2014	265,651,000	206,126,000	12.1720	27,643,000	1,374,000
2013	226,734,000	198,025,000	8.2850	21,874,000	942,000
2012	258,538,000	218,601,000	12.0559	27,316,000	1,190,000
2011	280,386,000	217,848,000	14.3538	27,959,000	1,163,000
2010	275,921,000	220,061,000	19.1055	26,470,000	1,086,000
2009	253,921,000	206,169,000	14.2647	23,368,000	1,053,000
2008	272,279,000	217,150,000	16.2848	26,291,000	1,092,000
2007	255,076,000	217,870,000	13.0400	29,748,700	1,146,000
2006	246,595,000	201,041,000	15.2375	23,800,000	1,044,000
2005	248,077,000	200,169,000	14.1682	25,677,000	1,112,000

1 **Q. Describe Monroe District’s customers.**

2 A. Monroe District has approximately 3,205 residential customers and 206 commercial
3 customers.¹ It also provides water for resale to the City of Glasgow and Fountain
4 Run Water District. It is responsible for providing water directly or indirectly to
5 approximately 8,527 persons within Monroe County.

6 Monroe District serves a large agricultural population within Monroe County.
7 There are approximately 858 farms in Monroe County. These comprise 81.7 percent
8 of the land within Monroe County. Most of these farms are very active in livestock
9 production.² Monroe County has the fifth largest cattle population³ and the ninth
10 largest broiler and meat chicken population⁴ in Kentucky. For 2012, the year for
11 which the most recent county information is available, Monroe County sold over
12 \$59,000,000 in livestock and poultry products and over \$77,238,000 for all types of
13 agricultural products.⁵ Monroe District’s ten largest consuming customers are cattle
14 or poultry operations.

15 **Q. Describe the facilities that Monroe District proposes to construct.**

16 A. Monroe District proposes to construct a 2.0 million gallon per day (“MGD”) water
17 treatment facility; approximately 24,715 linear feet of 16-inch ductile iron, and

¹ Report of Monroe County Water District to the Kentucky Public Service Commission for the Year Ending December 31, 2014 at 29.

² U.S. Department of Agriculture, 2012 Census of Agriculture: Kentucky Vol. 1, Part 17 at 238 (May 2014), available at http://agcensus.usda.gov/Publications/2012/Full_Report/Volume_1,_Chapter_2_County_Level/Kentucky/kyv1.pdf.

³ National Agricultural Statistics Service, U.S. Department of Agriculture, Cattle County Estimates – January 1, 2015 (May 15, 2015), http://www.nass.usda.gov/Statistics_by_State/Kentucky/Publications/County_Estimates/coest/Cattle15_KY.pdf.

⁴ National Agricultural Statistics Service, U.S. Department of Agriculture, 2012 Census of Agriculture County Profile: Monroe County, Kentucky (May 26, 2014) at 2, http://www.agcensus.usda.gov/Publications/2012/Online_Resources/County_Profiles/Kentucky/cp21171.pdf

⁵ Community and Economic Development Initiative of Kentucky, University of Kentucky, *Kentucky County Agricultural & Food Profiles: Monroe County*, http://cedik.ca.uky.edu/sites/cedik.ca.uky.edu/files/monroe_agfood14.pdf

1 29,475 linear feet of 10-inch polyvinylchloride (“PVC”) water main; and a 600,000
2 gallon elevated-water storage tank (collectively “Proposed Facilities”). A more
3 detailed description of the Proposed Facilities is contained in Monroe District’s
4 Application and the Final Engineering Report, which is Exhibit 12 to the Application.

5 **Q. Why are the Proposed Facilities needed?**

6 A. Tompkinsville lacks an adequate source of raw water to meet Monroe District and
7 Tompkinsville’s combined demand. Tompkinsville’s sole source of raw water is Mill
8 Creek Lake in Monroe County, Kentucky. It is fed by Mill Creek, a small tributary
9 that runs through portions of Monroe County. This water source is unable to provide
10 sufficient water volumes during low rainfall periods.

11 In the summer of 2007, the lack of rainfall combined with high temperatures
12 to reduce Mill Creek, the tributary that feeds Mill Creek Lake, to a dry stream bed.
13 At one point, Tompkinsville estimated that Mill Creek Lake had only 45 to 60 days of
14 water remaining. Tompkinsville and Monroe District declared water shortages and
15 urged their customers to conserve. During the shortage, Tompkinsville officials,
16 including its mayor,⁶ suggested that Monroe District customers were responsible for
17 the lack of water and suggested that drastic steps might be required to ensure that

⁶ At the meeting of the Tompkinsville City Council, Tompkinsville’s Mayor stated:

I am told there’s about 1,500 cattle waterer’s in the county. I’m told, of course, there’s about 75 or 80 chicken houses. Now it’s you people of the chickens and the cattle that, no really, we’re not being mean but we must take care of Tompkinsville. They’ve added on . . . it’s something pitiful now. We would have had an adequate supply of water if it weren’t for all this bunch that’s come in.

T-Ville Special Called Meeting Leads Mayor To An Unsettling Statement, Monroe County Citizen, Sept. 12, 2007 at 2.

1 availability of water. Monroe District experienced similar problems in the summer of
2 2012 and was required again to issue a water shortage advisory to its customers.

3 In addition to the lack of an adequate water source, Tompkinsville's water
4 treatment plant has reached the limit of its existing capacity and is unable to meet any
5 further growth in customer demand. The combined maximum daily demand of
6 Tompkinsville's distribution system and Monroe District exceeds 95 percent of the
7 present capacity of Tompkinsville's water treatment plant. Tompkinsville's water
8 treatment plant has a rated capacity of 2.5 MGD, but operational conditions generally
9 limit its daily production to 1.9 MGD. When customer demand exceeds 1.9 MGD,
10 Tompkinsville is unable to provide water to the higher elevations within its service
11 area. These higher elevation areas are located exclusively in Monroe District's
12 territory. Thus in high usage periods, some Monroe District customers cannot obtain
13 water. Because of physical space limitations at the water treatment plant site, the
14 capacity of Tompkinsville's water treatment plant cannot be expanded. According to
15 reports that Tompkinsville filed with the Kentucky Division of Water ("KDOW"), its
16 water treatment plant operated 24 hours each day during the first eleven months of
17 2015.

18 Under these conditions, Monroe District is not meeting its legal duties as a
19 utility. KRS 278.030(2) requires Monroe District to "furnish adequate, efficient and
20 reasonable service." Adequate service is defined as having sufficient capacity to
21 meet the maximum estimated requirements of the customer to be served during the
22 year following the commencement of permanent service and to meet the maximum
23 estimated requirements of other actual customers to be supplied from the same lines

1 or facilities during such year and to assure such customers of reasonable continuity of
2 service.⁷ Commission Regulations require that the water that Monroe District
3 provides be “[f]rom a source reasonably adequate to provide a continuous supply of
4 water”⁸ and that the quantity of water delivered to Monroe District’s “distribution
5 system from all source facilities shall be sufficient to supply adequately, dependably
6 and safely the total reasonable requirements of its customers under maximum
7 consumption”⁹

8 The lack of an adequate water supply is of great concern to Monroe County’s
9 livestock producers, who contribute significantly to Monroe County’s economic well-
10 being. An adequate water supply is critical to poultry producers. “Water is needed
11 for bird consumption, reducing air temperature (including evaporative cooling pad
12 and fogging systems) and facility sanitation.”¹⁰ This is especially true during hot
13 weather conditions when availability of water is crucial to livestock survival.¹¹
14 Similarly, the lack of water can seriously affect milk production of dairy cows,
15 impede or retard the growth and development of beef cattle, and generally threaten
16 the existence of a cattle herd.

17 An inadequate water supply impedes local economic development. Monroe
18 District’s current customers are reluctant to expand their farming operations in light
19 of the uncertainty of their water supply. This uncertainty also hampers the efforts of

⁷ KRS 278.010(14).

⁸ 807 KAR 5:066, Section 3(2)(c).

⁹ 807 KAR 5:066, Section 10(4).

¹⁰ Brian D. Fairchild and Casey W. Ritz, *Poultry Drinking Water Primer* University of Georgia Extension Bulletin 1301 (April 2015), available at <http://extension.uga.edu/publications/detail.cfm?number=B1301>.

¹¹ *Key Factors for Broiler Production*, The Alabama Poultry Engineering and Economics Newsletter, No. 7 (Sept. 2000), available at <http://www.aces.edu/poultryventilation/documents/Nwsltr-7.pdf> (“Water adequacy is especially important for modern broiler houses because peak water usage times come during hot weather. If the supply is inadequate, the cooling will be poor and/or the birds will not get enough drinking water – either of which can be disastrous.”).

1 Monroe County's governmental officials to attract new businesses to Monroe County.
2 Many poultry producers, for example, view Monroe County as an attractive site to
3 locate poultry houses but are reluctant because of the uncertainty surrounding the
4 availability of water. Furthermore, Monroe County officials have not pursued some
5 potential economic development projects because the project required significant
6 amounts of water or assurances of the availability of water.

7 The Proposed Facilities address these concerns. First, they rely upon the
8 Cumberland River, which at the proposed intake point has an average flow of 22,000
9 cubic feet of water per second. This supply would meet Monroe District's demand
10 even during drought conditions. Second, the capacity of the proposed water treatment
11 plant is 2.0 million gallons per day, or 650,000 gallons greater than Monroe District's
12 maximum daily demand. Stated another way, the capacity of the proposed treatment
13 plant is 146 percent of Monroe District's maximum daily demand. The proposed
14 treatment facility's capacity can be increased to 3.0 MGD, thus enabling the facility
15 to serve Tompkinsville when its water treatment plant is retired.

16 **Q. Do regional and state water planning officials share your view that the Proposed**
17 **Facilities are necessary?**

18 A. Yes. State and regional water planning officials have designated the Proposed
19 Facilities as a high priority project. Since 2012, the Barron River Area Development

1 District (“BRADD”) Water Management Council,¹² which comprises local elected
2 officials, water utility managers, and water planners from a ten-county area in south
3 central Kentucky,¹³ has designated the Proposed Facilities as the highest priority for
4 funding in the BRADD region. A copy of BRADD’s rankings for the 2015-2016
5 Fiscal Year is attached to my testimony as Exhibit A. The Kentucky Infrastructure
6 Authority (“KIA”) ranked the Proposed Facilities as the second highest priority
7 project in the state for Drinking Water State Revolving Fund funding in the 2015-16
8 funding cycle.¹⁴

9 **Q. Does Monroe District have any other concerns regarding the adequacy of**
10 **Tompkinsville’s existing facilities?**

11 A. Yes.

12 **Q. What are those concerns?**

13 A. In recent years, Tompkinsville has experienced problems complying with federal and
14 state water quality laws. KDOW records show that since 1994 the KDOW has issued
15 88 Notices of Violation (“NOV”) regarding Tompkinsville’s facilities for violations.

¹² KRS 151.601 requires every county in the Commonwealth to establish a water management planning council. These councils include the county judge/executive, a representative of each community water system in the county, a representative of the local health department, and a representative of every city with a population of 1,000 or more. KRS 151.603 requires each water management planning council to develop a long-range water supply plan, to include a strategy for delivering potable water as needed into the underserved and unserved areas of the county. KRS 151.607 requires area development districts to review and prioritize the plans for underserved and unserved areas of each council within district. Area development districts generally conduct this review through a council composed of representatives of each county water management planning council within the district. When establishing priorities, the district must consider: “(a) The current and potential customer base that would benefit from water service; (b) The adequacy, cost-effectiveness, and dependability of water sources, water treatment capacity, and distribution lines that may be used to provide water service; and (c) The potential to eliminate or prevent duplication of water distribution lines and facilities that may be used to provide the service.” KRS 151.607(2).

¹³ BRADD consists of the following counties: Allen, Barren, Butler, Edmonson, Hart, Logan Metcalfe, Monroe, Simpson, and Warren.

¹⁴ Kentucky Infrastructure Authority, *Intended Use Plan: Drinking Water State Revolving Fund - State Fiscal Year 2015* (July 22, 2014), http://wris.ky.gov/downloads/srf/iup/Ky_DWSRF_IUP_FY2015_FINAL.pdf.

1 A listing of these NOVs, which appears on KDOW's website, is attached to my
2 testimony as Exhibit B.

3 I have also attached as Exhibit C to my Testimony several significant NOVs
4 and letters of warning that KDOW has issued to Tompkinsville since 2009. These
5 reveal not only violations of state water quality laws, but questionable operating
6 practices. These questionable practices include the falsification of records, failure to
7 report reportable incidents, failure to properly disinfect water storage facilities, failure
8 to have a certified operator on duty, and the discharge of backwash solids into
9 streams.¹⁵

10 These practices raise serious concerns about Tompkinsville's ability to
11 provide safe and reliable water service. Monroe District believes that it can better
12 serve its customers if it assumes responsibility for the production and treatment of the
13 water that it furnishes to them.

14 **Q. In your opinion, will the Proposed Facilities result in the wasteful duplication of**
15 **facilities?**

16 A. No. An additional source of water and additional treatment capacity are clearly
17 needed if Monroe District is to meet its statutory and regulatory obligations to
18 provide adequate and reliable water service.

¹⁵ Tompkinsville is also experiencing very high water loss. *The Tompkinsville News* reported on November 28, 2013 that David Bowles, a consulting engineer for Tompkinsville, had advised the Tompkinsville City Commission that "around 71% of the water treated and produced by the City's water plant is lost and not billed." *Dam Trouble? Tompkinsville City Commission Receives Unexpected Inspection Letter Concerning City Lake Dam*, Tompkinsville News, November 28, 2013, at A-3.

1 **Q. Are the Proposed Facilities intended solely to meet Monroe District’s needs?**

2 A. No. The Proposed Facilities are designed and have always been designed to be a
3 regional solution to the water needs of Monroe County and the surrounding areas.

4 **Q. Please describe Monroe District’s efforts to obtain regional participation in the
5 proposed project.**

6 A. When Monroe District began pursuing the construction of a new water
7 treatment plant in the early 2000s, it conceived of this project as a regional project.
8 At that time, the Tompkinsville Water Treatment Plant was over 30 years. It had
9 been designed to meet the needs of Tompkinsville’s residents only. The treatment
10 plant was placed into service in 1972, three years before Monroe District was formed
11 and four years before Monroe District entered into a water purchase contract with
12 Tompkinsville. Over time Monroe District’s water usage eventually exceeded that of
13 Tompkinsville’s retail customers. There was a need for additional water treatment
14 capacity. Given the age of the Tompkinsville plant and the lack of space at the plant
15 site for expansion, Monroe District considered the construction of a new water
16 treatment plant on the Cumberland River as the most feasible alternative.

17 Monroe District sought Tompkinsville’s participation in the proposed project
18 as well as that of other water suppliers. Various funding and regulatory agencies had
19 advised that a regional project would more likely attract funding. In March 2006,
20 Monroe District and Tompkinsville officials agreed upon the need for a regional
21 water treatment plant. Shortly thereafter, the Kentucky General Assembly
22 appropriated \$1,200,000 to Tompkinsville and Monroe District for a “Joint Water
23 Treatment Plant.” Tompkinsville and Monroe District officials met again in May

1 2006 to discuss the creation of a water commission or water authority to operate the
2 proposed regional water treatment plant.

3 In March 2007, Monroe District and Tompkinsville officials again met to
4 discuss the creation of a water authority that would operate the water treatment plant
5 and transmission facilities. Under the proposal, each utility would name three
6 members to a six-member board. Each utility would continue to retain sole
7 responsibility for its water distribution system, but would purchase water from the
8 water authority. In May 2007, Monroe District's consulting engineer investigated the
9 procedures to establish a water authority and then reported to Monroe District's
10 Board on establishing and operating a joint water authority.¹⁶ During this period,
11 Monroe District also approached Fountain Run Water District, Cumberland County
12 Water District, and the City of Edmonton about long-term water purchase agreements
13 with the joint water authority.

14 By summer 2008 Monroe District had achieved some success in its search for
15 funding for the regional water treatment plant. KIA has ranked the proposed regional
16 treatment plant high on its 2008 Drinking Water State Revolving Fund Priority List
17 and invited Monroe District to submit an application for project funding. In the
18 spring of 2008, the General Assembly appropriated an additional \$1,250,000 of funds
19 for the "Monroe-Tompkinsville Regional Water Treatment Plant."

20 Despite these successes, Tompkinsville officials were still reluctant to commit
21 to a regional water treatment plant. In her report to Kentucky's Governor entitled
22 "Capacity Development Programs for Kentucky Drinking Water Systems," KDOW's
23 Director recounted this reluctance:

¹⁶ *Water District Discusses Possible New Water Treatment Plant*, Tompkinsville News, May 17, 2007, at 1.

1 Another example that demonstrates the limited success we
2 had with municipalities is the problem we [the Division of
3 Water] encountered when we tried to get the city of
4 Tompkinsville to consider abandoning their inadequately
5 run plant and start buying water from Monroe County
6 Water District (MCWD) after MCWD builds their plant.
7 Currently MCWD buys water from Tompkinsville, but as
8 water demand in MCWD continues to increase the city's
9 plant is unable to meet these needs due to water source
10 capacity issues and inadequate financial capacity. In the
11 meantime, MCWD applied for financial assistance from the
12 DWSRF to build a water treatment plant on the
13 Cumberland River (a large sustainable water source) to
14 meet their increasing water needs. MCWD owns a
15 distribution system that operates well within the SDWA
16 [Safe Drinking Water Act] requirements and appears to
17 have very good TMF [technical, managerial and financial]
18 capacity. So they are a good candidate to build and operate
19 a public water system. But since MCWD is
20 Tompkinsville's largest customer, the city will have a
21 difficult time maintaining their system if MCWD stops
22 buying water from them. The DOW have not given up on
23 this project; we will continue to work with both
24 communities on a regional solution to meet their current
25 and future water needs.¹⁷

26 In late 2008, however, Tompkinsville's Mayor advised Monroe that he was
27 now in favor of the proposed regional water treatment plant. In March 2009,
28 Tompkinsville and Monroe District officials held discussions with Rural
29 Development to discuss possible funding for the regional treatment plant. At the
30 same time, the Kentucky General Assembly in its 2009 Regular Session authorized
31 another \$1,250,000 of funds for the "Monroe-Tompkinsville Regional Water
32 Treatment Plant."

33 Despite these developments, Tompkinsville declined to commit to the
34 proposed regional water treatment plant. On July 28, 2011, Richard Ross, Mike

¹⁷ Sandy Gruzesky, Kentucky Division of Water, Capacity Development Program for Kentucky Drinking Water Systems: Triennial Report to Governor (Sept. 29, 2008) at 5, *available at* http://water.ky.gov/DrinkingWater/Documents/TriennialReporttoGov_2008Final.pdf.

1 Emberton (Monroe District’s Vice Chairman), and I attended a meeting of the
2 Tompkinsville City Commission and requested that Tompkinsville engage Monroe
3 District in discussions about Tompkinsville’s role in the regional water treatment
4 plant. The Tompkinsville City Commission took no action on the request.

5 On August 6, 2013, the Barren River Area Development District (BRADD) at
6 the request of State Representative Bart Rowland held a stakeholders meeting to
7 discuss the regional water treatment project. Attending were representatives from
8 Tompkinsville, Edmonton, Monroe District, Fountain Run Water District, KDOW,
9 Rural Community Assistance Program, and Kentucky Rural Water Association
10 (“KRWA”). Representatives from Senator McConnell and Congressman Whitfield’s
11 offices, State Senator Sara Beth Gregory, and State Representative Rowland also
12 attended. At the meeting, it was agreed that KRWA would prepare an analysis of
13 Tompkinsville’s facilities and the proposed regional water treatment plant.

14 On November 4, 2013 and on January 23, 2014, KRWA representatives
15 presented KRWA’s analysis to the Tompkinsville City Commission. In its
16 presentations, KRWA representatives noted the challenges that the Tompkinsville
17 facilities faced and presented various cost scenarios. KRWA representatives
18 concluded that, because of these challenges, Tompkinsville would need to increase its
19 rates in any circumstance. A copy of KRWA’s presentation is attached to my
20 testimony as Exhibit D. Local newspaper accounts of the presentation and the
21 response of the Tompkinsville City Commission are attached to my testimony as
22 Exhibit E.

1 In response to the initial KRWA presentation, Tompkinsville developed and
2 submitted to Monroe District in February 2014 an alternative proposal to the
3 proposed regional water treatment plant. It proposed to construct a raw water intake
4 facility on the Cumberland River and a transmission main to transport the raw water
5 to its existing water treatment plant. It estimated the total cost of these facilities at
6 \$8.9 million. A copy of the preliminary cost estimates of Tompkinsville's consulting
7 engineer are attached to my testimony as Exhibit F.

8 While Monroe District's Board of Commissioners considered the proposal, it
9 had grave concerns about the proposal's feasibility. Although Tompkinsville's
10 proposal provided for an additional source of water, it failed to take into consideration
11 the limitations of Tompkinsville's water treatment plant. Operational conditions
12 generally limit the plant's daily production to 1.9 MGD. Tompkinsville's proposal
13 did not allow for expansion of the plant's capacity nor did it address the plant's
14 limited space that would prevent any type of future expansion. It also did not
15 consider the plant's age. Since the plant had been in service more than 40 years and
16 most plants generally have a useful life of 50 years, it appeared that the useful life of
17 the existing plant would be fully expended and no longer functional long before the
18 raw water intake facility and transmission main.

19 In May 2014 in a final effort to obtain regional participation, Monroe District
20 proposed that Tompkinsville, Edmonton, Fountain Run Water District, and Monroe
21 District create by interlocal cooperation agreement a non-profit corporation to
22 construct the Proposed Facilities and to assume the outstanding debt on
23 Tompkinsville's water treatment facilities. A copy of this proposal is attached to my

1 testimony as Exhibit G. Fountain Run Water District and Tompkinsville indicated
2 initial interest in the proposal. Representatives from the three entities met twice to
3 develop an interlocal agreement. A final draft of this document was circulated to the
4 three entities in late July 2015 for their governing bodies to approve. The
5 Tompkinsville City Commission discussed the proposed interlocal agreement, but
6 chose not to take any action on it. Monroe District's Board of Commissioners viewed
7 the Tompkinsville City Commission's failure to act as a rejection of the interlocal
8 agreement proposal and choose to proceed with the Proposed Facilities.

9 In January 2015, Tompkinsville's Mayor published a statement in *The*
10 *Tompkinsville News* in which he indicated that Tompkinsville's participation in the
11 proposed project was not in the City's best interest.¹⁸ A copy of this statement is
12 attached to my testimony as Exhibit H.

13 Notwithstanding Tompkinsville's decision, Monroe District continues to
14 envision the Proposed Facilities as a regional water solution. The capacity of the
15 proposed water treatment plant can easily be expanded to 3.0 MGD should
16 Tompkinsville eventually decide to participate and to purchase water from Monroe
17 District. Monroe District will continue to reach out to other water systems to serve as
18 a permanent or an emergency source of water.

19 **Q How does Monroe District propose to finance the construction of the Proposed**
20 **Facilities?**

21 A. Monroe District proposes to finance the construction of the Proposed
22 Facilities with a loan of \$15,564,032 from KIA's Fund F Infrastructure Revolving

¹⁸ Tompkinsville News, January 8, 2015, at A-3.

1 Loan Program and with appropriated funds from the Kentucky General Assembly of
2 \$320,096 and \$78,266.

3 The proposed loan will bear interest at a rate of 0.75 percent per annum and
4 must be repaid over a period not to exceed 30 years from the date on which the
5 Proposed Facilities begin operation. Interest on the proposed loan will accrue from
6 the time that Monroe District begins drawing funds from KIA. The proposed
7 Assistance Agreement provides that 30 percent of the principal amount, not to exceed
8 \$2,904,091, will be forgiven over the life of the loan. Additional details regarding the
9 proposed loan are set forth in the Conditional Commitment Letter of December 7,
10 2015, a copy of which is attached to Monroe District's Application as Exhibit 30.

11 As noted earlier in my testimony, the Kentucky General Assembly has
12 appropriated funds towards construction of a water treatment facility to be jointly
13 operated by Monroe District and Tompkinsville. In its 2006 Regular Session, it
14 appropriated \$1,200,000 to Tompkinsville and Monroe District for a "Joint Water
15 Treatment Plant."¹⁹ It appropriated an additional \$1,250,000 of funds for the
16 "Monroe-Tompkinsville Regional Water Treatment Plant" in its 2008 Regular
17 Session²⁰ and another \$1,250,000 of funds for the "Monroe-Tompkinsville Regional
18 Water Treatment Plant" in its 2009 Regular Session.²¹ In its 2014 Regular Session,
19 the General Assembly reallocated most of these funds, but authorized \$320,096 from
20 its 2006 appropriation and \$78,266 from its 2008 and 2009 appropriations to be used
21 for the construction of the Proposed Facilities.²²

¹⁹ 2006 Ky. Acts 1376 (Regular Session) (LRC Electronic Version).

²⁰ 2008 Ky. Acts 2017 (Regular Session) (LRC Electronic Version).

²¹ 2009 Ky. Acts 682 (Regular Session) (LRC Electronic Version).

²² 2014 Ky. Acts 667-668 (LRC Electronic Version).

1 **Q. What effect will the construction of the Proposed Facilities have on Monroe**
2 **District's rates for water service?**

3 A. The Proposed Facilities are not expected to have an immediate effect on
4 Monroe District's rates. However, Monroe District expects to seek an adjustment of
5 rates shortly after the Proposed Facilities become operational.

6 **Q. What is your recommendation concerning the Proposed Facilities?**

7 A. The Proposed Facilities are absolutely necessary for Monroe District to provide safe,
8 adequate, and reliable water service to its customers. I recommend that the
9 Commission grant Monroe District a certificate of public convenience and necessity
10 to construct the Proposed Facilities and authorize Monroe District to enter the
11 proposed Assistance Agreement with KIA.

12 **Q. Does this conclude your testimony?**

13 A. Yes.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF MONROE)

The undersigned, **Mark Williams**, being duly sworn, deposes and says he is the Chairman of Monroe County Water District, that he has personal knowledge of the matters set forth in the foregoing testimony, and the answers contained therein are true and correct to the best of his information, knowledge and belief.

Mark Williams
MARK WILLIAMS

Subscribed and sworn to before me, a Notary Public in and before said County and State, this 16th day of February, 2016.

Jana Dubree (SEAL)
Notary Public

My Commission Expires:
May 16, 2019



EXHIBITS TO THE DIRECT TESTIMONY OF
MARK WILLIAMS

<u>Exhibit</u>	<u>Document</u>
A	BRADD's Rankings for the 2015-2016 Fiscal Year
B	Listing of Notice of Violations Issued to Tompkinsville Water Works By the Kentucky Division of Water
C	Notice of Violations (2009-2015)
D	Kentucky Rural Water Association's Presentation to Tompkinsville City Commission
E	Newspaper Accounts of KRWA Presentation to the Tompkinsville City Commission
F	Tompkinsville Alternative Proposal: Preliminary Cost Estimates
G	Monroe County Water District's Proposal for the Creation of a Non-Profit Corporation to Operate A Regional Water Treatment Plant
H	Statement of Tompkinsville Mayor Scott Roberts Tompkinsville News, January 8, 2015

EXHIBIT A



Water Management Council

December 4, 2015



**AGENDA
BRADD REGIONAL WATER MANAGEMENT COUNCIL
December 4, 2015**

12:00 p.m.

BRADD CONFERENCE CENTER

I. Lunch

II. Call to Order

III. Welcome of Guests

IV. Approval of Minutes

1. Minutes from September 16, 2015 WMC meeting have been sent to voting council members

V. Action Items

1. Endorsement of New/Amended Project Profiles
2. 2015-16 Ranking Criteria Overview
3. 2015-16 Water and Wastewater Rankings

VI. Reports

Local Updates & Discussion of Issues - Local Water and Wastewater Agencies

VII. Next Meeting Date – February 24, 2016 @ 12:00 pm (BRADD)

VIII. Adjournment

2015-2016 Project Rankings

Barren River Area Development District Water Management Council - Prioritization Process

The Barren River Water Management Council utilizes the following criteria for the prioritization of water and wastewater projects on a regional scale. The criteria has been adapted from previous versions used by the BRADD combined with examples from other ADDs resulting in a 5 tiered ranking criteria to determine a numerical point value for each project. This process provides for increased collaboration on a local level to increase awareness on the impacts (locally and regionally) of proposed projects.

County Planning Unit Councils meet at least once locally to discuss and rank potential projects. These meetings are hosted by the County Judge/Executive with each local utility, mayor and other officials invited to attend. All proposed projects are reviewed by the council and given a numerical score based on a five tiered ranking criteria including: (1. Project Type 2. Compliance with Enforcement Action 3. Funding Status 4. Project Status and 5. County Ranking). Due to the diverse composition of each planning unit, a wide variety of interests are represented and therefore collaboration and compromise are key factors throughout the ranking process. This also provides for an increased level of understanding regarding the needs of planning unit as a whole and ensures that projects providing the most benefit (both locally and regionally) receive priority.

After all Planning Unit Council meetings have been completed, a summary tabulation of project scores is created and the Area Water Management Council meets to vote and finalize the regional ranking priorities. The top five scoring projects for each county are selected for ranking, resulting in a total of 50 ranked projects each for both water and wastewater. In addition, the top 10 overall projects are comprised of those projects identified as the #1 overall priority for each county (as indicated by each planning unit during regional ranking meetings). In this way each county is assured to have one project appear in the top 10 regional ranking, thus ensuring equal opportunity throughout the region. After the top 10 the projects are ranked based on overall score. The following criteria are used to score projects:

Drinking Water

Broken down into 7 Categories (A-G) with projects receiving points in only one category.

- A. Elimination of a Public Water System (PWS) through a merger = 25 points
- B. Elimination of water treatment plant through an interconnection = 23 points
- C. Rehabilitation and or replacement of aging infrastructure = 20 points
- D. Construction of a supplemental potable/raw water supply = 17 points
- E. Construction of a new water treatment plant or expansion = 15 points
- F. Construction of a new water storage tank = 10 points

Clean Water

A. Will this project provide or continue regionalization and/or consolidation of wastewater treatment systems?

(Proposed project reduces the number of NPDES discharges by regionalization) = 25 points

B. Elimination of sewage treatment plant through an interconnection = 23 points

C. New Treatment Plant/Expanding Existing Plant = 20 points

D. Replacement and /or rehabilitation of aging infrastructure = 17 points

(The remainder of ranking criteria is the same for both Water and Wastewater Projects)

G. Economic Development

100+ jobs created or maintained - 20 points

75-99 jobs created or maintained - 19 points

50-74 jobs created or maintained - 18 points

20-49 jobs created or maintained - 15 points

10-19 jobs created or maintained - 10 points

less than 10 jobs created or maintained - 5 points

H. Extension of Service to Unserved Households

9+ households per mile - 20 points

7-8 households per mile - 19 points

5-6 households per mile - 18 points

3-4 households per mile - 15 points

1-2 households per mile - 10 points

I. Underserved Customers

80-100+ households per mile - 20 points

60-80 households per mile - 19 points

40-60 households per mile - 18 points

20-40 households per mile - 15 points

0-20 households per mile - 10 points

J. Compliance with Enforcement Action (Receive points in either A or B)

- A. Does the project address correction of a documented health threat? = 10 Points
- B. Is the project necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree? = 5 Points

K. Funding Status (Receive points in either A, B, or C)

- A. Funds committed for 50-99% of total project cost = 10 points
- B. Funds committed for 1-49% of total project cost = 5 points
- C. No funds committed for project = 0 points

L. Project Status (Can receive points in multiple categories)

- A. All necessary approvals obtained to start construction (including rights-of-way) = 20 points
- B. Engineering plans & specs submitted to DOW = 15 points
- C. Preliminary engineering report complete = 10 points
- D. Estimated engineer's budget complete = 5 points

M. County Ranking (Receive points in either A, B, C, or D)

- A. Number one ranked project = 24 points
- B. Number two ranked project = 18 points
- C. Number three ranked project = 14 points
- D. Number four ranked project = 10 points
- E. Number five ranked project = 8 Points

Safe Drinking Water Act Project Rankings:

County	Entity	PNUM	System Rank	County Rank	Regional Rank	POINTS
Monroe	MCWD	WX21171045	1	1	1	104
Edmonson	ECWD	WX21061027	1	1	2	79
Warren	BGMU	WX21227087	1	1	3	74
Simpson	Franklin	WX21213028	1	1	4	69
Logan	Lewisburg	WX21141020	1	1	5	64
Metcalfe	Edmonton	WX21169032	1	1	6	64
Allen	Scottsville	WX21003003	1	1	7	54
Barren	GLASGOW	WX21009032	1	1	8	49
Hart	Hardin County Water District #2	WX21099038	1	1	9	47
Butler	BCWD	WX21031049	1	1	10	34
Warren	WCWD	WX21227053	1	2	11	43
Hart	GRVWD	WX21099029	1	2	12	78
Monroe	TOMPKINSVILLE	WX21171013	1	2	13	58
Barren	CEA	WX21009030	1	2	14	68
Logan	East Logan	WX21141056	1	2	15	56
Metcalfe	Edmonton	WX21169025	2	2	16	48
Allen	Scottsville	WX21003001	2	2	17	53
Simpson	Franklin	WX21213027	2	3	18	53
Edmonson	ECWD	WX21061020	2	2	19	28
Butler	Morgantown	WX21031042	1	2	20	33
Hart	Bonnieville	WX21099033	1	3	21	77
Barren	GLASGOW	WX21009031	2	3	22	49
Monroe	FOUNTAIN RUN	WX21171037	1	3	23	69
Logan	Russellville	WX21141046	1	3	24	54
Metcalfe	Edmonton	WX21169030	3	3	25	54
Simpson	Franklin	WX21213029	3	5	26	48
Warren	BGMU	WX21227050	2	3	27	39
Allen	Scottsville	WX21003020	3	3	28	34
Edmonson	ECWD	WX21061005	3	3	29	44
Butler	BCWD	WX21031046	2	3	30	14
Simpson	SCWD	WX21213034	1	2	31	41
Hart	City of Munfordville	WX21099019	1	4	32	61
Logan	Auburn	WX21141023	1	4	33	65
Monroe	MCWD	WX21171029	2	4	34	50
Barren	CEA	WX21009023	2	4	35	45
Metcalfe	Edmonton	WX21169034	4	4	36	45
Warren	WCWD	WX21227028	2	4	37	40

Allen	Scottsville	WX21003014	4	4	38	30
Butler	Morgantown	WX21031039	2	4	39	30
Barren	GLASGOW	WX21009010	3	5	40	58
Hart	ECWD	WX21099035	1	5	41	48
Monroe	FOUNTAIN RUN	WX21171046	2	5	42	32
Logan	Russellville	WX21141027	2	5	43	28
Simpson	SCWD	WX21213042	2	4	44	25
Allen	Scottsville	WX21003012	5	5	45	23
Metcalfe	Edmonton	WX21169029	5	5	46	18
Butler	BCWD	WX21031028	3	5	47	18
Warren	BGMU	WX21227066	3	5	48	8

Clean Water Act Project Rankings:

County	Entity	PNUM	System Rank	County Rank	Regional Rank	POINTS
Simpson	FRANKLIN	SX21213028	1	1	1	96
MONROE	FOUNTAIN RUN	SX21171014	1	1	2	81
Logan	Auburn	SX21141048	1	1	3	79
Hart	CEA	SX21099023	1	1	4	74
Edmonson	ECWD	SX21061005	1	1	5	69
Barren	GLASGOW	SX21009034	1	1	6	64
Butler	Morgantown	SX21031009	1	1	7	60
Metcalfe	Edmonton	SX21169007	1	1	8	43
Warren	WCWD	SX21227030	1	1	9	41
Allen	Scottsville	SX21003036	1	1	10	41
Simpson	FRANKLIN	SX21213032	2	3	11	60
Barren	CEA	SX21009044	1	2	12	50
Butler	Morgantown	SX21031010	2	3	13	50
Hart	Munfordville	SX21099021	1	2	14	40
Logan	Russellville	SX21141035	1	2	15	38
MONROE	Tompkinsville	SX21171003	1	2	16	38
Metcalfe	Edmonton	SX21169011	2	2	17	38
Edmonson	ECWD	SX21061007	2	2	18	38
Allen	Scottsville	SX21003022	2	2	19	35
Warren	BGMU	SX21227074	1	2	20	18
Logan	Adairville	SX21141045	1	3	21	71
Hart	Munfordville	SX21099022	2	3	22	61
Simpson	FRANKLIN	SX21213031	3	3	23	56
Barren	GLASGOW	SX21009024	2	3	24	46
MONROE	FOUNTAIN RUN	SX21171018	2	3	25	39
Edmonson	ECWD	SX21061009	3	3	26	35
Metcalfe	Edmonton	SX21169005	3	3	27	34
Allen	Scottsville	SX21003021	3	3	28	34
Butler	BCWD	SX21031008	1	2	29	38
Warren	WCWD	SX21227027	2	3	30	31
MONROE	Tompkinsville	SX21171013	2	4	31	60
Simpson	Franklin	SX21213035	4	4	32	51
Logan	Lewisburg	SX21141042	1	4	33	47
Barren	CEA	SX21009049	2	4	34	30
Allen	Scottsville	SX21003024	4	4	35	30
Hart	CEA	SX21099006	2	4	36	28
Metcalfe	Edmonton	SX21169012	4	4	37	25

Butler	Morgantown	SX21031006	3	5	38	28
Warren	BGMU	SX21227081	2	4	39	10
Logan	Russellville	SX21141036	2	5	40	48
Barren	GLASGOW	SX21009048	3	5	41	28
MONROE	Tompkinsville	SX21171008	3	5	42	28
Allen	Scottsville	SX21003035	5	5	43	28
Butler	BCWD	SX21031003	2	4	44	28
Simpson	Franklin	SX21213017	5	5	45	28
Metcalfe	Edmonton	SX21169008	5	5	46	26
Warren	WCWD	SX21227059	3	5	47	25

EXHIBIT B

Drinking Water Branch

Violations

Return Links

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Glossary

Water System No. :	KY0860426	Federal Type :	C
Water System Name :	TOMPKINSVILLE WATER WORKS	State Type :	C
Principal County Served :	MONROE	Primary Source :	SW
Status :	A	Activity Date :	05-01-1973

****Please note:** some of these violations may have been resolved and/or returned to compliance. Please click on the violation to view more information on its compliance status.

Group Violations

Violation No.	Status	Violation Type	Violation Name	Analyte Group Code	Analyte Group Name	Water System Facility State Asgn ID	Water System Facility Name
2014-595	V	27	MONITORING, ROUTINE (DBP), MAJOR	DBPS	TTHM THAA	0860426DS001	DISTRIBUTION - TOMPKINSVILLE WATER WORKS

Total Number of Records Fetched = 1

Individual Violations

Violation No.	Status	Violation Type	Violation Name	Analyte Code	Analyte Name	Water System Facility State ID	Water System Facility Name
2016-9951016	V	43	SINGLE COMB FLTR EFFLUENT (IESWTR/LT1)	0300	IESWTR	null	null
2016-9951015	V	75	PUBLIC NOTICE RULE LINKED TO VIOLATION	7500	PUBLIC NOTICE	null	null
2016-9951014	V	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	null	null
2015-9951013	V	44	MONTHLY COMB FLTR EFFLUENT (IESWTR/LT1)	0300	IESWTR	null	null
2014-9951012	V	22	MCL (TCR), MONTHLY	3100	COLIFORM (TCR)	null	null
2012-9951009	V	44	MONTHLY COMB FLTR EFFLUENT (IESWTR/LT1)	0100	TURBIDITY	null	null
2010-9951008	V	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	null	null
2009-9951007	V	44	MONTHLY COMB FLTR EFFLUENT (IESWTR/LT1)	0100	TURBIDITY	null	null
2006-9950906	V	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	null	null
2005-9950705	V	02	MCL, AVERAGE	2456	TOTAL HALOACETIC ACIDS (HAA5)	null	null
2004-6459204	V	52	FOLLOW-UP OR ROUTINE TAP M/R (LCR)	5000	LEAD & COPPER RULE	null	null
2003-9950503	V	27	MONITORING, ROUTINE (DBP), MAJOR	2920	CARBON, TOTAL	null	null
2003-9950403	V	41	RES DISINFECT CONCENTRATION (SWTR)	0200	SWTR	null	null
2003-9950303	V	03	MONITORING, ROUTINE MAJOR	2969	P-DICHLOROBENZENE	null	null
	V	41		0200	SWTR	null	null

2003-9950103			RES DISINFECT CONCENTRATION (SWTR)				
2003-9950203	V	02	MCL, AVERAGE	2456	TOTAL HALOACETIC ACIDS (HAA5)	null	null
2002-9940702	V	02	MCL, AVERAGE	2456	TOTAL HALOACETIC ACIDS (HAA5)	null	null
2002-9688102	V	03	MONITORING, ROUTINE MAJOR	2399	PCB 1262	null	null
2002-9689802	V	03	MONITORING, ROUTINE MAJOR	2996	STYRENE	null	null
2002-9689502	V	03	MONITORING, ROUTINE MAJOR	2992	ETHYLBENZENE	null	null
2002-9690102	V	03	MONITORING, ROUTINE MAJOR	2991	TOLUENE	null	null
2002-9689002	V	03	MONITORING, ROUTINE MAJOR	2990	BENZENE	null	null
2002-9689202	V	03	MONITORING, ROUTINE MAJOR	2989	CHLOROBENZENE	null	null
2002-9689902	V	03	MONITORING, ROUTINE MAJOR	2987	TETRACHLOROETHYLENE	null	null
2002-9690702	V	03	MONITORING, ROUTINE MAJOR	2985	1,1,2-TRICHLOROETHANE	null	null
2002-9690002	V	03	MONITORING, ROUTINE MAJOR	2984	TRICHLOROETHYLENE	null	null
2002-9690902	V	03	MONITORING, ROUTINE MAJOR	2983	1,2-DICHLOROPROPANE	null	null
2002-9689102	V	03	MONITORING, ROUTINE MAJOR	2982	CARBON TETRACHLORIDE	null	null
2002-9690602	V	03	MONITORING, ROUTINE MAJOR	2981	1,1,1-TRICHLOROETHANE	null	null
2002-9690802	V	03	MONITORING, ROUTINE MAJOR	2980	1,2-DICHLOROETHANE	null	null
2002-9690202	V	03	MONITORING, ROUTINE MAJOR	2979	TRANS-1,2-DICHLOROETHYLENE	null	null
2002-9690502	V	03	MONITORING, ROUTINE MAJOR	2977	1,1-DICHLOROETHYLENE	null	null
2002-9690302	V	03	MONITORING, ROUTINE MAJOR	2976	VINYL CHLORIDE	null	null
2002-9687502	V	03	MONITORING, ROUTINE MAJOR	2067	HEPTACHLOR EPOXIDE	null	null
2002-9687402	V	03	MONITORING, ROUTINE MAJOR	2065	HEPTACHLOR	null	null
2002-9685702	V	03	MONITORING, ROUTINE MAJOR	2051	LASSO	null	null
2002-9686102	V	03	MONITORING, ROUTINE MAJOR	2050	ATRAZINE	null	null
2002-9685802	V	03	MONITORING, ROUTINE MAJOR	2047	ALDICARB	null	null
2002-9686302	V	03	MONITORING, ROUTINE MAJOR	2046	CARBOFURAN	null	null
2002-9685902	V	03	MONITORING, ROUTINE MAJOR	2044	ALDICARB SULFONE	null	null
2002-9686002	V	03	MONITORING, ROUTINE MAJOR	2043	ALDICARB SULFOXIDE	null	null
2002-9687602	V	03	MONITORING, ROUTINE MAJOR	2042	HEXACHLOROCYCLOPENTADIENE	null	null
2002-9686802	V	03	MONITORING, ROUTINE MAJOR	2041	DINOSEB	null	null
2002-9688402	V	03	MONITORING, ROUTINE MAJOR	2040	PICLORAM	null	null
2002-9686702	V	03	MONITORING, ROUTINE MAJOR	2039	DI(2-ETHYLHEXYL) PHTHALATE	null	null
2002-9688502	V	03	MONITORING, ROUTINE MAJOR	2037	SIMAZINE	null	null

2002-9688002	V	03	MONITORING, ROUTINE MAJOR	2036	OXAMYL	null	null
2002-9686602	V	03	MONITORING, ROUTINE MAJOR	2035	DI(2-ETHYLHEXYL) ADIPATE	null	null
2002-9687302	V	03	MONITORING, ROUTINE MAJOR	2034	GLYPHOSATE	null	null
2002-9687002	V	03	MONITORING, ROUTINE MAJOR	2033	ENDOTHALL	null	null
2002-9686902	V	03	MONITORING, ROUTINE MAJOR	2032	DIQUAT	null	null
2002-9686502	V	03	MONITORING, ROUTINE MAJOR	2031	DALAPON	null	null
2002-9688602	V	03	MONITORING, ROUTINE MAJOR	2020	TOXAPHENE	null	null
2002-9687902	V	03	MONITORING, ROUTINE MAJOR	2015	METHOXYCHLOR	null	null
2002-9687802	V	03	MONITORING, ROUTINE MAJOR	2010	BHC-GAMMA	null	null
2002-9687102	V	03	MONITORING, ROUTINE MAJOR	2005	ENDRIN	null	null
2002-9688902	V	03	MONITORING, ROUTINE MAJOR	2110	2,4,5-TP	null	null
2002-9688802	V	03	MONITORING, ROUTINE MAJOR	2105	2,4-D	null	null
2002-9689702	V	03	MONITORING, ROUTINE MAJOR	2969	P-DICHLOROBENZENE	null	null
2002-9689602	V	03	MONITORING, ROUTINE MAJOR	2968	O-DICHLOROBENZENE	null	null
2002-9689402	V	03	MONITORING, ROUTINE MAJOR	2964	DICHLOROMETHANE	null	null
2002-9686402	V	03	MONITORING, ROUTINE MAJOR	2959	CHLORDANE	null	null
2002-9690402	V	03	MONITORING, ROUTINE MAJOR	2955	XYLENES, TOTAL	null	null
2002-9687202	V	03	MONITORING, ROUTINE MAJOR	2946	ETHYLENE DIBROMIDE	null	null
2002-9688702	V	03	MONITORING, ROUTINE MAJOR	2931	1,2-DIBROMO-3-CHLOROPROPANE	null	null
2002-9688202	V	03	MONITORING, ROUTINE MAJOR	2383	TOTAL POLYCHLORINATED BIPHENYLS (PCB)	null	null
2002-9689302	V	03	MONITORING, ROUTINE MAJOR	2380	CIS-1,2-DICHLOROETHYLENE	null	null
2002-9691002	V	03	MONITORING, ROUTINE MAJOR	2378	1,2,4-TRICHLOROBENZENE	null	null
2002-9688302	V	03	MONITORING, ROUTINE MAJOR	2326	PENTACHLOROPHENOL	null	null
2002-9686202	V	03	MONITORING, ROUTINE MAJOR	2306	BENZO(A)PYRENE	null	null
2002-9687702	V	03	MONITORING, ROUTINE MAJOR	2274	HEXACHLOROBENZENE	null	null
2002-9665502	V	27	MONITORING, ROUTINE (DBP), MAJOR	2920	CARBON, TOTAL	null	null
2001-9547801	V	03	MONITORING, ROUTINE MAJOR	1085	THALLIUM, TOTAL	null	null
2001-9547101	V	03	MONITORING, ROUTINE MAJOR	1075	BERYLLIUM, TOTAL	null	null
2001-9546801	V	03	MONITORING, ROUTINE MAJOR	1074	ANTIMONY, TOTAL	null	null
2001-9546901	V	03	MONITORING, ROUTINE MAJOR	1005	ARSENIC	null	null
2001-9547001	V	03	MONITORING, ROUTINE MAJOR	1010	BARIUM	null	null
2001-9547501	V	03	MONITORING, ROUTINE MAJOR	1035	MERCURY	null	null

2001-9547901	V	03	MONITORING, ROUTINE MAJOR	1025	FLUORIDE	null	null
2001-9547401	V	03	MONITORING, ROUTINE MAJOR	1024	CYANIDE	null	null
2001-9547301	V	03	MONITORING, ROUTINE MAJOR	1020	CHROMIUM	null	null
2001-9547201	V	03	MONITORING, ROUTINE MAJOR	1015	CADMIUM	null	null
2001-9547701	V	03	MONITORING, ROUTINE MAJOR	1045	SELENIUM	null	null
2001-9547601	V	03	MONITORING, ROUTINE MAJOR	1036	NICKEL	null	null
2000-9476100	V	72	CCR ADEQUACY/AVAILABILITY/CONTENT	7000	CONSUMER CONFIDENCE RULE	null	null
1999-8393699	V	22	MCL (TCR), MONTHLY	3100	COLIFORM (TCR)	null	null
1999-9117399	V	52	FOLLOW-UP OR ROUTINE TAP M/R (LCR)	5000	LEAD & COPPER RULE	null	null
1994-6378194	V	03	MONITORING, ROUTINE MAJOR	1040	NITRATE	null	null

Total Number of Records Fetched = 88

EXHIBIT C

NOTICE OF VIOLATIONS (2009-2015)

Date of Violation	Nature of Violation	Pages
08/26/2009	Improper Discharge of Solids from Backwash Lagoon Into Stream.	01-09
02/26/2010	(Letter of Warning) Lack of certified distribution operator; Failure to inspect water storage tanks; Lack of proper training (system personnel lacked understanding of system's telemetry functions; Lack of Operation and Maintenance manual.	10-14
07/14/2010	Improper Discharge of Solids from Backwash Lagoon Into Stream.	15-19
12/07/2010	Violation of Operation and Maintenance Requirements Noted – failure to report that continuous chlorine monitor was not operational. Monitor had malfunctioned 14 days prior to KDOW inspection.	20-24
05/10/2011	Violation of Operation and Maintenance Requirements Noted – failure to implement and adhere to proper operation and maintenance practices; failure to report water pressure loss.	25-29
04/04/2012	Improper Discharge of Solids from Backwash Lagoon Into Stream.	30-41
05/15/2012	(Letter of Warning) Falsification of Records; Incomplete and Inaccurate Record Keeping Procedures; Failure to Report Equipment Malfunction.	42-47
07/09/2014	Improper Discharge of Solids from Backwash Lagoon Into Stream	48-50
12/16/2014	Failure to Maintain Required Records; Failure to Comply with Effluent Limitations in KPDES Permit; Failure to Report Non-compliance.	51-55
02/05/2015	(Incident Investigation) Service Interruption to Monroe County Medical Center due to unannounced service test. No Formal Action taken against Tompkinsville.	56-57
11/13/2015	Violations of Operation and Maintenance Requirements Noted – failure to properly disinfect storage tank. Impending Violation of Record Keeping Requirements Observed and Noted.	58-65
11/23/2015	Violation of Reporting Requirements – failure to report reportable incident. Several operational problems also noted.	66-72



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov
September 4, 2009

Certified No. 7006 2150 0002 5095 2815
Return Receipt Requested

Tompkinsville Water Works
ATT: Mayor Steve Carter
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20090005
Permit No. KYG640062
Monroe County, KY

Dear Mayor Carter:

This letter serves as a follow-up to a facility inspection conducted on August 26, 2009 by Blake Corbin and Brian Crump, Environmental Inspectors with the Division of Water. At the time of the inspection a significant amount of solids was observed in the stream below the backwash lagoon at the water treatment plant. I am enclosing a copy of the inspection report and photographs for your benefit.

Based on the seriousness of the violations noted, the Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

A written response outlining the corrective measures to be taken shall be submitted to the Columbia Regional Office Division of Water by **October 1, 2009**. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in cursive script that reads "Sara Sproles".

Ms. Sara Sproles,
Environmental Control Supervisor
Division of Water

Enclosure
C: John Harlan

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: Tompkinsville Water Works
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ENV20090005
County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 08/26/2009

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

Minimum Criteria Applicable to All Surface Waters. (1) The following minimum water quality criteria are applicable to all surface waters including mixing zones, with the exception that toxicity to aquatic life in mixing zones shall be subject to the provisions of 401 KAR 5:029, Section 4. Surface waters shall not be aesthetically or otherwise degraded by substances that produce objectionable color, odor, taste, or turbidity. [401 KAR 10:031]

Description of Non Compliance:

Wastewater, including solids from the backwash lagoon was allowed to flow into the adjacent stream with no operator oversight. A significant amount of solids was observed in the receiving stream.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to ensure compliance with the facility permit. Develop and implement Standard Operating Procedures for the management of the wastewater from the backwash lagoons. Restore the environment. Submit written response to the Columbia Regional Office Division of Water by **October 1, 2009** outlining the corrective measures to be taken. [401 KAR 10:031]

2 Violation Description for Subject Item AIOO0000003175():

No person shall, directly or indirectly, throw, drain, run or otherwise discharge into any of the waters of the Commonwealth, or cause, permit or suffer to be thrown, drained, run or otherwise discharged into such waters any pollutant, or any substance that shall cause or contribute to the pollution of the waters of the Commonwealth in contravention of the standards adopted by the cabinet or in contravention of any of the rules, regulations, permits, or orders of the cabinet or in contravention of any of the provisions of this chapter. [KRS 224.70-110]

Description of Non Compliance:

Wastewater, including solids from the backwash lagoon was allowed to flow into the adjacent stream with no operator oversight. A significant amount of solids was observed in the receiving stream.


The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to ensure compliance with the facility permit. Develop and implement Standard Operating Procedures for the management of the wastewater from the backwash lagoons. Restore the environment. Submit written response to the Columbia Regional Office Division of Water by **October 1, 2009** outlining the corrective measures to be taken. [KRS 224.70-110]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
Hours (8:00 AM – 4:30 PM)
Ms. Sara Sproles, Environmental Control Supervisor

Issued By: 
Ms. Sara Sproles, Environmental Control Supervisor
Date: September 4, 2009

How Delivered: Certified Certified/Registered # 7006 2150 0002 5095 2815

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Wastewater Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Site Contact: John Harlan
Title: Operator **Phone #:**
Inspection Type: Incident Investigation **Activity #:** CIV20090001
Incident IDs: 2300398
Inspection Start Date: August 26, 2009 **Time:** 12:00 AM **End Date:** August 26, 2009 **Time:** 12:00 AM
Site/Permit ID: KYG640062

Lead DEP Investigator: Brian Crump
Other DEP Investigators: Blake Corbin
External Investigators:
Persons Interviewed: Brandy White; John Harlan

General Comments: On 8/20/2009, a discharge event was initiated by personnel at the Tompkinsville WTP. After opening the effluent valve to allow the backwash lagoon to decant to Mill Creek, the operator returned to other duties. The lagoon was allowed to discharge to the receiving stream for 4-5 hours according to the operator. During the discharge event, the discharge and lagoon level was not monitored. Due to this fact, a significant amount of sludge from the lagoon was released into the receiving stream. See attached photos.

Proper notification was performed by the facility. DOW personnel responded to the incident on 8/24/2009. The inspector inquired about Standard Operating Procedures and up to date O & M manual sections concerning the discharge activity. Mr. Harlan indicated that the water plant did not have a written procedure on the backwash lagoon discharge. Improper O & M of the lagoon and associated discharge has been a frequent and recurring issue in the past.

Facility is currently pumping and land applying solids on a regular basis due to the inadequate lagoon size. The DOW inspector strongly suggested that a written procedure be created to address this violation and any future discharge events.

Overall Compliance Status: Out of Compliance- NOV

Investigation Results

SI: AIOO3175

SI Description:

Inspector Comment:

Requirement: Minimum Criteria Applicable to All Surface Waters. (1) The following minimum water quality criteria are applicable to all surface waters including mixing zones, with the exception that toxicity to aquatic life in mixing zones shall be subject to the provisions of 401 KAR 5:029, Section 4. Surface waters shall not be aesthetically or otherwise degraded by substances that produce objectionable color, odor, taste, or turbidity. [401 KAR 5:031 Section

2(1)(c)]

Compliance Status: V-Out of Compliance-NOV

Comment: Wastewater, including solids from the backwash lagoon was allowed to flow into the adjacent stream with no operator oversight. A significant amount of solids was observed in the receiving stream.

Requirement: No person shall, directly or indirectly, throw, drain, run or otherwise discharge into any of the waters of the Commonwealth, or cause, permit or suffer to be thrown, drained, run or otherwise discharged into such waters any pollutant, or any substance that shall cause or contribute to the pollution of the waters of the Commonwealth in contravention of the standards adopted by the cabinet or in contravention of any of the rules, regulations, permits, or orders of the cabinet or in contravention of any of the provisions of this chapter. [KRS 224.70-110]

Compliance Status: V-Out of Compliance-NOV

Comment: Wastewater, including solids from the backwash lagoon was allowed to flow into the adjacent stream with no operator oversight. A significant amount of solids was observed in the receiving stream.

Documentation

- | | |
|---|--|
| <input checked="" type="checkbox"/> Photos taken | <input type="checkbox"/> Record of visual determination of opacity |
| <input type="checkbox"/> Documents obtained from facility | <input type="checkbox"/> Samples taken by DEP |
| <input type="checkbox"/> Samples taken by outside source | <input type="checkbox"/> Regional office instrument readings taken |
| <input type="checkbox"/> Request for Submission of Documents | <input type="checkbox"/> Other documentation |

Inspector:



Date: 9/04/09

Received By: _____ **Title:** _____ **Date:** _____

Delivery Method: Certified

Certified Mail Number: 7006 2150 0002 5095 2815

Tompkinsville WTP – AI # 3175
KYG640062
8/24/09



Tompkinsville Water Works backwash lagoon was full at the time of the investigation. Solids level appeared approximately 4-6 inches below water line.



Lagoon discharge valve

Tompkinsville WTP – AI # 3175
KYG640062
8/24/09



Backwash lagoon discharges into spillway of city reservoir.



Spillway passes through two culverts under facility drive and enters Mill Creek. Note brownish grey sludge in waterway.

Tompkinsville WTP – AI # 3175

KYG640062

8/24/09



Note brownish grey sludge in waterway.



Note brownish grey sludge in waterway. Sludge level at the culvert was slightly lower than the water level.

Tompkinsville WTP – AI # 3175
KYG640062
8/24/09



Sludge level even with water level at creek bank.



Ambient Creek

Creek impacted by discharge



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

February 26, 2010

Certified No. 7006 2150 0002 5095 4819
Return Receipt Requested

Mayor Steve Carter
206 N Magnolia St
Tompkinsville, KY 42167

Re: Letter of Warning
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ELW20100001
PWSID: 0860426
Monroe County, KY

Dear Mayor Carter:

This letter serves as a follow-up to a drinking water incident which occurred on February 12, 2010. Apparently representatives of the City of Tompkinsville became concerned the storage tanks in the system were empty. The report received at the Columbia Regional Office at 3:30 PM indicated the tanks were empty and that "scum" from the empty tanks was entering the system. This report resulted in an Environmental Response. The city and the Monroe County Water District maintained adequate water pressure.

On February 17, 2010, Brian Crump, Environmental Inspector with the Division of Water followed up on the reported incident. Record reviews of the telemetry reports were not conclusive that the tanks were empty as reported. I am enclosing a copy of the investigation report and photographs for your benefit.

Based on the seriousness of the concerns noted, the Kentucky Department for Environmental Protection (DEP) has issued the enclosed Letter of Warning for violations discovered at your facility. Concerns were noted in the following areas:

Certified Distribution Operator: Currently the only distribution operator for the City of Tompkinsville is John Harlan. While many of Mr. Harlan's responsibilities do require monitoring and sampling in the distribution system, he does not appear to be in direct responsible charge of daily operation and maintenance issues. Apparently during this incident, Mr. Harlan was on vacation. Each public water system shall operate its water distribution system under the supervision of a certified operator who is in direct responsible charge of the system. All certified operators in direct charge shall have a valid certificate in a class equal to or higher than that required for the system under his supervision.

Tank Evaluation: Proper protection shall be given to metal surfaces by paints or other protective coatings, by cathodic protection devices, or by both. Paint systems must have prior approval from the Division of Water. Interior paints must be properly applied and cured. It is recommended that water storage tanks be evaluated for corrosion **every four years** with appropriate measures taken to ensure the structural integrity of the storage facilities is maintained. There were no records documenting tank inspections. Tank level indicators did not appear to be functional.

Operation and Maintenance Manual (O & M): Each public water system shall develop and keep on the premises, for operators and employees of the system, an O & M Manual that includes a detailed design of the system, daily operating procedures, a schedule of testing procedures for the operation of the facility, including storage and inventory requirements for materials and supplies used by the facility. The O & M Manual shall be updated as necessary and no less than annually. It appeared that Mr. Frazier has been developing and updating the O&M manual for the distribution system.

Training- At the time of the follow-up, city representatives were not knowledgeable with the functions of the telemetry system. It is highly recommended that additional training be given to the individuals responsible for monitoring the distribution system to better understand the capabilities of the telemetry program.

Please review this Letter of Warning carefully to ensure that all remedial measures are completed by the specified deadlines. A written response outlining the corrective measures to be taken shall be submitted to the Columbia Regional Office Division of Water by **March 22, 2010**. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,



Ms. Sara Sproles,
Environmental Control Supervisor
Division of Water

Enclosure

C: Harold Frazier

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

LETTER OF WARNING

To: Mayor Steve Cater
City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ELW20100001
County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 02/17/2010

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

Additional Limitations: Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Description of Non Compliance:

See attached incident report.


The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to properly operate and maintain the distribution system for the City of Tompkinsville. A written response outlining the corrective measures to be taken shall be submitted to the Columbia Regional Office Division of Water by **March 22, 2010**. [401 KAR 8:020]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
Hours (8:00 AM – 4:30 PM)
Ms. Sara Sproles, Environmental Control Supervisor

Issued By: 
Ms. Sara Sproles, Environmental Control Supervisor
Date: February 26, 2010

How Delivered: Certified Certified/Registered # 7006 2150 0002 5095 4819

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Drinking Water Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Inspection Type: Incident Investigation **Activity #:** CIV20100002
Incident IDs: 2308057
Inspection Start Date: February 17, 2010
Site/Permit ID: KY0860426

Lead DEP Investigator: Brian Crump
Persons Interviewed: Jana Dubree; Harold Frazier; Jonathon Shaw

General Comments:
Overall Compliance Status: Out of Comp- LOW

Investigation Results

SI: AIO03175

SI Description:

Inspector Comment:

Requirement: Additional Limitations: Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Compliance Status: O-Out of Comp-LOW non-recurrent Adm. or O&M

Comment: See attached incident report.

Documentation

- | | |
|---|--|
| <input checked="" type="checkbox"/> Photos taken | <input type="checkbox"/> Record of visual determination of opacity |
| <input type="checkbox"/> Documents obtained from facility | <input type="checkbox"/> Samples taken by DEP |
| <input type="checkbox"/> Samples taken by outside source | <input type="checkbox"/> Regional office instrument readings taken |
| <input type="checkbox"/> Request for Submission of Documents | <input type="checkbox"/> Other documentation |

Inspector:



Date: 2/26/10

Delivery Method: Certified
Certified Mail Number: 7006 2150 0002 5095 4819

A notification of a BWA due to “scum” in the water from an empty tank was made to the Columbia Regional Office by City of Tompkinsville Public Works director, Harold Frazier on 2/12/2010. Mr. Frazier claimed the notification was made at the request of the Mayor. The Mayor had obtained a sample of drinking water which had “scum” in it which Mr. Frazier thought indicated a low or empty tank. Mr. Frazier reported to the Division of Water Columbia Regional Office that the city had two empty tanks (Wal-mart & Baker) and the third (Belden) contained only 25%. This claim was echoed by ERT responder Bill Baker. How this fact was determined is not clear.

System telemetry indicated that the Wal-Mart tank had a level of 0.0 feet. **However, telemetry on Wal-mart tank’s water level had failed on 2/11/2010 at 4:35 am.** Pressure readings taken by the Monroe County Water District show a line pressure of 48 psi at the tank. **There does not appear to be any documentation or note by personnel that the issue of the telemetry problem was being addressed.** The Baker and Belden tank telemetry readings during the evening of the 12th were approximately 18.75 ft and 25.0 ft. It should also be noted that the tank **level indicator on the outside of the Baker tank is not functional** so visual verification of that tank level was not possible.

According to WTP operator Jonathon Shaw, the telemetry was configured so that levels in the Belden Tank communicated to the WTP high service pumps. The plant has the ability to operate one or two pumps at any given time. Water gravity flows from the Belden tank to the Baker tank. A pump station at the Baker tank site communicates with the Wal-mart tank and operates automatically based on telemetry readings of the Wal-mart tank level. Due to the failed telemetry at the Wal-mart tank, it is possible that the tank emptied and failed to call for the activation of the pump station, thus verifying the concerns of Mr. Frazier and ERT responder Baker. However, pressure readings conducted at the tank location by Rick Ross of the MCWD indicated water was present. Telemetry readings indicated that the Baker tank also had 18.75 ft. of water.

The Monroe County Water District is also served by the Tompkinsville WTP. The city and surrounding county did not lose service during the incident and only received one complaint of low pressure from an industry. The lack of problems within the two systems makes it appear unlikely that the city had two empty tanks and a low third tank as was reported.

The last documented tank inspections could not be produced. It appears that the Wal-mart and Baker tanks were last inspected when placed into service in **2000 & 2004**. The last Belden tank inspection date is **unknown**.



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

July 19, 2010

Certified No. 7006 2150 0002 5094 6807
Return Receipt Requested

Tompkinsville Water Works
Att: Mayor Steve Carter
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20100002
Permit No. KYG640062
Monroe County, KY

Dear Mayor Carter:

This letter serves as a follow-up to a release of solids which occurred on July 14, 2010 from the water treatment plant wastewater lagoon. Apparently the operator in charge forgot to close the valve which resulted in solids being released to the stream. This is the third incident where the operator forgot to close the valve and solids were released. It should be noted that these releases were reported to the Division of Water. I am enclosing a copy of the inspection report for your benefit.

Based on the seriousness of the violations noted, the Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

A written response outlining the corrective measures to be taken must be submitted to the Columbia Regional Office Division of Water by **August 23, 2010**. Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

Ms. Sara Sproles,
Environmental Control Supervisor
Division of Water

Enclosure

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: Tompkinsville Water Works
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works **AI ID:** 3175 **Activity ID:** ENV20100002
County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 07/14/2010

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item GINS0000000001(KPDES Drinking Water):

Proper Operation and Maintenance. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control and related appurtenances which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls and appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with conditions of the permit. [401 KAR 5:065 Section 1(5)]

Description of Non Compliance:

The facility is not being properly operated and maintained as required. Three incidents within the last year have been reported by the same employee. Each incident, caused by improper operation by the operator, has led to a release of solids to the receiving stream & stream degradation.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to ensure the facility is operated and maintained so that the wastewater discharge associated with drinking water plant activities is compliant with the specified KPDES permit limitations. It is recommended that appropriate Standards Operating Procedures be adopted to ensure all operators are aware of the proper backwash procedures.

Failure to comply with the remedial measures or repeated violations of this requirement may subject you and or your company to an immediate referral to the Division of Enforcement.

2 Violation Description for Subject Item GINS0000000001(KPDES Drinking Water):

Surface waters shall not be aesthetically or otherwise degraded. [401 KAR 10:031 Section 2]

Description of Non Compliance:

The waters of the Commonwealth have been degraded. A release of solids from the backwash lagoon has occurred on three occasions within the last year. Each event involved the same operator and has resulted in the degradation of Mill Creek.

The remedial measure(s), and date(s) to be completed by are as follows:


Immediately cease all discharges that are aesthetically or otherwise degrading the waters of the Commonwealth. By **August 23, 2010**, representatives of the Tompkinsville Water Treatment Plant shall submit a written plan of action and a schedule of implementation to the undersigned describing the necessary measures taken to address the non-compliance.

Failure to comply with the remedial measures or repeated violations of this requirement may subject you and or your company to an immediate referral to the Division of Enforcement. [401 KAR 10:031 Section 2]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
Hours (8:00 AM – 4:30 PM)
Ms. Sara Sproles, Environmental Control Supervisor

Issued By: 
Ms. Sara Sproles, Environmental Control Supervisor
Date: July 19, 2010

How Delivered: Certified Certified/Registered # 7006 2150 0002 5094 6807

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Wastewater Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Inspection Type: WW CEI-DW Plt KYG64 **Activity #:** CIN20100001
Incident IDs: 2315211
Inspection Start Date: July 14, 2010 **Time:** 12:00 AM **End Date:** July 14, 2010 **Time:** 12:00 AM
Site/Permit ID: KYG640062

Lead DEP Investigator: Brian Crump
Other DEP Investigators:
External Investigators:
Persons Interviewed: John Harlan; Jonathon Shaw

General Comments:
Overall Compliance Status: Out of Compliance- NOV

Investigation Results

SI: AIOO3175

SI Description:

Inspector Comment:

SI: GINS1 KPDES Drinking Water

SI Description:

Inspector Comment:

Requirement: Does the facility hold the proper KPDES permit?. [401 KAR 5:055 Section 1]

Compliance Status: C-No Violations observed

Comment:

Requirement: Are records relating to sampling/analysis, including equipment calibration logs, maintenance records, strip chart recordings, chains of custody, laboratory bench sheets, maintained for a period of at least (3) years?. [401 KAR 5:065 Section 1(10)]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Is the facility required to prepare and implement a groundwater protection plan (GPP) as specified in regulation 401 KAR 5:037? If yes, does the facility have a GPP?. [401 KAR 5:037 Section 3]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Is discharge being monitored for the parameters specified in the KPDES permit within the required timeframes?Is discharge being monitored at the outfall(s) specified in the permit?. [401 KAR 5:065 Section 1(1)(a)]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Are Discharge Monitoring Reports (DMRs) being submitted by the intervals specified in the KPDES permit?Do the DMRs indicate KPDES Permit violations?. [401 KAR 5:065 Section 1(1)(a)]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Is the facility in compliance with the reporting requirements for spills, bypasses and other releases to

the environment?. [401 KAR 5:015 Section 2]

Compliance Status: C-No Violations observed

Comment: Facility has properly reported all bypasses to the Columbia Regional Office.

Requirement: Is the facility being properly operated and maintained as specified in 401 KAR 5:065? This includes:(a) proper operation and maintenance of all facilities, systems of treatment and control, and related appurtenances which are installed or used by the permittee to achieve compliance with permit conditions;(b) proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures;(c) this provision also requires the operation of back-up or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit;(d) is the cleaning frequency of lagoons adequate to ensure compliance with the facility permit?. [401 KAR 5:065 Section 1(5)]

Compliance Status: V-Out of Compliance-NOV

Comment: The facility is not being properly operated and maintained as required. Three incidents within the last year have been reported by the same employee. Each incident, caused by improper operation by the operator, has led to a release of solids to the receiving stream & stream degradation.

Requirement: Have pollutants entered the waters of the Commonwealth?. [KRS 224.70-110]

Compliance Status: D-Out of Compliance-Violations Documented

Comment: Pollutants have entered the waters of the Commonwealth, which violated standards & regulations of the Commonwealth.

Requirement: Is the permittee in compliance with the terms of the General KPDES Permit for Wastewater Discharges Associated with Drinking Water Plant Activities?. [401 KAR 5:065 Section 1(1)(a)]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Have surface waters been aesthetically or otherwise degraded? [401 KAR 10:031 Section 2]

Compliance Status: V-Out of Compliance-NOV

Comment: The waters of the Commonwealth have been degraded. A release of solids from the backwash lagoon has occurred on three occasions within the last year. Each event involved the same operator and has resulted in the degradation of Mill Creek.

Documentation

- | | |
|--|--|
| <input type="checkbox"/> Photos taken | <input type="checkbox"/> Record of visual determination of opacity |
| <input checked="" type="checkbox"/> Documents obtained from facility | <input type="checkbox"/> Samples taken by DEP |
| <input type="checkbox"/> Samples taken by outside source | <input type="checkbox"/> Regional office instrument readings taken |
| <input type="checkbox"/> Request for Submission of Documents | <input type="checkbox"/> Other documentation |

Inspector:

Date: 7/19/10

Received By: _____ **Title:** _____ **Date:** _____

Delivery Method: Certified

Certified Mail Number: 7006 2150 0002 5094 6807



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

December 13, 2010

Certified No. 7006 2150 0002 5094 8979
Return Receipt Requested

Mayor Steve Carter
Tompkinsville Water Works
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20100004
Permit No. 0860426
Monroe County, KY

Dear Mayor Carter:

This letter serves as a follow-up to a Non-Comprehensive Inspection conducted on December 2, 2010 by Brian Crump and Blake Corbin, Environmental Inspectors with the Division of Water. At the time of the inspection it was documented that the CL-17 continuous chlorine monitor was not operational. Based on information obtained from the operator the meter had malfunctioned on November 18, 2010. This malfunction was not reported to the Division of Water.

Based on the seriousness of the violations noted, the Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.


Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in cursive script that reads "Sara Sproles".

Ms. Sara Sproles,
Environmental Control Supervisor
Division of Water

Enclosure
C: John Harlan

Issued By: 
Ms. Sara Sproles, Environmental Control Supervisor
Date: December 13, 2010

How Delivered: Certified Certified/Registered # 7006 2150 0002 5094 8979

Received By:

Title:

Date:

Delivery Method: Certified

Certified Mail Number: 7006 2150 0002 5094 8979

**COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water**

NOTICE OF VIOLATION

To: Tompkinsville Water Works
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works **AI ID:** 3175 **Activity ID:** ENV20100004
County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 12/07/2010

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

Additional Limitations:

Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Description of Non Compliance:

CL-17 continuous chlorine monitor failed on 11/18/2010 according to operator. Chlorine level has been checked periodically (every 2-4 hours) with bench meter according to operator. Lowest daily plant tap chlorine on MOR is being reported from these bench values.

The facility failed to report the failure of continuous chlorine monitoring equipment to the cabinet.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to report upsets/malfunctions to the DOW as required. Public Water Systems shall report to the Division of Water within forty-eight (48) hours the failure to comply with any provision of Chapter 8, including the failure to comply with monitoring requirements.

Failure to comply with the remedial measures or repeated violations of this requirement may subject you and or your company to an immediate referral to the Division of Enforcement.[401 KAR 8:020]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
Hours (8:00 AM – 4:30 PM)
Ms. Sara Sproles, Environmental Control Supervisor

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Drinking Water Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Site Contact: John Harlan
Title: WTP Head Operator **Phone #:** 270-487-6211
Inspection Type: DW NonComp-Surface
Inspection Start Date: December 2, 2010
Site/Permit ID: KY0860426

Lead DEP Investigator: Brian Crump
Other DEP Investigators: Blake Corbin
Persons Interviewed: John Harlan

General Comments: WTP reported to the Division of Water Columbia Regional Office on 12/7/2010 that repairs were tentatively scheduled for 12/8/2010.
Overall Compliance Status: Out of Compliance - NOV

Investigation Results

SI: AIO03175

SI Description:

Inspector Comment:

Requirement: Additional Limitations:

Water systems are subject to the requirements of 401 KAR Chapter 8. [401 KAR 8:020 Section 1(1)]

Compliance Status: V-Out of Compliance-NOV

Comment: CL-17 continuous chlorine monitor failed on 11/18/2010 according to operator. Chlorine level has been checked periodically (every 2-4 hours) with bench meter according to operator. Lowest daily plant tap chlorine on MOR is being reported from these bench values. The facility failed to report the failure of continuous chlorine monitoring equipment to the cabinet.

Documentation

Photos taken

Documents obtained from facility

Samples taken by outside source

Request for Submission of Documents

Record of visual determination of opacity

Samples taken by DEP

Regional office instrument readings taken

Other documentation

Inspector:

E-Signed by Brian Crump
VERIFY authenticity with ApproveIt

Date: 12/13/10



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov
May 31, 2011

Certified No. 7007 0710 0004 5902 0583
Return Receipt Requested

City Of Tompkinsville
Att: Mayor Jeff Profitt
206 N Magnolia
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20110001
Permit No. KY0086426
Monroe County, KY

Dear Mayor Profitt :

This letter serves as a follow-up to an incident which occurred on May 10, 2011. Apparently, the Belden water tank was drained in order for an inspector to physically enter the tank. The lowering of the water level resulted in areas of the Tompkinsville system to experience low water pressure. Based on telemetry readings, it appears approximately 400,000 gallons of chlorinated water was released from the tank. Apparently there was little or no communication provided to the general public, the operators at the water treatment plant, the purchasing system and the Division of Water about the tank evaluation. The community was not made aware of the necessity to conserve water.

For your information, chlorinated water must be disposed of in a manner which does not violate 401 KAR 10:031. Surface waters shall not be aesthetically or otherwise degraded. Based on the seriousness of the violations noted, the Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in cursive script that reads "Sara Sproles".

Ms. Sara Sproles,
Environmental Control Supervisor
Division of Water

Enclosure

**COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water**

NOTICE OF VIOLATION

To: Mayor Jeff Proffitt
City Of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works **AI ID:** 3175 **Activity ID:** ENV20110001
Discovery ID: CIV20110001 **County:** Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 05/19/2011

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Description of Non Compliance:

System has failed to implement and adhere to proper O & M practices and related system SOP's.
System has failed to properly notify the Division of Water during qualifying events.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately take the necessary actions to comply with the applicable regulations for Public Water Supplies. When a public water system experiences a line break or rupture requiring more than eight (8) hours to repair, or loss of pressure below twenty (20) pounds per square inch, loss of disinfection, or other event which may result in the contamination of the water, the public water system shall immediately report to the Cabinet by calling the Columbia Regional Office at 270-384-4734. If a report is required at a time other than normal working hours, it shall be made through the twenty-four hour environmental emergency telephone number, 1-800-928-2380.

Develop and implement Standard Operating Procedures (SOP) to ensure the proper operation and maintenance of the public water system.

Comply with 401 KAR 10:031 for the proper disposal of chlorinated water.


Other measures as determined.

[401 KAR 8:020]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
Hours (8:00 AM – 4:30 PM)
Ms. Sara Sproles, Environmental Control Supervisor

Issued By: 
Ms. Sara Sproles, Environmental Control Supervisor
Date: May 31, 2011

How Delivered: Certified Certified/Registered # 7007 0710 0004 5902 0583

On 5/10/2011, a report of low pressure in the City of Tompkinsville was made to the Division of Water Columbia regional office. The report, submitted by the City, was made in response to the draining of the 400,000 gallon "Belden" tank. The Belden tank is one of three tanks used by the City and represents 42% of the total distribution storage capacity.

The City, through Monarch Engineering, had requested and accepted a bid by Mid South Tanks to have the tank inspected. This was done in response to a noted deficiency (last tank inspection 1992) from a recent inspection. It is not clear why the tank was not inspected by submersible camera, thus eliminating the need to drain the tank. According to Harold Frazier, he was not notified of the inspection and the need to drain the tank until 5/5/11 or 5/6/11. Mr. Frazier indicated he notified John Harlan, head WTP operator, of the maintenance on 5/9/11. Mr. Harlan was off on 5/10/11 and the on site operator Jonathon Shaw indicated that no one had notified him of the work until 5/10/11.

The low pressure was reported to the City by Monroe County Water District (MCWD) personnel when a loss of service was noticed at the MCWD office. The loss of water originated from a closing of a valve in an attempt to isolate the draining tank from the system. However, this stopped service to several customers, including the hospital, along Capp Harlan Road. The valve was then immediately re-opened.

Compounding the pressure problem within the distribution system, the WTP operator on duty had not been informed about the tank maintenance and had shut off the WTP high service pumps in response to or in preparation of a filter backwash event at the plant, thus reducing system pressure. Shutting off the high service pumps allow clearwell levels to rise quickly. Water from the clearwell is used for filter backwashing. The operator then tended to outside maintenance of the WTP grounds, which meant he could not be reached by phone by distribution personnel to restart the high service pumps which would immediately increase system pressure.

MCWD never lost service as its tanks were full at the time. The City of Tompkinsville is the only supplier of the MCWD.

It was also noted that no notification of customers (including the Hospital), the Health Department, MCWD, or the Division of Water that the tank was to be removed from service was made by the City until the issuing a Boil Water Advisory was necessary.

Based on telemetry readings obtained from the WTP, the tank was full at 10: 58 am. This is the time that the tank drain was opened releasing 400,000 gallons of chlorinated water and tank sediment and debris.

Based on interviews and records review by the inspector, it appears that the City does not regularly perform O & M and therefore does not have established SOP's for performing O & M. Removal of a storage tank from service requires proper planning and notification. It does not appear that either was considered in this event. It is also apparent that there is a substantial lack of communication between the various subdivisions that comprise the City of Tompkinsville Public Works department.



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

April 20, 2012

Certified No 7006 2150 0002 5094 0218
Return Receipt Requested

Mayor Jeff Proffit
City Of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20120001
Permit No. KYG640062
Monroe County, KY

Dear Mr. Proffit:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

Proper operation and maintenance of the backwash lagoon at the plant as well as the truck used in the removal of solids should be addressed in the Facility's BMP plan. A copy of this plan, as well as a written response outlining the proper operation and maintenance of the process of removing/pumping solids from the backwash lagoon, is due at Division of Water Columbia Regional Office by **May 31, 2012**.

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in black ink that reads "Blake Corbin".

Blake Corbin,
Environmental Inspector
Division of Water

C: Columbia Office Files

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: Mayor Jeff Proffit
City Of Tompkinsville
206 N MAGNOLIA ST
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works **AI ID:** 3175 **Activity ID:** ENV20120001
Discovery ID: CIN20120001 **County:** Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 04/04/2012

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIO0000003175():

Proper Operation and Maintenance. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control and related appurtenances which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls and appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with conditions of the permit. [401 KAR 5:065 Section 2(1)] as in [40 C.F.R. 122.41(e)].

Description of Non Compliance:

The facility is not being properly operated and maintained as required. During the process of pumping out solids from the backwash lagoon, solids were allowed to overflow from the truck and eventually impacted the adjacent stream. Muddy/turbid pockets in the stream were noted from the discharge. The discharge had ceased just prior to inspection. Photos are included.

The remedial measure(s), and date(s) to be completed by are as follows:


The permittee must, at all times, properly operate & maintain the facility. With proper approval(s) from the Division of Water, upgrade/update the facility in order to meet the regulatory requirements and facility permit conditions. Proper operation and maintenance of the backwash lagoon at the plant as well as the truck used in the removal of solids should be addressed in the Facility's BMP plan. A copy of this plan, as well as a written response outlining the proper operation and maintenance of the process of removing/pumping solids from the backwash lagoon, is due at Division of Water Columbia Regional Office by **May 31, 2012**. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]


Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728

270-384-4734 (8:00 AM – 4:30 PM)
Blake Corbin, Environmental Inspector

Issued By: 
Blake Corbin, Environmental Inspector
Date: April 20, 2012

Issued By: 
Brian Crump, Environmental Control Supervisor
Date: April 20, 2012

How Delivered: Certified Certified/Registered # 7006 2150 0002 5094 0218

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Wastewater Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Inspection Type: WW CEI-DW Plt KYG64 **Activity #:** CIN20120001
Inspection Start Date: April 4, 2012 **End Date:** April 4, 2012
Site/Permit ID: KYG640062
Lead DEP Investigator: Blake Corbin
Other DEP Investigators: Brian Crump
Persons Interviewed: John Harlan
General Comments: A Notice of Violation will be issued to the city of Tompkinsville for violations found during a KYG64 inspection on this date. During the process of pumping solids out of the backwash lagoon onto a tank truck, a substantial amount of solids overflowed out of the truck and onto the ground. The majority of these solids flowed onto the creek just below the lagoon. Pictures are included showing the impact from the spill. Harold Frazier was notified of the spill and was required to report the spill to COW in Columbia.
Overall Compliance Status: Out of Compliance- NOV

Investigation Results

SI: AIOO3175

SI Description:

Inspector Comment:

Requirement: Does the facility hold the proper KPDES permit for the filter backwash discharge(s) from their public or privately owned drinking water treatment plant? [401 KAR 5:055 Section 2]. [401 KAR 5:055 Section 2]

Compliance Status: C-No Violations observed

Comment: KYG640062

Requirement: Does the permittee retain records of all monitoring information including: the date, exact place, and time of sampling or measurements; the name of the individual who performed the sampling or measurements; the dates and times analyses were performed; the name of the individual who performed the analyses; the analytical techniques or methods used; the results of the analyses; all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation; copies of all reports required by this permit; and records of all data used to complete the application for this permit, for the period required by the cabinet and at a minimum of at least three (3) years from the date of the sample, measurement, report, or application? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Has the permittee adequately developed a Best Management Practices Plan? [40 C.F.R. 122.41(a)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: E-Not Evaluated

Comment:

Requirement: Is the BMP plan required by 401 KAR 5:065 Section 2(4) and Part IV Section A (5) of the facility's permit consistent with the general guidance contained in the publication entitled "NPDES Best Management Practices Guidance Document," to include the following baseline BMPs as a minimum:

- a. BMP Committee
 - b. Reporting of BMP Incidents
 - c. Risk Identification and Assessment
 - d. Employee Training
-

-
- e. Inspections and Records
 - f. Preventative Maintenance
 - g. Good Housekeeping
 - h. Materials Compatibility
 - i. Security
 - j. Materials Inventory

If a BMP plan has not been developed, has the permittee demonstrated that the BMP requirements have been met by an existing plan? If all stormwater can not be diverted to a pit or sediment control structure, does the BMP plan address this runoff? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Has the permittee adequately implemented the BMP plan? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Is the facility required to prepare and implement a groundwater protection plan (GPP) as specified in regulation 401 KAR 5:037? If yes, does the facility have a GPP? [401 KAR 5:037 Section 3]. [401 KAR 5:037 Section 3]

Compliance Status: C-No Violations observed

Comment:

Requirement: Is the effluent in compliance with KPDES permit limitations? Do the Discharge Monitoring Reports indicate KPDES permit violations? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment: A DMR review dating back to January 2011 showed no excursions.

Requirement: Are samples taken in compliance with the monitoring requirements and taken at the following location(s): nearest accessible point after final treatment, but prior to actual discharge or mixing with receiving waters? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Is the permittee reporting monitoring results to the cabinet at the intervals specified in the permit? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Is discharge being monitored, at the specified outfall(s)/monitoring point(s), for parameters specified in the facility's permit within the required timeframe? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Are the monitoring results reported to the cabinet on a Discharge Monitoring Report (DMR)? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: C-No Violations observed

Comment:

Requirement: Did the facility notify the Division of Water by the most rapid means available whenever, by reason of emergency or accident, a spill or discharge occurs which results in pollution of the waters of the Commonwealth? [401 KAR 5:015 Section 2]. [401 KAR 5:015 Section 2]

Compliance Status: I-No Violations obs-but impending viol trends obs

Comment: A spill had occurred just prior to the inspection. The incident was not called in until operators were advised to do so by DOW.

Requirement: Is the permittee in compliance for the reporting of spills, bypasses, and non-compliance according 401 KAR 5:065 Section 2(1). [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: I-No Violations obs-but impending viol trends obs

Comment:

Requirement: Is the facility being properly operated and maintained as specified in 401 KAR 5:065? This includes: (a) proper operation and maintenance of all facilities, systems of treatment and control, and related appurtenances which are installed or used by the permittee to achieve compliance with permit conditions;(b) proper operation and maintenance also includes adequate laboratory controls, and appropriate quality assurance procedures; (c) this provision also requires the operation of back-up or auxiliary facilities or similar systems which are installed by a permittee only when the operation is necessary to achieve compliance with the conditions of the permit;(d) is the cleaning frequency of lagoons adequate to ensure compliance with the facility permit? [401 KAR 5:065 Section 2(1)].

[401 KAR 5:065 Section 2(1)]

Compliance Status: V-Out of Compliance-NOV

Comment: The facility is not being properly operated and maintained as required. During the process of pumping out solids from the backwash lagoon, solids were allowed to overflow from the truck and eventually impacted the adjacent stream. Muddy/turbid pockets in the stream were noted from the discharge. The discharge had ceased just prior to inspection. Photos are included.

Requirement: Have pollutants entered the waters of the Commonwealth? [KRS 224.70-110]. [KRS 224.70-110]

Compliance Status: D-Out of Compliance-Violations Documented

Comment: Pollutants have entered and contributed to the pollution of the waters of the Commonwealth. Sediment from the backwash lagoon had entered stream just prior to the inspection.

Requirement: Have surface waters been aesthetically or otherwise degraded? [401 KAR 10:031 Section 2]. [401 KAR 10:031 Section 2(1)]

Compliance Status: D-Out of Compliance-Violations Documented

Comment: The waters of the Commonwealth have been degraded. Several turbid areas of the stream were noted as result of the sediment discharge.

Requirement: Is the permittee in compliance with all permit conditions? [401 KAR 5:065 Section 2(1)]. [401 KAR 5:065 Section 2(1)]

Compliance Status: D-Out of Compliance-Violations Documented

Comment: The facility has failed to comply with the terms of the permit.

Documentation

- | | |
|--|--|
| <input checked="" type="checkbox"/> Photos taken | <input type="checkbox"/> Record of visual determination of opacity |
| <input type="checkbox"/> Documents obtained from facility | <input type="checkbox"/> Samples taken by DEP |
| <input type="checkbox"/> Samples taken by outside source | <input type="checkbox"/> Regional office instrument readings taken |
| <input type="checkbox"/> Request for Submission of Documents | <input type="checkbox"/> Other documentation |

Inspector: *Blake Cook*

Date: 4-20-12

Received By: _____ Title: _____ Date: _____

Delivery Method: Certified

Certified Mail Number: 7006 2150 0002 5094 0218

Tompkinsville Water Works

AI# 3175

Monroe County

04-04-2012

Blake Corbin,

Brian Crump

One area where solids from the backwash lagoon entered the adjacent stream.



Discoloration from the solids that overflowed from the truck and entered the stream.



Upstream of the stream is noticeably clearer than the area where solids entered through the drain.



Drain where solids from the backwash lagoon flowed toward stream.



Additional area where solids were spilled from the truck.





STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET

DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

May 16, 2012

Certified No. **7007 0710 0004 5902 3416**
Return Receipt Requested

Honorable Jeff Proffitt
City Of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

Re: Letter of Warning
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ELW20120001
Permit No. KY0860426
Monroe County, KY

Dear Mayor Proffitt:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Letter of Warning for violations discovered at your facility. Please review this Letter of Warning carefully to ensure that all remedial measures are completed by the specified deadlines. **A written response addressing the corrective measures to be implemented by the facility shall be submitted to the Division of Water Columbia Regional Office by June 8, 2012.**

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in cursive script that reads "Brian Crump".

Brian Crump,
Environmental Control Supervisor
Division of Water

Enclosure

COMMONWEALTH OF KENTUCKY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

LETTER OF WARNING

To: Honorable Jeff Proffitt
City Of Tompkinsville
206 N Magnolia ST
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ELW20120001
County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 05/15/2012

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Description of Non Compliance:

- Recorded AWOP Individual Filter Effluent (IFE) turbidity data did not correspond with values documented on chart recorder. The highest recorded data was less than the lowest charted value. This was an apparent falsification event that occurred over all shifts. Data and chart discrepancies were noted on 3/26/12, 3/27/12, 3/29/12, 3/30/12, & 3/31/12.
The Division of Water would like to place extreme emphasis on the issue of falsification. Not only would the offending operator be held in violation, the utility and the municipality will also be held in violation. All means available will be used to hold operators and municipalities responsible in events of falsification.
- Recordkeeping procedures are incomplete and inaccurate. IFE charts were not adequately labeled as to distinguish which chart was recording which filter. Backwash event times were not noted and all chart recorders were not programmed or set to the current time. These specific deficiencies made interpretation of possible causes for high turbidity readings impossible. Charts were not changed with the calendar days but were changed mid-day thus representing two partial days per chart.
- The chart recorder for the CI-17 residual chlorine analyzer was not operational during the time of the investigation. The equipment failure had not been reported to the Division of Water as necessary.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediate implement proper O&M measures for the facility. **A written response addressing the corrective measures to be implemented by the facility shall be submitted to the Division of Water Columbia Regional Office by June 8, 2012.**
[401 KAR 8:020 Section 1]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water

Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
270-384-4734 (8:00 AM – 4:30 PM)
Brian Crump, Environmental Control Supervisor



Issued By:

Brian Crump, Environmental Control Supervisor
Date: May 16, 2012

How Delivered: Certified

Certified/Registered # **7007 0710 0004 5902 3416**

Energy and Environment Cabinet
Department for Environmental Protection
Division of Water
Drinking Water Inspection Report

AI ID: 3175 **AI Type:** WATER-Public Water System (2213)
AI Name: Tompkinsville Water Works
AI Address: 206 N Magnolia St
City: Tompkinsville, **State:** Kentucky **Zip:** 42167
County: Monroe **Regional Office:** Columbia Regional Office
Latitude: 36.683333 **Longitude:** -85.702778
Site Contact: John Harlan
Title: WTP Head Operator **Phone #:** 270-487-6211
Inspection Type: Incident Investigation **Activity #:** CIV20120001
Incident IDs: 2346366, 2345319
Inspection Start Date: May 4, 2012
Site/Permit ID: KY0860426

Lead DEP Investigator: Brian Crump
Other DEP Investigators: Crystal Davis
Persons Interviewed: John Harlan

General Comments: See attached report.

Overall Compliance Status: O-Out of Comp-LOW non-recurrent Adm. or O&M

Investigation Results

SI: AIO03175

SI Description:

Inspector Comment: Deficient items noted: falsification of AWOP data, improper recordkeeping, failure to report residual chlorine chart malfunction.

Requirement: A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Compliance Status: O-Out of Comp-LOW non-recurrent Adm. or O&M

Comment: See attached report

Documentation

- | | |
|--|--|
| <input type="checkbox"/> Photos taken | <input type="checkbox"/> Record of visual determination of opacity |
| <input type="checkbox"/> Documents obtained from facility | <input type="checkbox"/> Samples taken by DEP |
| <input type="checkbox"/> Samples taken by outside source | <input type="checkbox"/> Regional office instrument readings taken |
| <input type="checkbox"/> Request for Submission of Documents | <input type="checkbox"/> Other documentation |



Inspector:

Date: 5/16/12

Received By: _____ **Title:** _____ **Date:**

Delivery Method: Certified

Certified Mail Number: 7007 0710 0004 5902 3416

On 5/4/12 DOW personnel from the CRO performed a follow up to a high turbidity incident reported by plant personnel on 4/3/12.

Upon arrival at the plant it was noted that the chlorine residual chart recorder had failed and plant personnel had not reported the failure to the cabinet. ECS Brian Crump instructed operator John Harlan to report the issue to the DOW-CRO immediately.

A review of turbidity data and charts was initiated by the reported incident on April 3. Plant operators reported high turbidity values to the regional office but during a follow up visit by Crystal Davis, the reported values could not be located or verified. Filter turbidity charts or recorded values on a AWOP turbidity data sheet did not reflect the reported values either. It was determined that operators were conducting turbidity readings every four hours but were not necessarily reporting the maximum value during that same four hour period on the AWOP sheet and possibly the MOR. A six month review of individual filter turbidity charts was conducted to verify if filter turbidity triggers had been exceeded and not reported. Possible filter triggers may have occurred on 2/1/12 & 2/8/12 but could not be verified as chart times were incorrect and the facility does not document times of filter backwash events. Improvement of documentation of daily activities was discussed at length with Mr. Harlan.

The records audit identified missing charts for 11/5/11 and an extra chart for 11/2/11 which had been changed to 11/12/11. Also the audit noted that IFE, clearwell, & raw/HS recorders were not documenting the correct times. The operator was strongly encouraged to correct the time issue ASAP as well as instructed on the proper strike through correction method. The audit further revealed some IFE charts that were not identified by filter #. It should be noted that both recorders use red ink making distinction between the two filters impossible. Marking the identification of the charts and possibly changing one of the pen colors to help designate between the filters was discussed with Mr. Harlan.

Audit findings also revealed apparent instances of data falsification. On 3/26-27, and 3/29-31 chart readings for both IFE's indicated 24 hour values exceeding the reported maximum filter turbidity AWOP values. An example of this; on 3/31/12 AWOP maximum turbidities reported ranged from 0.166-0.263 NTU while the chart value did not drop below 0.30 NTU for the entire day. While AWOP IFE turbidity data is not "compliance data", this fact cast serious doubt as to the integrity of the data submitted by the facility. A serious, matter of fact discussion concerning falsification and possible consequences was held with Mr. Harlan upon this discovery.

Prior to the end of the investigation, Mr. Harlan had installed a spare chart motor and repaired the residual chlorine chart recorder. Also, with the assistance of Division of Water personnel, chart recorder times were adjusted to the proper time.

A Letter of Warning is to be issued for the following deficiencies: improper recordkeeping, incomplete recordkeeping, and failing to report necessary equipment failure.

5/16/12



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

July 9, 2014

Certified No. 7006 2150 0002 5093 9281
Return Receipt Requested

City of Tompkinsville
Attn: Honorable Jeff Proffitt
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20140003
Permit No. KY0860426
Monroe County, KY

Dear Mayor Proffitt:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility during a Non-comprehensive inspection I conducted on July 3, 2013. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines.

- **Please submit a written response to Division of Water Columbia Regional Office by July 30, 2014 outlining the corrective measures to be implemented to return to a compliant status.**
- **Operator Certification is regulated by the Division of Compliance Assistance. Information concerning certification requirements, renewals, and available training courses may be directed to that Division at 502-564-2150.**

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

A handwritten signature in cursive script that reads "Brian Crump".

Brian Crump,
Environmental Control Supervisor
Division of Water

Enclosure

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ENV20140003
Discovery ID: CIN20140004 County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 07/03/2014

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Description of Non Compliance:

While the system has two certified distribution operators, both operators are assigned to the WTP. Distribution work is not being performed under the direct supervision of a properly certified distribution operator. A follow-up phone call with the Mayor revealed that one of those distribution operators would be re-assigned to the distribution system to provide proper coverage.

The remedial measure(s), and date(s) to be completed by are as follows:

Public Water Systems shall be properly operated and maintained. System shall provide proper coverage for operations requiring certification. All activities at the WTP shall be under direct supervision of a proper certified Drinking Water Treatment operator while the plant is in production. All activities performed in the operation and maintenance of the drinking water distribution system shall be performed under the direct supervision of a properly certified Drinking Water Distribution operator. **Please submit a written response to Division of Water Columbia Regional Office by July 30, 2014 outlining the corrective measures to be implemented to return to a compliant status.** Failure to comply with remedial measures specified may result in referral to Division of Enforcement. [401 KAR 8:020 Section 1]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
270-384-4734 (8:00 AM – 4:30 PM)
Brian Crump, Environmental Control Supervisor



Issued By:

Brian Crump, Environmental Control Supervisor
Date: July 9, 2014

How Delivered: Certified

Certified/Registered # 7006 2150 0002 5093 9281



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

December 29, 2014

Certified No. 7007 0710 0004 5902 4529
Return Receipt Requested

City of Tompkinsville
Attn: Mayor Jeff Proffitt
206 N Magnolia Street
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: 3175
AI Name: Tompkinsville Water Works
Activity ID: ENV20140006
Permit No. KYG640062
Monroe County, KY

Dear Mayor Proffitt:

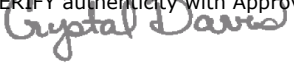
The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility during an inspection I conducted on December 16, 2014. Please review this Notice of Violation (NOV) carefully to ensure that all remedial measures are completed by the specified deadlines.

In addition to the items listed in the NOV, the following items were noted that need your attention:

- The Best Management Practices Plan requires updating and proper implementation.
- A Groundwater Protection Plan (GPP) is required to be developed for your facility.

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at 270-384-4734.

Sincerely,

E-Signed by Davis, Crystal
VERIFY authenticity with ApproveIt


Ms. Crystal Davis,
Environmental Inspector
Division of Water

Enclosure

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: City Of Tompkinsville
Attn: Mayor Jeff Proffitt
206 N Magnolia Street
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ENV20140006
Discovery ID: CIN20140007 County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 12/16/2014

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIOO0000003175():

The permittee shall retain records of all monitoring information, including all calibration and maintenance records and all original strip chart recordings for continuous monitoring instrumentation, copies of all reports required by this permit, and records of all data used to complete the application for this permit, for a period of at least three (3) years from the date of the sample, measurement, report, or application. This period may be extended by request of the cabinet at any time. [401 KAR 5:065 Section 2(1)] as in [40 C.F.R. 122.41(j)(2)].

Description of Non Compliance:

The facility has failed to maintain required records. The facility is currently taking Total Chlorine Residual samples to the WWTP to perform analysis. The sample must be analyzed within 15 minutes of sample collection. Available sample documentation was reviewed, and does not properly document sample collection time and sample analysis time.

The remedial measure(s), and date(s) to be completed by are as follows:

Upon the receipt of this notice, the permittee shall comply with all recordkeeping requirements specified in the permit. Within thirty (30) days of the receipt of this notice, the permittee shall submit a written response to the Division of Water Columbia Regional Office outlining the corrective actions to be implemented to comply with all requirements of its permit. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]

2 Violation Description for Subject Item AIOO0000003175():

The permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of the Clean Water Act and KRS 224 and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or denial of a permit renewal application. [401 KAR 5:065 Section 2(1)] as in [40 C.F.R. 122.41(a)].

Description of Non Compliance:

The facility has failed to comply with the effluent limitations contained in the permit. A review of DMRs for January 1, 2014 through November 30, 2014 was conducted. The following errors or excursions from permit limits were noted:

January 1-31, 2014	TRC 0.14 mg/L (0.011 30DA AVG) Total Phosphorus-Not marked as conditional monitoring Total Iron-Not marked as conditional monitoring pH maximum entered as 701 instead of 7.01
February 1-28, 2014	Total Iron-Not Monitored TRC 0.018 mg/L (0.011 30DA AVG)

May 1-31, 2014	TRC 0.016 mg/L, daily max not entered (0.011 30DA AVG, 0.011 30DA AVG) Flow-daily max not entered pH maximum entered as 701 instead of 7.01 Total Aluminum-daily max not entered TSS-daily max note entered
June 1-30, 2014	Daily max not entered (0.019 Daily MX) Flow-daily max not entered pH maximum not entered Total Aluminum-daily max not entered TSS-daily max not entered
July 1-31, 2014	TRC 0.012 mg/L (0.011 30DA AVG)
August 1-31, 2014	TRC 0.017 mg/L (0.011 30DA AVG)
September 1-30, 2014	TRC 0.018 mg/L (0.011 30DA AVG)
October 1-31, 2014	TRC 0.014 mg/L (0.011 30DA AVG)

The remedial measure(s), and date(s) to be completed by are as follows:

The permittee must comply with effluent limitations and all conditions of the KPDES permit. Within thirty (30) days of the receipt of this notice, the permittee shall submit a response to the Division of Water Columbia Regional Office outlining the corrective actions to be implemented to comply with all requirements of its permit. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]

3 Violation Description for Subject Item AIOO000003175():

The permittee shall report any noncompliance which may endanger health or the environment. Any information shall be provided orally within 24 hours from the time the permittee becomes aware of the circumstances. A written submission shall also be provided within 5 days of the time the permittee becomes aware of the circumstances. The written submission shall contain a description of the noncompliance and its cause; the period of noncompliance, including exact dates and times, and if the noncompliance has not been corrected, the anticipated time it is expected to continue; and steps taken or planned to reduce, eliminate, and prevent reoccurrence of the noncompliance. [401 KAR 5:065 Section 2(1)] as in [40 C.F.R. 122.41(l)6].

Description of Non Compliance:

The facility has failed to report spills, bypasses and/or non-compliance as required by 401 KAR 5:065 Section 2(1). At the time of the inspection evidence of recent sludge discharge to the stream was observed. Mr. Harlan indicated that the discharge happened the previous day (12/15/14), however a report of the discharge was not made to Division of Water as required.

The remedial measure(s), and date(s) to be completed by are as follows:

The permittee must report spills, bypasses and non-compliance as required by 401 KAR 5:065 Section 2(1). Within thirty (30) days of the receipt of this notice, the permittee shall submit a written response to the Division of Water Columbia Regional Office outlining the corrective actions to be implemented to comply with all requirements of its permit. Any permit non-compliance shall constitute a violation of the Clean Water Act and KRS 224, among which shall be the following remedies: Enforcement action, permit revocation, revocation and reissuance, or modification; or denial of permit renewal application. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]

4 Violation Description for Subject Item AIOO000003175():

Proper Operation and Maintenance. The permittee shall at all times properly operate and maintain all facilities and systems of treatment and control and related appurtenances which are installed or used by the permittee to achieve compliance with the conditions of this permit. Proper operation and maintenance also includes adequate laboratory controls and appropriate quality assurance procedures. This provision requires the operation of back-up or auxiliary facilities or similar systems which are installed by the permittee only when the operation is necessary to achieve compliance with conditions of the permit. [401 KAR 5:065 Section 2(1)] as in [40 C.F.R. 122.41(e)].

Description of Non Compliance:

The facility is not being properly operated and maintained as required. Sludge is not being removed from the lagoon, at the desired rate, impacting capacity. The diminished capacity is causing the treatment plant to alter operation and maintenance. Backwash procedures have been altered to minimize volume discharged to the lagoon.

The remedial measure(s), and date(s) to be completed by are as follows:

The permittee must, at all times, properly operate & maintain the facility. With proper approval(s) from the Division of Water, upgrade/update the facility in order to meet the regulatory requirements and facility permit conditions. Within thirty (30) days of the receipt of this notice, the permittee shall submit a response to the Division of Water Columbia Regional Office outlining the corrective actions to be implemented to comply with all requirements of its permit. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]

5 Violation Description for Subject Item AIOO000003175():

No person shall, directly or indirectly, throw, drain, run or otherwise discharge into any of the waters of the Commonwealth, or cause, permit or suffer to be thrown, drained, run or otherwise discharged into such waters any pollutant, or any substance that shall cause or contribute to the pollution of the waters of the Commonwealth in contravention of the standards adopted by the cabinet or in contravention of any of the rules, regulations, permits, or orders of the cabinet or in contravention of any of the provisions of this chapter. [KRS 224.70-110]

Description of Non Compliance:

Pollutants have entered and contributed to the pollution of the waters of the Commonwealth.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately cease all activity, which is contributing or has contributed to the pollution of the waters of the Commonwealth. Within thirty (30) days of the receipt of this notice, the permittee/responsible party shall submit a written plan of action and a schedule of implementation to the undersigned describing the necessary measures taken to address the non-compliance. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [KRS 224.70-110]

6 Violation Description for Subject Item AIOO000003175():

Surface waters shall not be aesthetically or otherwise degraded. [401 KAR 10:031 Section 2(1)]

Description of Non Compliance:

The waters of the Commonwealth have been degraded.

The remedial measure(s), and date(s) to be completed by are as follows:

Immediately cease all discharges that are aesthetically or otherwise degrading the waters of the Commonwealth. The effluent must be brought into compliance so as to eliminate stream degradation. Within thirty (30) days of the receipt of this notice, the permittee/responsible party shall submit a written plan of action and a schedule of implementation to the undersigned describing the necessary measures taken to address the non-compliance. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and/or your company to an immediate referral to the Division of Enforcement. [401 KAR 10:031 Section 2(1)]

7 Violation Description for Subject Item AIOO000003175():

The permittee must comply with all conditions of this permit. Any permit noncompliance constitutes a violation of the Clean Water Act and KRS 224 and is grounds for enforcement action; for permit termination, revocation and reissuance, or modification; or denial of a permit renewal application [401 KAR 5:065 Section 2(1)] as in . [40 C.F.R. 122.41(a)].

Description of Non Compliance:

The facility has failed to comply with the terms of the permit. The facility is improperly performing pH monitoring. The pH meter calibration log indicates the facility is performing buffer verification on the 7.0 and 10.0 buffers daily. Buffer readings on multiple dates were observed to be outside acceptable limits. When further discussing the pH calibration, it was determined that actual calibration of the instrument was not being performed and only verification readings were being taken. The facility should update the current pH calibration log to include all pertinent information (buffer manufacturer, lot #, expiration date, slope, and verification readings, as well as acceptable ranges for slope and buffer readings).

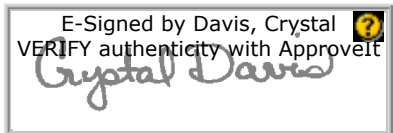
The remedial measure(s), and date(s) to be completed by are as follows:

Comply with all conditions of the KPDES permit. Within thirty (30) days of the receipt of this notice, the permittee/responsible party shall submit a written plan of action and a schedule of implementation to the undersigned describing the necessary measures taken to address the non-compliance. Failure to comply with the remedial measures or repeated violations of this requirement may subject you and or your company to an immediate referral to the Division of Enforcement. [401 KAR 5:065 Section 2(1)]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

If you have questions or need further information, write or call the undersigned:

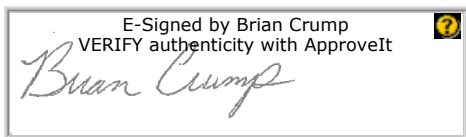
Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
270-384-4734 (8:00 AM – 4:30 PM)
Ms. Crystal Davis, Environmental Inspector



E-Signed by Davis, Crystal
VERIFY authenticity with ApproveIt
Crystal Davis

Issued By:

Ms. Crystal Davis, Environmental Inspector
Date: December 29, 2014



E-Signed by Brian Crump
VERIFY authenticity with ApproveIt
Brian Crump

Issued By:

Brian Crump, Environmental Control Supervisor
Date: December 29, 2014

How Delivered: Certified Certified/Registered # 7007 0710 0004 5902 4529

Incident Investigation
Tompkinsville Water Works – AI 3175
2/5/2015

On February 4, the Division of Water Columbia Regional Office received a complaint that the water service had been interrupted to the Monroe County Medical Center and surrounding area for approximately 3 hours on the prior evening. No reports or notifications had been made by the system concerning the event at that time. Division of Water contacted the system and directed them to issue a BWA for the affected area.

On February 5, 2015 an investigation was conducted to determine the cause of the Feb.3 incident. Inspectors Brian Crump, Crystal Davis, and Steven Tupman began the investigation by testing Chlorine levels within the Monroe County Medical Center. The free chlorine was tested to be 1.92mg/L and the total Chlorine was tested to be 2.05 mg/L. Inspectors then interviewed David Rich who is the Director of Plant operations at the hospital. Mr. Rich confirmed that the water supply was shut off without prior warning and that such events were documented in a facility log. That information was supplied to the Division of Water by Mr. Rich. Mr. Rich stated that they have contingency plans for potable water but cannot compensate for sanitation/toilets during unanticipated outages.


Inspectors then spoke with Irvin who was a maintenance employee. Irvin stated that on the evening of February 3, he was called to work in response to the emergency water pumps being activated. He attempted to contact the water plant to gain understanding of why the loss of water occurred. Irvin also stated that he received a busy signal for a great length of time. He eventually spoke with Timmy Walden at about 9:45pm. It appears that water service was restored around 9:45 P.M.

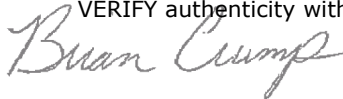
Inspectors then met with Leslie Page (City Clerk), Harold Carter (Public Works Superintendent), and Josh Coleman (System employee). It was reported to the Division of Water that the city of Tompkinsville received a grant which would pay for the Belden tank to be drained, cleaned, and painted. City crews determined that the effects of removing the tank from service would be tested by shutting off the water supply to the tank to see how it affected the surrounding serviced area, thus causing all nearby homes, restaurants, and medical facilities to be without water supply without any prior warning.

Mr. Carter indicated that he was responsible for the shutdown of the water tank which led to the absence of water supply to the hospital and that he did this under the approval of John Harlan, who is the certified operator over the drinking water plant and the distribution system. Mr. Carter confirmed that they ran the test to determine which areas would be affected when the actual repairs were carried out. Test was conducted at 8:00 PM without the supervision of the Distribution operator and at a time when system staff was not present to assist in restoration of service to the affected area.

Representatives of the City were then provided with necessary information from Division of Water personnel addressing persistent non-compliance issues within the system. Topics discussed included:

- BWA SOP including notification of cabinet and affected facilities
- Distribution operator requirements
- Proper system and plant operator coverage – Back up operators
- Recording keeping (Complaint log, leak log, Bac T samples)
- Past NOV's and Sanitary Survey Deficiencies
- Proper flushing
- System pressure requirements and making repairs under pressure
- Backflow prevention and cross connection programs.
- Proper system O & M – Cannot shut off Belden tank unless contingency plan is in place or tank can be isolated and area fed from another source.
- KYG64 KPDES permit requirements
- DWM was present to discuss land application of WTP backwash sludge.

E-Signed by Brian Crump
VERIFY authenticity with ApproveIt 



2/11/15



STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

November 30, 2015

Certified No. **7007 0710 0004 5902 9845**
Return Receipt Requested

Mayor Scotty D. Turner
City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

Re: Notice of Violation
AI ID: **3175**
AI Name: **Tompkinsville Water Works**
Activity ID: **ENV20150005**
PWSID No. **KY0860426**
Monroe County, KY

Dear **Mayor Turner**:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility during an investigation I conducted on November 13, 2015. The nature of the investigation was the reported release of "superchlorinated" water from the disinfection of the Belden tank back into the distribution system. Due to improper isolation of the tank from the distribution system, 110,000 gallons of "superchlorinated" water was released into the city and county distribution system. Upon investigation, it was determined that the tank had not been disinfected adequately and the released product was within acceptable disinfection levels. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines. **Based upon the significance of the violation, you are being referred to the Division of Enforcement. You may expect further correspondence from that Division.**

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at **270-384-4734**.

Sincerely,

An e-signature box containing a handwritten signature and a yellow question mark icon. The text above the signature reads "E-Signed by Josh Pedigo" and "VERIFY authenticity with e-Sign".

E-Signed by Josh Pedigo
VERIFY authenticity with e-Sign

Josh Pedigo,
Environmental Inspector
Division of Water

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: Mayor Scotty D. Turner
City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ENV20150005
Discovery ID: CIV20150002 County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 11/13/2015

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIO0000003175():

A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Description of Non Compliance:

see attached document.

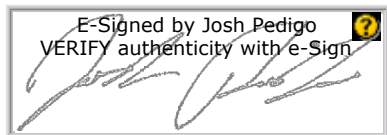
The remedial measure(s), and date(s) to be completed by are as follows:

Distribution system shall be properly operated and maintained per Division of Water regulations. **Based upon the significance of the violation, you are being referred to the Division of Enforcement. You may expect further correspondence from that agency. [401 KAR 8:020 Section 1]**

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

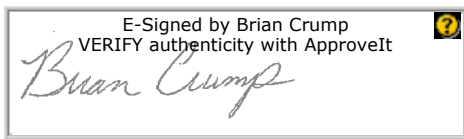
If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
270-384-4734 (8:00 AM – 4:30 PM)



Issued By:

Josh Pedigo, Environmental Inspector
Date: November 30, 2015



Issued By:

Brian Crump, Environmental Control Supervisor

Date: **November 30, 2015**

How Delivered: **Certified**

Certified/Registered # **7007 0710 0004 5902 9845**

**ENERGY AND ENVIRONMENT CABINET
KENTUCKY DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Routine Distribution Inspection**

Site/Permit ID: KY0860150	Division: Water	Regional Office: Columbia
Site Name: Tompkinsville Water Works	Program: Drinking Water	
Site Address: 206 N. Magnolia		
City: Tompkinsville	State: KY	Zip: 42167 County: Monroe
Inspection Type: Routine Distribution	Purpose: Complaint Investigation	AI #: 3175
Inspection Date: 11/13/15	Time: Start AM End PM	
Latitude: 36 41 0.66	Longitude: 85 42 6.5445	
Coordinate Collection Method: G40-Without differential correction		Revision Code:
112108		
Drinking Water Data		
Plant Name: Tompkinsville	Contact Name: John Harlan	
Phone No.: 270-487-6211	Fax No:	Email Address:

I. Administrative Requirements

Comments: O&M manual and Distribution Map have been updated. O&M manual should reflect current system conditions. O&M manual should be reviewed annually and revised as needed. Map should reflect line size, cutoff valves, fire hydrants, flush hydrants, tanks, booster pumps, chlorination stations, emergency/alternative source connections, master meters, and piping material and its location within the system. The system has BWA procedures written and are in place in case of a BWA has to be issued.

I. Compliance Status - No violations observed

II. Operator Certification/Accreditation Requirements

Operator in Charge and on duty.

Operator Name	Plant Certification #	Distribution Certification #
John Harlan		2352 IID
Danny Stinson		II D
Timmy Walden		ID

Comments: Danny Stinson was in charge of the distribution system at the time of the Investigation. John Harlan has been on the monthly MOR reports that are sent in to the Division of Water, however he stated that he had nothing to do with the distribution side of the water department. Although Mr. Harlan is on the MORs turned in every month Mr. Stinson has been the acting distribution manager for the Tompkinsville Water System.

II. Compliance Status - No violations observed

III. Record Keeping Requirements

Comments: The system does not have a complaint log, Leak Log, or Flushing records on hand. Leak records should include date & location of break, time of discovery, population affected, length of repair time, date & time of disinfection residual detection, and date & time of bacteriological samples. This needs to be logged when any issues occur. Also need to account for the water flushed during the flushing program and add to water loss for that month.

III. Compliance Status - No violations obs- but impending viol trends obs

IV. Reporting Requirements

Comments: The system shall report to the Division of Water Columbia Regional Office any event where distribution pressure is 20 psi or lower, any disruption of main line service within the system, any leak which requires longer than eight hours to repair, and any turbidity issues where turbidity readings are 5 NTU's or greater.

IV. Compliance Status - No violations observed

V. Operation & Maintenance/Performance Requirements		
Plant Type:	<input checked="" type="checkbox"/> C <input type="checkbox"/> N <input type="checkbox"/> P	Service Connections:1176 Population Served:3416
Average Purchased MGD:	Max. Purchased MGD:	Contract Amount MGD:
Source:	Seller PWSID:	Multiple Sellers <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

RATING CODES: S1 = No Violations Observed; S2= No Violations Observed-but impending viol trends obs; U1 = Out of Compliance-No action taken; U2= Out of Compliance-LOW non-recurrent Adm. or O & M; U3= Out of Compliance-NOV Issued; NA = Not Applicable; NE = Not Evaluated. (Add additional comments if U1-U3.)

SELLER INFORMATION	Seller # 1	Name	PWSID#	Contract Amount:
	Seller # 2	Name	PWSID#	Contract Amount:
	Seller # 3	Name	PWSID#	Contract Amount:
	Seller # 4	Name	PWSID#	Contract Amount:
	Seller # 5	Name	PWSID#	Contract Amount:
	STORAGE TANK INFORMATION	RATING	Equipment / Inspection Data	<input checked="" type="checkbox"/> Checking block means item is present:
NI		a) Storage Tank 1 Size:250,000 Name: Baker Hill	Screened Vent: <input checked="" type="checkbox"/> Overflow <input checked="" type="checkbox"/> Telemetry: <input checked="" type="checkbox"/>	Last Cleaned: Coating condition:
NI		b) Storage Tank 2 Size:250,000 Name: Walmart	Screened Vent: <input checked="" type="checkbox"/> Overflow <input checked="" type="checkbox"/> Telemetry: <input checked="" type="checkbox"/>	Last Cleaned: Coating condition:
U3		c) Storage Tank 3 Size:400,000 Name: Beldon	Screened Vent: <input checked="" type="checkbox"/> Overflow <input checked="" type="checkbox"/> Telemetry: <input checked="" type="checkbox"/>	Last Cleaned:11/15 Coating condition:
NI		d) Storage Tank 4 Size:150,000 Name: Industrail	Screened Vent: <input checked="" type="checkbox"/> Overflow <input checked="" type="checkbox"/> Telemetry: <input checked="" type="checkbox"/>	Last Cleaned: Coating condition:
		e) Storage Tank 5 Size: Name:	Screened Vent: <input type="checkbox"/> Overflow <input type="checkbox"/> Telemetry: <input type="checkbox"/>	Last Cleaned: Coating condition:
		f) Storage Tank 6 Size: Name:	Screened Vent: <input type="checkbox"/> Overflow <input type="checkbox"/> Telemetry: <input type="checkbox"/>	Last Cleaned: Coating condition:
		g) Storage Tank 7 Size: Name:	Screened Vent: <input type="checkbox"/> Overflow <input type="checkbox"/> Telemetry: <input type="checkbox"/>	Last Cleaned: Coating condition:
		Name:	Last Cleaned: Coating condition:	

		h) Storage Tank 8 Size:	Screened Vent: <input type="checkbox"/> Overflow <input type="checkbox"/> Telemetry: <input type="checkbox"/>
		Name:	Last Cleaned: Coating condition:
GENERAL INFORMATION	S1	j) Master meter <input checked="" type="checkbox"/>	Last Calibrated: Recorder: <input type="checkbox"/>
	S1	k) Flushing Schedule	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No/ Frequency: <u>once/ year</u>
	S1	l) Chlorine Test Kit <input checked="" type="checkbox"/>	Type: <u>Colorimeter</u> Last calibrated
	S1	m) DPD reagent up-to-date	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	S1	n) Blow-off / Hydrants on dead	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	NI	o) Monthly operating reports	<input type="checkbox"/> Daily Record Sheet <input type="checkbox"/> Agreement: <input type="checkbox"/>
	NI	p) Bacteriological monitoring	Samples per mo. <u>10</u> Records: <input checked="" type="checkbox"/>
BOOSTER PUMPS		q) <input type="checkbox"/> Booster pumps <input type="checkbox"/> Disinfection	Capacity Disinfection Type:
		r) <input type="checkbox"/> Booster pumps <input type="checkbox"/> Disinfection	Capacity Disinfection Type:
		s) <input type="checkbox"/> Booster pumps <input type="checkbox"/> Disinfection	Capacity Disinfection Type:
ON SITE OBSERVATIONS	S1	t) Site Data: <u>Wal Mart</u>	Cl. Free: <u>1.60</u> Total: pH:
	S1	u) Site Data: <u>Monroe Hospital</u>	Cl. Free: <u>1.37</u> Total: pH:
	S1	v) Site Data: <u>City Hall</u>	Cl. Free: <u>1.56</u> Total: pH:
	S1	w) Site Data: <u>Nursing Home</u>	Cl. Free: <u>1.57</u> Total: pH:
OTHER INFORMATION	S1	x) Cross connection program	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	S1	y) Water meter replacement	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	S1	z) Valve exercise program	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
	S1	aa) Is unaccounted for water	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes what is % loss? <u>24</u>
	S1	bb) Up to date distribution map	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Comments: During the painting process of the Beldon Tank the contracting company C&S Services was hired to properly disinfect the tank. Mr. Stinson who was in charge of the distribution system had been in contact with the Division of Water with concerns on the proper disinfection method to use. Mr. Stinson chose the (50) ppm to (25) ppm method.

A water distribution system shall disinfect with chlorine or chlorine compounds in amounts that shall produce a concentration of at least fifty (50) ppm and a residual of at least twenty-five (25) ppm at the end of twenty-four (24) hours, and the disinfection shall be followed by a thorough flushing. With the tank painting being completed the system began disinfection of the tank. The system used 8 pounds of HTH granulated chlorine with a 67 percent purity for a 400,000 gallon tank. Using the pounds formula this is not a sufficient amount to reach the 50 ppm level for disinfection. The tank then was to be isolated for the 24 hour hold; however the tank emptied into the Tompkinsville system within 6 hours.

After this discharge the Division of Water was contacted and a DO NOT USE was issued because at this point it had been reported that 50 ppm of super chlorinated water was released into the system. With testing done during the night the highest chlorine reading that was taken at the Monroe nursing home was a 2.77. This confirmed that the tank did not have the proper ppm dosage and the system put an improperly disinfected tank online and into the system instead of releasing super chlorinated water.

V. Compliance Status - Out of Compliance- NOV

VI. Discharge/Emission Compliance
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Comments:

VI. Compliance Status - Not Applicable

VII. Monitoring/Analyses Evaluation

Comments:

VII. Compliance Status - No violations observed

VIII. Environmental /Health Impact

Work Site Hazard Assessment: ATTACHED REVIEWED

Comments:

VIII. Compliance Status – No violations observed

IX. Documentation

- Samples taken by DEP
- Samples taken by outside source
- Instrument readings taken by DEP regional office
- Photographs obtained by DEP
- Copies of records obtained by DEP
- Other documentation

Inspector: Josh Pedigo	Title: Environmental Inspector I	Date: 11/13/2015
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Signature: 

Overall Compliance Status
<input type="checkbox"/> No violations observed
<input type="checkbox"/> No violations observed, but impending violation trends observed
<input type="checkbox"/> Out of Compliance- No action taken
<input type="checkbox"/> Out of Compliance- LOW Non-recurrent administrative or O & M
<input checked="" type="checkbox"/> Out of Compliance – NOV

Comments:

Delivery Method: Certified Mail	Cert. Mail #: 7007 0710 0004 5902 9845
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STEVEN L. BESHEAR
GOVERNOR

LEONARD K. PETERS
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Division of Water
2751 Campbellsville Rd
Columbia, KY 42728
www.kentucky.gov

November 30, 2015

Certified No. **7007 0710 0004 5902 9852**
Return Receipt Requested

Mayor Scotty D. Turner
City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167


Re: Notice of Violation
AI ID: **3175**
AI Name: **Tompkinsville Water Works**
Activity ID: **ENV20150006**
PWSID No. **KY0860426**
Monroe County, KY

Dear **Mayor Turner**:

The Kentucky Department for Environmental Protection (DEP) has issued the enclosed Notice of Violation for violations discovered at your facility during an investigation I conducted on November 23, 2015. The nature of the investigation was failure of treatment equipment at the water treatment plant which led to elevated turbidity limits entering the clearwell and distribution system. Also, during the investigation, several additional issues were documented at the plant. Please review this Notice of Violation carefully to ensure that all remedial measures are completed by the specified deadlines. **Based upon the significance and recurring non-compliance of the system, you are being referred to the Division of Enforcement. You may expect further correspondence from that Division.**

Your cooperation and attention to this matter is appreciated. If you have any questions, please contact me at **270-384-4734**.

Sincerely,

E-Signed by Josh Pedigo
VERIFY authenticity with e-Sign


Josh Pedigo,
Environmental Inspector
Division of Water

COMMONWEALTH OF KENTUCKY
ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
Division of Water

NOTICE OF VIOLATION

To: Mayor Scotty D. Turner
City of Tompkinsville
206 N Magnolia St
Tompkinsville, KY 42167

AI Name: Tompkinsville Water Works AI ID: 3175 Activity ID: ENV20150006
Discovery ID: CIV20150003 County: Monroe
Enforcement Case ID:
Date(s) Violation(s) Observed: 11/23/2015

This is to advise that you are in violation of the provisions cited below:

1 Violation Description for Subject Item AIO0000003175():

A public or semipublic water system shall be subject to the requirements of 401 KAR Chapter 8, except those exempted in 40 CFR 141.3, effective July 1, 2007. [401 KAR 8:020 Section 1]

Description of Non Compliance:

See attached documents.

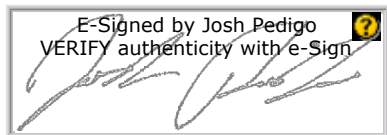
The remedial measure(s), and date(s) to be completed by are as follows:

Facility shall be properly operated and maintained per Division of Water regulations. Based upon the repeated significant non-compliance, you are being referred to the Division of Enforcement. You may expect further correspondence from that Division. [401 KAR 8:020]

Violations of the above cited statute(s) and/or regulation(s) are subject to a civil penalty per day per violation. Violations carry civil penalties of up to \$25,000 per day per violation depending on the statutes/regulations violated. In addition, violations may be concurrently enjoined. Compliance with remedial measures and their deadlines does not provide exemption from liability for violations during the period of remediation, nor prevent additional remedial measures from being required.

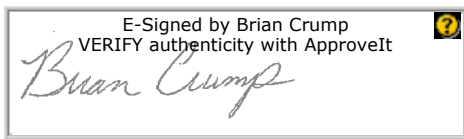
If you have questions or need further information, write or call the undersigned:

Division of Water
Columbia Regional Office
2751 Campbellsville Rd
Columbia, KY 42728
270-384-4734 (8:00 AM – 4:30 PM)



Issued By:

Josh Pedigo, Environmental Inspector
Date: November 30, 2015



Issued By:

Brian Crump, Environmental Control Supervisor

Date: **November 30, 2015**

How Delivered: **Certified**

Certified/Registered # **7007 0710 0004 5902 9852**

**ENERGY AND ENVIRONMENT CABINET
KENTUCKY DEPARTMENT FOR ENVIRONMENTAL PROTECTION
DIVISION OF WATER
Routine Surface Inspection**

Site/Permit ID: KY0860150	Division: Water	Regional Office: Columbia
Site Name: Tompkinsville Water Works	Program: Drinking Water	
Site Address: 206 N. Magnolia		
City: Tompkinsville	State: KY	Zip: 42167 County: Monroe
Inspection Type: Routine Surface	Purpose: Complaint Investigation	AI #: 3175
Inspection Date: 11/23/15	Time: Start AM End AM	
Latitude: 36 41 0.66	Longitude: 85 42 6.545	
Coordinate Collection Method: G40-Without differential correction		Revision Code:
112108		
Drinking Water Data		
Plant Name: Tompkinsville WTP	Contact Name: John Harlan	
Phone No.: 270-487-6211	Fax No:	Email Address:

I. Administrative Requirements

Comments:

I. Compliance Status - No violations observed

II. Operator Certification/Accreditation Requirements

Operator in Charge or on duty.

Operator Name	Plant Certification #	Distribution Certification #
John Harlan	524 IIIA	2352 IID
Jonathan Shaw	13169 IIIA	
Charles Graves	16995 IIIA	

Comments: [Sherri Proffit 24535 IIA, 17243 IID.](#) As Division of Water was on site for the investigation the operator in charge was attempting to leave and leave a unlicensed operator in charge of the plant. This can not occur and will need to be addressed.

II. Compliance Status - No violations observed

III. Record Keeping Requirements

Comments: [Scada system not fully functional.](#) See comments below.

III. Compliance Status - No violations observed

IV. Reporting Requirements

Comments: The system shall report to the Division of Water Columbia Regional Office any event where distribution pressure is 20 psi or lower, any disruption of main line service within the system, any leak which requires longer than eight hours to repair, and any turbidity issues. The Division of Water was not notified as to the incident that was going on until after 8 AM on 11/23/15 and BWA information was not reported until 4:30 pm on 11/23/15.

IV. Compliance Status - Out of Compliance - NOV

V. Operation & Maintenance/Performance Requirements

Plant Type: C N P Service Connections: 1150 Population Served: 3416
Average Production MGD: 1.4 Max. Production MGD: 2.0 Design Capacity MGD: 2.5
Source: Mill Creek Lake

RATING CODES: S1=No Violations Observed; S2=No Violations Obs-but impending viol trends obs; U1=Out of Compliance-No action taken; U2= Out of Comp-LOW non-recurrent Adm. or O & M; U3= Out of Compliance-NOV; NA = Not Applicable; NE = Not Evaluated. (Add additional comments if U1-U3.)

	RATING	Equipment / Inspection Data	<input checked="" type="checkbox"/> Checking block means item is present:
CHEMICAL & PHYSICAL TREATMENT	NI	a) Intakes, pumps, piping <input type="checkbox"/>	# Of Levels ³ # Pumps ⁰ Max pump. ^{Max Pump.}
	NA	b) Aeration <input type="checkbox"/>	
	S1	c) Rapid mix <input type="checkbox"/>	Type: <u>Mechanical paddle</u> If other:
	S1	d) Flocculation <input checked="" type="checkbox"/>	# of Stages ² # of Trains ² Variable Speed ^{Yes}
	S1	e) Sedimentation <input checked="" type="checkbox"/>	Type: <u>Conventional w/ tubes</u> # of trains: ²
	U3	f) Chemical feed coagulation	<u>Polyaluminum Cl/SO4</u>
	U3	g) Carbon Feed: <input type="checkbox"/>	Feed Site ¹ : Feed Site ² :
	S1	h) Filters & controls	<u>Dual Media</u> Filter to Waste <input checked="" type="checkbox"/>
	S1	i) Filters / size sq.ft each./ rate	# ² Size ²⁶⁶ Filtration Rate: ¹
	S1	j) Automatic analyzers:	Chlorine: <input checked="" type="checkbox"/> Turbidity: <input checked="" type="checkbox"/> Each filter: <input checked="" type="checkbox"/> pH: <input type="checkbox"/>
	S1	k) Chemical storage:	Dry on pallets? <input checked="" type="checkbox"/> Chemical containment: <input checked="" type="checkbox"/>
	S1	l) Clearwell / screened vents	Size: ^{309,178} Baffling: <input checked="" type="checkbox"/> Locked <input checked="" type="checkbox"/> Screened <input type="checkbox"/>
	S1	m) Pumps # and size in gpm	High Service ³ @ ²³⁴⁰ Backwash ¹ @ ⁵³²⁰
	SITE DATA	n) Site Data:	Cl. Free: Total: pH: :
o) Site Data:		Cl. Free: Total: pH:	
p) Site Data:		Cl. Free: Total: pH:	
q) Site Data:		Cl. Free: Total: pH:	
DISINFECTION	S1	r) Disinfection Pre: <input type="checkbox"/> Post: <input checked="" type="checkbox"/>	Pre Type: Post type: Chlorine gas
	S1	s) Automatic chlorinator <input type="checkbox"/>	Automatic changeover <input checked="" type="checkbox"/> Proper Fan <input checked="" type="checkbox"/>
	S1	t) Separate room & ventilation	Crash Bar <input checked="" type="checkbox"/> Alarm <input checked="" type="checkbox"/>
	S1	u) Safety equipment	SCBA <input checked="" type="checkbox"/> Ammonia <input checked="" type="checkbox"/> Detector <input checked="" type="checkbox"/>
LABORATORY & RECORDS	S1	v) Laboratory equipment	Adequate Space <input checked="" type="checkbox"/> Equipment <input checked="" type="checkbox"/> Lighting : <input checked="" type="checkbox"/>
	S1	(1) Turbidimeter <input checked="" type="checkbox"/>	Type: <u>Hach 2100N</u> Last calibrated: <u>1-20-15</u>
	NI	(2) Adequate reagent supply	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	NI	(3) Chlorine Test Kit <input type="checkbox"/>	Type: DPD reagent up-to-date: <input type="checkbox"/> Y <input type="checkbox"/> N
	S1	w) Monthly operating reports	<input checked="" type="checkbox"/> Daily Record Sheet <input checked="" type="checkbox"/> Agreement: <input checked="" type="checkbox"/>
S1	x) Housekeeping	<u>Good</u>	

DISTRIBUTION	NI	y) Master meter ; Recorder	Raw: <input type="checkbox"/> Finished: <input type="checkbox"/> ; Raw: <input type="checkbox"/> Finished: <input type="checkbox"/>
	NI	z) Blowoffs / hydrants; flushing	Flushing Schedule: <input type="checkbox"/> Blowoffs on deadends: <input type="checkbox"/>
	NI	aa) Water storage:	# of Tanks Total Storage:
	NI	bb) Booster pumps / chlorinators	Booster pumps: <input type="checkbox"/> Booster chlorinators: <input type="checkbox"/>
PLANT ON SITE OBSERVATION	S1	cc) Plant Data:	Cl free: 1.55 total: pH:
	U3	dd) Turbidity	Raw:4 Settled: Combined Filter:0.77
	NI	ee) Bacteriological monitoring	Samples per mo. Records: <input checked="" type="checkbox"/>
	NI	ff) No cross-connections observed	None observed: <input type="checkbox"/> Observed: <input type="checkbox"/> Program: <input type="checkbox"/>
	S1	gg) Wastewater discharge	Is sizing adequate? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> NO

Comments: MOR's and bench sheets were reviewed. The staff has properly calibrated the pH meter which includes slope along with the quarterly calibration of the Filter Turbidity meters. On 11/22/15 the polymer feed system at the plant went down. The plant was unable to feed polymer until 8:00 AM on 11/23/15. As a result of this the finished water raised to a high of a 1.9 NTU. A review of the turbidity charts showed the following. (4PM-8PM 0.09 NTU) (8PM-12AM 1.8NTU) (12AM-4AM 1.9NTU) (4AM-8AM 0.96NTU). At the time of the investigation the plant finished water was a 0.77NTU.

The operators were dumping buckets of polymer into the flash mix to try to fix the problem not knowing what PPM that they were feeding into the plant. As a result of this there was a BWA issued for the whole system at 7:40 AM on 11/23/15, however the city did not submit BWA notice until 4:24 PM.

While at the plant also noticed the following items that need to be addressed. The Fluoride feeding room was unvented and the site tube along with the scale were frosted over and unable to read making it impossible to tell how much PPM was feeding and what the pounds in the tank were. The CL17 meter was flashing a red warning and has been asked to fix a number of times in the past. The carbon system was also not working properly at this time, the operator was throwing scoops into the sed basins not knowing how much was being fed. There needs to be an active way to feed carbon into the water plant that is working. The SCADA system is not working properly as well, there is no trends for any graph or tank to view. The desludge basin is completely full and there is no where to put the sludge that has built up to only a few feet from the overflow in the sedimentation basins.

V. Compliance Status - Out of Compliance - NOV

VI. Discharge/Emission Compliance

Comments:

VI. Compliance Status - Not Evaluated

VII. Monitoring/Analyses Evaluation

Comments:

VII. Compliance Status - No violations observed

VIII. Environmental /Health Impact

Work Site Hazard Assessment : ATTACHED REVIEWED

Comments:

VIII. Compliance Status – Not Evaluated

IX. Documentation

- Samples taken by DEP
- Samples taken by outside source
- Instrument readings taken by DEP regional office
- Photographs obtained by DEP
- Copies of records obtained by DEP
- Other documentation

Inspector:	Title: Environmental Inspector I	Date: 11/23/15
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Signature: 

Overall Compliance Status
<input type="checkbox"/> No violations observed
<input type="checkbox"/> No violations observed, but impending violation trends observed
<input type="checkbox"/> Out of Compliance- No action taken
<input type="checkbox"/> Out of Compliance LOW non-recurrent administrative or O & M
<input checked="" type="checkbox"/> Out of Compliance - NOV

Comments:

Delivery Method: Certified Mail	Cert. Mail #: 7007 0710 0004 5902 9852
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EXHIBIT D

City of Tompkinsville

Overview

The Monroe County Water District plans to construct a water treatment facility near the Cumberland River in Monroe County and to make improvements to its distribution system to accommodate the source change.

Currently, the Monroe County Water District (MCWD) purchases all water from the City of Tompkinsville with the City Lake being the sole water source. The City of Tompkinsville's water treatment facility was built in 1972, with a modest upgrade around 1996. Tompkinsville water treatment plant (TWTP) has a history of water quality and quantity issues that have affected the delivery of drinking water to the customer base. The MCWD has issued multiple water shortage advisories since 2007. During the drought conditions of 2007 – 2008, all outdoor watering activities were ceased because the City Lake water level was too low for unrestricted water use. The Monroe County agricultural industry (beef, dairy and poultry) is solely dependent upon the MCWD for water and these restrictions affected this industry the most.

The MCWD Board of Directors has determined that it is in the best interest of its customers to proceed with the RWTP project. The MCWD proposes that a Regional Water Treatment Plant (RWTP) would ensure an adequate supply of water to meet the demands of the growing customer base; provide security to the agriculture industry and allow for future expansion to meet new job demands in the region. The Monroe County RWTP project has been the highest scoring project in the BRADD project ranking system and has been ranked # 1 for the ten-county BRADD region for 2012 and 2013. The MCWD Board of Directors has issued a formal request to the City of Tompkinsville to determine if the City wishes to join the MCWD in creating a new RWTP or not.

KRWA was invited, along with other interested parties, to attend a meeting on Tuesday, August 6, 2013 at the Monroe County Economic Development Center for a discussion on the Monroe County Regional Treatment Project, its viability and future direction. The meeting moderated by State Representative Bart Rowland, was attended by approximately thirty people representing local, state and federal elected officials, regulatory agencies and others interested agencies. After lengthy discussion, it was determined that there was a need for updated information which could be provided to the City of Tompkinsville and its citizens before the process could move forward. It was suggested that KRWA, due to its impartiality, would be the best organization to assimilate and provide this information. KRWA's basic goal is to provide the City of Tompkinsville and others with an adequate amount of information to make a well informed decision regarding whether or not to participate in the new RWTP.

Findings

Tompkinsville Water Treatment Plant (WTP)

- ◆ Built in 1972 – upgraded in 1996
- ◆ Water withdrawal permit 1.5 MGD
- ◆ Ratio of production to withdrawal – 94.9% (July 2012 – June 2013)
- ◆ Plant operates 24 hours per day
- ◆ Average production 1.44 MGD (July 2012 – June 2013)
- ◆ Design capacity 2.5 MGD – according to DOW
- ◆ Practical maximum operation capacity 1.9 MGD (can only run two high service pumps at once)
- ◆ WTP has issues if flow increases to 2 MGD
- ◆ Limiting factors above 1.4 MGD (surface overflow and weir overflow rates – more of an operational issue with colder water, higher turbidity and lake turnover)
- ◆ Chemical feed driven by costs not process control (carbon and permanganate are typically fed in the warm months by surface water supplies. Tompkinsville started mid August this year – Also more surface water plants are feeding year round for DBP mitigation)
- ◆ Taste and odor has been an issue for MCWD
- ◆ Lagoon capacity is not adequate (it should have capacity for draining the settling basin and backwashing filters at same time)
- ◆ Site footprint would not readily allow for WTP expansion
- ◆ Staffing issues – no full-time distribution operator

Analysis of Water Produced, Sold and Non-Revenue – July 2012 – June 2013

- ◆ Tompkinsville has 66% non-revenue water loss (monthly average of 15.4 million gallons x \$1.53 per 1000 gallons = \$23,562 month x 12 = \$282,744/year)
- ◆ Tompkinsville has 36% non-revenue water loss when MCWD purchases are included
- ◆ MCWD purchases 46% of total produced by Tompkinsville (\$368,055 year)
- ◆ Tompkinsville city customers use monthly average of 6,400 gallons/month (industry average around 4500 gallons/month)

City of Tompkinsville Water Department

Four-year Financial Performance

October 2013

	Audited FY 2010	Audited FY 2011	Audited FY 2012	Audited FY 2013
Revenues				
Service Charges	\$697,313	\$784,420	\$852,332	\$761,939
Other/Interest	\$1,312	\$995	\$489	\$392
Total Revenues	\$698,625	\$785,415	\$852,821	\$762,331
Expenses				
Salaries/Contract Labor	\$228,874	\$220,679	\$264,895	\$287,546
Employee Benefits	\$45,616	\$41,028	\$41,561	\$50,205
Payroll Taxes	\$15,402	\$14,950	\$18,864	\$17,652
Personnel Expenses	\$289,892	\$276,657	\$325,320	\$355,403
Chemicals	\$122,250	\$115,473	\$119,475	\$110,260
Repair, Maint. & Supplies	\$78,853	\$54,616	\$70,262	\$64,122
Utilities	\$100,430	\$108,285	\$115,904	\$113,253
Lab Fees	\$21,174	\$18,739	\$11,885	\$8,644
Operating Expenses	\$322,707	\$297,113	\$317,526	\$296,279
Office	\$6,686	\$9,920	\$19,656	\$5,066
Legal/Accounting	\$4,168	\$9,109	\$7,404	\$888
Insurance	\$19,200	\$19,093	\$21,496	\$20,635
Training	\$6,219	\$2,257	\$5,196	\$3,118
Principle/Interest	\$55,649	\$56,876	\$57,033	\$57,144
Administrative Expenses	\$91,922	\$97,255	\$110,785	\$86,851
Total Operational Expenses	\$704,521	\$671,025	\$753,631	\$738,533
Balance before Depreciation	-\$5,896	\$114,390	\$99,190	\$23,798
Depreciation	\$186,183	\$180,718	\$170,688	\$157,667
Total Expenses	\$890,704	\$851,743	\$924,319	\$896,200
Balance after Depreciation	-\$192,079	-\$66,328	-\$71,498	-\$133,869
Accumulated Depreciation	\$3,283,523	\$3,464,241	\$3,634,929	\$3,792,596
Cash/Cash Reserves	\$343,829	\$307,386	\$341,281	\$361,471
Reserve % of Depreciation	10.5%	8.9%	9.4%	9.5%

City of Tompkinsville, KY
Analysis of Water Produced, Sold and Non-Revenue
July 2012 - June 2013

Month	Total		Total Non-		Total		T-ville		T-ville Non-		T-ville		Total		Sold		MCWWD	
	Produced	Sold	Revenue	Loss	Revenue	Loss	Net Produced	Sold	Revenue	Loss	Revenue	Loss	Charged	Charged	MCWWD	Produced	Charged	Produced
Jul-12	43,466,700	30,731,500	12,735,200	29%	16,150,700	3,415,500	12,735,200	79%	\$ 66,960	27,316,000	63%	\$ 41,793	27,316,000	63%	\$ 41,793			
Aug-12	47,317,700	35,200,200	12,117,500	26%	23,185,700	11,068,200	12,117,500	52%	\$ 74,317	24,132,000	51%	\$ 36,922	24,132,000	51%	\$ 36,922			
Sep-12	43,388,100	32,783,100	10,605,000	24%	22,713,100	12,108,100	10,605,000	47%	\$ 69,455	20,675,000	48%	\$ 31,633	20,675,000	48%	\$ 31,633			
Oct-12	44,483,600	35,224,000	9,259,600	21%	24,851,600	15,592,000	9,259,600	37%	\$ 73,087	19,632,000	44%	\$ 30,037	19,632,000	44%	\$ 30,037			
Nov-12	43,758,600	22,039,000	21,719,600	50%	24,015,600	2,296,000	21,719,600	90%	\$ 51,428	19,743,000	45%	\$ 30,207	19,743,000	45%	\$ 30,207			
Dec-12	46,708,000	25,933,900	20,774,100	44%	28,918,000	8,143,900	20,774,100	72%	\$ 58,369	17,790,000	38%	\$ 27,219	17,790,000	38%	\$ 27,219			
Jan-13	44,015,200	26,598,300	17,416,900	40%	24,472,200	7,055,300	17,416,900	71%	\$ 58,402	19,543,000	44%	\$ 29,901	19,543,000	44%	\$ 29,901			
Feb-13	39,824,500	22,406,500	17,418,000	44%	23,183,500	5,765,500	17,418,000	75%	\$ 52,020	16,641,000	42%	\$ 25,461	16,641,000	42%	\$ 25,461			
Mar-13	42,747,700	24,067,400	18,680,300	44%	25,190,700	6,510,400	18,680,300	74%	\$ 54,291	17,557,000	41%	\$ 26,862	17,557,000	41%	\$ 26,862			
Apr-13	40,982,600	32,710,300	8,272,300	20%	24,125,600	15,853,300	8,272,300	34%	\$ 81,721	16,857,000	41%	\$ 25,791	16,857,000	41%	\$ 25,791			
May-13	41,849,060	23,305,200	18,543,860	44%	21,362,060	2,818,200	18,543,860	87%	\$ 53,504	20,487,000	49%	\$ 31,345	20,487,000	49%	\$ 31,345			
Jun-13	41,126,900	23,402,500	17,724,400	43%	20,940,900	3,216,500	17,724,400	85%	\$ 54,366	20,186,000	49%	\$ 30,885	20,186,000	49%	\$ 30,885			
Total	519,668,660	334,401,900	185,266,760		279,109,660	93,842,900	185,266,760		\$ 747,918	240,559,000		\$ 368,055	240,559,000		\$ 368,055			
Monthly	43,305,722	27,866,825	15,438,897	36%	23,259,138	7,820,242	15,438,897	66%	\$ 62,327	20,046,583	46%	\$ 30,671	20,046,583	46%	\$ 30,671			

Prepared by: Kentucky Rural Water Association

Tompkinsville Scenario Explanation

(All years are calendar years)

Scenario 1 – Maintaining Tompkinsville’s Water Treatment Plant indefinitely

This scenario starts with 2013 and uses the revenue and expense estimates that were used in our earlier presentation to the Tompkinsville City Commission.

In both scenarios, we project that the MCWD water plant will be constructed during 2014 -2015 and will be fully operational at the beginning of 2016.

The approximate 30% rate increase that has gone into effect beginning this year produces almost \$200,000 additional revenue each year assuming the 2013 financial projections are correct.

All of the additional revenue in 2014 and 2015 is earmarked for treatment plant upkeep, meter change-out, other leak detection expenses and line replacements.

An additional 20% rate increase will be necessary beginning in 2016 for estimated revenue to equal estimated expense.

In 2016, water loss is projected at 40% and personnel and operational expenses will have to be cut from \$645,000 in 2013 to \$500,000 in 2016.

Scenario 2 – Purchasing Water from MCWD beginning in 2016

Most of the assumptions are the same for Scenario 1 & 2.

The light blue numbers in 2013, 2014, and 2015 in the “PURCHASED WATER” category are estimates of what Tompkinsville’s water purchases would cost at the projected water loss each year.

All of the additional revenue in 2014 and 2015 is earmarked for meter change-out, other leak detection expenses and line replacements.

Personnel and Operational expenses will have to be dramatically reduced to meet estimated revenues in 2016 - 2018. 2018 was added under this scenario to see the potential effect of additional water loss reduction over time.

Scenario 3 – Purchasing Water from MCWD beginning in 2016

Cost of purchased water is \$3.00 per thousand instead of \$2.60.

City of Tompkinsville, Kentucky

Scenario 1 – Maintain Ownership of Existing Water Treatment Plant

	CURRENT		MCWD WATER PLANT UNDER CONSTRUCTION		MCWD WATER PLANT OPERATIONAL	
	2013	2014	2015	2016	2017	
REVENUE						
Tompkinsville	\$375,000	\$487,500	\$487,500	\$585,000	\$585,000	
MCWD	\$375,000	\$461,250	\$461,250	\$0	\$0	
TOTAL	\$750,000	\$948,750	\$948,750	\$585,000	\$585,000	
EXPENSE						
PERSONNEL	\$310,000	\$400,000	\$400,000	\$250,000	\$250,000	
OPERATIONS	\$335,000	\$450,000	\$450,000	\$250,000	\$250,000	
PURCHASED WATER	\$0	\$0	\$0	\$0	\$0	
ADMINISTRATION	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	
TOTAL	\$730,000	\$935,000	\$935,000	\$585,000	\$585,000	
BALANCE	\$20,000	\$13,750	\$13,750	\$0	\$0	
Projected Water Loss	70%	55%	50%	40%	30%	

Prepared by: **Kentucky Rural Water Association**

City of Tompkinsville, Kentucky

Scenario 2 – Purchase from MCWWD at \$2.60 per thousand gallons

	CURRENT		MCWWD PLANT UNDER CONSTRUCTION		----- MCWWD WATER PLANT OPERATIONAL -----	
	2013	2014	2015	2016	2017	2018
REVENUE						
Tompkinsville	\$375,000	\$487,500	\$487,500	\$585,000	\$585,000	\$585,000
MCWWD	\$375,000	\$461,250	\$461,250	\$0	\$0	\$0
TOTAL	\$750,000	\$948,750	\$948,750	\$585,000	\$585,000	\$585,000
EXPENSE						
PERSONNEL	\$310,000	\$400,000	\$400,000	\$100,000	\$100,000	\$100,000
OPERATIONS	\$335,000	\$450,000	\$450,000	\$50,000	\$50,000	\$50,000
PURCHASED WATER	\$750,000	\$550,000	\$500,000	\$400,000	\$350,000	\$300,000
ADMINISTRATION	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
TOTAL	\$730,000	\$935,000	\$935,000	\$635,000	\$585,000	\$535,000
BALANCE	\$20,000	\$13,750	\$13,750	<\$50,000>	\$0	\$50,000
Projected Water Loss	70%	55%	50%	40%	30%	20%

City of Tompkinsville, Kentucky

Scenario 3 – Purchase from MCWD at \$3.00 per thousand gallons

	CURRENT		MCWD PLANT UNDER CONSTRUCTION		----- MCWD WATER PLANT OPERATIONAL -----	
	2013	2014	2015	2016	2017	2018
REVENUE						
Tompkinsville	\$375,000	\$487,500	\$487,500	\$585,000	\$585,000	\$585,000
MCWD	\$375,000	\$461,250	\$461,250	\$0	\$0	\$0
TOTAL	\$750,000	\$948,750	\$948,750	\$585,000	\$585,000	\$585,000
EXPENSE						
PERSONNEL	\$310,000	\$400,000	\$400,000	\$100,000	\$100,000	\$100,000
OPERATIONS	\$335,000	\$450,000	\$450,000	\$50,000	\$50,000	\$50,000
PURCHASED WATER	\$865,000	\$635,000	\$575,000	\$460,000	\$400,000	\$350,000
ADMINISTRATION	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000	\$85,000
TOTAL	\$730,000	\$935,000	\$935,000	\$695,000	\$635,000	\$585,000
BALANCE	\$20,000	\$13,750	\$13,750	<\$110,000>	<\$50,000>	\$0
Projected Water Loss	70%	55%	50%	40%	30%	20%

Prepared by: **Kentucky Rural Water Association**

City of Tompkinsville

2012 Water Rate Comparison – Contiguous Counties

<u>Utility</u>	<u>Minimum</u>	<u>5,000 Gal.</u>	<u>10,000 Gal.</u>
Allen Co. WD	\$19.29	\$42.03	\$74.13
Burkesville (IN)	\$17.63	\$35.27	\$64.67
Burkesville (OUT)	\$28.55	\$49.97	\$78.82
Cumberland Co. WD	\$19.48	\$40.78	\$70.28
Edmonton (IN)	\$16.47	\$35.49	\$67.19
Edmonton (OUT)	\$23.42	\$46.55	\$85.10
Fountain Run WD	\$16.72	\$34.24	\$61.39
Glasgow (IN)	\$7.02	\$13.80	\$25.10
Glasgow (OUT)	\$10.53	\$20.70	\$37.65
Monroe Co. WD	\$17.15	\$37.85	\$66.35
Tompkinsville	\$13.67	\$23.09	\$38.79
Statewide Average		\$33.77	

Wholesale Water Rates (Water Producers)

Municipal/Private	Per 1000				
Albany	\$ 2.10	Nicholasville	\$	2.73	
Ashland	\$ 2.12	Owensboro	\$	1.60	
Augusta	\$ 1.78	Owingsville	\$	2.32	
Barbourville	\$ 2.85	Paducah	\$	1.50	
Bardstown	\$ 1.70	Paris	\$	2.25	
Beattyville	\$ 3.00	Pikeville	\$	1.72	
Berea	\$ 2.50	Pineville	\$	2.42	
Bowling Green	\$ 1.08	Prestonsburg	\$	2.48	
Brandenburg	\$ 1.15	Princeton	\$	2.71	
Burkesville	\$ 2.09	Richmond	\$	2.99	
Burnside	\$ 2.43	Russell	\$	1.80	
Calhoun	\$ 2.30	Russell Springs	\$	1.68	
Campbellsville	\$ 1.97	Salyersville	\$	2.50	
Carlisle	\$ 1.59	Shelbyville	\$	1.90	
Carrollton	\$ 1.84	Somerset	\$	2.50	
Central City	\$ 1.57	Stanford	\$	2.04	
Corbin	\$ 2.20	Tompkinsville	\$	1.53	
Cynthiana	\$ 2.41	Vanceburg	\$	1.85	
Dawson Springs	\$ 1.75	Versailles	\$	2.26	
Eddyville	\$ 3.50	Warsaw	\$	3.00	
Everts	\$ 2.50	West Liberty	\$	2.79	
Falmouth	\$ 1.98	Whitesburg	\$	2.90	
Flemingsburg	\$ 2.21	Williamsburg	\$	2.20	
Frankfort	\$ 1.91	Wilmore	\$	4.27	
Glasgow	\$ 1.95	Winchester	\$	2.15	
Greensburg	\$ 2.21	Municipal Average	\$	2.28	
Harlan	\$ 2.15				
Harrodsburg	\$ 2.11	WDs, WAs, WCs	Per 1000		
Henderson	\$ 2.21	Barkley Lake WD	\$	2.23	
Hodgenville	\$ 2.10	Beech Fork WC	\$	2.59	
Hopkinsville	\$ 2.51	Carroll County WD	\$	1.66	
Irvine	\$ 2.35	Cave Run WC	\$	2.20	
Jackson	\$ 2.90	Crittenden Livingston WD	\$	2.20	
Kentucky-American	\$ 4.25	Edmonson County WD	\$	2.70	
Lancaster	\$ 1.90	Grayson County WD	\$	2.11	
Lawrenceburg	\$ 2.64	Greater Fleming WC	\$	1.86	
Lebanon	\$ 2.86	Green River Valley WD	\$	2.14	
Leitchfield	\$ 1.95	Hardin County WD #1	\$	1.93	
Liberty	\$ 2.55	Hardin County WD #2	\$	1.77	
Livermore	\$ 2.16	Henry County WD	\$	2.58	
Livingston	\$ 3.19	Jackson County WA	\$	3.50	
Louisa	\$ 2.58	Logan-Todd WC	\$	3.75	
Louisville	\$ 1.57	McCreary County WD	\$	3.48	
Madisonville	\$ 3.63	Mountain WD	\$	2.40	
Manchester	\$ 3.22	Northern Kentucky WD	\$	3.03	
Maysville	\$ 2.04	Ohio County WD	\$	2.68	
Millersburg	\$ 2.25	Oldham County WD	\$	1.70	
Monticello	\$ 2.60	Southern W&SD	\$	2.80	
Morehead	\$ 1.53	Webster County WD	\$	3.70	
Morganfield	\$ 1.50	Western Fleming WD	\$	1.43	
Morgantown	\$ 1.52	Wood Creek WD	\$	2.32	
Mt. Sterling	\$ 2.41	Rural Average	\$	2.47	
Mt. Vernon	\$ 2.93				
Murray	\$ 1.66	Average	\$	2.32	West \$ 2.32
		Median	\$	2.21	Central \$ 2.21
					East \$ 2.47

Monroe County, Kentucky

Population Trends

	<u>County</u>
1970 Census	11,642
1980 Census	12,353
1990 Census	11,401
2000 Census	11,756
2010 Census	10,963

Projections

2015	10,696
2020	10,405
2025	10,068
2030	9,675
2035	9,244
2040	8,804
2045	8,377
2050	7,979

-----Estimates-----

	2010 Census	2010	2011	2012
Tompkinsville	2,402	2,347	2,333	2320

Data: Kentucky State Data Center, [University of Louisville](#)

EXHIBIT E

Christmas Parade/ Expo/ window contest/ decorating

Special called meeting of the Tompkinsville City Commission

Tompkinsville's annual Christmas Parade is set for 10 a.m. on Saturday, Dec. 7, with the theme "A Star-Spangled Christmas."

The local National Guard unit (623rd FA) will be serving as grand marshals for the parade, and families of the Guard members are invited to ride in the parade with them. Transportation will be provided.

Parade line-up will be the at Monroe County High School parking lot, starting at 9 a.m. The parade will leave the high school on Old Mulkey Road and continue up Magnolia Avenue to end at La Tia's. Parade participants will need to enter the high school area from the Gamaliel Road.

Any unit competing for prizes offered in the parade will need to go by the Monroe County Health and Rehab to

be eligible to win. The judges will be somewhere along the parade route.

As always, any mobile unit or any group wishing to walk is welcome to take part in the Parade, except for four wheelers which are not

The City of Gamaliel will hold a Christmas Expo on Saturday, Nov. 30, at the Gamaliel Elementary gym, also from 9 to 4.

There is no admission charge to attend either Expo. Booth spaces for both are still available -- call 270-457-2901 about the Gamaliel Expo and 270-487-5504 about the Tompkinsville event.)

BUSINESS STOREFRONTS

All business in Tompkinsville are eligible for the window/storefront Christmas display competition to be held on Saturday, Dec. 7, also same day as the Christmas Parade).

However, businesses wishing their window/storefront judged in competition should phone 487-5504 by Dec. 6 to register.

Displays must be in place by 4 p.m. on Dec. 6, after which time judging will take place. Decorations do not have to relate to the parade theme, but this is highly encouraged.

Members of the Tompkinsville City Commission and representatives met with officials of the Kentucky Rural Water Association, Monarch Engineering, Monroe County Water District officials met in special session on Monday, Nov. 4, to discuss the City's waterworks operation.

Andy Lange and Gary Larimore, both of the KRWA, presented the findings of an analysis performed by their organization and discussed how their organization had been involved in opening conversation for the Regional Water Treatment Facility proposed by the County. Larimore then outlined the potential issues with efficiency in the City's water distribution system and operational specifics of the current plant serving the City. After outlining the analysis of the financial breakdowns, including rates, expenses and year-to-year performance breakdowns, Larimore stated that the City, in his opinion, would have to raise rates and concentrate on needed upgrades to the current system no matter if they participated in the Regional Water project or not.

When Commissioner

Ricky Richardson noted his concern over the possible rate raises, Larimore suggested that the City work to inform the public about why the increases are needed.

The City's Engineering Firm, Monarch, was represented by David Bowles who would not give a specific recommendation for the Commissioners without further study. However, Bowles pointed out that there were some cases - such as the Adair County/Columbia combined waterworks - that had negative effects.

The matter was continued by the Commission for further discussion with no action taken.

In other items of business, the Commission:

— Heard from Monarch Engineering concerning the engineering work for the new Tompkinsville By-pass project with Bowles confirming their group's interest in the project. Bowles noted their firm was very experienced in those types of projects and the Commission voted unanimously to hire the group; and

— Approved sending Timmy Walden to a pesticide training to receive certification.



TOMPKINSVILLE News – January 30, 2014

City to offer County a counter proposal on water treatment

Just like watching a tennis match, the ball has bounced back into the County Water District's court again, as Tompkinsville City Commissioners voted to have Dave Bowles of Monarch Engineering draft a proposal to send to the County outlining an alternative plan.

Bowles, during Thursday night's regular meeting, noted that the capacity at the current treatment facility could be increased by constructing a pipeline from the Cumberland River at a cost of approximately \$8.8 million. Bowles added between grants and low-interest loans, the City could complete the project and increase their water production to levels needed

to supply the City and County's needs for the future.

The Water District, which has plans to build a water treatment facility with an intake on the Cumberland River, has asked the City to sign on as a customer of the new plant — either on an as-needed basis or with the County completely supplying the City's water.

During Thursday night's meeting, Gary Larimore and Andy Lang of the Kentucky Rural Water Association outlined two different analyses of the financial implications in being involved with the County's proposal.

His proposals assume that a plant actually begins construction in 2014 and

becomes completely operational by 2016, and notes that with reductions in personnel and operation costs and a 20% rate increase, the City could break-even during the 2016 and 2017 years.

However, if the City was to cease operations at the current treatment plant and purchase all water from the County, the City would not "break even" until 2017/2018, even with a 20% increase.

The Commission then discussed the recent sewer issues at the Grandview Church of Christ which led to an EPA notification when the City had to release untreated sewer water from recent rains into a grassy area nearby which had also began

to overflow with water.

Shawn Martin of RussMar Logistics, which oversees the maintenance of the City's gas, water and sewer systems, told the group that the substation in that area was to be addressed in the next phase of rehabilitation, as the pump station is above the level of the plumbing in the church.

Mayor Jeff Proffitt then gave an update on his meeting with the Kentucky Dam Safety Commission where he learned that the needed improvements to meet the new requirements in the area of the emergency spillway would cost around \$2.2 million.

SEE WATER TREATMENT, PAGE A-2

WATER TREATMENT

CONTINUED FROM PAGE A-1

City Attorney Reed Moore noted that the state department representatives said that when the current dam was constructed it was designed to hold 16.9" of rain falling in a six-hour period. However, the new regulations state that it should hold 28.29" in the same time period, although such rain fall has never been registered in this area. Commissioner Ricky Richardson noted that in May 2010, Monroe County received 12" of rainfall in eight hours and the spillway performed as expected. At the time the dam was constructed, the

National Conservation and Resources Service built the dam to specs and leased it to the City for 50 years. The Commission asked Moore to draft a letter to NCRS asking for assistance as they were partners in the project.

In other items of business, the Commission:

— Received an update from Bowles for the pending USDA loan application for improvements at the gas distribution system;

— Heard updates from Martin and City Works Supervisor Timmy Walden on various maintenance projects;

— Approved redesigning the City's accounts payable/purchase order procedures closing extra checking accounts and implementing monthly budgets for each department;

— Approved awarding the auctioneer services for the upcoming surplus to Wilson Real Estate, who bid 10% of sales;

— Approved a \$250 penalty plus cost of repairs for anyone who damages a gas line in violation of the Kentucky's 8-1-1 statute; and

— Approved a request for a road block permit for the Glasgow Shriners.

Water facility options under consideration - Commissioners to send letter to Monroe water district officials detailing proposal

Glasgow Daily Times (KY) - January 24, 2014

- Author/Byline: GINA KINSLOW
- Section: Local News
- Readability: >12 grade level (Lexile: 1350)

GLASGOW — Tompkinsville city commissioners will send Monroe County Water District officials a letter regarding a proposed raw water intake facility the city is considering building at the Cumberland River.

The city would also build a 16-inch pipeline capable of carrying up to 3 million gallons a day and pumping the water from the river to either its water treatment plant or the city lake, which is the city's current primary source for water. The city sells water wholesale to the water district.

Commissioners agreed to send water district officials the letter after Gary Larimore and Andy Lange with the Kentucky Rural Water Association and David Bowles with Monarch Engineering Inc. spoke about options for improving the city's water service.

"I think we need to hear what their answer is to our proposal," said commissioner Scotty Turner.

In December, commissioners asked Bowles to develop a proposal showing how much it would cost the city to pump water from the river.

"What we came up with to do that is somewhere in the \$9 million [range]," Bowles said. "Out of that \$9 million, we were looking at two funding agencies. One was USDA and the other one was the Kentucky Infrastructure Authority."

He told commissioners he thought the city could obtain close to \$2.3 million in grant funding and about \$6.7 million in loans.

Bowles' proposal is only one option the city has to consider. The others involve the water district building a raw water intake facility at the river and the city partnering with the water district to help fund the project.

In August 2013, state Rep. Bart Rowland, R-Tompkinsville, called a meeting of local, state and federal officials to discuss the water district's proposal. The idea of building a raw water intake facility at the river has been discussed for more than seven years.

Officials agreed to ask representatives from the Kentucky Rural Water Association to make a presentation to the city commission regarding an analysis of the city's waterworks operation and the water district's proposal to build the facility.

Lange and Larimore presented their findings to the commission in November 2013 and told commissioners that the city would need to increase its water rates and focus on upgrades to the city's waterworks infrastructure.

Commissioners asked Larimore at their November meeting to contact water district officials about whether or not they had a proposed water rate in mind.

Larimore told commissioners he had received a letter from the water district's engineer offering scenarios on what kind of water rate proposal the water district had in mind.

In the letter, the water district's engineer talked about the worst-case scenario, which would involve the city buying water from the water district at a rate of \$2.60 per 1,000 gallons. Doing so, it is assumed that the city's water loss would be reduced to 40 percent from its current rate of 60 to 70 percent.

"With this scenario, the district rates will need to increase, of course he's talking about the water district's [rates] need to increase their rates by 19 to 20 percent," Larimore said. "This letter is dated back in Nov. 11."

Lange took information from the city's 2013 audit report to create three scenarios, which he presented to commissioners.

The first involves the city maintaining its own water treatment plant indefinitely, with the water district building the raw water intake facility at the river in 2014-15 that would become operational in 2016-17. In this scenario, Lange said the city could reduce its water loss to 30 percent and break even on its water system by 2017, when the water district has completed the construction of its raw water intake facility at the river.

The second scenario involves the water district building its raw water intake facility at the river and the city purchasing water from the water district at \$2.60 per 1,000 gallons. Should the city go this route, it would still reduce its water loss to 30 percent by 2017 and break even with its water system by the same year.

The third scenario Lange presented involved the city purchasing water from the water district at a rate of \$3 per 1,000 gallons with the water district building its raw water intake facility at the river. Under this scenario, the city's water loss would be reduced to 20 percent and it would break even with its water system by the year 2018.

"Under this scenario, you wouldn't break even until '18 because of a higher cost of purchased water," Lange said.

He told commissioners the figures would shift if the water district begins construction of the raw water intake facility later than 2014.

"It depends on where they are in the application process," Lange said. "There again, I feel like you all asked us to basically provide you all with the information so you could make a well-informed decision and I think this all started in August [2013] at a meeting where the water district needed your help.

"They need you to tell them whether or not you want to go it on your own, or you want to go in with them on this water treatment plant. And that's kind of where we are at now."

He continued that "the numbers point to us that you've got a lot of work you need to do in the distribution system regardless of what your decision is."

Larimore then commended commissioners on increasing water rates by 30 percent, which they did in December.

He told commissioners he knew they needed to do a lot of work on the water distribution side because they did vote to increase water rates.

"That's not an easy thing to do, but it was the right thing to do," Larimore said. "Regardless of which way you go, you had to do that and you will have to continue to do that; to focus on your distribution system. I commend you for taking that tough step."

Larimore also told commissioners that regardless of what they choose to do, they will have to levy another water rate increase about three to four years down the road.

"A lot of that will depend on how much additional water loss you drive drive it down and whether you've got expenses somewhere else," he said.

In closing, he reminded commissioners that the water district, he believes, needs the city's help.

"It's kind of to the point you all either need to tell them yes or no, and I know they would like to have that in writing one way or another," Larimore said.

He explained the water district wants the city's response in writing because it could help with the funding of their project, in particular with Rural Development.

"If they got a letter that says the city does not want to go with them on that project, then Rural Development can then say, 'OK, we'll try to help you,'" he said. "Also, on the flip side, it would certainly help them in their application ever how that negotiation would come out."

Read more in the print or digital Glasgow Daily Times. <http://glasgowdailytimes.cnhi.newsmemory.com/>

• Caption: Gary Larimore, executive director of the Kentucky Rural Water Association, addresses members of the Tompkinsville City Commission during their regular monthly meeting Thursday night. Show seated is Mayor Jeff Proffitt. Gina Kinslow / Glasgow Daily Times

• Record: 9fdee4d3862739c4214fe651839e464ae81

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EXHIBIT F

**PRELIMINARY COST ESTIMATE
CUMBERLAND RIVER RAW WATER SUPPLY
CITY OF TOMPKINSVILLE
JANUARY 2013**

PROJECT COSTS

DEVELOPMENT

RAW INTAKE STRUCTURE	\$2,515,000
16-INCH TRANSMISSION MAIN	3,635,000
INTERMEDIATE BOOSTER PUMP STATION	1,085,000
CONTINGENCY	721,000
ENGINEERING DESIGN	472,000
CONSTRUCTION INSPECTION	230,000
LAND ACQUISITION	25,000
LEGAL	40,000
GEOTECHNICAL INVESTIGATION	20,000
ENVIRONMENTAL ASSESSMENT	15,000
PRELIMINARY ENGINEERING REPORT	15,000
INTERIN FINANCING	<u>100,000</u>
TOTAL PROJECT COSTS	\$8,873,000

**PRELIMINARY COST ESTIMATE
CUMBERLAND RIVER RAW WATER SUPPLY
CITY OF TOMPKINSVILLE
JANUARY 2013**

PROJECT FINANCING

RURAL DEVELOPMENT GRANT	\$1,000,000
RURAL DEVELOPMENT LOAN	3,873,000
KENTUCKY INFRASTRUCTURE LOAN FORGIVENESS	1,200,000
KENTUCKY INFRASTRUCTURE LOAN	<u>2,800,000</u>
TOTAL PROJECT COSTS	\$8,873,000

**PRELIMINARY COST ESTIMATE
 CUMBERLAND RIVER RAW WATER SUPPLY
 RAW WATER INTAKE STRUCTURE
 CITY OF TOMPKINSVILLE
 JANUARY 2013**

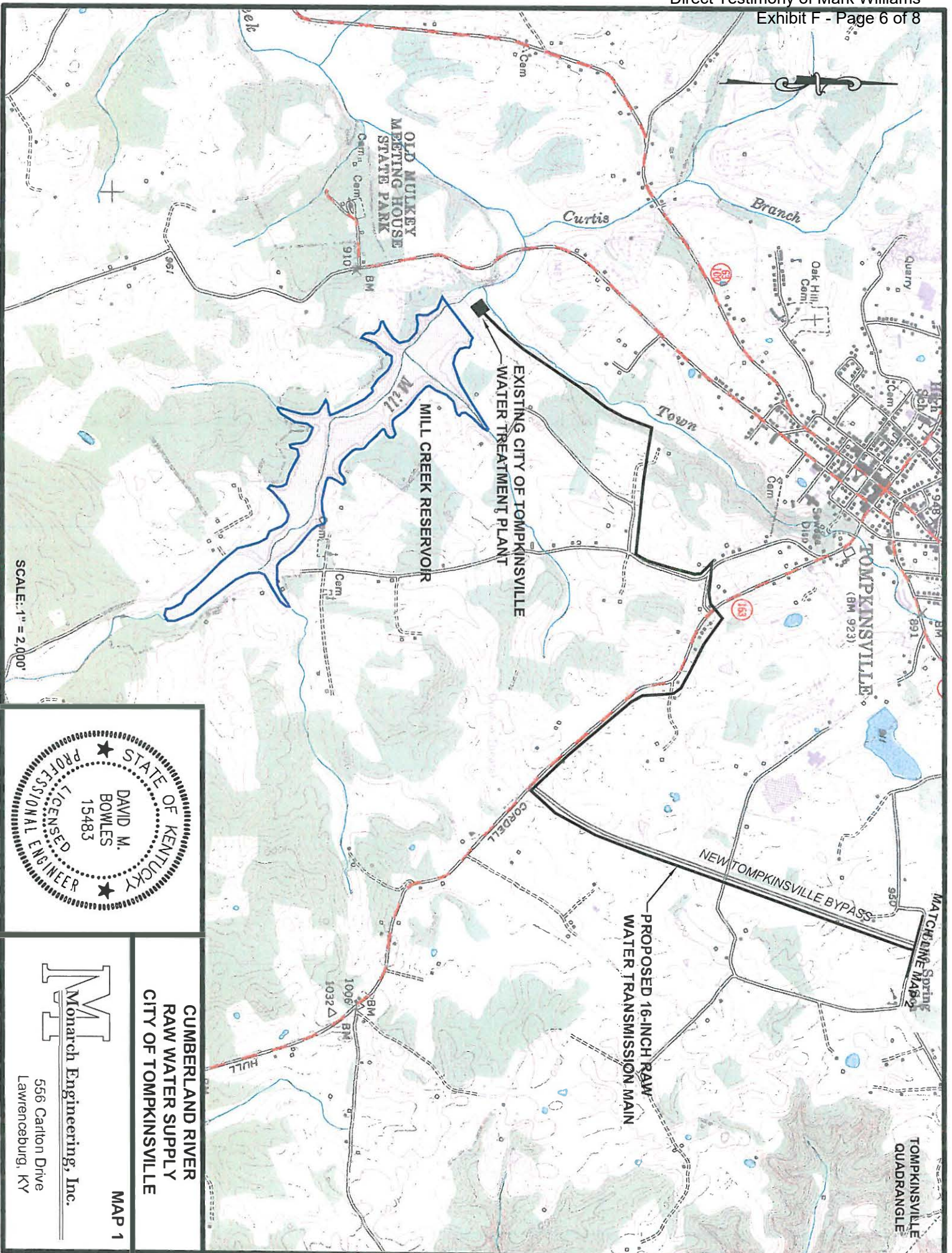
ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
1	Site Work	1 LS	\$200,000.00	200,000.00
2	Cofferdam	1 LS	500,000.00	500,000.00
3	Concrete Riser Tower	1 LS	500,000.00	500,000.00
4	Raw Water Pumps	1 LS	300,000.00	300,000.00
5	Raw Water Intake Piping	1 LS	250,000.00	250,000.00
6	Raw Water Transmission Piping	1 LS	200,000.00	200,000.00
7	Electrical	1 LS	150,000.00	150,000.00
8	Crane System	1 LS	150,000.00	150,000.00
9	Walkways and Platforms	1 LS	200,000.00	200,000.00
10	Telemetry Control System	1 LS	40,000.00	40,000.00
11	Security Fence	1 LS	25,000.00	25,000.00
Subtotal				\$2,515,000.00
Contingency				250,000.00
Total Construction				\$2,765,000.00

**PRELIMINARY COST ESTIMATE
 CUMBERLAND RIVER RAW WATER SUPPLY
 TRANSMISSION WATER MAIN
 CITY OF TOMPKINSVILLE
 JANUARY 2013**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	COST	TOTAL COST
1	16-Inch DI Water Line	56,000	LF	\$60.00	3,360,000.00
2	Bore & Case for 16-Inch Water Line	500	LF	200.00	100,000.00
3	Creek Crossing for 16-Inch Water Line	200	LF	100.00	20,000.00
4	16-Inch Butterfly Valve	8	EA	6,000.00	48,000.00
5	Flush Hydrant	8	EA	4,000.00	32,000.00
6	Air Release Valve	4	EA	5,000.00	20,000.00
7	Master Meter	1	EA	20,000.00	20,000.00
8	Water Plant Control Valve	1	EA	20,000.00	20,000.00
9	Reservoir Discharge	1	LS	15,000.00	15,000.00
Subtotal					\$3,635,000.00
Contingency					363,000.00
Total Construction					\$3,998,000.00

**PRELIMINARY COST ESTIMATE
 CUMBERLAND RIVER RAW WATER SUPPLY
 INTERMEDIATE BOOSTER PUMP STATION
 CITY OF TOMPKINSVILLE
 JANUARY 2013**

ITEM NO.	DESCRIPTION	QUANTITY	UNIT COST	TOTAL COST
	300,000 Gallon Steel Tank			
1	Concrete Foundation	1 LS	100,000.00	100,000.00
2	Steel Structure	1 LS	300,000.00	300,000.00
3	Coatings	1 LS	100,000.00	100,000.00
4	Piping	1 LS	50,000.00	50,000.00
	Booster Pump Station			
1	Booster Pumps	1 LS	150,000.00	150,000.00
2	Piping	1 LS	150,000.00	150,000.00
3	Pump Station Building	1 LS	100,000.00	100,000.00
4	Electrical	1 LS	100,000.00	100,000.00
5	Telemetry Control System	1 LS	20,000.00	20,000.00
6	Security Fence	1 LS	15,000.00	15,000.00
Subtotal				\$1,085,000.00
Contingency				108,000.00
Total Construction				\$1,193,000.00

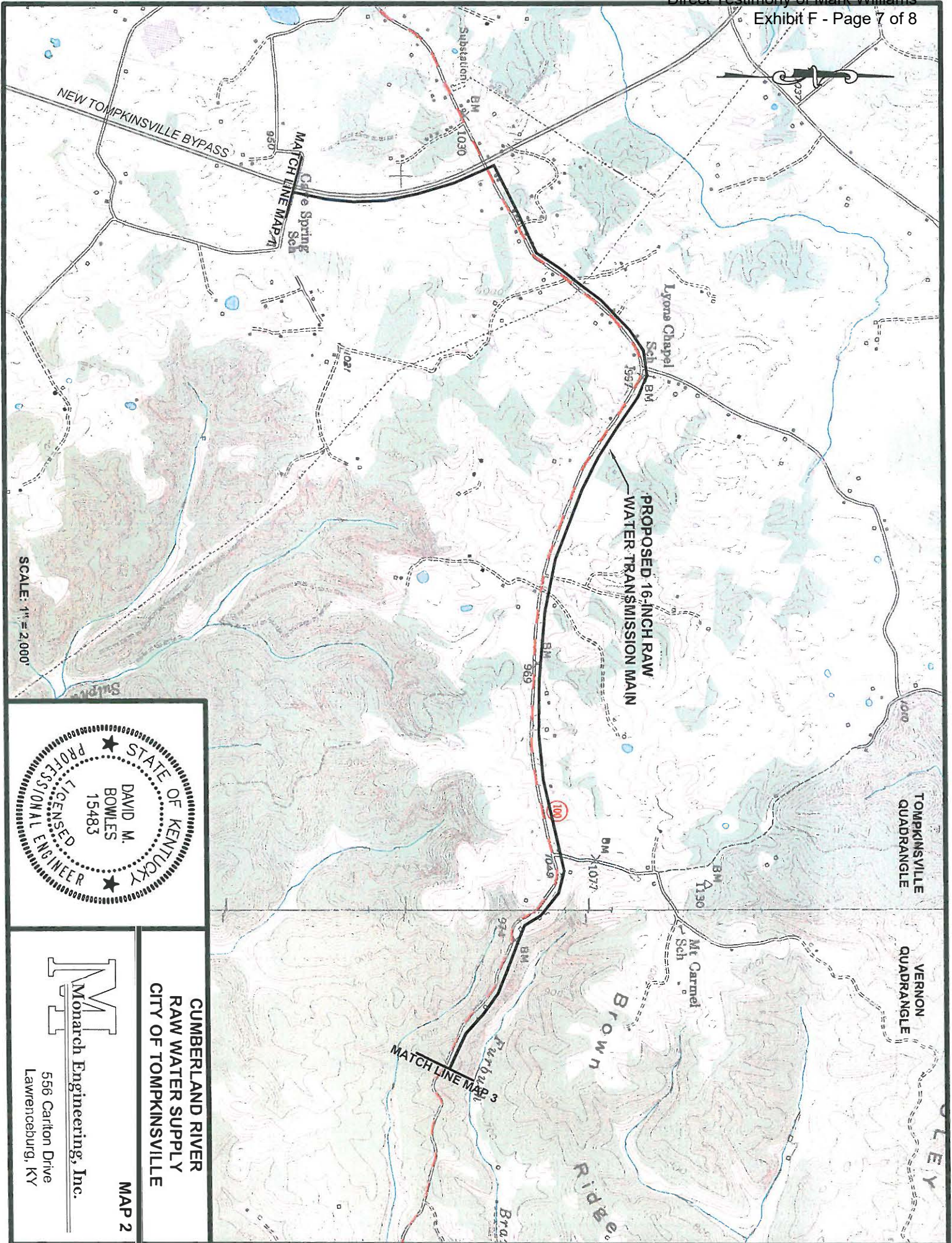


STATE OF KENTUCKY
★ DAVID M. BOWLES 15483 ★
PROFESSIONAL ENGINEER

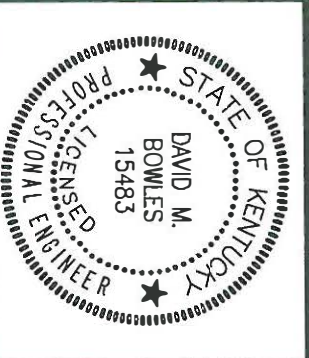
CUMBERLAND RIVER RAW WATER SUPPLY CITY OF TOMPKINSVILLE

MAP 1

Monarch Engineering, Inc.
566 Carlton Drive
Lawrenceburg, KY

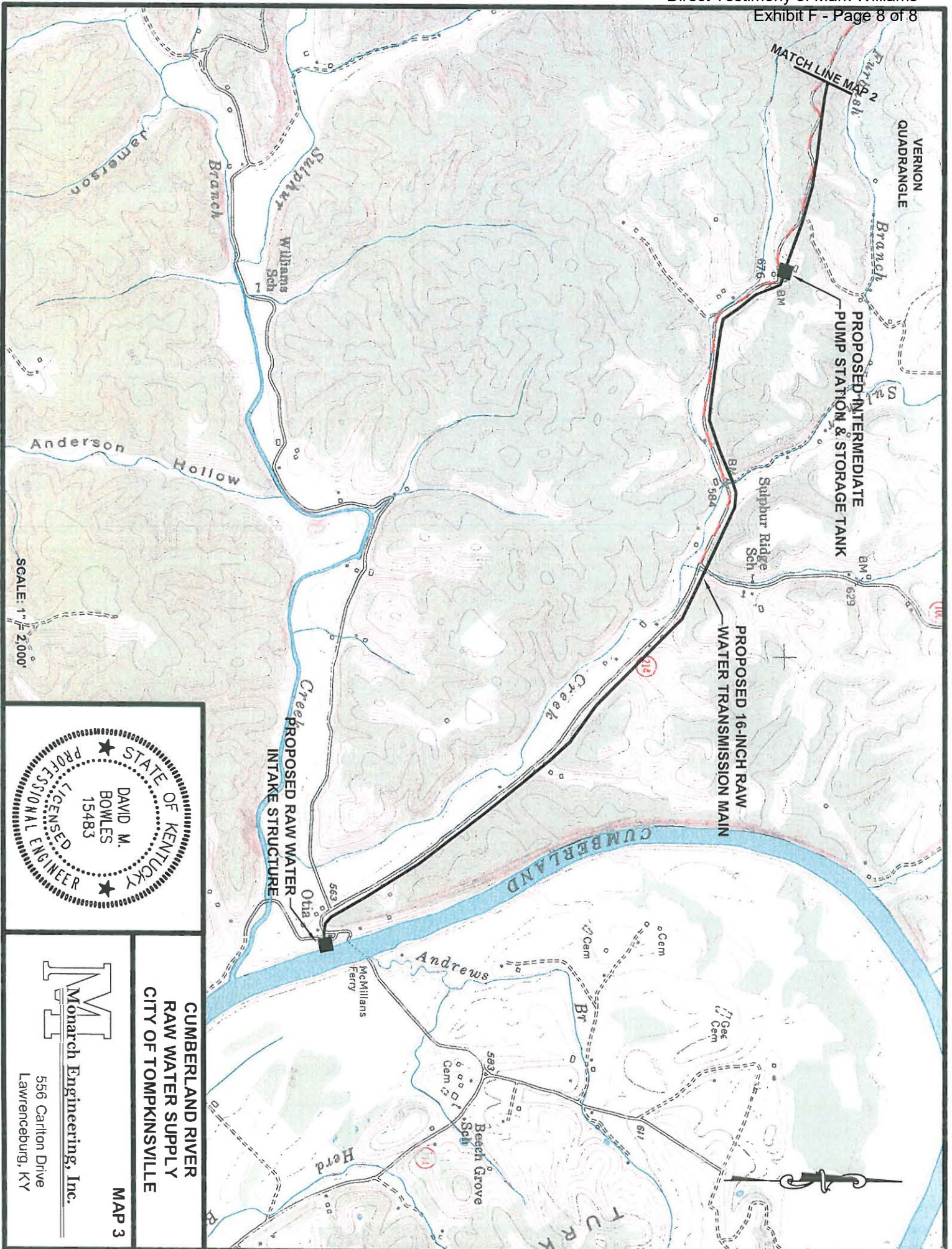


SCALE: 1" = 2,000'



Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

CUMBERLAND RIVER
RAW WATER SUPPLY
CITY OF TOMPKINSVILLE
MAP 2



SCALE: 1" = 2,000'

STATE OF KENTUCKY
★ DAVID M. BOWLES 15483 ★
LICENSED PROFESSIONAL ENGINEER

Monarch Engineering, Inc.
556 Carlton Drive
Lawrenceburg, KY

**CUMBERLAND RIVER
RAW WATER SUPPLY
CITY OF TOMPKINSVILLE**

MAP 3

EXHIBIT G

Monroe County Water District
205 Capp Harlan Road
Tompkinsville, Kentucky 42167

Direct Testimony of Mark Williams
Exhibit G - Page 1 of 31

May 15, 2014

Mayor Jeff Proffitt
City of Tompkinsville
206 North Magnolia St
Tompkinsville, Kentucky 42167

Dear Mayor Proffitt,

As you are aware, each water provider faces the critical issue of the need for a sufficient water source with ample treatment capacity to provide safe, reliable drinking water to our residential and commercial customers. Like you, we have the responsibility and the obligation to serve our customers regardless of weather conditions – during floods or drought -- and we all take this responsibility seriously.

After several years of considering alternatives, we are at the point when something must be decided and action must be taken. We would prefer that the selected action involve all parties whose customers stand to benefit, namely, Tompkinsville, Fountain Run Water District, Edmonton, and the Monroe County Water District.

Consequently, the District is willing and proposes that the utilities named enter into an interlocal cooperation agreement, in accord with Kentucky Revised Statutes Chapter 65. Participation by each entity is voluntary, and each participant would have one representative on the board of directors. This non-profit corporation would build a new intake on the Cumberland River, a new water treatment plant nearby, and construct appropriate transmission mains and storage facilities. The non-profit corporation would be the applicant for funding, and in developing the financing package for the new plant and lines. The only 'customers' served by this treatment plant and transmission system would be the parties of the interlocal agreement. The non-profit corporation would own, manage and operate the water plant and transmission system. Each system will be able to purchase water at cost-based wholesale rates. The rates will be subject to the cost verification and disclosure process set out in the interlocal cooperation agreement.


If an agreement is reached the nonprofit corporation would be able to assume the outstanding indebtedness on the Tompkinsville Water Plant. If other participants have similar debt the new entity may be able to absorb that debt as well.

The District requests the City of Tompkinsville, Fountain Run Water District and the City of Edmonton to respond by mail to the District, on or before June 16, 2014 as to whether it agrees in-principal with the proposal outlined above. If you agree, please do so in writing and, at the same time, identify and provide the contact information for two individuals to serve with others on a "drafting committee" to be charged with developing the actual text of an interlocal cooperation agreement. It is our hope that the interlocal cooperation agreement will be ready for consideration of each party's governing body during the month of July, 2014.

Please note, if no response is received by the District on or before June 16, 2014, the District will consider the lack of a response as a negative response and proceed accordingly.

Again, it is the District's sincere belief that joint action among our neighboring water systems is mutually beneficial and will allow each of us to provide a sufficient water supply at the lowest reasonable rates to our customers for many generations to come.

Respectfully,



Mark Williams, Chairman

Monroe County Water District
205 Capp Harlan Road
Tompkinsville, Kentucky 42167

Direct Testimony of Mark Williams
Exhibit G - Page 2 of 31

May 15, 2014

Joe Cornwell
Fountain Run Water District
12220 Brownsford Road
Fountain Run, Kentucky 42133

Dear Commissioner,

As you are aware, each water provider faces the critical issue of the need for a sufficient water source with ample treatment capacity to provide safe, reliable drinking water to our residential and commercial customers. Like you, we have the responsibility and the obligation to serve our customers regardless of weather conditions – during floods or drought -- and we all take this responsibility seriously.

After several years of considering alternatives, we are at the point when something must be decided and action must be taken. We would prefer that the selected action involve all parties whose customers stand to benefit, namely, Tompkinsville, Fountain Run Water District, Edmonton, and the Monroe County Water District.

Consequently, the District is willing and proposes that the utilities named enter into an interlocal cooperation agreement, in accord with Kentucky Revised Statutes Chapter 65. Participation by each entity is voluntary, and each participant would have one representative on the board of directors. This non-profit corporation would build a new intake on the Cumberland River, a new water treatment plant nearby, and construct appropriate transmission mains and storage facilities. The non-profit corporation would be the applicant for funding, and in developing the financing package for the new plant and lines. The only 'customers' served by this treatment plant and transmission system would be the parties of the interlocal agreement. The non-profit corporation would own, manage and operate the water plant and transmission system. Each system will be able to purchase water at cost-based wholesale rates. The rates will be subject to the cost verification and disclosure process set out in the interlocal cooperation agreement.

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Respectfully,



Mark Williams, Chairman

Monroe County Water District
205 Capp Harlan Road
Tompkinsville, Kentucky 42167

Direct Testimony of Mark Williams
Exhibit G - Page 3 of 31

May 15, 2014

Mayor Howard Garrett
City of Edmonton
P.O. Box 306
Edmonton, Kentucky 42129

Dear Mayor,

As you are aware, each water provider faces the critical issue of the need for a sufficient water source with ample treatment capacity to provide safe, reliable drinking water to our residential and commercial customers. Like you, we have the responsibility and the obligation to serve our customers regardless of weather conditions – during floods or drought -- and we all take this responsibility seriously.

After several years of considering alternatives, we are at the point when something must be decided and action must be taken. We would prefer that the selected action involve all parties whose customers stand to benefit, namely, Tompkinsville, Fountain Run Water District, Edmonton, and the Monroe County Water District.

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Again, it is the District's sincere belief that joint action among our neighboring water systems is mutually beneficial and will allow each of us to provide a sufficient water supply at the lowest reasonable rates to our customers for many generations to come.

Respectfully,



Mark Williams, Chairman

INTERLOCAL COOPERATION AGREEMENT**By & Between****City of Tompkinsville, Fountain Run Water District No. 1, &
Monroe County Water District****Relating to the establishment of the "Cumberland River Water Authority, Inc."****INDEX**

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INTERLOCAL COOPERATION AGREEMENT

This INTERLOCAL COOPERATION AGREEMENT ("Agreement"), dated as of _____, 20__, is made and entered into by and between the City of Tompkinsville, Tompkinsville, Kentucky Fountain Run Water District No.1, Fountain Run, Kentucky and the Monroe County Water District, Tompkinsville, Kentucky, each a duly established city or special district/special purpose governmental entity, and each a political subdivision of the Commonwealth of Kentucky (hereafter referred to individually, by name, or as "Party" or collectively as "Parties"), and each acting by and through its respective chief elected official, or board chair, as authorized by the respective legislative body.

WITNESSES:

WHEREAS, the Parties, acting in a joint and cooperative manner, are intent on assuring that in the near future each of their respective systems shall have reasonably unlimited access to potable water to protect the health of the citizens, comply with new water quality standards and to improve the economic competitiveness of their respective jurisdictions to benefit their citizens' well-being; and

WHEREAS, the City of Tompkinsville owns and operates a drinking water treatment plant and distribution system serving some 1,144 residential and commercial customers and seeks by agreement with the Parties to participate in development of a new jointly owned water treatment plant, while continuing to operate its treatment plant until the new plant is on line and to retain its distribution system and the customers there of; and

WHEREAS, the Fountain Run Water District No.1 owns and operates a drinking water distribution system serving some 523 residential and commercial customers and intends to continue to purchase treated water from the Glasgow Water Company and maintain its backup interconnection with Monroe County Water District, and in accord with this Agreement to participate with the Parties in development of a new jointly owned water treatment plant to provide for its future treated water needs and retain its distribution system and the customers thereof; and

WHEREAS, the Monroe County Water District owns and operates a drinking water distribution system serving some 3,437 residential and commercial customers and intends to continue to purchase treated water from Tompkinsville until the new water treatment facility, developed and jointly owned through this Agreement with the Parties, is operational, and to retain its distribution system and the customers thereof; and

WHEREAS, the Parties have determined that the long term best interests of their respective customers are best served by jointly developing a shared, water treatment facility on the Cumberland River, and to become wholesale customers of this facility which is designed and will be constructed to meet new water treatment standards and provide sufficient volumes for future growth while achieving economies of scale to benefit existing and future water customers in their respective service areas.

NOW, THEREFORE, in consideration of the premises, conditions, mutual promises and covenants contained herein, be it ordained by the _____ and so agreed and ordered as follows: (resolved) (Tompkinsville/Fountain Run/Monroe County)

ARTICLE I **Agreement**

The Parties declare and agree that the above recitals constitute a true and accurate statement of their findings and express their common intent to enter this Agreement for and in the interest and benefit of their respective citizens and all existing and prospective customers of their respective systems. Further, the Parties declare and agree as follows:

- A. Pursuant to Kentucky Revised Statutes (KRS) Chapter 65.210 to KRS Chapter 65.300, inclusive, the Kentucky Interlocal Cooperation Agreement Act, the Parties are authorized to engage in a joint and cooperative undertaking; and pursuant to KRS Chapter 58.180 which allows the Parties to develop public projects; and, in accord with KRS Chapter 273 which allows the establishment of a non-profit corporate entity, the Parties seek to create such an entity to own and operate water intake facilities, treatment works, storage facilities and transmission mains capable of accommodating the current and future drinking water needs of the City of Tompkinsville, the Fountain Run Water District No.1, and the Monroe County Water District, and the future water needs of Monroe County and a portion of the water needs of other neighboring counties who, at a future date, may be feasibly included in the service area of the jointly owned water treatment facility. The Parties, in accordance with these statutory authorities, now enter into such an agreement by Ordinance/Resolution, providing for the creation and establishment of the **Cumberland River Water Authority, Inc.** ("Authority"). As a cooperative undertaking, the purposes of the Authority shall be limited to ownership, planning, development, acquisition, financing, construction, operation and management of any and all components associated with water pumping, treatment facilities, storage, transmission mains and related appurtenances necessary to serve the Parties to this Agreement.
- B. In approving this Agreement, the City of Tompkinsville agrees to: 1) continue operating its water treatment plant and to sell treated water to the Monroe County Water District until and at which future date, determined by mutual agreement of the Parties, when the Authority's new treatment and transmission facilities are operational and approved for service; and 2) maintain its drinking water treatment plant in stand-by mode for a period of sixty (60) days from the date that the Authority's water plant is approved for service and thereafter begin de-commissioning those treatment facilities in accord with Kentucky Division of Water (KDOW) directives.
- C. In approving this Agreement, the Fountain Run Water District No.1 agrees to purchase treated water from the Authority in volumes necessary to meet future demand for treated water supply above and in addition to the treated water supplied through its contract with the Glasgow Water and Sewer Commission. The volume amount stipulated in the current water purchase contract between

Fountain Run Water District No.1 and Glasgow Water and Sewer Commission is 4,500,000 gallons of water per month. Any greater amount of treated water needed by Fountain Run Water District No.1 shall be purchased exclusively from the Authority.

- D. In approving this Agreement, the Monroe County Water District agrees to transfer its rights and interests to the Authority related to: 1) the Water Withdraw Permit #.1652 issued to the District by the KY Division of Water for withdrawals from the Cumberland River at Mile 393.7; 2) the property acquired fee simple for locating a major water storage tank; 3) the completed engineering plans and specifications for the proposed raw water intake, treatment plant, storage facilities and transmission mains, with the understanding that approximately 90% of design costs have been paid by the District. The District's transfer of rights and interest in the items listed above is conditioned upon the Authority's timely and successful completion of development of the water treatment plant components and appurtenances, subject of this Ordinance/Resolution, on or before January 1, 2018.
- E. In approving this Agreement, the City of Tompkinsville and Monroe County WD Water District agree to purchase the total water volume sufficient to supply their current and future customers and Fountain Run WD Water District No.1 agrees to purchase its future treated water needs as defined in Paragraph C above, to service its customers from the Authority at wholesale rate(s) to be determined in accord with policies and procedures set out in Paragraph G, below, which volume amount and specific wholesale rate shall be incorporated into a water purchase contract, to be executed between the respective Party and the Authority.
- F. All Parties are in agreement that the Authority shall include the assumption or refinancing of the City of Tompkinsville's total outstanding debt obligation for its treatment works facilities loan with the Rural Utilities Service (RD, USDA) in the estimated capital amount of \$750,000, in the financial package to be developed to cover allowable project costs of the water treatment facilities, subject of this Ordinance/Resolution.
- G. The Authority shall be incorporated as a legal entity immediately upon approval and signing of this Ordinance containing the Agreement by the Parties, approval by the Office of the Attorney General, and upon filing articles of incorporation as set out herein with the Office of the Kentucky Secretary of State.
- H. Procedure for Establishing Rates and Charges

It is further agreed among the Parties that the procedure for establishing service rates shall be based on the actual costs of providing water at a wholesale rate to the respective Parties to this Agreement. Consequently, the following procedure shall guide the rate-making process and adherence to this policy by the Authority is a condition of approval of this Ordinance by the Parties:

1. The initial rate and all future rates to be charged by the Authority to the Parties and any other customer shall be the same dollar amount levied per 1,000 gallons of metered usage so as to recover 100% of the cost of providing potable water treatment and delivery services. Rates shall be levied and billed to each customer monthly, by invoice showing metered amounts of flow and the total dollar amount to be remitted.
2. A Rate Advisory Committee shall be assembled each year, to be comprised of the members of the Authority plus six (6) additional members, wherein one individual is to be selected invited to serve voluntarily by each of the Parties as well as one customer, selected at random from each Party's water service area, is to be invited to serve voluntarily. All members of the Rate Advisory Committee shall serve voluntarily and without compensation. The Committee is hereby directed entrusted to establish the Authority's initial wholesale rates for water treatment and delivery services to be charged to the Parties and any other entity. The Committee shall base the initial rates on: a) the probable costs for providing such services; and b) a comparison of the probable cost with the actual cost experience of one or more comparably sized and equipped water treatment utility(ies) within the Barren River Area Development District. The Authority shall charge this rate for the period beginning upon bringing the new treatment plant and transmission facilities on-line and continuing through the first full fiscal year (July-June) of operation of the Authority's facilities.
3. In February after the first full fiscal year (July-June) of operation of the facilities subject of this Ordinance, and each February thereafter, the Authority shall assemble the Rate Advisory Committee to review verified, historical cost information obtained from the Authority's records, audits, management interviews and other such informational sources as the Committee deems appropriate, and compile this information into a cost study. The elements of the study shall generally conform to industry standards and shall include but not be limited to:
 - a. personnel, electricity, chemicals, supplies, repair materials, vehicles and related operation cost, equipment and related operation cost, contract labor, contracted operations, lab testing costs, and other similar, documented system operational costs; and
 - b. timely retirement of any outstanding debt monetary obligations, in accord with financing agreements if any, secured by the Authority with the prior concurrence of the affected Party(ies), relating to any unanticipated future treatment facilities necessary for the Authority to properly serve a special client of an affected Party(ies). grants, loans or other debt obligations associated with initial development of facilities and subsequent improvements and expansions, if any.
4. There shall be no charges calculated into the initial cost of service report for capital cost of replacement equipment or repair or replacement materials or the cost of labor required to make such repairs or replacements which may

accrue during the first year of operation of the Authority's facilities, due to the equipment and construction warranty period.

5. The Rate Advisory Committee shall devise rates for service based on this information and disclose same to the affected Parties, by March 1 of each year, which rates shall be stated in a dollar amount per 1000 gallons for metered service to be provided for the subsequent July 1 through June 30 period.
6. The Authority shall submit the rate as established above to the Parties in writing by March 15th of each year. If the Parties accept the Authority's initial rate or any future rate, each Party shall state its concurrence in writing to the Authority and the rate shall go into effect for the subsequent July 1 through June 30 period. Failure of a Party to concur in writing by April 1 shall be deemed concurrence.
7. If a Party rejects the Authority's proposed initial rate or any future rate, it shall state the reasons for rejection in writing to the Authority and the Authority shall proceed immediately with an independent Cost of Service Study, (No.1) at the expense of the Authority, as follows:
 - a. Each of the Parties to this Agreement shall be invited to provide one additional representative to serve with the members of the Authority's board of directors on a Selection Committee to secure an independent accounting firm or individual accountant or other entity qualified in utility rate analysis and determination matters, to be procured pursuant to applicable sections of KRS 45A.
 - b. The qualified firm, individual accountant or entity selected shall be directed by the Authority to confer independently with the chief elected or appointed official of each of the Parties regarding current local community economic conditions as well as with others knowledgeable regarding utility costs and services, such as public utility managers, staff of the Kentucky Division of Water, accountants, engineers and others.
 - c. The firm, individual or entity selected shall be directed by the Authority to conduct a cost of service analysis on all facilities related to the rejection of the proposed rate and provide a comprehensive report with an executive summary to include a specific, recommended dollar amount to be charged by the Authority sufficient to cover, at minimum, the costs of those elements set out in Section F H 3, above.
 - d. This cost of service study and report (No.1) shall be completed within 60 days from the date of award, and copies directed to the Parties immediately. The report shall include a standard method or formulary whereby the Authority may be guided to conduct periodic financial analyses of current costs internally, based on sound accounting policy, with consideration of inflation indices and other equitable methods of determining equitable service rates.

- e. If the rate established by the cost of service study varies less than 10% from the rate established by the Authority, the Parties agree to accept the Authority's rate and the rate shall be effective for the subsequent July 1 through June 30 period.
- f. If the rate established by the cost of service study varies 10% or more from the rate established by the Authority, any Party may reject the rate established in the study and the rejecting Party(ies) may immediately commission a second cost of service study and report (No.2), at its/their expense, to include the cost elements set out in F H 3, above. The study shall be completed by a qualified firm, individual or entity, within 60 days. If the rate established by the second study varies less than 10% from the Authority's originally proposed rate, the Parties agree to accept the Authority's originally proposed rate and the rate shall go into effect 90 days from the date of acceptance of the cost of service study and report (No.2). If the rate established in the second study varies more than 10% from the Authority's originally proposed rate, the two firms that conducted the previous cost studies shall be directed immediately by the Authority to jointly select a qualified firm, individual or entity, which shall conduct a third cost of service study and report (No.3). The rate established by the third study shall be final and all affected Parties shall be bound by that rate, which rate shall go into effect after 90 days. The expense of the third study shall be borne equally by the Authority and the Party(ies) that rejected the rate proposed by the Authority.
- I. In the course of routine operations and especially during community emergencies the Authority shall proactively cooperate with each Party, their designated employees, agents and any governmental or volunteer agencies, such as local and state law enforcement agencies, the county disaster and emergency services coordinator, Monroe County Health Department, area volunteer fire departments and others, as directed by the Parties.
- J. The purposes of this Agreement include and are limited to:
1. Authorize and provide for the creation and establishment of a legally constituted entity empowered to plan, design, acquire, develop, own, operate and maintain appropriate raw water intake facilities, water treatment, storage and delivery system facilities and components to be focused primarily on service to and for the benefit of the Parties to this Agreement.
 2. Authorize the Authority to support and cooperate with the Party Parties to this Agreement to assure that each has adequate water capacity to provide additional service as may be needed for any areas not currently provided water service within their respective service area. As the Authority's capacity of treated water permits allows, the Authority may contract the sale of its excess water capacity to neighboring systems. During water emergencies, the Authority shall cooperate with the Monroe County Fiscal Court, the fiscal courts of neighboring counties as well as neighboring City cities councils,

water districts and associations in any reasonable manner in efforts to provide emergency backup water service. The work of the Authority shall be carried out in a professional, civil manner that bespeaks sound environmental stewardship.

3. Authorize the Authority to work with the Parties in applying for and securing any and all federal and state funding assistance as well as assistance from all other legitimate sources of funding for development of water treatment facility projects, including but not limited to grants, donations, gifts, payments in lieu of taxes, mitigation fees and subsidized loans as well as any assistance with financing and/or refinancing loans and the issuance of bonds or other obligations.
4. Authorize the Authority to acquire, own, hold, operate, manage, lease, contract and otherwise secure any land, easements, rights of way, real property, services, facilities, materials and related equipment it may lease or own for purposes of providing pumping stations, force mains or treatment facilities, subject of this Agreement.
5. Authorize the Authority to properly procure and retain, by contract or employment, qualified individuals, organizations or firms to assist in planning, funding, developing, managing, operating or maintaining the facilities subject of this Agreement.

ARTICLE 2

Authority, Effective Date, Duration, & Administrator of Agreement & Reporting

A. Authority: The Parties hereto, each constituting a "public agency" as defined in KRS 65.230, voluntarily enter into this Agreement under the laws of the Commonwealth of Kentucky, including KRS Chapter 65.210-300, inclusive. Further, this Agreement shall be governed by and construed in accordance with the applicable laws of the Commonwealth of Kentucky. If any provision of this Agreement is held to be in conflict with any applicable statute or rule of law, or is otherwise held to be unenforceable, the invalidity of such portion shall not affect any or all of the remaining portions of this Agreement.

B. Effective Date: This Agreement shall become operational and have force and effect upon its execution by the Parties, approval by the Office of the Attorney General of Kentucky, pursuant to KRS Chapter 65.260, proper filing with the County Court Clerk of Monroe County, Kentucky, and subsequent filing of articles of incorporation with the Office of the Secretary of State, Commonwealth of Kentucky, all pursuant to KRS Chapter 65.260 and KRS Chapter 65.290 and KRS Chapter 273.

C. Duration: The duration of this Agreement shall extend and remain in effect and be binding on the Parties hereto until and at which time those activities and actions, set out herein, or other actions, as mutually agreed to by the Parties, as may be necessary to

achieve the purposes of this Agreement, shall have been completed and all fiscal obligations of the Authority shall have been fully satisfied. The date of completion of those activities and actions related to the construction and renovation subject of this Agreement is anticipated to be not later than June 30, 2017.

D. Administrator: Reporting: The Parties to this Agreement, hereby designate the ~~Barren River Area Development District~~ to be the "administrator" of this Agreement, and charge same to assist in appropriate and timely planning and coordination of the various activities necessary for the implementation of the Agreement and to In accord with KRS Chapter 65.280, and in addition to submittal of its annual audit set out in Article 4 C, below, the board of directors of the Authority shall attend a regular or special meeting of each Party's legislative body, each year, at that body's request and present a brief but comprehensive report regarding the Authority's activities as relate to the purposes established for the Authority in this Agreement.

ARTICLE 3

Creation, Organization & Powers

of the Authority

A. Creation: The Parties agree to take all necessary action to enter into an interlocal cooperation agreement through enactment of identical local ordinances and resolutions approving such Agreement relating to the joint development, ownership and operation of a shared public water treatment facility and related storage and transmission facilities and to establish a non-profit corporation to control and manage such facility in accord with KRS Chapter 65.210-300 and KRS Chapter 273.161-390, inclusive, to be named the **Cumberland River Water Authority, Inc.** The chief elected official of each of the Parties shall be designated, as authorized in this Agreement, to serve as incorporators of said corporation.

B. Organization:

1. The Authority shall be at all times a corporate entity established in accord with and pursuant to KRS Chapter 65 and a nonprofit, non-stock public corporation pursuant to the provisions of KRS Chapter 273.161-390, inclusive, KRS Chapter 58.180 as for the performance of public, municipal, civic and governmental purposes, and in accord with KRS Chapter 224A.011, shall be a "governmental agency", instrumentality and constituted authority of the Parties.
2. The Authority shall be that agency in which the Parties vest and grant responsibility for the ownership, planning, development, acquisition, construction, installation, operation, management, financing and refinancing of safe drinking water treatment and any and all appurtenances and related component projects for and on behalf of the Parties at the direct request of and in participation with and for the benefit of the Parties hereto.
3. Exhibit B, attached and incorporated as a part of this Agreement, is a form of the proposed articles of incorporation of the Authority, setting out a description of the precise purpose, organizational structure, board

composition and nature of the Authority as a corporation. The Authority shall be created and organized immediately after the effective date of this Agreement, as set out in the foregoing Article 2. The articles of incorporation of the Authority to be filed with the Kentucky Secretary of State's Office shall be in substantially the same form as contained in Exhibit B, allowing for such minor changes and corrections as may be necessary or desirable upon the further advice of counsel. The Authority is hereby directed to commence its activities upon incorporation.

4. The Authority shall be a special purpose governmental entity and a public body corporate, having a board of directors comprised of three (3) individuals, of which one (1) director shall be appointed by the mayor of the City of Tompkinsville, one (1) director shall be appointed by the chair of the Fountain Run Water District and one (1) director shall be appointed by the chair of the Monroe County Water District. All members so appointed shall be approved by the legislative body of the respective Party to this Agreement. Directors may be removed for cause by the respective appointing authority, subject to approval of the respective legislative body.
5. Initial terms shall be varied to assure administrative continuity and all subsequent terms shall be for four (4) years. Vacancies that may occur on the board of directors for any reason shall be filled in the same manner as the original appointments and shall be filled for the remainder of the unexpired term. As resources allow, members of the board of directors may be compensated for service rendered, payable by the Authority but subject to prior approval by the legislative body of each Party.
6. It is agreed by the Parties, and the articles of incorporation of the Authority shall so provide, that a simple majority of the directors shall constitute quorum and a quorum must be present at any meeting of the directors to take any official action.

C. Powers: In addition to the purposes and powers of the Authority as set out herein and in Exhibit B, the Authority shall possess such powers and authority as allowed by Kentucky statutes and delegated to it by the Parties from time to time, including without limitation the power to own, operate and manage those facilities and all components thereof subject of this Agreement. Additionally, the Authority shall have and possess the specific powers and authority set out below:

1. To act as the lead agency on behalf of the Parties in applying for any form of financial assistance made available by the federal or state government or from any other source in order to pay for the design, construction or management of infrastructure facilities.
2. To secure by employment, contract, or other means a limited number of qualified personnel to plan, develop, finance, manage, operate and maintain all facilities subject to this agreement pursuant to a staffing plan.

3. To employ or contract with qualified manager(s) and operator(s) to operate and maintain the various system components; and to procure professional services providers as delineated in KRS Chapter 45A, including but not limited to engineers, accountants, attorneys, administrators, and construction contractors.
4. To serve as the single point of contact for and on behalf of the Parties as relates to any and all federal and state environmental or utility regulatory agencies when the drinking water facilities, subject of this Agreement, are at issue; and to act as agent for the respective Parties as regards any enforcement actions, stemming from or arising out of issues stemming from this Agreement with the understanding that costs for resolution of same shall be borne solely by the Authority, as warranted.
5. To establish rules and regulations relating to compliance with water purchase contract stipulations and related water quality regulations and to provide potable water only by approved contracts for services, which may include invoking reasonable penalties for failure to remit payment for charges levied pursuant to this Agreement.
6. To mortgage and pledge properties and revenues and provide for the repayment of any obligations incurred by the Authority.
7. To acquire, hold and dispose of real and personal property used by the Authority in the furtherance of the development of the raw water intake, pumping, treatment, storage, transmission mains and related appurtenances subject of this Agreement.
8. To reimburse directors and others for reasonable and necessary expenses incurred by while officially representing the Authority, upon presentation and verification of invoices for same.
9. To request the appropriate unit of government to exercise the power of eminent domain as provided by law when warranted.
10. To adopt and comply with the Kentucky Model Procurement Code (KRS Chapter 45A) and , conduct all financial affairs and transactions according to sound governmental fiscal procedure, and secure an independent audit of all funds and fiscal transactions annually, and provide a copy of same to the Parties upon its completion.
11. To report routinely to the Parties, in a context and format that each may direct and to perform any and all other deemed necessary or desirable in the furtherance of the Authority's purpose as permitted by law and within the limitations contained herein.

ARTICLE 4

Manner of Funding Facilities Development; Budget; Audit

A. Funding: In order to fund the planning, design and construction of facilities and the acquisition of necessary lands, easements and rights of way, as well as equipment necessary to achieve its stated purpose, the Authority may expend cash funds received from revenues for services rendered and any other source. Additionally, the Authority may secure grants, loans and other funding assistance, as authorized above in this Agreement, in order so as to compliment its economies of scale, keeping its costs of operation can be as low as possible and thereby allowing provision of service to the Parties at the lowest reasonable rates.

B. Budget: The Authority shall establish and approve an annual budget, containing all anticipated cost and revenue sources for capital and operational activities. Monthly management reports to the board of directors shall include year-to-date budget reports. A copy of the Authority's annual budget shall be provided to the Parties not later than April 1st of each year.

C. Audit: The Authority shall contract with an experienced certified public accountant, individual or firm, to perform an appropriate audit of its accounts each year and provide a copy of same to the Parties upon completion.

ARTICLE 5

Termination of Agreement; Disposal of Property

A. Termination of Agreement: Any Party may withdraw from this Agreement at any time prior to a scheduled date of grant or loan commitment(s) or prior to the date of public sale of revenue bonds by the Authority or prior to any other date when financial assistance from any source for any component of the renovation / construction related activities is obtained by the Authority, upon written notice to the other Parties hereto. Upon withdrawal of any Party from this Agreement, this Agreement shall be deemed to be terminated as to such Party, and such Party's representation on the board of directors of the Authority shall be eliminated by appropriate action of the Authority, including amendment of its articles of incorporation. Once any funding assistance has been obtained by the Authority, no Party may withdraw from this Agreement nor may this Agreement be terminated in any respect, until the date of final completion of all grant agreement requirements or repayment of granted funds or final payment and retirement of any bond or loan is made, or arrangements satisfactory to the granting agency(ies), bond holders or lenders are made for such payments.

B. Disposition of Property: If the Parties terminate this Agreement, all appropriate action shall be taken for the timely dissolution of the Authority and disposal of its assets and satisfaction of its liabilities. Generally, once all conditions for dissolution of the Authority are met, any and all assets and attendant liabilities received by the Authority from any Party to this Agreement shall be transferred and returned to that Party, in their condition at the time of such return. Any new assets and associated liabilities that are reasonably linked by relationship or proximity to a Party's utilities shall be offered to that Party, and that Party shall have first right of refusal to accept the transfer of such asset(s) and associated liabilities. Specifically, in the event of dissolution of this Agreement, the disposition of assets shall conform to the provisions of Article II of the

Authority's draft articles of incorporation, Exhibit B, and shall be disposed of in a fair and equitable manner as the Parties may determine, pursuant to law.

ARTICLE 6

Grants, Loans, Bonds and Other Financing Obligations Not General Obligations or Indebtedness of Parties; No Personal Liability

A. Loans and Bonded Indebtedness: Any grant awarded, loan, revenue bond, or other funding assistance obtained to finance the Authority's facilities or components thereof shall be the responsibility and obligation solely of the Authority and shall be satisfied only by the Authority in keeping with the agreement associated with such funding assistance, or reimbursement of such funds, or the pledge of (i) the proceeds of the bonds or other financing until disbursed, (ii) the investment of such proceeds and (iii) all revenues, funds, proceeds of insurance and other assets pledged under the documentation securing the funding assistance, whether such assistance is loan(s), bonds or other obligations.

B. Not General Obligation or Personal Liability: Grants, loans, bonds or other funding assistance that may be awarded to or secured by the Authority, as authorized by the Parties, shall not carry any responsibility or constitute an obligation or indebtedness of any of the Parties, neither individually or collectively, nor shall any of the Parties be required to reimburse any grant for a failure on the part of the Authority or be obligated to make any loan or bond payment on behalf of the Authority from any general or special tax revenues of any of the Parties hereto, within the meaning of any constitutional provision or limitation.

None of the Parties or any of the members of the legislative bodies of the Parties, or any directors, officers or employees of the Authority, shall be subject to or in any way liable for any debt, bond obligation, contract or other fiscal obligation or expense legally incurred in furtherance of the Authority's purposes, subject of this Agreement. However, this exclusion does not include malfeasance, misfeasance or other criminal activity.

ARTICLE 7

Execution in Counterparts

This Agreement may be executed in any number of counterparts, and each such counterpart shall constitute an original and all such counterparts shall constitute one and the same instrument.

ARTICLE 8

Addresses and Places of Business of Parties

The principal Offices and places of business of the Parties to this Agreement are set forth in the respective signature blocks of the Parties, below.

ARTICLE 9
Amendments

This Agreement may be amended at any time, with consent of the Parties. The procedure for amending the Agreement shall conform to the process as set out in statute for its initial approval.

This instrument was reviewed and approved by:

Tompkinsville City Attorney: _____

Monroe County Attorney: _____

IN TESTIMONY WHEREOF, witness below the signatures of the Parties to this Agreement, duly authorized, as of the date first above written.

CITY OF TOMPKINSVILLE

Mayor

Attest: _____
City Clerk

Date: _____

FOUNTAIN RUN WATER DISTRICT NO. 1

Chair

Attest: _____

Date: _____

Title: _____

MONROE COUNTY WATER DISTRICT

Chair

Attest: _____

Date: _____

Title: _____

OFFICE OF KENTUCKY ATTORNEY GENERAL

APPROVAL AS TO PROPER FORM AND COMPATIBILITY WITH STATUTE

I, _____ the undersigned, Kentucky Attorney General hereby certify that the Agreement captioned Interlocal Cooperation Agreement, City of Tompkinsville, Fountain Run Water District and Monroe County Water District, relating to the Cumberland River Water Authority, Inc. has been duly filed with this Office and has been found to be in proper form and is in conformity with KRS 65.260.

Dated this ____ day of _____, 20____.

Attorney General

COMMONWEALTH OF KENTUCKY

**CITY OF TOMPKINSVILLE
TOMPKINSVILLE, KENTUCKY**

The address, principal office and place of business of the City of Tompkinsville is:

Date of official meeting wherein Ordinance approving this Agreement was passed and the mayor was authorized to execute and take actions as set out in this Agreement:

Date: _____

Attest: _____
City Clerk

Council Members:

Mayor

DRAFT 7-18-14

DRAFT

DRAFT

FOUNTAIN RUN WATER DISTRICT NO.1

FOUNTAIN RUN, KENTUCKY

The address, principal office and place of business of the Fountain Run Water District No.1 is:

Date of official meeting wherein the resolution approving this Agreement was passed and the Chair was authorized to execute and take actions as set out in this Agreement:

Date: _____

Attest: _____
Secretary

Board of Directors:

Chair

**MONROE COUNTY WATER DISTRICT
TOMPKINSVILLE, KENTUCKY**

The address, principal office and place of business of the Monroe County Water District is:

Date of official meeting wherein the resolution approving this Agreement was passed and the Chair was authorized to execute and take actions as set out in this Agreement:

Date: _____

Attest: _____
Secretary

Chair

**CERTIFICATE OF MONROE COUNTY CLERK AS TO FILING OF A COPY OF
THE INTERLOCAL COOPERATION AGREEMENT BETWEEN THE
CITY OF TOMPKINSVILLE, FOUNTAIN RUN WATER DISTRICT No.1 &
MONROE COUNTY WATER DISTRICT**

I, _____, being the duly elected Monroe County Clerk,
certify that a fully executed copy of the document styled Interlocal Cooperation
Agreement relating to the Cumberland River Water Authority, Inc. was duly filed in the
Monroe County Clerk's Office, this the _____ day of _____, 20_____.

Monroe County Clerk

EXHIBIT A: FACILITIES INVENTORY & MAPS

[Faint, illegible text, likely a table or list of facilities]

EXHIBIT B: Draft Articles of Incorporation

Cumberland River Water Authority, Inc.**ARTICLES OF INCORPORATION****KNOW ALL MEN BY THESE PRESENTS:**

That we, the undersigned Incorporators, being the Mayor of the City of Tompkinsville, the Chair of the Fountain Run Water District No.1 and the Chair of the Monroe County Water District, as authorized by our respective legislative bodies, do hereby associate to form a separate corporate instrumentality for public service and civic purposes pursuant to the provisions of Kentucky Revised Statutes,(KRS) Chapter 273.161 to 273.390, inclusive, KRS Chapter 58.180, KRS Chapter 65.210 to 65.300, KRS Chapter 65A, KRS Chapter 74, and KRS Chapter 96, in whole or in part as relating to the creation of a water supply entity, and do declare and certify as follows:

**Article I
Name**

The name of the corporation shall be "Cumberland River Water Authority, Inc." ("Authority"). The Authority shall be at all times a nonprofit, no-stock public corporation pursuant to the provisions of KRS Chapter 273.161-390, inclusive, and KRS Chapter 58.180 for the performance of public, municipal, civic and governmental purposes pursuant to Kentucky law. The Authority shall be a special purpose governmental entity focused specifically on treating and transmitting safe drinking water and shall be an instrumentality of the City of Tompkinsville (referred to herein as "Tompkinsville"); the Fountain Run Water District No.1 (referred to herein as "Fountain Run WD"); and the Monroe County Water District (referred to herein as "Monroe County WD"); each of the entities named above may be referred to herein also as "Party" or collectively as "Parties."

**Article II
Duration, Dissolution**

The duration of the Authority shall be perpetual. The Authority may be dissolved at any time by joint action of Tompkinsville, Fountain Run WD and Monroe County WD acting by and through their respective legislative bodies, provided that if, at the time of such dissolution there is any outstanding indebtedness or obligations of the Authority, such indebtedness or obligations shall be properly discharged or proper provision to address same shall be made by the Authority. Upon the dissolution of this corporation, assets shall be distributed solely for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government or to a state or local government for a public purpose. If such distribution of assets is to be made to local government, such assets shall be first offered to the Parties in an equitable manner and without any necessity for formal conveyance.

Article III

Corporate Purpose, Powers

The Authority is organized exclusively for charitable, religious, educational and scientific purposes, including the making of asset distributions to organizations that qualify as exempt organizations under section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code. Further, the Authority shall assist and cooperate with, act on behalf of, at the direction of and as the agent and instrumentality of the Parties in effecting and maintaining high quality treated water services for the customers of Tompkinsville, Fountain Run WD, and Monroe County WD and others as may be later included. To achieve this purpose the Authority shall engage in a wide array of activities, including but not limited to planning, design, development, acquisition, construction, installation, ownership, operation, management, financing and refinancing of necessary and appropriate drinking water treatment, storage and transmission facilities, pursuant to the provisions of Kentucky law and thereby accomplish public and municipal purposes benefiting the existing and future water customers living in Monroe County and in neighboring counties. The term 'water facilities' includes but is not limited to certain water withdraw and treatment facilities, pumping, storage facilities and transmission mains and related equipment and appurtenances, repair and maintenance equipment, tools and vehicles, together with buildings, structures, improvements, with the land tracts on which they are located as well as sites used for buffers, together with land control instruments, such as leases, easements and rights-of-way related thereto. In carrying out its corporate purposes, the Authority shall have all the powers enumerated in KRS Chapter 58.010 to 58.180, inclusively, KRS Chapter 67, KRS Chapter 74, KRS Chapter 96.320-510 and KRS Chapter 273.171. The Authority shall specifically have power to contract and be contracted with, to sue and be sued, to acquire, own, hold and use real and personal property by purchase, lease, gift or in any other manner whatsoever, with power to deal with any and all such property in any manner consistent with the aforesaid purposes of the Authority, specifically including, but not by way of limitation, the power to sell and dispose of the same and to mortgage, lease or otherwise encumber the same, subject to the provisions herein, and generally to have and treat such property in any way not inconsistent with the provisions of the previously cited statutory provisions and other applicable provisions of Kentucky law. The Authority shall have the power to hire and dismiss employees, and to procure necessary and appropriate professional services. The Authority shall have such additional powers as have been or may be delegated to it jointly or individually by legislative action of Tompkinsville, Fountain Run WD and Monroe County WD.

The Authority shall have the power, on behalf of and at the specific direction of the Parties, to apply for and accept state or federal grants and loans, accept gifts and donations, accept and use stream impact mitigation fees and to borrow money, incur indebtedness and to issue bonds, notes or other obligations in evidence of the same for

the acquisition construction, installation and financing or refinancing of water treatment, storage and transmission facilities and appurtenances. The Authority is authorized to pledge for the amortization of such loans or bonds, notes or other obligations, the revenues derived from the operation of its facilities. In compliance with KRS 58.180, it shall be provided in any such financing or refinancing: (i) that upon the retirement and discharge of bonds, notes or other obligations, if any, issued by the Authority at the direction of and specifically on behalf of either of the Parties, full legal title to those water facilities so acquired shall be legally transferred to and ownership shall be vested in the affected Party, to the extent to which the benefit and proportioned cost of said project(s) was borne by that Party; (ii) that in the event of default with respect to any such bonds, notes or other obligations, the Parties shall have the exclusive option to acquire the water facilities for the amount required to discharge such bonds, notes or other obligations, and shall be provided a reasonable time to exercise such option; (iii) that the issuance of any such bonds, notes or other obligations shall be directed by and approved by the Parties not more than sixty (60) days prior to the date of issue of such obligations; and (iv) no bonds, notes or other obligations shall be issued by the Authority for and on behalf of any Party except upon express direction of that respective Party. Additionally, during the time any such bonds, notes or other obligations are outstanding, those Parties, or other public water entity which may be served by the Authority, shall have a beneficial interest in the water facilities financed or refinanced thereby to such extent as may be necessary in order to comply with requirements of the federal and state governments in respect of the tax-exempt status of interest received on such bonds, notes or other obligations.

Article IV Supervisory Control

In compliance with KRS Chapter 58.180(4), the Parties shall exercise supervisory control over the Authority, to the extent deemed appropriate by them in the administration of the Authority's activities as an agency, instrumentality and special purpose governmental entity of the Parties and, as may be required from time to time by federal law in order to continue to qualify the Authority, as a statutory public corporation and constituted Authority of the Parties, for the issuance of tax-exempt notes, bonds or other obligations.

Article V Not For Profit, Application of Revenue

The Authority, having no members, is organized solely to accomplish the public service and civic purposes, as aforesaid, and to serve as an agency and instrumentality of the Parties. The Authority is not organized for the making of any profit, and no private pecuniary profit shall at any time be derived by any officers or directors of the Authority. Any revenues of the Authority beyond those necessary for the scheduled retirement of indebtedness and to meet the requirements of loan or bond obligations of the Authority shall be applied to capital costs and the costs of operation. Net revenues, if any, shall be applied solely to reducing outstanding principal amounts of debts, to the best interest of the Authority, and shall not inure to the benefit of any person. The Authority, shall compliment and facilitate the engagement of the Parties in the process of planning for

and providing oversight of its water facilities and services and shall seek to assure that it possesses at all times sufficient design capacity to accommodate the water treatment needs of each Party and of others as may be serviced by the Authority at a later date.

**Article VI
Incorporators, Registered Office and Agent**

The names and addresses of the Incorporators of the Cumberland River Water Authority, Inc. are as follows:

<u>Name</u>	<u>Address</u>
-------------	----------------

The temporary address of the principal office of the Authority shall be: Cumberland River Water Authority, Inc., c/o _____, Kentucky _____. The registered agent of the Authority shall be: _____ whose physical and mailing address is: _____ Kentucky _____.

I accept the responsibility of serving as the resident agent for the Cumberland River Water Authority, Inc.

Date: _____

**Article VII
Composition & Appointment of Board of Directors, Officers**

Pursuant to KRS Chapter 273.187, the Authority shall not have any members. The Authority shall have no capital stock. The number of directors constituting the Authority's board of directors shall be three (3), consisting of one (1) director appointed by the Mayor of the City of Tompkinsville, subject to the approval of the Tompkinsville City Council; one (1) member appointed by the chair of the Fountain Run Water District, subject to approval of the board of commissioners of the Fountain Run Water District; and (1) member appointed by the chair of the Monroe County Water District subject to approval of the board of commissioners of the Monroe County Water District. Care shall be taken that collectively, the individuals to be appointed as directors exhibit genuine interest in the purposes of the Authority, represent the diversity of the water treatment needs within the Authority's service area and possess demonstrated leadership qualities and common sense. Regarding terms of office, the initial terms of the directors shall be varied in length, as set out below to allow for leadership continuity. All subsequent terms of office shall be for four (4) years. When vacancies occur on the board of directors prior to the expiration of a member's term of office, the successor

shall serve out the unexpired portion of the term. Vacancies shall be filled by appointment as set out herein above. Each member of the board of directors of the Authority shall continue as a director upon the expiration of his term until his successor is duly appointed. A change in the number of directors shall be made only by amendment to these Articles of Incorporation.

The names and addresses of the three (3) directors who shall initially serve in accordance with these Articles of Incorporation, the respective appointing Authority and their respective initial term are as follows:

<u>Name</u>	<u>Address</u>	<u>Appointing Entity</u>	<u>Term</u>
-------------	----------------	------------------------------	-------------

The Authority shall have as its officers a chair, a vice chair, and a secretary-treasurer, each of whom shall be elected or appointed by the Board of Directors at such times, in such manner and for such terms not exceeding three (3) years as may be prescribed in the by-laws or by other official action of the board of directors. Such officers shall have such powers and duties as may be prescribed from time to time by the board of directors.

**Article VIII
Official Signature**

Unless the board of directors of the Authority shall make express provision to the contrary by resolution, motion or other corporate action, the signature, or any authorized facsimile of the signature, of any director or officer of the Authority appearing on any contract, note, bond, mortgage, certificate or other document of the Authority shall remain valid, binding and effective for all purposes, notwithstanding the fact that at the time of delivery or other intended effective date thereof such director or officer may have ceased to be a director or may have ceased to hold such office of the Authority.

**Article IX
Non-liability of Local Governments, Incorporators, Directors**

Neither the City of Tompkinsville, Fountain Run Water District No.1, nor the Monroe County Water District, nor any members of their respective legislative bodies or their employees, nor the incorporators or any directors of the Authority, at present or in the future, shall be subject to or in any way be liable for any debt or other obligation or contract of the Authority or any judgment against the Authority, notwithstanding contravention of law.

**Article X
Bylaws, Meeting**

The board of directors of the Authority shall have power to make and adopt by-laws and to alter or repeal the same pursuant to KRS Chapter 273.191. The board shall conduct its business pursuant to the Kentucky Open Meetings - Open Records Act (KRS Chapter 61). The Authority's bylaws shall include the time and location of regular meetings of the board of directors and shall cite the general rules of order for the conduct of its business at its meetings. It may conduct business in special meetings but only in a manner that conforms to the Act, requiring a minimum of 24 hour prior notice to directors, media notice to those entities on file having requested such notice and confinement of official action to be taken at such meeting to items identified on the meeting agenda. A simple majority of the directors, specifically two (2) directors, shall constitute a quorum, and a quorum of directors shall be required to conduct business at any meeting of the Authority.

**Article XI
Corporate Existence**

The corporate existence of the Authority shall commence immediately upon the recording of these articles of incorporation in the office of the Secretary of State, of the Commonwealth of Kentucky and the issuance by the Secretary of State of a certificate of incorporation, as provided by law.

This document reviewed by: _____
Monroe County Attorney

IN TESTIMONY WHEREOF, witness the signatures of the undersigned Incorporators

this _____ day of _____, 20_____.

Mayor, City of Tompkinsville

Attest: _____
City Clerk

Chair, Fountain Run Water District No.1

Attest: _____
Secretary

Chair, Monroe County Water District

Attest: _____
Secretary

**STATE OF KENTUCKY
MONROE COUNTY**

The foregoing instrument, being Articles of Incorporation of the Cumberland River Water Authority, Inc., was presented to me this day by _____, of the _____, Kentucky, who is known to me, and who, after being first duly sworn, acknowledged that he had signed said Articles as an incorporator, voluntarily and with proper authority to do so granted by _____

Witness my signature and seal of office this _____ day _____, 20____

NOTARY PUBLIC

ID No. _____

My Commission expires: _____

EXHIBIT H

CITY COMMISSION

CONTINUED FROM PAGE A-1

ment, Commissioner Ricky Richardson over the gas department and Adams over the park, recycling and sanitation. Turner was designated to oversee the Administration. Richardson was also appointed as Mayor Pro-tem.

Commissioners also approved implementing a "one call" system for the City entering into an agreement with Reach Alert. The cost of \$1,200 (\$1 per household) will be paid by the City with no cost to the customers. This system can be used to notify the public in the event of boil water advisories, inclement weather or other safety issues.

Commissioners also:

— approved installing a street light at the east end of the Monroe Health and Rehab facility to increase safety of those crossing the street;

— amended a policy to

allow those in City Hall who have concealed carry permits to be able to carry a handgun;

— discussed issues with the Water system with Turner answering the claim

by the County that they were unable to provide the needed water for the county (see related letter from Turner following this article);

— agreed that SCRTC and any other utilities company who cut into City lines would be responsible for those costs (noting that the last four boil water advisories were due to SCRTC disregarding direction of City employees and breaking lines; and

— heard from Turner that the lift stations behind the Monroe County Jail would be addressed with monies left over from the sewer infrastructure grant.

I want to congratulate the Monroe County Water District on their recent loan approval. I know they have worked hard at getting this project completed. The city will continue to furnish the water for their customers until their water plant is operational. At this time, it is not in the best interest of the City of Tompkinsville to partner with the Monroe County Water District in the project. The Monroe County Water District is in the business to sell water. The city of Tompkinsville is not. The Tompkinsville city water plant is very capable of serving the citizens of Tompkinsville. This plant was built for the sole purpose of providing the city quality drinking water and has the capacity to ensure this plant can and will produce clean water for the citizens that live inside the city limits. The city has at no time lost water or been unable to provide water to our customers, city or county, because of the capacity of our plant. I have been on the Commission for over eight years and during that time there is only one time that I can remember anything has ever been mentioned to anyone about water usage. That year the entire state was at a critical water level and our water system was never in jeopardy of being at a level that we couldn't furnish water to our customers. We have very few Notices of Violations, all of these have been addressed and taken care of. Our plant, as well as any other plant that is that old, will have some issues at certain times and we will do everything within our power to make sure your water is the best possible product we can produce. We will work with all local, regional, and state water officials to make sure we stay within their guidelines. We are currently working on projects to improve our water plant and systems. We will continue to work to improve every aspect of our city to make it and our infrastructure as good as we can while remaining within our budgetary guidelines. We will continue to look for grants and any funding available that we can pursue.

Scotty Turner,
Mayor of Tompkinsville

EXHIBIT 28



KENTUCKY INFRASTRUCTURE AUTHORITY

1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
Phone (502) 573-0260
Fax (502) 573-0157
<http://kia.ky.gov>

Steven L. Beshear
Governor

December 7, 2015

Richard O. Ross, General Manager
Monroe County Water District
205 Capp Harlan Road
Tompkinsville, KY 42167

KENTUCKY INFRASTRUCTURE AUTHORITY FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND CONDITIONAL COMMITMENT LETTER (F15-002 INCREASE)

Dear Mr. Ross:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. Your request to the Authority for a \$3,550,694 increase to your existing loan was approved on December 3, 2015, for the New Regional Water Treatment Plant & System Improvements project, subject to the conditions stated below. The total cost of the project shall not exceed \$15,962,694 of which the Authority loan shall provide \$15,564,332 of the funding. Other anticipated funding for the project is reflected in Attachment A. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment A incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Monroe County Water District upon satisfactory performance of the conditions set forth in this letter. You must meet the conditions set forth in this letter and enter into an Assistance Agreement by July 6, 2016. A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$15,564,332.
2. The total loan shall contain principal forgiveness in the amount of 30

percent, but not to exceed \$2,904,091. Amortized loan and forgiveness amounts will be based on actual project costs drawn from the Authority. The increase amount of \$3,550,694 did not include any additional principal forgiveness.

3. The loan shall bear interest at the rate of 0.75 percent per annum commencing with the first draw of funds.
4. Interest shall be payable on the unforgiven amount of actual funds received. The first payment shall be due on June 1, or December 1, immediately succeeding the date of the initial draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the initial draw of funds, then the first interest payment date shall be the June 1, or December 1, which is at least six months from the date of the initial draw of funds. Interest payments will be due each six months thereafter until the loan is repaid.
5. Full principal payments will commence on the appropriate June 1, or December 1, within twelve months from initiation of operation. Full payments will be due each six months thereafter until the loan is repaid.
6. The loan shall be repaid over a period not to exceed 30 years from the date of initiation of operation for the project.
7. A loan servicing fee of 0.25% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
8. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
9. The Authority loan funds must be expended within six months of the official date of initiation of operation.
10. Fund "F" loan funds may be considered to be federal funds. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations, requires that all recipients and subrecipients **expending \$500,000 or more in a year in federal awards must have a single or program-specific audit conducted for that year** in accordance with the Circular. If the federal amount expended plus all other federal funds expended exceeds the threshold, you are required to arrange for an A-133 audit to be performed by an independent, licensed CPA, or in special cases, the Auditor of Public Accounts of the Commonwealth of Kentucky. Please note that the guidance for single audit requirements changed for

calendar or fiscal years beginning after December 26, 2014. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.

11. The Authority requires an annual financial audit be provided for the life of the loan.
12. The final Assistance Agreement must be approved by ordinance or resolution, as applicable, of the city council or appropriate governing board.

The following is a list of the standard conditions to be satisfied prior to execution of the Assistance Agreement or incorporated in the Assistance Agreement. Any required documentation must be submitted to the party designated.

1. The Authority to Award (bid) package must be submitted to the Division of Water for approval within 14 days of bid opening.
2. The Assistance Agreement must be executed within six (6) months from bid opening.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the credit analysis shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding shall be immediately reported and may cause this loan to be subject to further consideration.
4. The loan must undergo review by the Capital Projects and Bond Oversight Committee of the Kentucky Legislature prior to the State's execution of the Assistance Agreement. The committee meets monthly on the third Tuesday. Any special conditions listed in Attachment A must be satisfied before the project is presented before the Committee.
5. Any required adjustment in utility service rates shall be adopted by ordinance, municipal order or resolution by the appropriate governing body of the Borrower. Public hearings as required by law shall be held prior to the adoption of the service rate ordinance, order, or resolution. Any required approvals by the Kentucky Public Service Commission shall be obtained.
6. The Borrower must complete and return the attached "Authorization for Electronic Deposit of Vendor Payment" form to the Authority.

7. Documentation of Clearinghouse Endorsement and Clearinghouse Comments.
8. Prior to project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving DWSRF funds.
9. Technical plans and specifications and a complete DWSRF specifications checklist shall be approved by the Division of Water prior to project bid.
10. All easements or purchases of land shall be completed prior to commencement of construction. Clear Site Certification of all land or easement acquisitions shall be provided to the Division of Water. DOW representatives shall be notified for attendance of the pre-construction conference.
11. Project changes or additions deviating from the original scope of work described in the Project Profile may require a new or amended environmental review and change order review before they can be included in the DWSRF loan project.
12. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state or federal wage rate laws, and that the procurement procedures, including those for construction, land, equipment and professional services that are a part of the project, are in compliance with applicable federal, state and local procurement laws.
13. Implement the Kentucky Uniform System of Accounting (KUSoA), or an alternative approved by the Authority and assure that rates and charges for services are based upon the cost of providing such service.
14. The Borrower shall comply with all Davis Bacon related monitoring and reporting and require all contractors to pay wages pursuant to applicable prevailing wage rates (federal or state) for all work relating to the subject Project.
15. The project shall comply with the reporting requirements of the Transparency Act, and shall complete the attached Transparency Act Reporting Information Form and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. If the project has a "Green Reserve" component, the Borrower must submit a Business Case, if required.

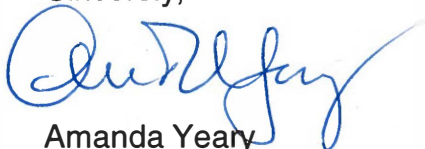
17. Based on the final "as-bid" project budget, the Borrower must provide satisfactory proof, based on then existing conditions, that the revenue projections in the attached descriptions are still obtainable and that the projections of operating expenses have not materially changed. The "as bid" project budget shall be reviewed and approved by the consulting engineer.

18. The project shall comply with American Iron and Steel requirements of The Consolidated Appropriations Act of 2014 (H.R. 3547), which became effective January 17, 2014, unless engineering plans and specifications were approved by the Division of Water prior to the effective date.

Any special conditions stated in Attachment A must be resolved.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,



Amanda Yeary
Kentucky Infrastructure Authority

Attachments

cc: Jana Dubree, Monroe County Water District
Robert Stigall, P.E., Stigall Engineering Associates, Inc
Division of Water
Dirk Bedarff, Peck, Shaffer & Williams LLP
State Local Debt Office, DLG
Borrower File - Monroe County Water District - F15-002

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms. Also attach the completed "Authorization for Electronic Deposit of Vendor Payment" Form.

Accepted

Date

ATTACHMENT A

**Monroe County Water District
F15-002**

EXECUTIVE SUMMARY KENTUCKY INFRASTRUCTURE AUTHORITY FUND F, FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND		Reviewer Date KIA Loan Number WRIS Number	Brandi Norton December 3, 2015 F15-002 Increase WX21171045	
BORROWER		MONROE COUNTY WATER DISTRICT MONROE COUNTY		
BRIEF DESCRIPTION				
<p>The Monroe County Water District is requesting an increase of \$3,550,694 to a previously approved \$12,013,638 loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and has since been competitively bid in three contracts. The increase will cover the overage required from the lowest bidder to complete the project. The original project description is below:</p> <p>This project involves the construction of a new water intake, a 600,000 water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. The District currently purchases potable water from the City of Tompkinsville, which has frequently experienced water shortages, particularly during drought periods. The City's water source is Mill Creek Lake, which has limited capacity during low rainfall periods. The proposed water treatment plant will source water from the Cumberland River.</p>				
PROJECT FINANCING		PROJECT BUDGET		
2015 Fund F Loan	\$8,000,000	Administrative Expenses	\$62,500	
2016 Fund F Loan	7,564,332	Legal Expenses	22,000	
HB 235 8N-2014	320,096	Land, Easements	150,000	
HB 235 6N-2014	78,266	Eng - Design / Const	6.4% 1.1% 160,000	
		Eng - Insp	4.1% 1.7% 260,000	
		Eng - Other	75,000	
		Construction	14,440,694	
		Contingency	550,000	
		Other	242,500	
TOTAL	\$15,962,694	TOTAL	\$15,962,694	
REPAYMENT	Rate Term	0.75% 30 Years	Est. Annual Payment 1st Payment 6 Mo. after first draw \$503,701	
PROFESSIONAL SERVICES	Engineer Bond Counsel	Stigall Engineering Associates, Inc Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening Construction Start Construction Stop	Sep-15 May-16 Feb-18		
DEBT PER CUSTOMER	Existing Proposed	\$759 \$3,920		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES	Current	<u>Users</u> 3,435	<u>Avg. Bill</u> \$32.55 (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	436,904	222,376	214,528	2.0
Audited 2013	528,841	216,950	311,891	2.4
Audited 2014	382,065	220,644	161,421	1.7
Projected 2015	340,641	218,438	122,203	1.6
Projected 2016	325,122	219,853	105,269	1.5
Projected 2017	566,618	219,478	347,140	2.6
Projected 2018	647,672	471,737	175,935	1.4
Projected 2019	737,900	707,731	30,169	1.0

Reviewer: Brandi Norton
Date: December 3, 2015
Loan Number: F15-002 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
MONROE COUNTY WATER DISTRICT, MONROE COUNTY
PROJECT REVIEW
WX21171045**

I. PROJECT DESCRIPTION

The Monroe County Water District ("District") is requesting an increase of \$3,550,694 to a previously approved \$12,013,638 Fund "F" loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and was competitively bid in three contracts. The lowest bid exceeded the engineer's estimate by \$3,865,694.

The project will construct a new raw water intake on the Cumberland River, a 600,000 gallon water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. Plans and specifications for the water treatment plant are substantially complete and were grant funded as a component of other water system improvements projects. The final plant design will permit a one million gallon per day expansion if demand increases. The District has secured a water withdrawal permit through the Division of Water (DOW) and the Army Corps of Engineers. The project ranked second out of sixty-seven projects by the DOW for the 2015 funding cycle and has consistently ranked high in previous funding cycles.

The District purchases about 275 million gallons of water per year from the City of Tompkinsville ("the "City") to support 3,400 customers and is subject to Public Service Commission jurisdiction. The City sources water from Mill Creek Lake and has frequently been unable to provide required water demand during peak or drought periods. Additionally, the City has been subject to periodic Notices of Violation (NOV) from the Division of Water. Upgrades to the City's water treatment plant would not remedy the ongoing supply constraint. The District has made numerous attempts over several years to partner with the City on a regional solution to jointly address these issues but has been unsuccessful.

The District also serves residents of the City of Gamaliel and provides an emergency connection to the Fountain Run Water District #1.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 62,500
Legal Expenses	22,000
Land, Easements	150,000
Engineering Fees - Design / Const	160,000
Engineering Fees - Inspection	260,000
Engineering Fees - Other	75,000
Construction	14,440,694
Contingency	550,000
Other	242,500
Total	\$ 15,962,694

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
2015 Fund F Loan	\$ 8,000,000	50%
2016 Fund F Loan	7,564,332	47%
HB 235 8N-2014	320,096	2%
HB 235 6N-2014	78,266	0%
Total	\$15,962,694	100%

IV. KIA DEBT SERVICE

	<u>Original</u>	<u>Increase</u>	<u>Total</u>
Construction Loan	\$ 12,013,638	\$ 3,550,694	\$15,564,332
Less: Principal Forgiveness	2,904,091	0	2,904,091
Amortized Loan Amount	\$ 9,109,547	\$ 3,550,694	\$12,660,241
Interest Rate	0.75%	0.75%	0.75%
Loan Term (Years)	30	30	30
Estimated Annual Debt Service	\$ 339,659	\$ 132,391	\$ 472,050
Administrative Fee (0.25%)	22,774	8,877	31,651
Total Estimated Annual Debt Service	\$ 362,433	\$ 141,268	\$ 503,701

V. PROJECT SCHEDULE

Bid Opening	September 2015
Construction Start	May 2016
Construction Stop	February 2018

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Total
Residential	3,235
Commercial	200
Total	3,435

B) Rates

	Current	Prior
Date of Last Rate Increase	03/01/14	12/01/12
Minimum (2,000 gallons)	\$17.95	\$17.15
Next 3,000 Gallons	7.30	6.90
Next 5,000 Gallons	6.10	5.70
All over 10,000 Gallons	5.20	4.80
Cost for 4,000 gallons	\$32.55	\$30.95
Increase %	5.2%	
Affordability Index (Rate/MHI)	1.4%	

The City increased its wholesale rate to the District by 23% from \$1.53 to \$1.88 effective March 1, 2014.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2008-2012, the Utility's service area population was 7,988 with a Median Household Income (MHI) of \$29,538. The median household income for the Commonwealth is \$42,610. The project will qualify for a .75% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	4,366		12,353		June 2004	5.5%
1990	2,861	-34.5%	11,401	-7.7%	June 2009	14.8%
2000	2,660	-7.0%	11,756	3.1%	June 2013	8.1%
2010	2,402	-9.7%	10,963	-6.7%	June 2014	6.6%
Current	2,427	1.0%	10,925	-0.3%		
Cumulative %		-44.4%		-11.6%		

VIII. CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization of 30% of the original project amount of \$8,000,000, not to exceed \$2,904,091.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ending December 31, 2012 through 2014. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 10% from \$1.4 million in 2012 to \$1.6 million in 2014 with the increase being split equally between volume growth and a rate increase. Operating expenses increased 16% from \$1.0 million to \$1.2 million. Approximately \$80,000 of the increase is due to the purchased water rate adjustment with the balance due to higher compensation costs. The debt coverage ratio was 2.0, 2.4 and 1.7 for each of the respective years with average annual debt service of \$220,000.

The balance sheet reflects a current ratio of 7.4, a debt to equity ratio of .3 and the number of months of operating expenses in unrestricted cash is 10.4. The District maintains restricted accounts for bond covenants, customer deposits and a depreciation reserve. The depreciation reserve had a balance of \$347,000, or 2.5% of gross fixed assets at the end of 2014.

Capital spending from 2011 through 2013 was \$2.3 million, which was funded with \$2.0 million in grants and the balance from operations. The District constructed about 10 miles of line extensions and added 106 connections during the period. They also constructed a 350,000 gallon storage tank to replace an existing tank and a new pump station on Capp Harlan Road. The District also has a very active meter testing program having tested about 1,600 during the three year period.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for growth.
- 2) The District will need to increase revenues by about 9%, or \$150,000 by January 1, 2018 and \$160,000, or 9% by January 1, 2019.
- 3) Expenses will increase 2% annually for inflation.
- 4) Incremental operating expenses of \$310,000 per year will be offset by a reduction in purchased water cost of \$517,000 (275 million gallons at \$1.88 per thousand gallons).
- 5) Debt service coverage is 1.0 in 2019 which is the first full year of principal and interest repayments.

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

REPLACEMENT RESERVE

The annual replacement cost is \$50,000. This amount should be added to the replacement account each December 1 until the balance reaches \$500,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 1978 Bonds (RD)	\$ 68,000	2018
Series 1987 Bonds (RD)	228,000	2027
Series 1990 Bonds (RD)	540,000	2031
Series 1992 Bonds (RD)	339,000	2031
Series 1994 Bonds (RD)	418,000	2033
Series 1998 Bonds (RD)	412,000	2038
Series 1999 Bonds (RD)	226,500	2038
Series 2003 Bonds (RD)	466,500	2043
Total	\$ 2,698,000	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Treatment Plant Upgrade	HB235	398,362	Grant

XII. CONTACTS

Legal Applicant	
Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
County	Monroe
Authorized Official	Richard O. Ross (General Manager)
Phone	(270) 487-8131
Email	mcwdr@scrtc.com

Project Administrator

Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
Contact	Jana Dubree
Phone	(270) 487-8131
Email	mcwdjd@scrtc.com

Consulting Engineer

Name	Robert Stigall, P.E.
Firm	Stigall Engineering Associates, Inc
Address	4117 Hillsboro Pike, Suite 206 Nashville, TN 37215-2728
Phone	(615) 460-7515
Email	rstigall@bellsouth.net

XIII. RECOMMENDATIONS

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

MONROE COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited 2012	Audited 2013	Audited 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Balance Sheet								
Assets								
Current Assets	1,177,047	1,248,006	1,339,137	1,396,161	1,502,230	1,571,670	1,638,205	1,659,274
Other Assets	10,335,469	10,116,793	9,935,859	9,725,657	9,501,957	13,870,219	23,851,151	23,218,751
Total	11,512,516	11,364,799	11,274,996	11,121,818	11,004,187	15,441,889	25,489,356	24,878,025
Liabilities & Equity								
Current Liabilities	319,620	149,946	181,649	181,900	182,400	183,200	184,200	185,500
Long Term Liabilities	2,904,681	2,816,302	2,723,363	2,636,200	2,539,900	5,237,700	13,591,241	13,479,141
Total Liabilities	3,224,301	2,966,248	2,905,012	2,818,100	2,722,300	5,420,900	13,775,441	13,664,641
Net Assets	8,288,215	8,398,551	8,369,984	8,303,718	8,281,887	10,020,989	11,713,915	11,213,384
Cash Flow								
Revenues	1,453,162	1,535,899	1,631,274	1,631,241	1,631,241	1,631,241	1,781,241	1,944,141
Operating Expenses	1,023,579	1,014,495	1,249,209	1,290,600	1,306,119	1,064,623	1,133,569	1,206,241
Other Income	7,321	7,437	0	0	0	0	0	0
Cash Flow Before Debt Service	436,904	528,841	382,065	340,641	325,122	566,618	647,672	737,900
Debt Service								
Existing Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	219,886	204,030
Proposed KIA Loan	0	0	0	0	0	0	251,851	503,701
Total Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	471,737	707,731
Cash Flow After Debt Service	214,528	311,891	161,421	122,203	105,269	347,140	175,935	30,169
Ratios								
Current Ratio	3.7	8.3	7.4	7.7	8.2	8.6	8.9	8.9
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.5	1.2	1.2
Days Sales in Accounts Receivable	73.2	31.2	33.6	33.6	33.6	33.6	33.6	33.6
Months Operating Expenses in Unrestricted Cash	8.7	11.6	10.4	10.3	10.4	13.5	13.2	13.0
Debt Coverage Ratio	2.0	2.4	1.7	1.6	1.5	2.6	1.4	1.0

EXHIBIT 29

Page 1

NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL

Form # SLDO-1
Revised 1/1/2011

For DLG staff use only:

File # _____
Received _____

Completion and delivery of this form to the address below shall satisfy the requirements of KRS 65.117, which prohibits any city, county, urban-county, consolidated local government, charter county, special district, or taxing district from entering into any financing obligation of any nature, except leases under \$200,000, without first notifying the state local debt officer in writing. This form shall also serve as application for approval of debt issuance when applicable. An electronic version of the form is available at www.dlg.ky.gov.

✓ **Type of debt to be issued (must check one):** **SLDO Approval Required** **Complete Sections**

<input type="checkbox"/> Short Term Borrowing - KRS 65.7701 et seq.	No	A, B, C
<input type="checkbox"/> Lease from \$200,000 - \$500,000 - KRS 65.940 et seq.	No	A, B, D
<input type="checkbox"/> Lease exceeding \$500,000 - KRS 65.940 et seq.	Yes (Counties only)	A, B, D
<input type="checkbox"/> General Obligation Bond - KRS Chapter 66	Yes (Counties only)	A, B, E
<input type="checkbox"/> Public Project Rev. Bond - KRS Chapter 58	No	A, B, E
<input type="checkbox"/> Public Project Rev. Bond w/Lease - KRS 66.310(2)	Yes (Counties only)	A, B, D, E
<input type="checkbox"/> Industrial Revenue Bond - KRS Chapter 103	Yes (All Borrowers)	A, B, F
<input type="checkbox"/> Other Bonds (True Revenue, Utility Assessment, TIF)	No	A, B, E

X Loan from Kentucky Infrastructure Authority - KRS Chapter 224A

Section A - Borrower Information

Agency Name	Monroe County Water District		
Governing Body	Board of Commissioners		
Street Address	205 Capp Harlan Road		
P.O. Box #	City	Tompkinsville	
County	Zip	42167	
Authorized Official	Richard O. Ross		

Section B - Terms of Financial Obligation

Please provide all relevant information. Fields in **bold** are mandatory.

Principle Amount:	\$15,564,332.00	Date of Issue:	06/30/2016
Maturity Date(s):	07/01/2049	Payment Schedule:	(must attach schedule)
Term:	30 yrs from in-service date of plant	Number of Renewal Periods:	0
Interest Rate(s):	0.75	Type of Interest (fixed or variable):	Fixed
Retirement Method:	From Water System Revenues		
Lender's Name:	Kentucky Infrastructure Authority		
Lender's Address:	1024 Capital Center Drive, Suite 340, Frankfort, Kentucky		
Right of Termination:	Not Applicable		
Termination Penalties:	Not Applicable		
Prepayment Provisions:	May prepay & retire entire amount at any time without penalty upon 5 days advance written notice		
Trustee or Paying Agent:	None		
AOC Funded Percentage:	0.00		

Page 2

**NOTIFICATION OF INTENT TO FINANCE
AND APPLICATION FOR DEBT APPROVAL**

Form # SLDO-1
Revised 1/1/2011

Section C - Note (Loan) Information/Documentation

Purpose - Briefly explain the documented need that necessitates this note (loan) and the public purpose it is intended to address. (Attach additional information if necessary):

Proceeds from loan will be used to finance the construction of a raw water intake structure, a water treatment plant, a 600,000 gallon elevated water storage tank, and 35,500 linear feet of water distribution main, and the modification of an existing pumping structure.

Pledge of Taxes/Description:

None

Pledge of Revenue/Description:

Water System revenues will be used to repay borrowed funds.

Pledge of Project Revenues (Attach documentation which substantiates the revenue projections):

Documentation prepared by Kentucky Infrastructure Authority is attached.

Have bids been sought by the local governments to determine the financial and programmatic competitiveness of the note (loan) proposal? Yes No

If No, explain what steps were taken to ensure adequate competition.

Loan was obtained from the Kentucky Infrastructure Authority pursuant to KRS Chapter 224A. Interest rate is below market rate. Loan forgiveness feature is included in the terms of the loan.

Required Attachments

1. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the note and statement as to taxes and revenues to be collected during the term of the note.

Section D - Lease Information/Documentation

Describe the real or personal property to be acquired or constructed:

NOT APPLICABLE - No lease will be executed.

Type of Lease : General Obligation Revenue

Is Lease Annually Renewable? Yes No

Does Agency seek approval without a hearing? Yes No Justification: Revenue Refunding

If yes, must attach certification from counsel regarding county obligation.

Does this lease refund a prior lease? Yes No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

Required Attachments (If lease requires SLDO approval)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing (if hearing is required) and newspaper advertisement tear sheet
3. Copy of lease
4. Executed copy of ordinance/resolution of fiscal court authorizing the lease
5. Certification from local government attesting to the ability to meet additional financial commitments necessitated by the lease and statement as to taxes and revenues to be collected during the term of the lease.

NOTIFICATION OF INTENT TO FINANCE AND APPLICATION FOR DEBT APPROVAL

Form # SLDO-1
Revised 1/1/2011

Section E - Bond Information/Documentation

Please provide all relevant information. Fields in **bold** are mandatory

Describe the purpose of the bond:

NOT APPLICABLE - No bonds will be issued

Bond Counsel:

Counsel Address:

Financial Advisor:

Advisor Address:

Bond Series:

Call Date:

Does this bond refund a prior bond? Yes No

If yes, please state the name, date and principal amount of original issue(s) being refunded:

Required Attachments (If SLDO Approval is Required)

1. Minutes from the local public hearing
2. Affidavit of publication of SLDO hearing and newspaper advertisement tear sheet
3. Executed copy of ordinance/resolution of fiscal court authorizing financial plan for the issuance of the bonds
4. Proposed plan of financing
5. Preliminary official statement (if applicable)
6. Sources and uses table

Additional Required Attachments for KRS Chapter 103 Bonds

1. Documentation in an appropriate form substantiating the project's eligibility under KRS 103.2101(1)(a)-(e).
2. If the project requires approval of the reduction in property taxes, attach any documentation provided to agency responsible for approval.

By signing below, the Authorized Official certifies that the foregoing is true and accurate to the best of his or her knowledge.

Name (please print) Richard O. Ross	Date: 01/04/2016
Title: General Manager	Signature: <i>Richard O. Ross</i>

Mail to:
Department for Local Government
Attn: State Local Debt Officer
1024 Capital Center Drive, Suite 340
Frankfort, KY 40601

Fax to: 502-573-3712

EXECUTIVE SUMMARY		Reviewer	Brandi Norton			
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	December 3, 2015			
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number	F15-002 Increase			
REVOLVING LOAN FUND		WRIS Number	WX21171045			
BORROWER	MONROE COUNTY WATER DISTRICT MONROE COUNTY					
BRIEF DESCRIPTION						
<p>The Monroe County Water District is requesting an increase of \$3,550,694 to a previously approved \$12,013,638 loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and has since been competitively bid in three contracts. The increase will cover the overage required from the lowest bidder to complete the project. The original project description is below:</p> <p>This project involves the construction of a new water intake, a 600,000 water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. The District currently purchases potable water from the City of Tompkinsville, which has frequently experienced water shortages, particularly during drought periods. The City's water source is Mill Creek Lake, which has limited capacity during low rainfall periods. The proposed water treatment plant will source water from the Cumberland River.</p>						
PROJECT FINANCING		PROJECT BUDGET			RD Fee %	Actual %
2015 Fund F Loan	\$8,000,000	Administrative Expenses				\$62,500
2016 Fund F Loan	7,564,332	Legal Expenses				22,000
HB 235 8N-2014	320,096	Land, Easements				150,000
HB 235 6N-2014	78,266	Eng - Design / Const	6.4%	1.1%		160,000
		Eng - Insp	4.1%	1.7%		260,000
		Eng - Other				75,000
		Construction				14,440,694
		Contingency				550,000
		Other				242,500
TOTAL	\$15,962,694	TOTAL				\$15,962,694
REPAYMENT	Rate	0.75%	Est. Annual Payment			\$503,701
	Term	30 Years	1st Payment	6 Mo. after first draw		
PROFESSIONAL SERVICES	Engineer	Stigall Engineering Associates, Inc				
	Bond Counsel	Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP				
PROJECT SCHEDULE	Bid Opening	Sep-15				
	Construction Start	May-16				
	Construction Stop	Feb-18				
DEBT PER CUSTOMER	Existing	\$759				
	Proposed	\$3,920				
OTHER DEBT	See Attached					
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached					
RESIDENTIAL RATES	Current	<u>Users</u>	<u>Avg. Bill</u>			
		3,435	\$32.55	(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	436,904	222,376	214,528	2.0		
Audited 2013	528,841	216,950	311,891	2.4		
Audited 2014	382,065	220,644	161,421	1.7		
Projected 2015	340,641	218,438	122,203	1.6		
Projected 2016	325,122	219,853	105,269	1.5		
Projected 2017	566,618	219,478	347,140	2.6		
Projected 2018	647,672	471,737	175,935	1.4		
Projected 2019	737,900	707,731	30,169	1.0		

Reviewer: Brandi Norton
Date: December 3, 2015
Loan Number: F15-002 Increase

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
MONROE COUNTY WATER DISTRICT, MONROE COUNTY
PROJECT REVIEW
WX21171045**

I. PROJECT DESCRIPTION

The Monroe County Water District ("District") is requesting an increase of \$3,550,694 to a previously approved \$12,013,638 Fund "F" loan for the Regional Water Treatment Plant and System Improvements Project. The project was presented in July 2015 and was competitively bid in three contracts. The lowest bid exceeded the engineer's estimate by \$3,865,694.

The project will construct a new raw water intake on the Cumberland River, a 600,000 gallon water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. Plans and specifications for the water treatment plant are substantially complete and were grant funded as a component of other water system improvements projects. The final plant design will permit a one million gallon per day expansion if demand increases. The District has secured a water withdrawal permit through the Division of Water (DOW) and the Army Corps of Engineers. The project ranked second out of sixty-seven projects by the DOW for the 2015 funding cycle and has consistently ranked high in previous funding cycles.

The District purchases about 275 million gallons of water per year from the City of Tompkinsville ("the "City") to support 3,400 customers and is subject to Public Service Commission jurisdiction. The City sources water from Mill Creek Lake and has frequently been unable to provide required water demand during peak or drought periods. Additionally, the City has been subject to periodic Notices of Violation (NOV) from the Division of Water. Upgrades to the City's water treatment plant would not remedy the ongoing supply constraint. The District has made numerous attempts over several years to partner with the City on a regional solution to jointly address these issues but has been unsuccessful.

The District also serves residents of the City of Gamaliel and provides an emergency connection to the Fountain Run Water District #1.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 62,500
Legal Expenses	22,000
Land, Easements	150,000
Engineering Fees - Design / Const	160,000
Engineering Fees - Inspection	260,000
Engineering Fees - Other	75,000
Construction	14,440,694
Contingency	550,000
Other	242,500
Total	\$ 15,962,694

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
2015 Fund F Loan	\$ 8,000,000	50%
2016 Fund F Loan	7,564,332	47%
HB 235 8N-2014	320,096	2%
HB 235 6N-2014	78,266	0%
Total	\$15,962,694	100%

IV. KIA DEBT SERVICE

	Original	Increase	Total
Construction Loan	\$ 12,013,638	\$ 3,550,694	\$15,564,332
Less: Principal Forgiveness	2,904,091	0	2,904,091
Amortized Loan Amount	\$ 9,109,547	\$ 3,550,694	\$12,660,241
Interest Rate	0.75%	0.75%	0.75%
Loan Term (Years)	30	30	30
Estimated Annual Debt Service	\$ 339,659	\$ 132,391	\$ 472,050
Administrative Fee (0.25%)	22,774	8,877	31,651
Total Estimated Annual Debt Service	\$ 362,433	\$ 141,268	\$ 503,701

V. PROJECT SCHEDULE

Bid Opening	September 2015
Construction Start	May 2016
Construction Stop	February 2018

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Total
Residential	3,235
Commercial	200
Total	3,435

B) Rates

	Current	Prior
Date of Last Rate Increase	03/01/14	12/01/12
Minimum (2,000 gallons)	\$17.95	\$17.15
Next 3,000 Gallons	7.30	6.90
Next 5,000 Gallons	6.10	5.70
All over 10,000 Gallons	5.20	4.80
Cost for 4,000 gallons	\$32.55	\$30.95
Increase %	5.2%	
Affordability Index (Rate/MHI)	1.4%	

The City increased its wholesale rate to the District by 23% from \$1.53 to \$1.88 effective March 1, 2014.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2008-2012, the Utility's service area population was 7,988 with a Median Household Income (MHI) of \$29,538. The median household income for the Commonwealth is \$42,610. The project will qualify for a .75% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	4,366		12,353		June 2004	5.5%
1990	2,861	-34.5%	11,401	-7.7%	June 2009	14.8%
2000	2,660	-7.0%	11,756	3.1%	June 2013	8.1%
2010	2,402	-9.7%	10,963	-6.7%	June 2014	6.6%
Current	2,427	1.0%	10,925	-0.3%		
Cumulative %		-44.4%		-11.6%		

VIII. CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project qualifies for additional subsidization of 30% of the original project amount of \$8,000,000, not to exceed \$2,904,091.

IX. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ending December 31, 2012 through 2014. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 10% from \$1.4 million in 2012 to \$1.6 million in 2014 with the increase being split equally between volume growth and a rate increase. Operating expenses increased 16% from \$1.0 million to \$1.2 million. Approximately \$80,000 of the increase is due to the purchased water rate adjustment with the balance due to higher compensation costs. The debt coverage ratio was 2.0, 2.4 and 1.7 for each of the respective years with average annual debt service of \$220,000.

The balance sheet reflects a current ratio of 7.4, a debt to equity ratio of .3 and the number of months of operating expenses in unrestricted cash is 10.4. The District maintains restricted accounts for bond covenants, customer deposits and a depreciation reserve. The depreciation reserve had a balance of \$347,000, or 2.5% of gross fixed assets at the end of 2014.

Capital spending from 2011 through 2013 was \$2.3 million, which was funded with \$2.0 million in grants and the balance from operations. The District constructed about 10 miles of line extensions and added 106 connections during the period. They also constructed a 350,000 gallon storage tank to replace an existing tank and a new pump station on Capp Harlan Road. The District also has a very active meter testing program having tested about 1,600 during the three year period.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for growth.
- 2) The District will need to increase revenues by about 9%, or \$150,000 by January 1, 2018 and \$160,000, or 9% by January 1, 2019.
- 3) Expenses will increase 2% annually for inflation.
- 4) Incremental operating expenses of \$310,000 per year will be offset by a reduction in purchased water cost of \$517,000 (275 million gallons at \$1.88 per thousand gallons).
- 5) Debt service coverage is 1.0 in 2019 which is the first full year of principal and interest repayments.

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

REPLACEMENT RESERVE

The annual replacement cost is \$50,000. This amount should be added to the replacement account each December 1 until the balance reaches \$500,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 1978 Bonds (RD)	\$ 68,000	2018
Series 1987 Bonds (RD)	228,000	2027
Series 1990 Bonds (RD)	540,000	2031
Series 1992 Bonds (RD)	339,000	2031
Series 1994 Bonds (RD)	418,000	2033
Series 1998 Bonds (RD)	412,000	2038
Series 1999 Bonds (RD)	226,500	2038
Series 2003 Bonds (RD)	466,500	2043
Total	\$ 2,698,000	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Treatment Plant Upgrade	HB235	398,362	Grant

XII. CONTACTS

Legal Applicant	
Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
County	Monroe
Authorized Official	Richard O. Ross (General Manager)
Phone	(270) 487-8131
Email	mcwdrr@scrtc.com

Project Administrator

Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
Contact	Jana Dubree
Phone	(270) 487-8131
Email	mcwdjd@scrtc.com

Consulting Engineer

Name	Robert Stigall, P.E.
Firm	Stigall Engineering Associates, Inc
Address	4117 Hillsboro Pike, Suite 206 Nashville, TN 37215-2728
Phone	(615) 460-7515
Email	rstigall@bellsouth.net

XIII. RECOMMENDATIONS

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

MONROE COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited 2012	Audited 2013	Audited 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Balance Sheet								
Assets								
Current Assets	1,177,047	1,248,006	1,339,137	1,396,161	1,502,230	1,571,670	1,638,205	1,659,274
Other Assets	10,335,469	10,116,793	9,935,859	9,725,657	9,501,957	13,870,219	23,851,151	23,218,751
Total	11,512,516	11,364,799	11,274,996	11,121,818	11,004,187	15,441,889	25,489,356	24,878,025
Liabilities & Equity								
Current Liabilities	319,620	149,946	181,649	181,900	182,400	183,200	184,200	185,500
Long Term Liabilities	2,904,681	2,816,302	2,723,363	2,636,200	2,539,900	5,237,700	13,591,241	13,479,141
Total Liabilities	3,224,301	2,966,248	2,905,012	2,818,100	2,722,300	5,420,900	13,775,441	13,664,641
Net Assets	8,288,215	8,398,551	8,369,984	8,303,718	8,281,887	10,020,989	11,713,915	11,213,384
Cash Flow								
Revenues	1,453,162	1,535,899	1,631,274	1,631,241	1,631,241	1,631,241	1,781,241	1,944,141
Operating Expenses	1,023,579	1,014,495	1,249,209	1,290,600	1,306,119	1,064,623	1,133,569	1,206,241
Other Income	7,321	7,437	0	0	0	0	0	0
Cash Flow Before Debt Service	436,904	528,841	382,065	340,641	325,122	566,618	647,672	737,900
Debt Service								
Existing Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	219,886	204,030
Proposed KIA Loan	0	0	0	0	0	0	251,851	503,701
Total Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	471,737	707,731
Cash Flow After Debt Service	214,528	311,891	161,421	122,203	105,269	347,140	175,935	30,169
Ratios								
Current Ratio	3.7	8.3	7.4	7.7	8.2	8.6	8.9	8.9
Debt to Equity	0.4	0.4	0.3	0.3	0.3	0.5	1.2	1.2
Days Sales in Accounts Receivable	73.2	31.2	33.6	33.6	33.6	33.6	33.6	33.6
Months Operating Expenses in Unrestricted Cash	8.7	11.6	10.4	10.3	10.4	13.5	13.2	13.0
Debt Coverage Ratio	2.0	2.4	1.7	1.6	1.5	2.6	1.4	1.0

EXECUTIVE SUMMARY		Reviewer	Brandi Norton	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	July 2, 2015	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number	F15-002 Adjustment	
REVOLVING LOAN FUND		WRIS Number	WX21171045	
BORROWER	MONROE COUNTY WATER DISTRICT MONROE COUNTY			
BRIEF DESCRIPTION				
This project involves the construction of a new water intake, a 600,000 water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. The District currently purchases potable water from the City of Tompkinsville, which has frequently experienced water shortages, particularly during drought periods. The City's water source is Mill Creek Lake, which has limited capacity during low rainfall periods. The proposed water treatment plant will source water from the Cumberland River.				
PROJECT FINANCING		PROJECT BUDGET		
2015 Fund F Loan	\$8,000,000	RD Fee %	Actual %	
2016 Fund F Loan	4,013,638			
HB 235 8N-2014	320,096			
HB 235 6N-2014	78,266			
		Administrative Expenses		\$62,500
		Legal Expenses		22,000
		Land, Easements		150,000
		Eng - Design / Const	6.4%	1.4%
		Eng - Insp	3.0%	2.3%
		Eng - Other		75,000
		Construction		10,900,000
		Contingency		550,000
		Other		232,500
TOTAL	\$12,412,000	TOTAL		\$12,412,000
REPAYMENT	Rate	0.75%	Est. Annual Payment	\$250,652
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Stigall Engineering Associates, Inc		
	Bond Counsel	Peck, Shaffer, & Williams, a division of Dinsmore & Shohl, LLP		
PROJECT SCHEDULE	Bid Opening	Jul-15		
	Construction Start	Oct-15		
	Construction Stop	Dec-17		
DEBT PER CUSTOMER	Existing	\$759		
	Proposed	\$3,121		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	3,435	\$32.55 (for 4,000 gallons)	
	Additional	0	\$32.55 (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	436,904	222,376	214,528	2.0
Audited 2013	528,841	216,950	311,891	2.4
Audited 2014	382,065	220,644	161,421	1.7
Projected 2015	340,641	218,438	122,203	1.6
Projected 2016	325,122	219,853	105,269	1.5
Projected 2017	566,618	219,478	347,140	2.6
Projected 2018	647,672	401,103	246,569	1.6
Projected 2019	577,900	566,463	11,437	1.0

Reviewer: Brandi Norton
Date: July 2, 2015
Loan Number: F15-002 Adjustment

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND "F")
MONROE COUNTY WATER DISTRICT, MONROE COUNTY
PROJECT REVIEW
WX21171045**

I. PROJECT DESCRIPTION

The Monroe County Water District ("District") is requesting an increase of \$4,013,638 to a previously approved \$8,000,000 Fund "F" loan for the Regional Water Treatment Plant and System Improvements Project. The project presented in December 2014 anticipated a \$4,013,638 bond finance and has since been adjusted to remove the bond funding and replaced with additional KIA funding.

The project will construct a new raw water intake on the Cumberland River, a 600,000 gallon water storage tank, one pump station, transmission lines and a two million gallon per day water treatment plant. Plans and specifications for the water treatment plant are substantially complete and were grant funded as a component of other water system improvements projects. The final plant design will permit a one million gallon per day expansion if demand increases. The District has secured a water withdrawal permit through the Division of Water (DOW) and the Army Corps of Engineers. The project ranked second out of sixty-seven projects by the DOW for the 2015 funding cycle and has consistently ranked high in previous funding cycles.

The District purchases about 275 million gallons of water per year from the City of Tompkinsville ("the City") to support 3,400 customers and is subject to Public Service Commission jurisdiction. The City sources water from Mill Creek Lake and has frequently been unable to provide required water demand during peak or drought periods. Additionally, the City has been subject to periodic Notices of Violation (NOV) from the Division of Water. Upgrades to the City's water treatment plant would not remedy the ongoing supply constraint. The District has made numerous attempts over several years to partner with the City on a regional solution to jointly address these issues but has been unsuccessful.

The District also serves residents of the City of Gamaliel and provides an emergency connection to the Fountain Run Water District #1.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 62,500
Legal Expenses	22,000
Land, Easements	150,000
Engineering Fees – Design / Const	160,000
Engineering Fees - Inspection	260,000
Engineering Fees - Other	75,000
Construction	10,900,000
Contingency	550,000
Other	232,500
Total	\$ 12,412,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
2015 Fund F Loan	\$ 8,000,000	64%
2016 Fund F Loan	4,013,638	32%
HB 235 8N-2014	320,096	3%
HB 235 6N-2014	78,266	1%
Total	\$ 12,412,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 12,013,638
Less: Principal Forgiveness (24%)	2,904,091
Amortized Loan Amount	\$ 9,109,547
Interest Rate	0.75%
Loan Term (Years)	30
Estimated Annual Debt Service	\$ 339,659
Administrative Fee (0.25%)	22,774
Total Estimated Annual Debt Service	\$ 362,433

V. PROJECT SCHEDULE

Bid Opening	July 2015
Construction Start	October 2015
Construction Stop	December 2017

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Total
Residential	3,235
Commercial	200
Total	<u>3,435</u>

B) Rates

	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	03/01/14	12/01/12
Minimum (2,000 gallons)	\$17.95	\$17.15
Next 3,000 Gallons	7.30	6.90
Next 5,000 Gallons	6.10	5.70
All over 10,000 Gallons	5.20	4.80
Cost for 4,000 gallons	<u>\$32.55</u>	<u>\$30.95</u>
Increase %	5.2%	
Affordability Index (Rate/MHI)	1.4%	

The City increased its wholesale rate to the District by 23% from \$1.53 to \$1.88 effective March 1, 2014.

VII. DEMOGRAPHICS

Based on current Census data from the American Community Survey 5-Year Estimate 2008-2012, the Utility's service area population was 7,988 with a Median Household Income (MHI) of \$29,538. The median household income for the Commonwealth is \$42,610. The project will qualify for a .75% interest rate.

Year	Population				Unemployment	
	City	% Change	County	% Change	Date	Rate
1980	4,366		12,353		June 2004	5.5%
1990	2,861	-34.5%	11,401	-7.7%	June 2009	14.8%
2000	2,660	-7.0%	11,756	3.1%	June 2013	8.1%
2010	2,402	-9.7%	10,963	-6.7%	June 2014	6.6%
Current	2,427	1.0%	10,925	-0.3%		
Cumulative %		-44.4%		-11.6%		

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 qualifies for additional subsidization of 30%, not to exceed \$2,904,091.

IX. FINANCIAL ANALYSIS (See Exhibit 1)

Financial information was obtained from the audited financial statements for the years ended December 31, 2012 through 2014. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 10% from \$1.4 million in 2012 to \$1.6 million in 2014 with the increase being split equally between volume growth and a rate increase. Operating expenses increased 16% from \$1.0 million to \$1.2 million. Approximately \$80,000 of the increase is due to the purchased water rate adjustment with the balance due to higher compensation costs. The debt coverage ratio was 2.0, 2.4 and 1.7 for each of the respective years with average annual debt service of \$220,000.

The balance sheet reflects a current ratio of 7.4, a debt to equity ratio of .3 and the number of months of operating expenses in unrestricted cash is 10.4. The District maintains restricted accounts for bond covenants, customer deposits and a depreciation reserve. The depreciation reserve had a balance of \$347,000, or 2.5% of gross fixed assets at the end of 2014.

Capital spending from 2011 through 2013 was \$2.3 million, which was funded with \$2.0 million in grants and the balance from operations. The District constructed about 10 miles of line extensions and added 106 connections during the period. They also constructed a 350,000 gallon storage tank to replace an existing tank and a new pump station on Capp Harlan Road. The District also has a very active meter testing program having tested about 1,600 during the three year period.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Revenues will be flat for growth.
- 2) The District will need to increase revenues by about 9%, or \$150,000, at the beginning of 2018.
- 3) Expenses will increase 2% annually for inflation.
- 4) Incremental operating expenses of \$310,000 per year will be offset by a reduction in purchased water cost of \$517,000 (275 million gallons at \$1.88 per thousand gallons).
- 5) Debt service coverage is 1.0 in 2019 which is the first full year of principal and interest repayments.

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

REPLACEMENT RESERVE

The annual replacement cost is \$50,000. This amount should be added to the replacement account each December 1 until the balance reaches \$500,000 and maintained for the life of the loan.

X. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Series 1978 Bonds (RD)	\$ 68,000	2018
Series 1987 Bonds (RD)	228,000	2027
Series 1990 Bonds (RD)	540,000	2031
Series 1992 Bonds (RD)	339,000	2031
Series 1994 Bonds (RD)	418,000	2033
Series 1998 Bonds (RD)	412,000	2038
Series 1999 Bonds (RD)	226,500	2038
Series 2003 Bonds (RD)	466,500	2043
Total	\$ 2,698,000	

XI. OTHER STATE OR FEDERAL FUNDING IN PAST FIVE YEARS

<u>Project Title</u>	<u>Funding Source</u>	<u>Amount</u>	<u>Type</u>
Treatment Plant Upgrade	HB235	398,362	Grant

XII. CONTACTS

Legal Applicant	
Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
County	Monroe
Authorized Official	Richard O. Ross (General Manager)
Phone	(270) 487-8131
Email	mcwdr@scrtc.com

Project Administrator

Name	Monroe County Water District
Address	205 Capp Harlan Road Tompkinsville, KY 42167
Contact	Jana Dubree
Phone	(270) 487-8131
Email	mcwdjd@scrtc.com

Consulting Engineer

Name	Robert Stigall, P.E.
Firm	Stigall Engineering Associates, Inc
Address	4117 Hillsboro Pike, Suite 206 Nashville, TN 37215-2728
Phone	(615) 460-7515
Email	rstigall@bellsouth.net

XIII. RECOMMENDATIONS

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

**MONROE COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)**

Balance Sheet

	Audited 2012	Audited 2013	Audited 2014	Projected 2015	Projected 2016	Projected 2017	Projected 2018	Projected 2019
Assets								
Current Assets	1,177,047	1,248,006	1,339,137	1,396,161	1,502,230	1,571,670	1,659,439	1,662,076
Other Assets	10,335,469	10,116,793	9,935,859	13,124,019	20,913,957	21,883,857	21,252,857	21,319,457
Total	11,512,516	11,364,799	11,274,996	14,520,180	22,416,187	23,455,527	22,912,296	22,981,533
Liabilities & Equity								
Current Liabilities	319,620	149,946	181,649	181,900	182,400	183,200	184,200	185,500
Long Term Liabilities	2,904,681	2,816,302	2,723,363	4,736,200	10,249,447	10,847,247	10,740,547	10,628,447
Total Liabilities	3,224,301	2,966,248	2,905,012	4,918,100	10,431,847	11,030,447	10,924,747	10,813,947
Net Assets	8,288,215	8,398,551	8,369,984	9,602,080	11,984,340	12,425,080	11,987,549	12,167,586

Cash Flow

Revenues	1,453,162	1,535,899	1,631,274	1,631,241	1,631,241	1,631,241	1,781,241	1,784,141
Operating Expenses	1,023,579	1,014,495	1,249,209	1,290,600	1,306,119	1,064,623	1,133,569	1,206,241
Other Income	7,321	7,437	0	0	0	0	0	0
Cash Flow Before Debt Service	436,904	528,841	382,065	340,641	325,122	566,618	647,672	577,900
Debt Service								
Existing Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	219,886	204,030
Proposed KIA Loan	0	0	0	0	0	0	181,217	362,433
Total Debt Service	222,376	216,950	220,644	218,438	219,853	219,478	401,103	566,463
Cash Flow After Debt Service	214,528	311,891	161,421	122,203	105,269	347,140	246,569	11,437

Ratios

Current Ratio	3.7	8.3	7.4	7.7	8.2	8.6	9.0	9.0
Debt to Equity	0.4	0.4	0.3	0.5	0.9	0.9	0.9	0.9
Days Sales in Accounts Receivable	73.2	31.2	33.6	33.6	33.6	33.6	33.6	33.6
Months Operating Expenses in Unrestricted Cash	8.7	11.6	10.4	10.3	10.4	13.5	13.4	13.2
Debt Coverage Ratio	2.0	2.4	1.7	1.6	1.5	2.6	1.6	1.0

EXHIBIT 30

**Detailed Estimate of Acquired Property, Arranged According
To The Uniform Systems of Accounts For
Class A/B Water Districts and Associations**

Account No.	Account Description	Estimate
303	Land and Land Rights	\$ 140,000
304	Structures and Improvements	\$ 748,000
306	Lake, River and Other Intakes	\$ 1,125,000
309	Supply Mains	\$ 250,000
311	Pumping Equipment	\$ 142,000
320	Water Treatment Plant Equipment	\$ 8,200,000
330	Distribution Reservoirs and Standpipes	\$ 957,814
331	Transmission and Distribution Mains	\$ 2,957,755
335	Hydrants	\$ 20,125
344	Laboratory Equipment	\$ 40,000
	TOTAL	\$14,580,694