

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF U.S. 60 WATER DISTRICT)	
OF SHELBY AND FRANKLIN COUNTIES FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY)	CASE NO:
TO CONSTRUCT AND FINANCE PURSUANT TO KRS 278.020)	2016-00323
AND KRS 278.300)	

A P P L I C A T I O N

1. The Applicant is a water district created and existing under and by virtue of KRS 74.010 whose full name is U.S. 60 Water District of Shelby and Franklin Counties, Kentucky.

2. The mailing address of the Applicant is:

U.S. 60 Water District
P.O. Box 97
Bagdad, Kentucky 40003

The electronic mail address of the Applicant is:

nswcus60@bellsouth.net

3. The Applicant, pursuant to KRS 278.020 and KRS 278.300, requests a Certificate of Public Convenience and Necessity permitting the Applicant to construct a waterworks construction project, consisting of extensions, additions, and improvements (the "Project") to the existing waterworks system of the Applicant. The Project proposed by Applicant is the construction of approximately 26,074 linear feet of 12-inch ductile iron pipeline along the northern right-of-way of US Highway 60, parallel to the existing undersized pipeline. The Project will include a variable speed drive booster pump station to feed water from Applicant's new supplier, Shelbyville Municipal Water & Sewer Commission ("Shelbyville"), along the new pipeline to Applicant's existing elevated water storage tank at Peytona. The Project will include seven new fire hydrants. No new customers will be served by this Project. No new easements are required for this Project. The completion of the project will ensure that Applicant has two different wholesale water suppliers to provide service to its customers. Shelbyville is in the process of constructing a connection to the Louisville Water Company ("LWC") which has a virtually unlimited water supply by virtue of LWC's treatment system capacity and Ohio River Raw water supply source. The new supply source from Shelbyville will virtually drought-proof Applicant's wholesale water supply, in contrast with the current system where Applicant's sole supplier, Frankfort Municipal Water & Plant Board ("Frankfort"), draws its water from the Kentucky River, which is a limited

supply source from which water usage could easily be curtailed in the event of a serious drought, as nearly happened in the recent past. The \$1.827 per thousand gallons wholesale price of Shelbyville water is also significantly lower than the \$2.65 per thousand gallons (as of November 1, 2016 and including a 20¢ KRWA fee) price of Frankfort water. The price disparity is expected to continue to increase in the future since only the Shelbyville contract has language in it which limits future increases to the same percentages as Shelbyville's in-city residential customers. A copy of this contract is on file with the Commission.

4. This Application does not seek a franchise.
5. There are no franchises or permits from any public authority for the Project except for an encroachment permit for US Highway 60 (Frankfort Road), which will be filed as soon as it is available.
6. The Project is located along US Highway 60, beginning at the intersection with Kentucky 395, also known as Elmburg Road, and extending westward just past the intersection with Hempridge Road.
7. There are not any public utilities, corporations or persons with whom the Project is likely to compete.
8. Attached to this Application as Exhibit 1 is a copy of a map to suitable scale showing the location of the proposed pipeline and pump station. There are no like facilities owned by others anywhere near the Project area.
9. Filed separately in this case are two paper copies and one copy in electronic format of the plans, specifications and drawings of the proposed pipeline and pump station.
10. The Applicant proposes to finance the construction of the Project through a \$2,300,000 twenty-year loan at an interest rate of 1.75% issued by the Kentucky Infrastructure Authority ("KIA"). Copies of the executed KIA Revolving Loan Fund Conditional Commitment Letter and the KIA Revolving Loan Fund Conditional Commitment Letter Extension are attached as Exhibit 2. An administrative fee of one-half of 1% will be added to each payment.
11. Other than the additional debt service payments to KIA, the Applicant's estimated annual cost of operation after the proposed facilities are placed into service will decrease because of the significantly cheaper Shelbyville water. Although the Applicant has sufficient cash flow to make the additional debt service payments on a temporary basis, a rate increase in the near future will be required to pay this additional debt service. It is not being requested at this time to expedite Commission consideration of the construction and loan portions of the project because the KIA loan commitment will expire December 9, 2016. Copies of the Applicant's current rates and estimated rates needed to pay the additional debt source are attached as Exhibit 3. The subsequent rate case will likely be filed under 807 KAR 5:076 as an alternate rate adjustment case.
12. The Applicant's property presently consists of two elevated storage tanks, various pump stations, and distribution water mains located in Franklin, Shelby, Spencer and Anderson Counties, Kentucky. Two other elevated storage tanks are not in use and will shortly be torn down.

13. The original cost to Applicant of Applicant's property was \$11,030,608.10.
14. The amount and terms of the proposed KIA loan are set forth in Exhibit 2.
15. The Applicant will not issue any stock.
16. All of the proceeds from the KIA loan will be used for construction of the 12-inch water main and pump station.
17. A detailed description of the contemplated construction and extension is included in Exhibit 1.
18. No construction contracts have been executed yet.
19. There is no proposal to discharge or refund obligations.
20. Written notification to the state local debt officer regarding the proposed bond issuance is attached hereto as Exhibit 4.
21. The Financial Exhibit of the Applicant is attached hereto as Exhibit 5.
22. There are no existing or proposed mortgages or trust deeds.
23. Copies of the bid tabulations for (a) supplying the pipe, fire hydrants and valves and (b) construction of the 12-inch water main and pump stations are attached hereto as Exhibit 6. The Applicant has accepted the bid of Ferguson Waterworks, Inc. in the amount of \$506,401.96 to supply the materials and the bid of Joda International, Inc. in the amount of \$960,490.50 for construction of the pipe line and pump station, subject to PSC approval of the Project.
24. Attached hereto as Exhibit 7 is a copy of the Final Engineering Report.
25. A copy of the Division of Water approval letter will be filed as soon as it is available.
26. The Applicant respectfully requests the Commission issue its order prior to December 9, 2016 approving the construction and financing in order to avoid losing the favorable KIA loan terms and the favorable contractor bid prices.
27. The foregoing constitutes the documents necessary to obtain the approval of the Public Service Commission in accordance with Section 278.020 and 278.300 of the Kentucky Revised Statutes and in accordance with 807 KAR 5:001 § 12, 14, 15 and 18.



Donald T. Prather
Counsel for Applicant
500 Main Street, Suite 5
Shelbyville, Kentucky 40065
Telephone Number: (502) 633-5220

The undersigned, William Eggen, being duly sworn, deposes and states that he is Chairman of the District, Applicant in the above proceedings; that he has read the foregoing Application and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.

William Eggen
William Eggen

STATE OF KENTUCKY)
COUNTY OF SHELBY)

Subscribed and sworn to before me by William Eggen, Chairman of the District, on this the 26th day of September, 2016.

Paula J. McClain
Notary Public
Commission Expires:

PAULA J. McCLAIN NOTARY PUBLIC STATE AT LARGE, KENTUCKY COMMISSION #531834 MY COMMISSION EXPIRES APRIL 28, 2019
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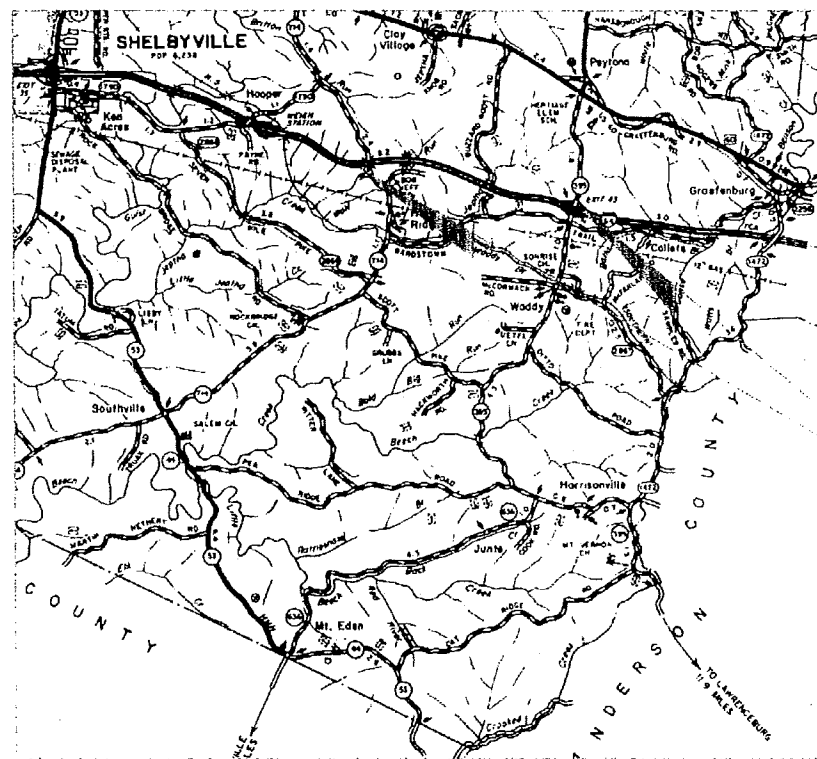
U.S. 60 WATER DISTRICT

HIGHWAY 60 TRANSMISSION MAIN

PIPELINES & APPURTENANCES

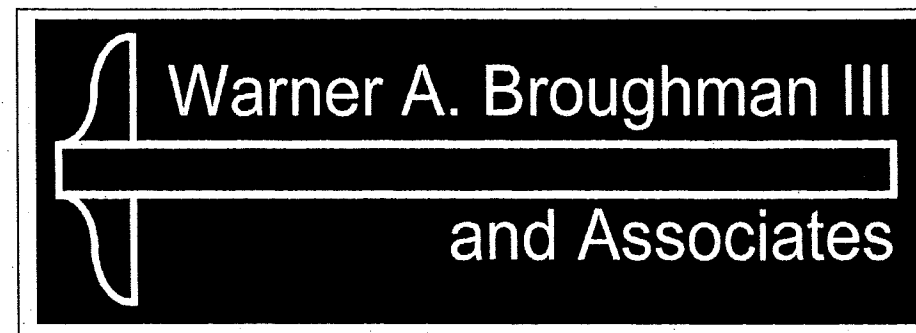
MARCH 2015

INDEX OF SHEETS	
SHEET	DESCRIPTION
COVER	TITLE, INDEX, & VICINITY MAP
1	FRANKFORT ROAD
2	FRANKFORT ROAD
3	FRANKFORT ROAD
4	FRANKFORT ROAD
5	FRANKFORT ROAD
6	FRANKFORT ROAD
7	FRANKFORT ROAD
8	FRANKFORT ROAD
9	FRANKFORT ROAD
10	PUMPHOUSE DETAILS
W-1	DETAIL SHEET
W-2	DETAIL SHEET



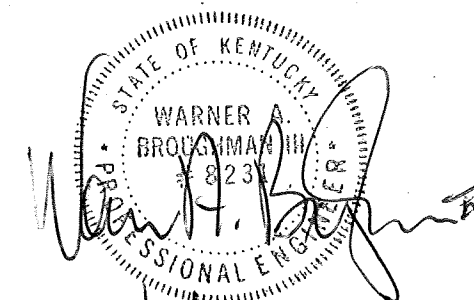
VICINITY MAP

PROJECT LOCATION



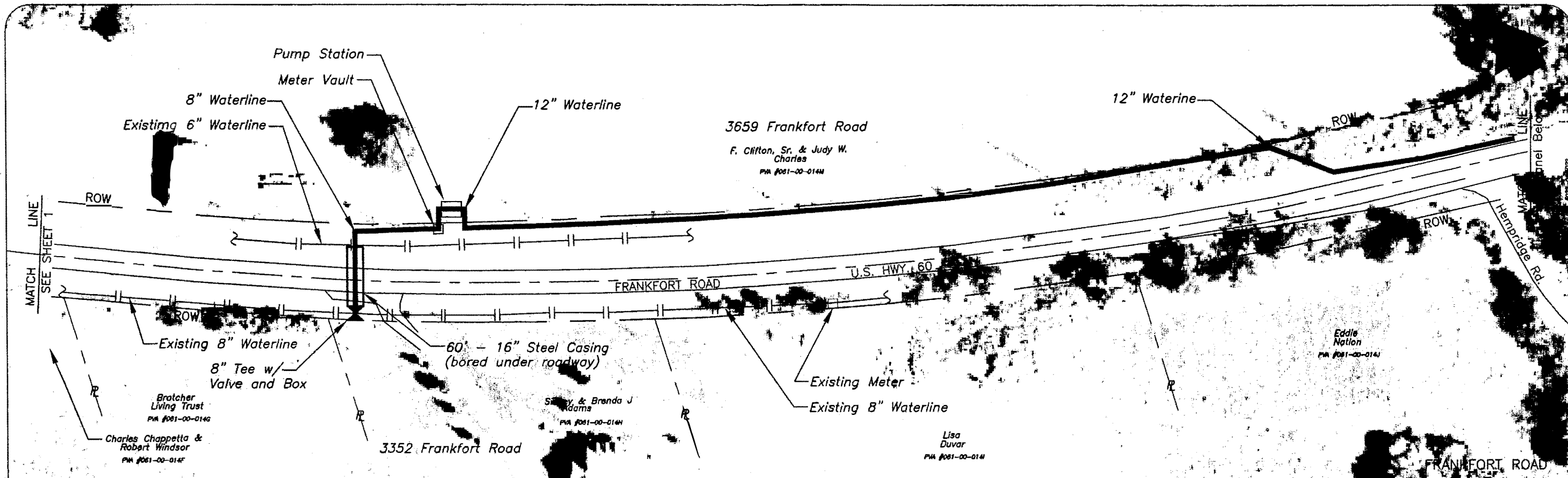
LEXINGTON

KENTUCKY



9/16/16

PROJECT NO. 15-01



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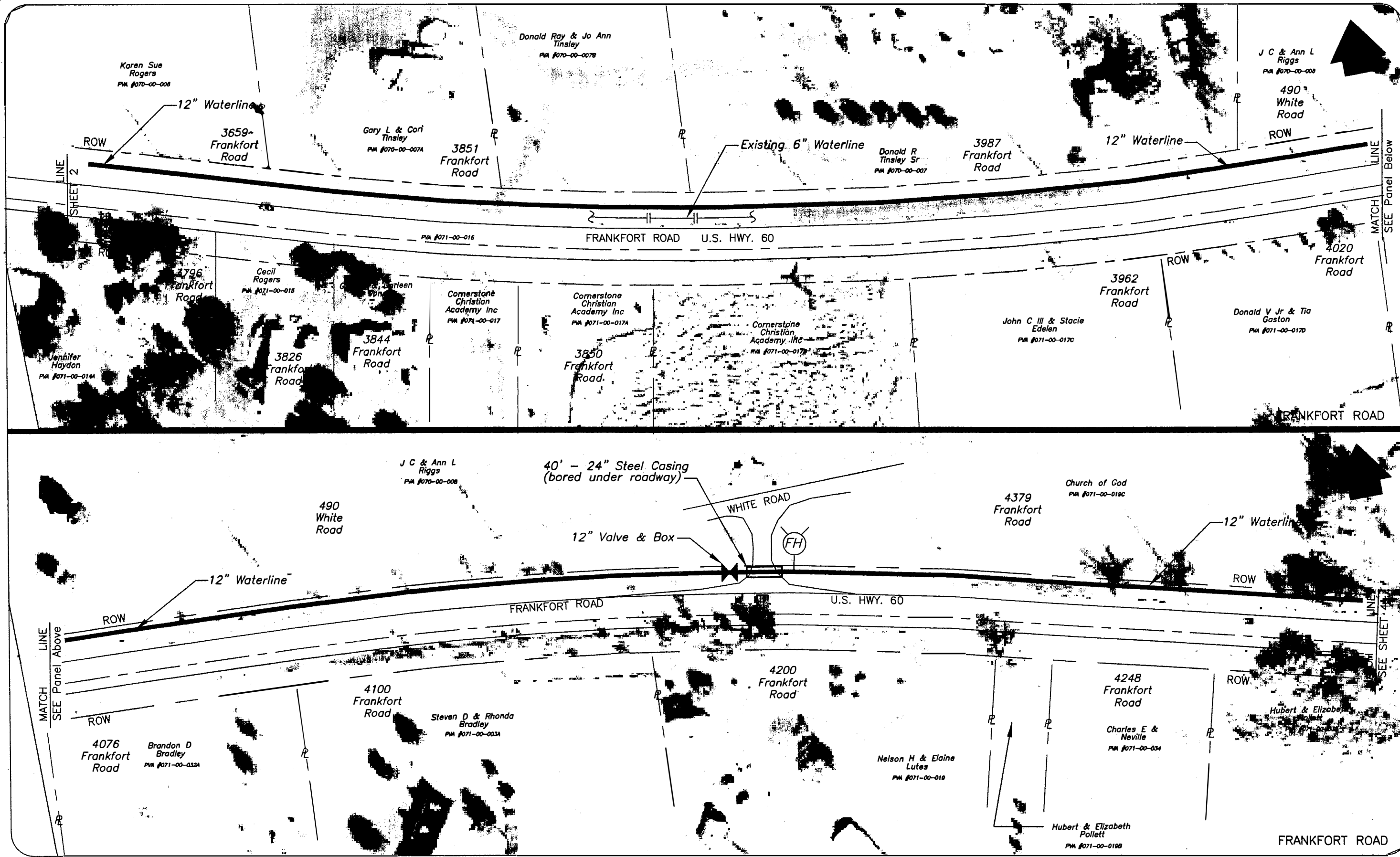
Warner A. Broughman III
and Associates

Concept WAB
 Drawn BJC
 Checked _____
 File 15-01

US 60 WATER DISTRICT
 U.S. 60 Transmission Main

PIPELINE LOCATION

Sheet No.
1



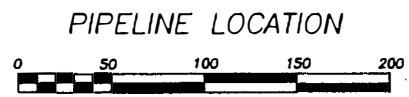
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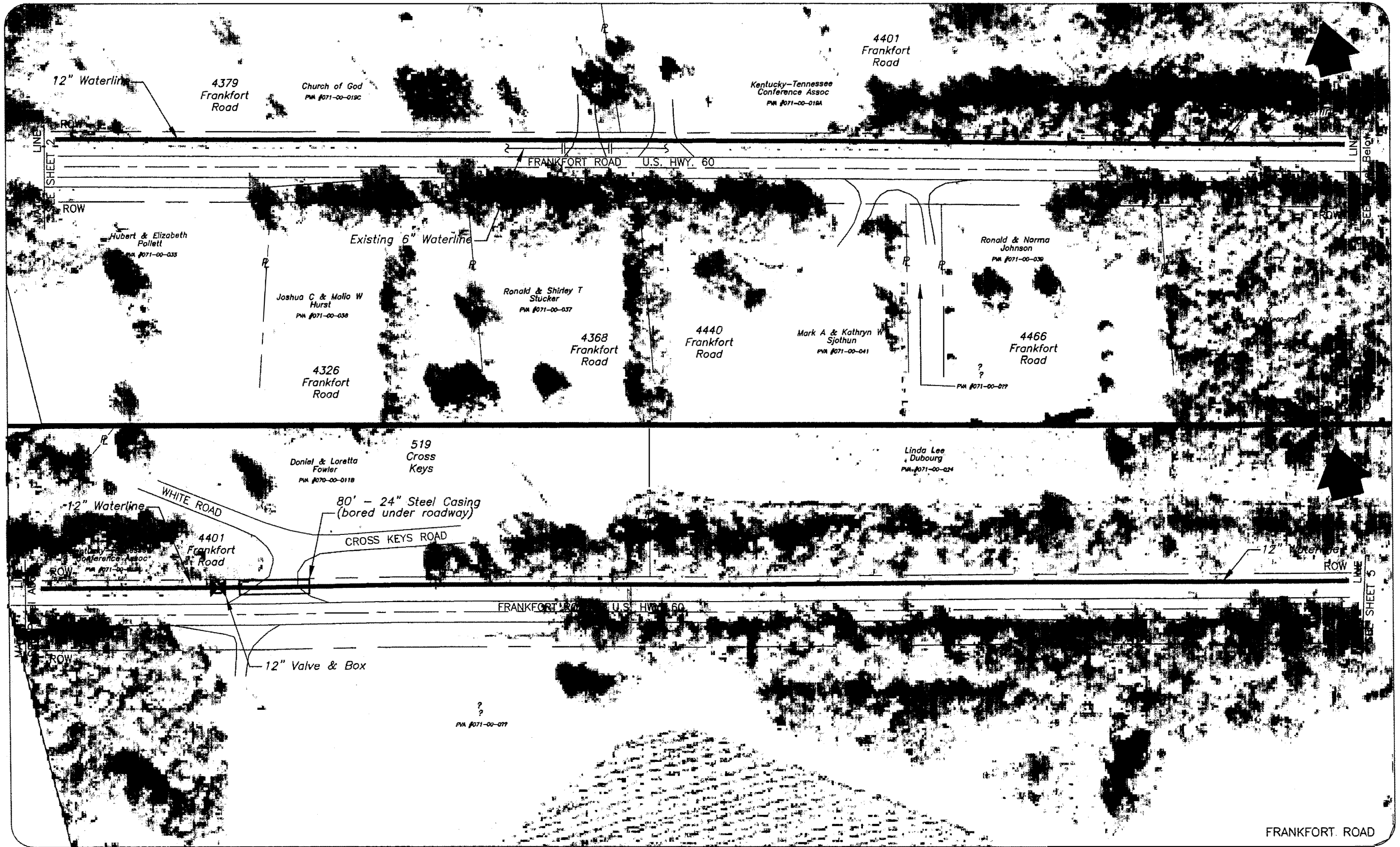
Warner A. Broughman III
and Associates

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 File 15-01

US 60 WATER DISTRICT
 U.S. 60 Transmission Main



Sheet No.
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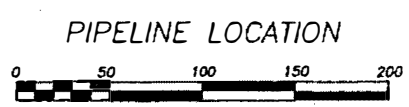
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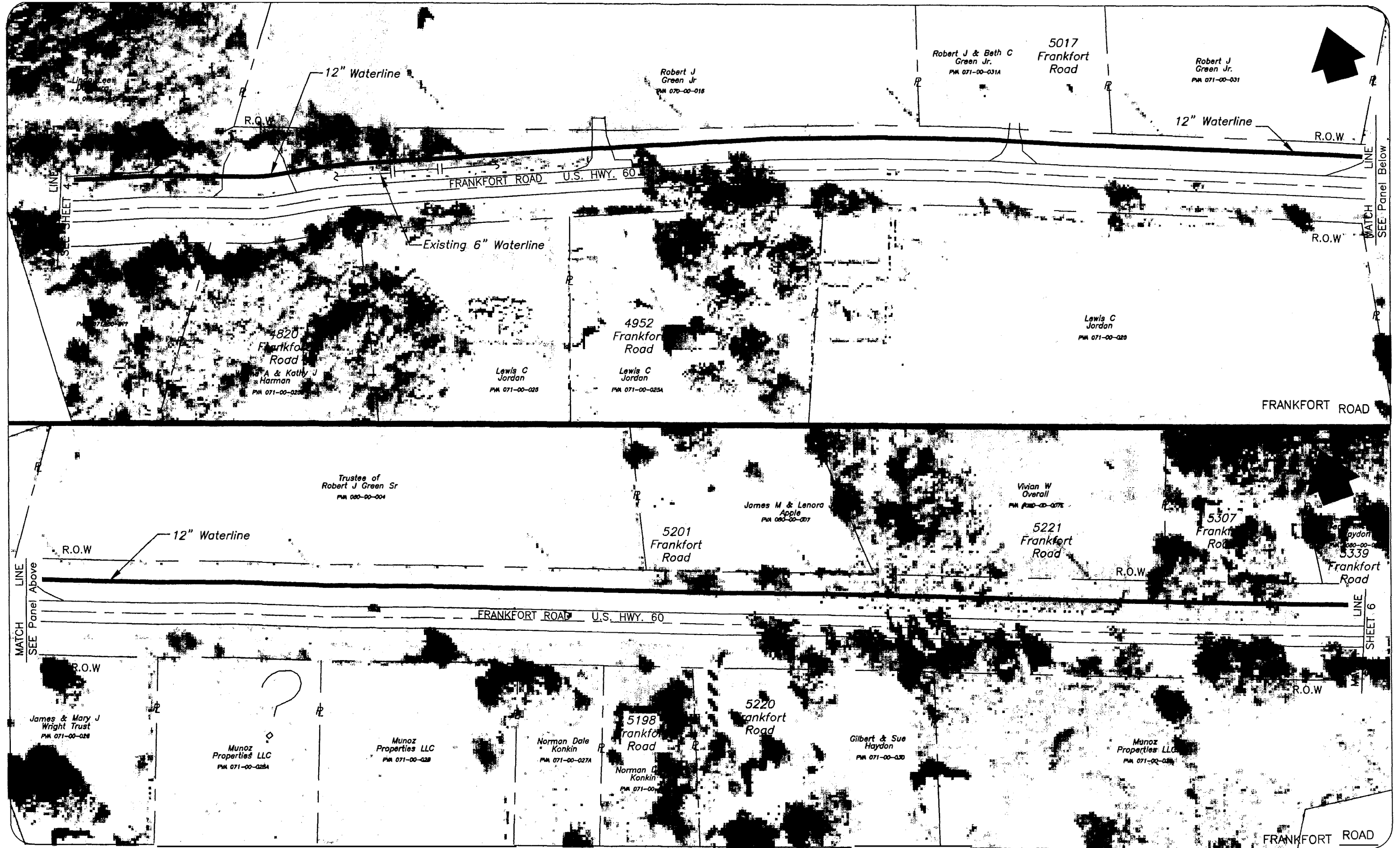
Warner A. Broughman III
and Associates

Concept WAB
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 Checked _____
 File 15-01

US 60 WATER DISTRICT
 U.S. 60 Transmission Main



Sheet No.
3



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Warner A. Broughman III
and Associates

Concept WAB
 Drawn BJC
 Checked _____
 File 15-01

US 60 WATER DISTRICT
 U.S. 60 Transmission Main

PIPELINE LOCATION

Sheet No.
4



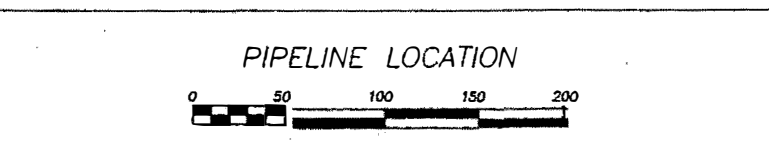
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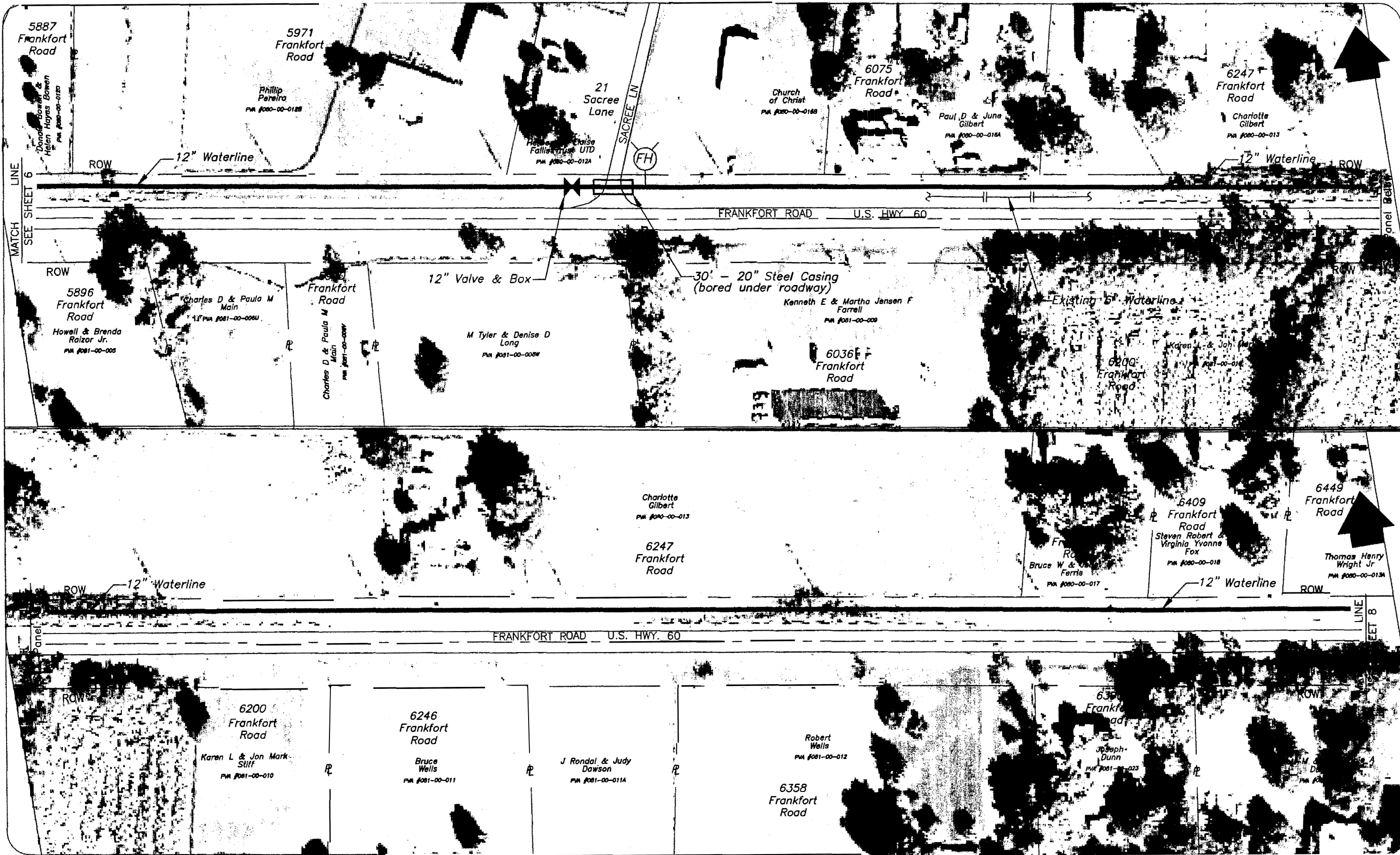
Warner A. Broughman III
and Associates

Concept WAB
Drawn BJC
Checked _____
File 15-01

US 60 WATER DISTRICT
U.S. 60 Transmission Main



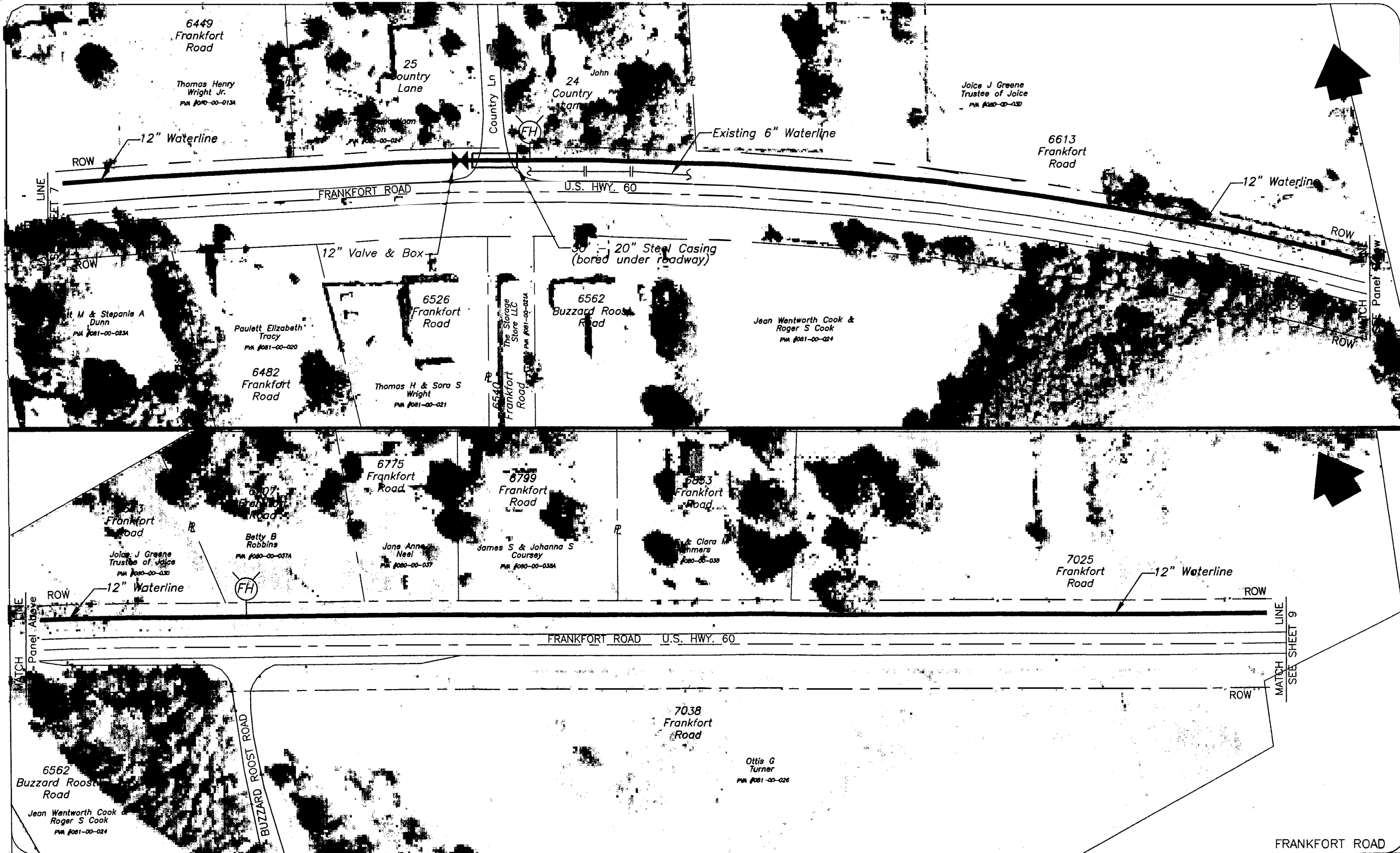
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5



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<p>Warner A. Broughman III and Associates</p>	<p>Concept <u>WAB</u> Drawn <u>BJC</u> Checked _____ File <u>15-01</u></p>	<p>US 60 WATER DISTRICT U.S. 60 Transmission Main</p>	<p>PIPELINE LOCATION</p>	<p>Sheet No. 6</p>
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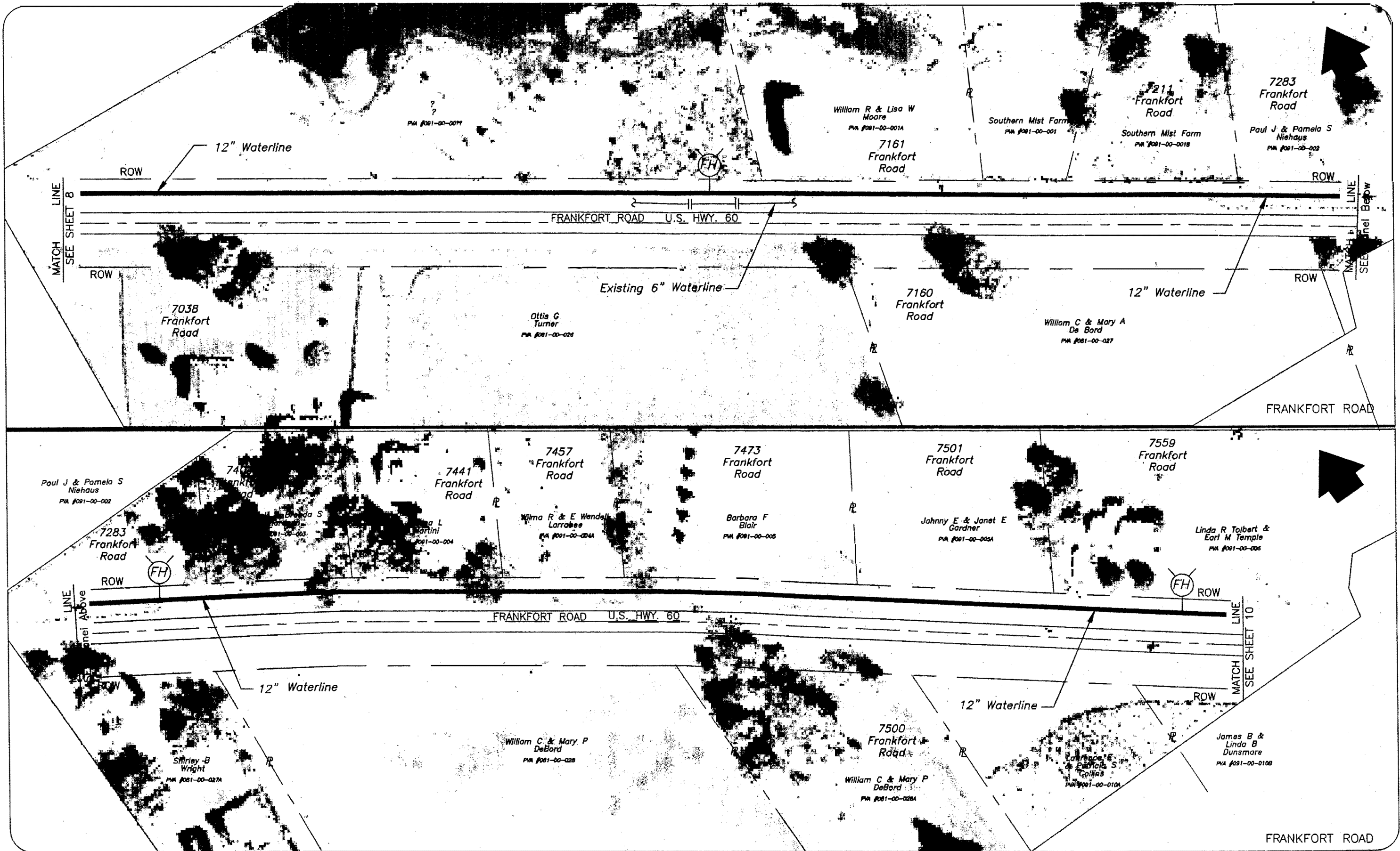
Warner A. Broughman III
and Associates

Concept WAB
 Drawn BUC
 Checked _____
 File 15-01

US 60 WATER DISTRICT
 U.S. 60 Transmission Main

PIPELINE LOCATION

Sheet No.
7



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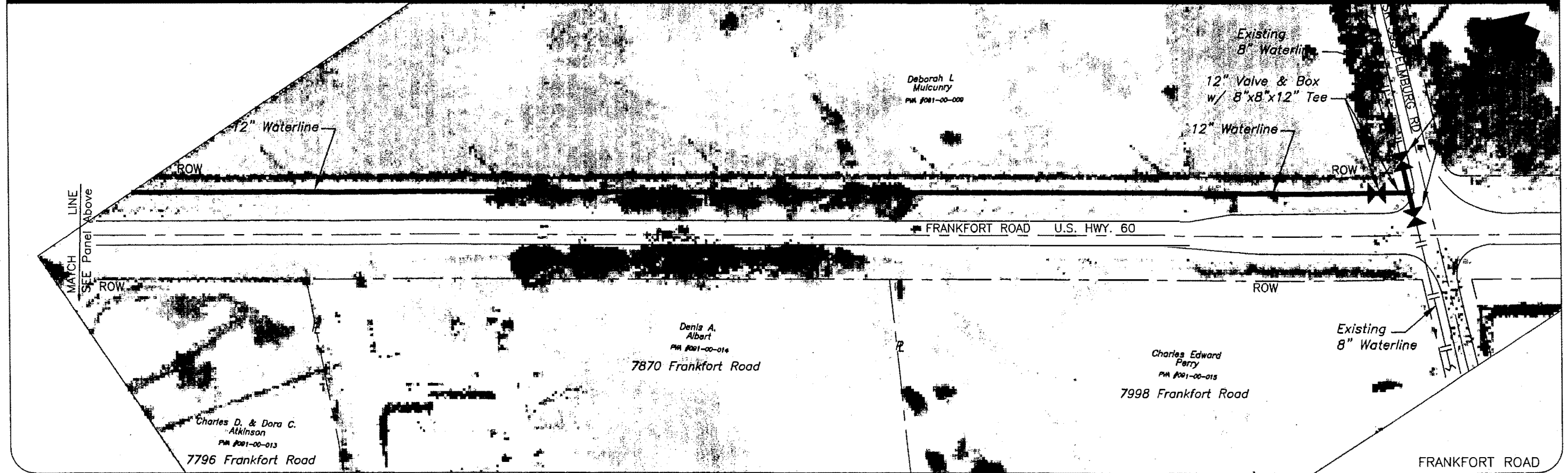
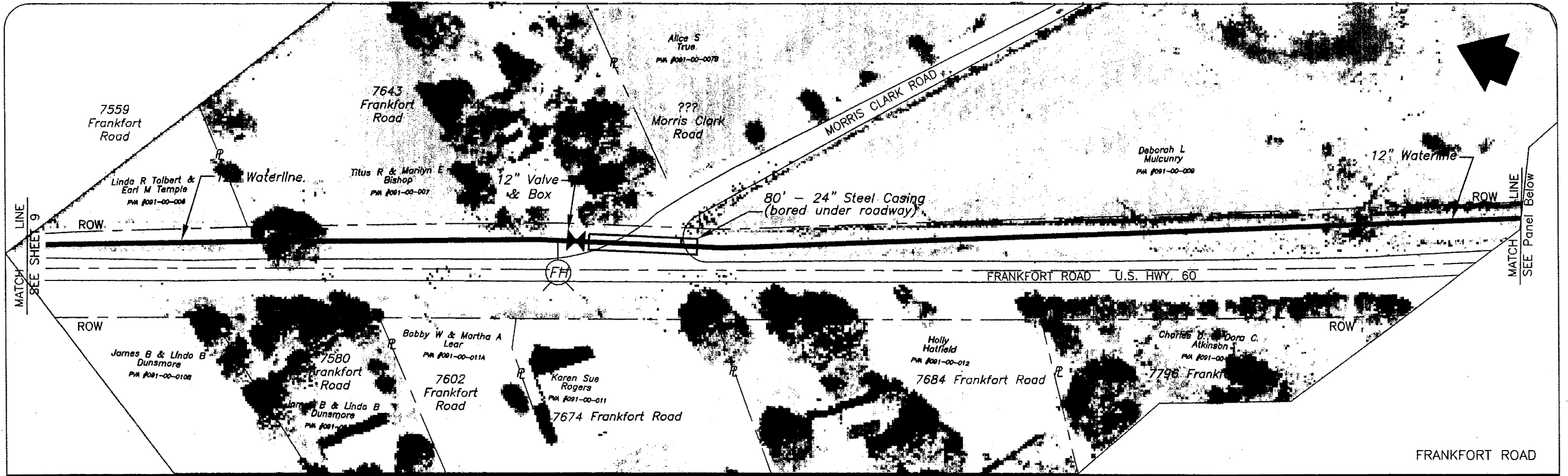
Warner A. Broughman III
and Associates

Concept	WAB
Drawn	BJC
Checked	
File	15-01

US 60 WATER DISTRICT
U.S. 60 Transmission Main

PIPELINE LOCATION

Sheet No.
8



Warner A. Broughman III
and Associates

Concept WAB
Drawn BJC
Checked _____
File 15-01

US 60 WATER DISTRICT
U.S. 60 Transmission Main

PIPELINE LOCATION

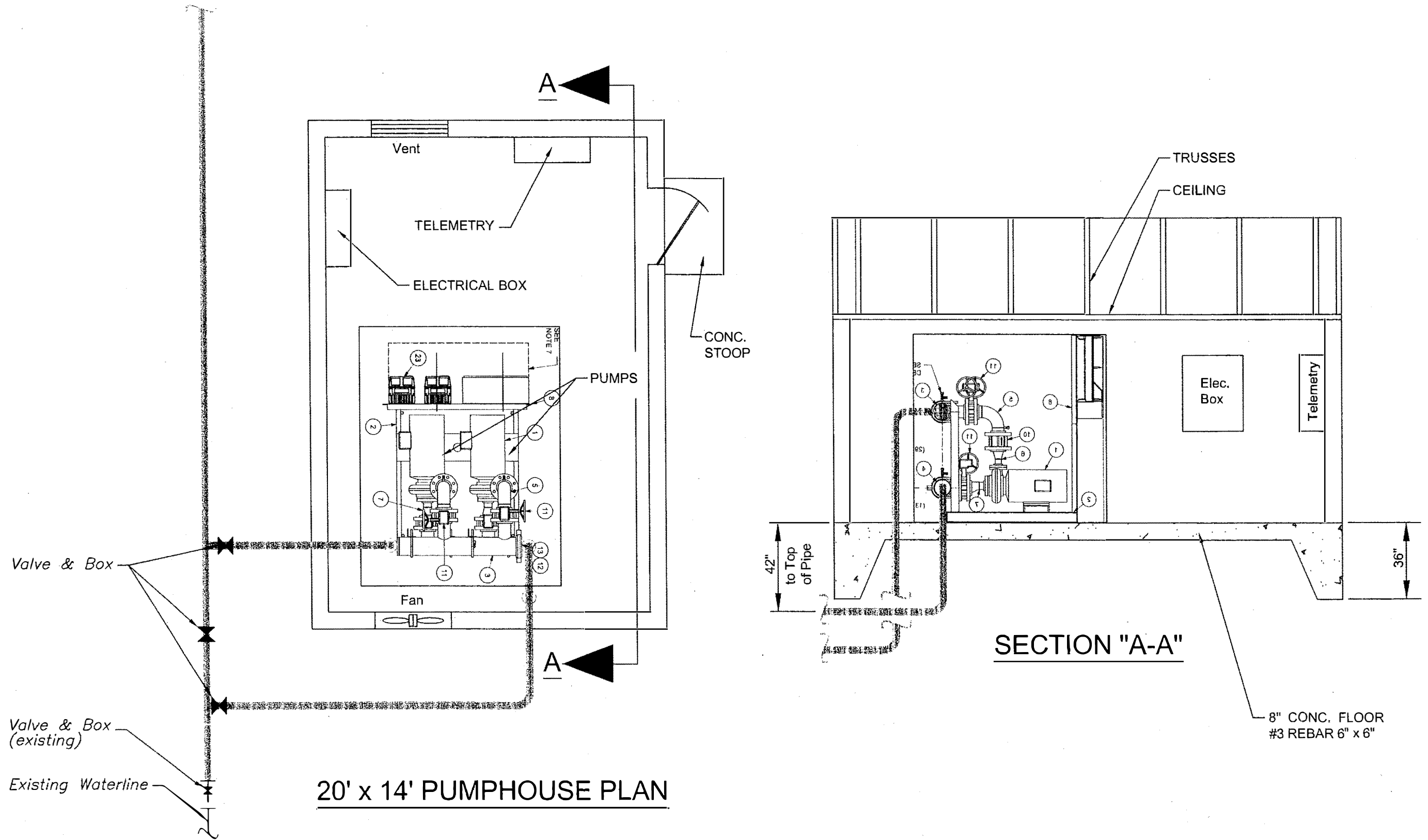
Sheet No. **9**

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20' x 14' PUMPHOUSE PLAN

SECTION "A-A"

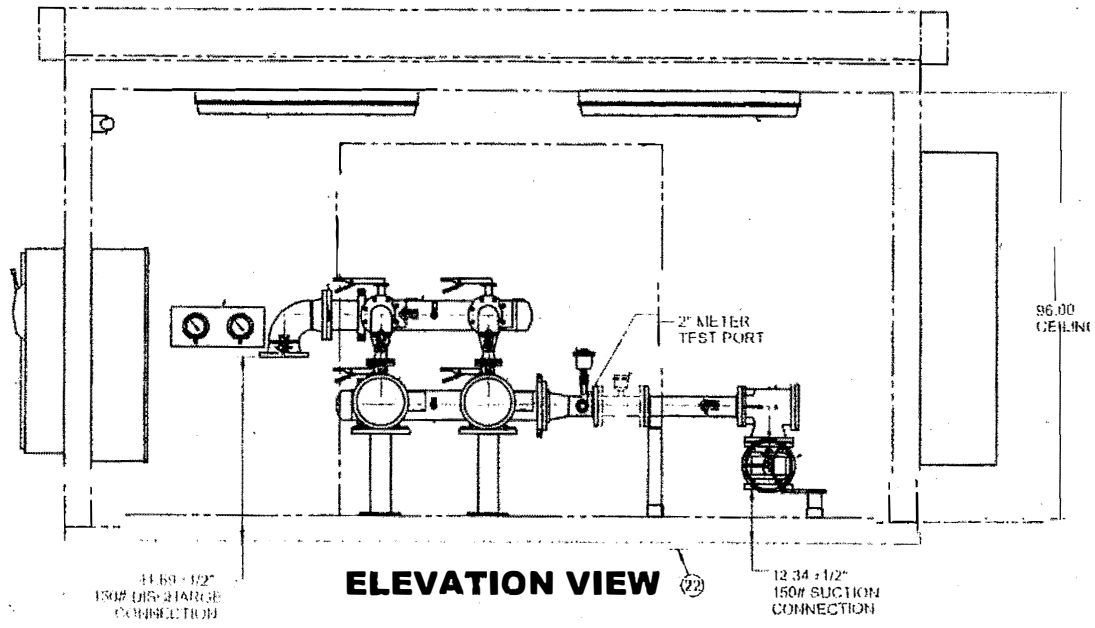
Warner A. Broughman III
and Associates

Concept	WAR
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Checked	
File	15-01

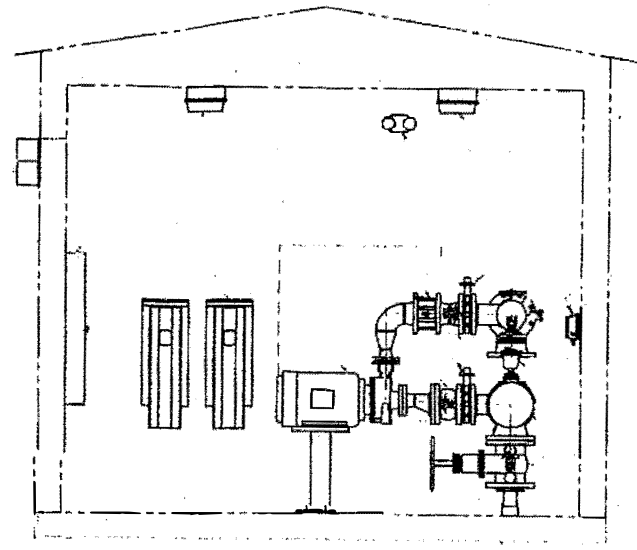
U.S. 60 WATER DISTRICT
PUMPHOUSE

BOOSTER PUMP STATION

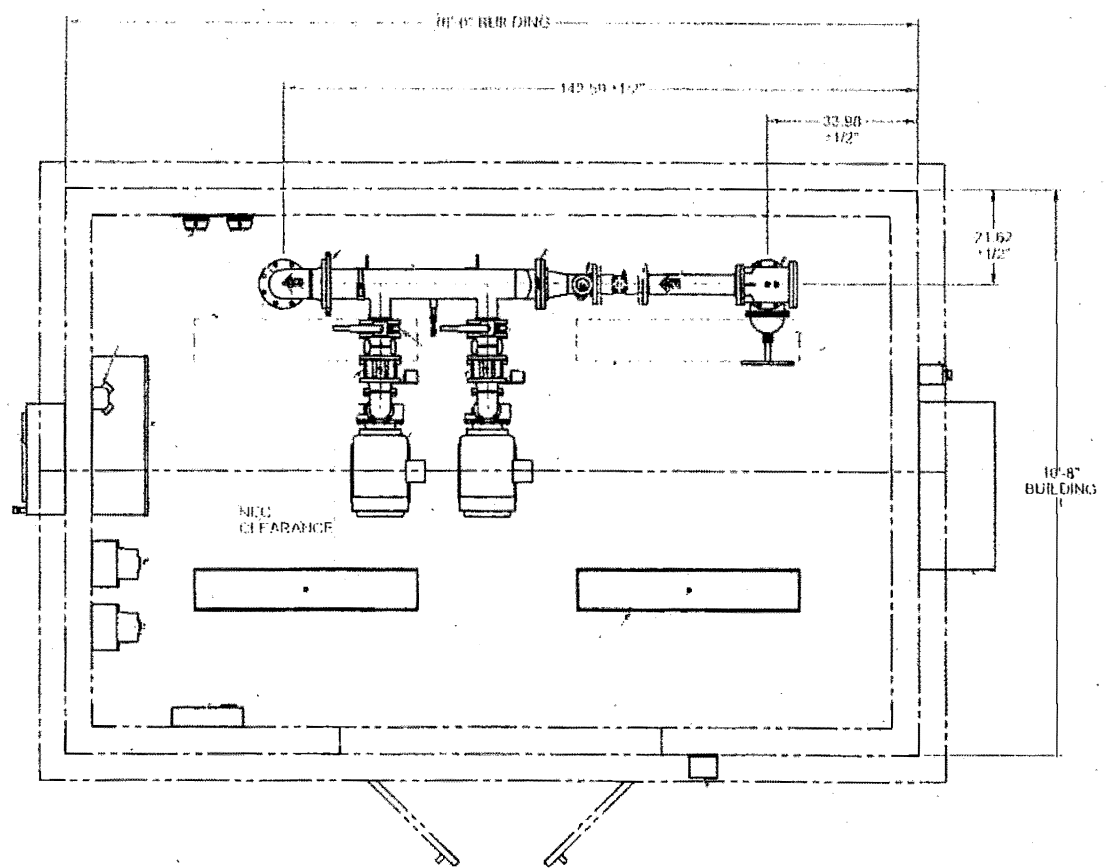
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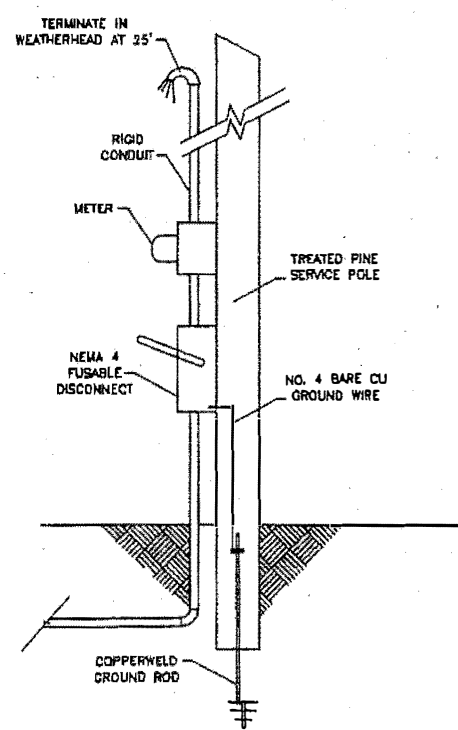
ELEVATION VIEW



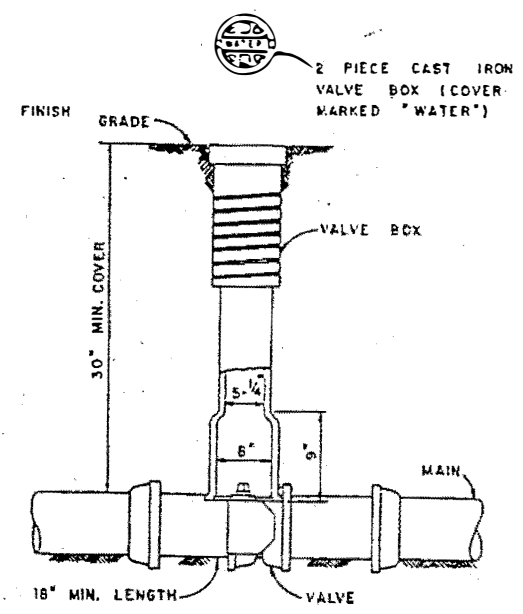
END VIEW



PLAN VIEW



SERVICE POLE



VALVE INSTALLATION

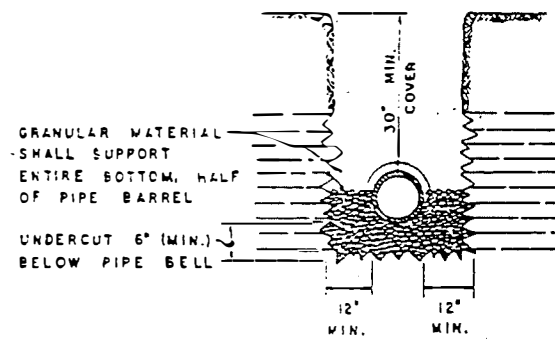
Warner A. Broughman III
and Associates

Concept WAB
Drawn BJC
Checked _____
File 02-38

US 60 WATER DISTRICT
U.S. 60 Transmission Main

PUMP STATION DETAIL

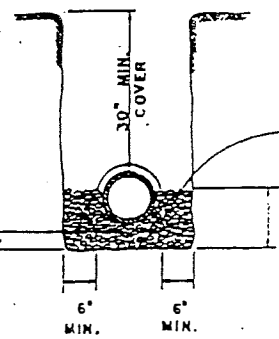
Sheet No.



ROCK CUT

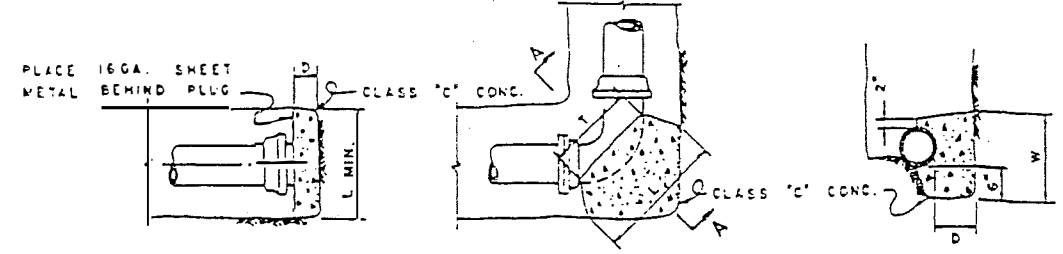
GRANULAR MATERIAL OF GRADED CRUSHED STONE, FINE GRAVEL OR SAND, APPROVED BY THE ENGINEER

UNDERCUT, 6" (MIN.) BELOW PIPE BELL



EARTH CUT

GRANULAR MATERIAL SHALL SUPPORT ENTIRE BOTTOM HALF OF PIPE BARREL



PLUGS
PLAN VIEW

BENDS
PLAN VIEW

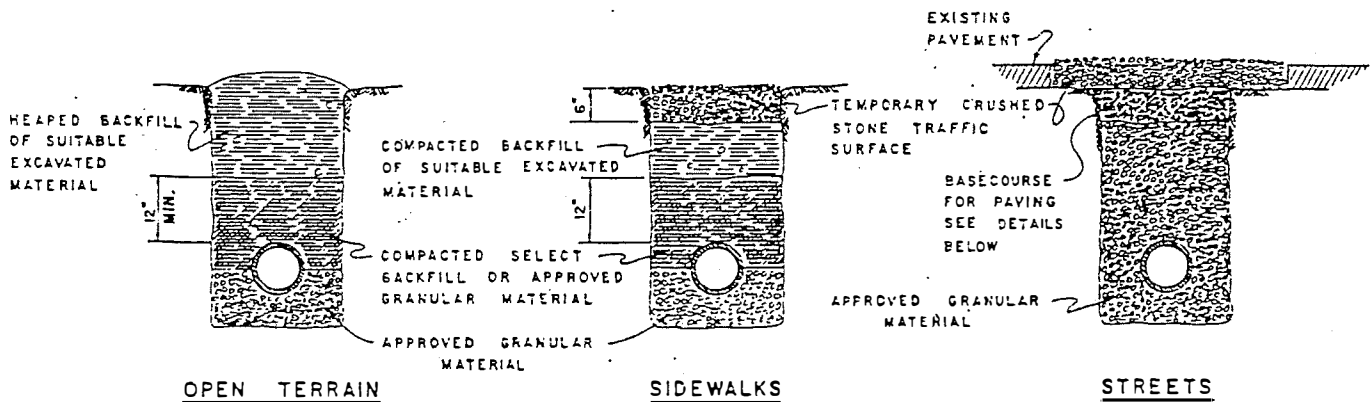
SECTION A-A

SIZE D.W.	PLUGS				45° BENDS				90° BENDS														
	6	8	10	12	12	16	18	20	24	6	8	10	12	16	18	20	24						
D	6	6	6	6	6	10	12	14	18	6	6	6	6	8	8	10	8	10	12	12	16	20	20
L	20	22	24	24	32	36	40	48	16	20	22	24	34	40	45	52	24	27	30	34	48	51	54
T									18	18	18	28	33	37	46	16	18	20	22	36	40	44	50
W	20	22	24	24	32	36	40	48	12	14	16	16	22	25	28	32	12	16	20	24	28	34	40

DIMENSIONS GIVEN IN INCHES

THRUST BLOCKS

PIPE BEDDING REQUIREMENTS

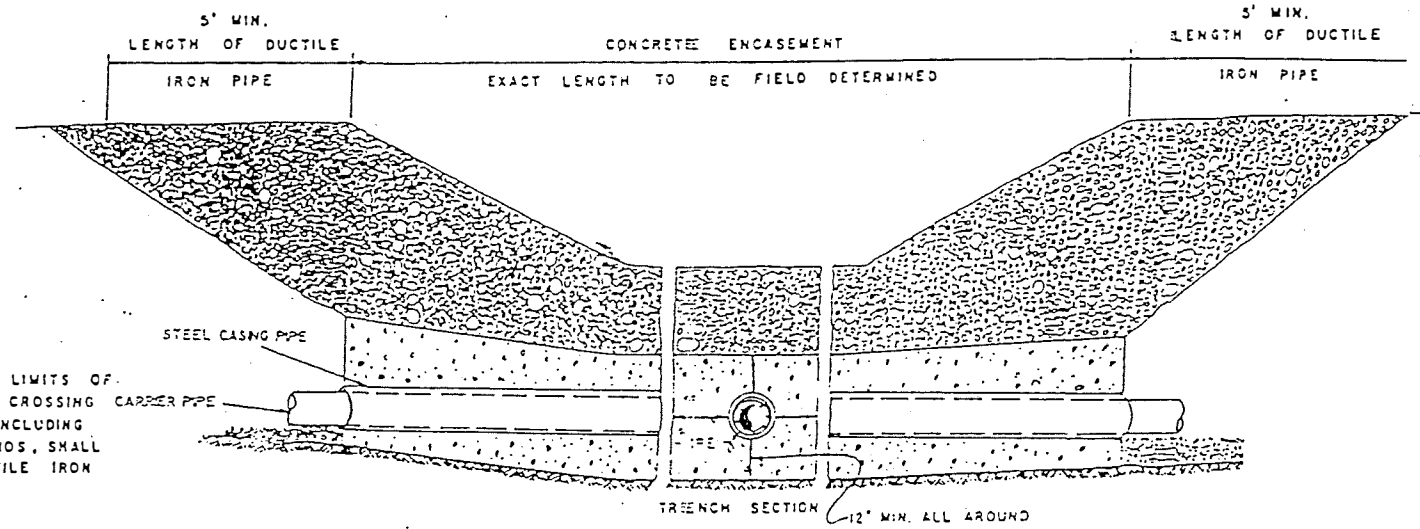


OPEN TERRAIN

SIDEWALKS

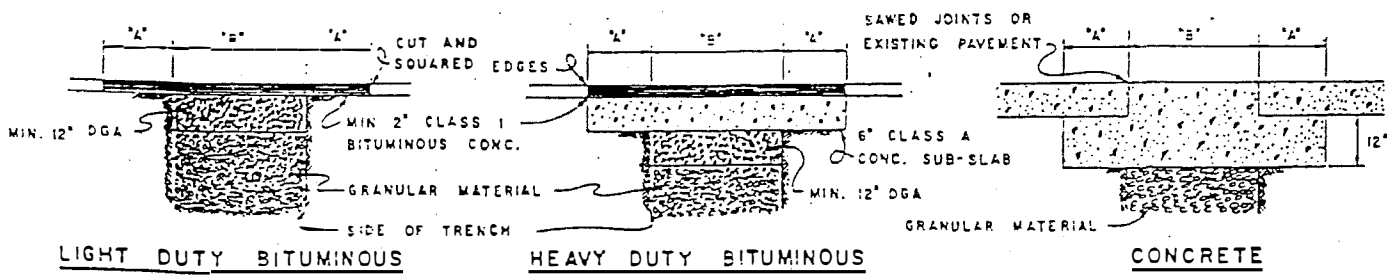
STREETS

BACKFILLING



STREAM CROSSING DETAIL

NO SCALE



LIGHT DUTY BITUMINOUS

HEAVY DUTY BITUMINOUS

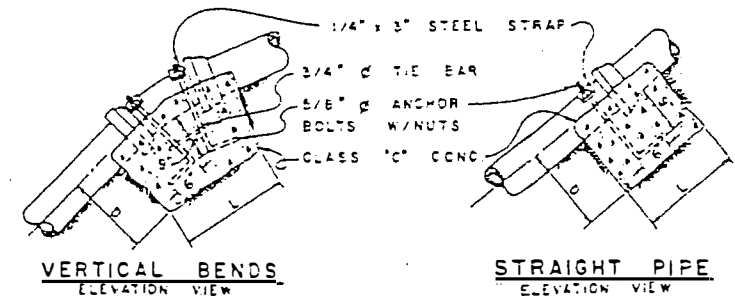
CONCRETE

PAVEMENT RESTORATION

IF DISTANCE TO NEAREST JOINT OR BREAK IS LESS THAN 6 FEET, REMOVE EXISTING PAVEMENT TO THE JOINT OR BREAK AND RESTORE ENTIRE AREA. REPLACE WITH CONCRETE PAVEMENT THE SAME THICKNESS AS EXISTING PAVEMENT.

PIPE SIZE	'A'	'B'	WIDTH OF REPLACEMENT
4" THRU 12"	12"	30"	4'-6"
14" THRU 18"	12"	36"	5'-0"
20" THRU 24"	12"	42"	5'-6"
26" THRU 36"	12"	54"	6'-6"

PAY SCHEDULE



VERTICAL BENDS
ELEVATION VIEW

STRAIGHT PIPE
ELEVATION VIEW

NOTE: PIERS MUST BE PLACED AGAINST UNDISTURBED EARTH. ANCHORS TO BE FULL WIDTH OF TRENCH.

SIZE	6"	8"	10"	12"	16"	18"	20"	24"
D	15"	15"	16"	18"	21"	21"	24"	24"
L	24"	24"	30"	30"	36"	36"	36"	42"

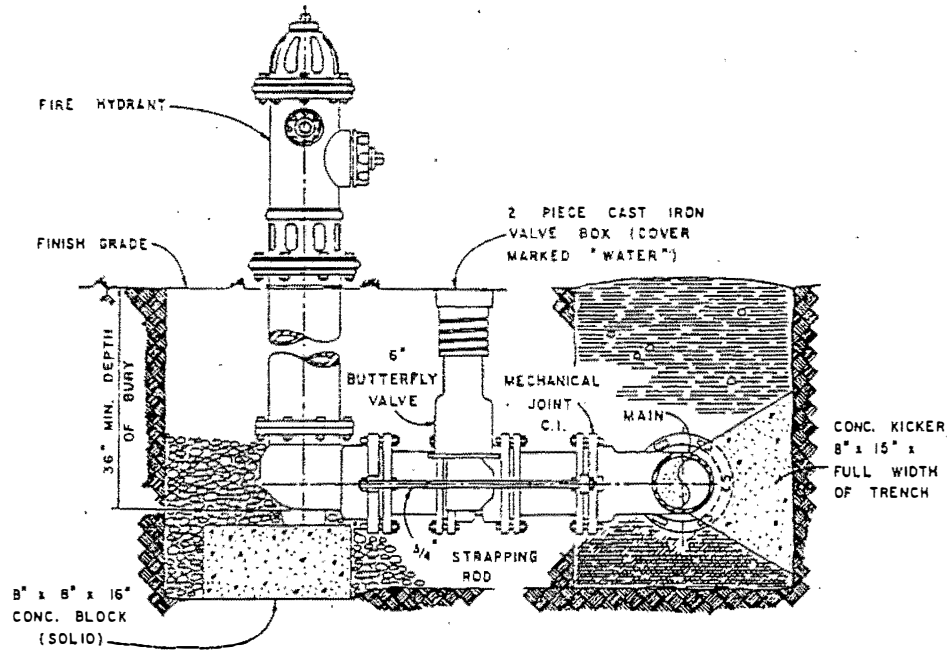
ANCHOR BLOCKS

COVER SHALL BE TYPE C CAST IRON SINGLE LID COVER MANUFACTURED BY THE FORD METER BOX CO., WABASH, IND. - COVERS IN AREAS SUBJECT TO VEHICULAR TRAFFIC SHALL BE OF EXTRA HEAVY CONSTRUCTION.

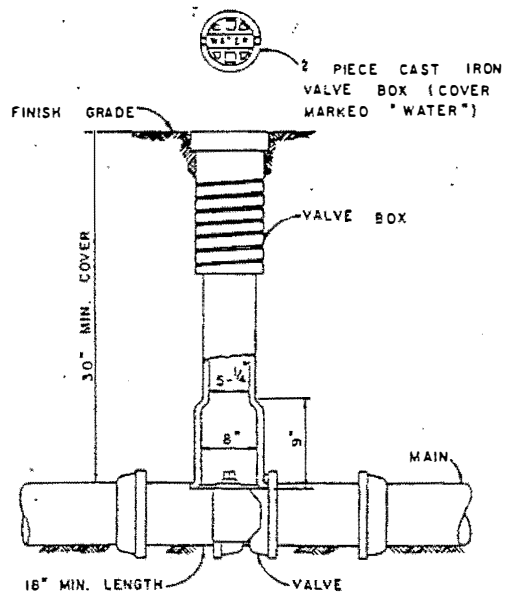
METER SIZE	3/4"	1"	1 1/4"	1 1/2"
NOMINAL SIZE OF I.P. THREAD METER SPUD	1-1/16"	1-3/16"	1-3/8"	1-7/8"
A	7-7/8"	7-7/8"	9-3/8"	11-7/8"
B	3/4"	3/4"	3/4"	1"
C - PIPE SIZE INLET AND OUTLET	9-1/2"	9-1/2"	11"	12-3/4"
D	12"	12"	14-1/4"	17-1/4"
E	7"	7"	8"	10"
F - MINIMUM HEIGHT	18"	18"	20"	24"
G - BOX I.D.	C 32	C 32	C 3	C 3*
FORD LID NO.				

* REQUIRES FORD NO. 2 EXTENSION RING

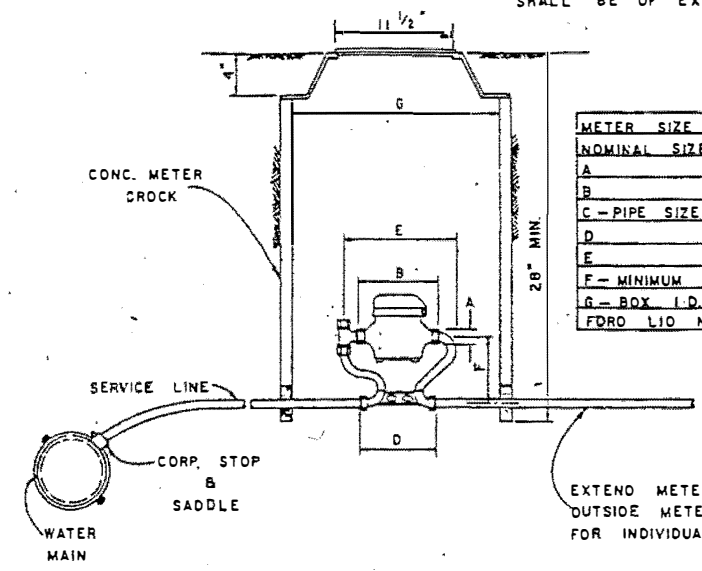
EXTEND METER SERVICE LINE OUTSIDE METER BOX AND PROVIDE FOR INDIVIDUAL SERVICE CONNECTION.



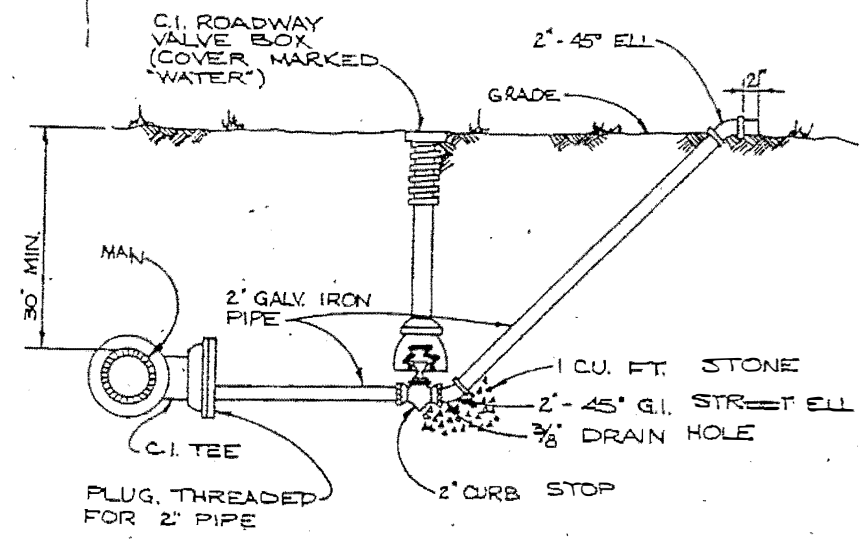
FIRE HYDRANT INSTALLATION
NO SCALE



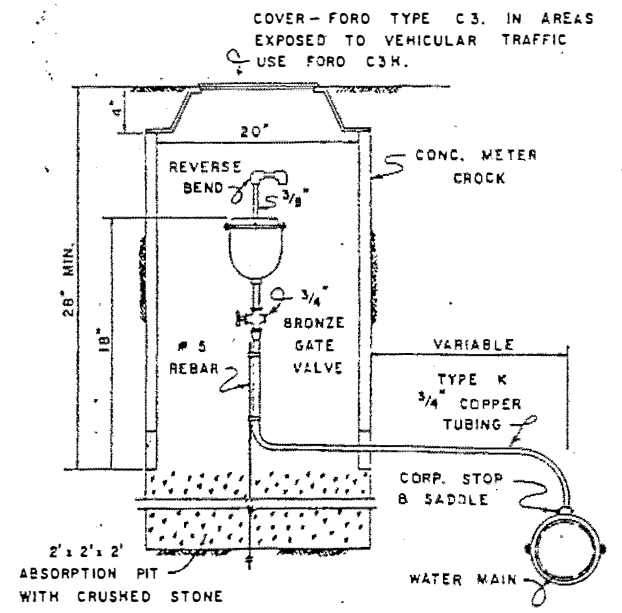
VALVE INSTALLATION
NO SCALE



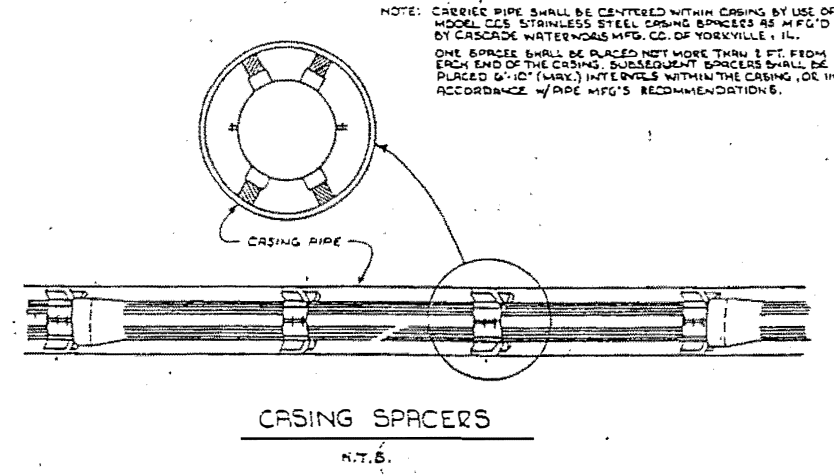
TYPICAL METER SETTING
NO SCALE



BLOWOFF INSTALLATION
NO SCALE



AIR RELEASE VALVE
NO SCALE



NOTE: CARRIER PIPE SHALL BE CENTERED WITHIN CASING BY USE OF WOOD OR STAINLESS STEEL CASING SPACERS AS MFG'D BY CASCADE WATERWORKS MFG. CO. OF YORKVILLE, ILL. ONE SPACER SHALL BE PLACED NOT MORE THAN 1 FT. FROM EACH END OF THE CASING. SUBSEQUENT SPACERS SHALL BE PLACED 6'-10" (MAX.) INTERVALS WITHIN THE CASING, OR IN ACCORDANCE W/PIPE MFG'S RECOMMENDATIONS.

CASING SPACERS
N.T.S.



KENTUCKY INFRASTRUCTURE AUTHORITY

Matthew G. Bevin
Governor

Capital Center Complex
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601
(502) 573-0260
(502) 573-0157 (fax)
kia.ky.gov

June 23, 2016

William Eggen, Chairman
U.S. 60 Water District
P.O. Box 97
Bagdad, KY 40003

KENTUCKY INFRASTRUCTURE AUTHORITY INFRASTRUCTURE REVOLVING LOAN FUND B CONDITIONAL COMMITMENT LETTER (B15-007) EXTENSION

Dear Chairman Eggen:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Infrastructure Revolving Fund (Fund B) loan B15-007 for the Transmission Main Project. The loan commitment deadline is extended for a period of six (6) months in order for the U.S. 60 Water District to meet the conditions set forth in the conditional commitment letter dated June 9, 2015. The original loan commitment expiration was June 9, 2016. The new expiration date will be December 9, 2016. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

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,

A handwritten signature in black ink, reading "Linda K. Dunahoo".

Kentucky Infrastructure Authority

C: Warner Broughman, Broughman & Associates



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

John E. Covington III
Executive Director

June 9, 2015

William Eggen, Chairman
U.S. 60 Water District
P.O. Box 97
Bagdad, KY 40003

2015 NOV 16 PM 2 30
RECEIVED
KENTUCKY INFRASTRUCTURE
AUTHORITY

**KENTUCKY INFRASTRUCTURE AUTHORITY
INFRASTRUCTURE REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (B15-007)**

Dear Chairman Eggen:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On June 4, 2015, the Authority approved your loan for the US 60 Transmission Main project, subject to the conditions stated below. The total cost of the project shall not exceed \$2,326,000 of which the Authority loan shall provide \$2,300,000 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 U.S. 60 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 June 9, 2016 (twelve months from the date of this letter). 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 \$2,300,000.
2. The loan shall bear interest at the rate of 1.75 percent per annum commencing with the first draw of funds.



3. The loan shall be repaid over a period not to exceed 20 years from the date of the last draw of funds.
4. Interest shall be payable on the 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 June 1, or December 1, immediately succeeding the date of the last draw of funds, provided that if such June 1, or December 1, shall be less than three months since the date of the last draw of funds, then the first principal payment date shall be the June 1, or December 1, which is at least six months from the date of the last draw of funds. Full payments will be due each six months thereafter until the loan is repaid.
6. A loan servicing fee of 0.20% of the annual outstanding loan balance shall be payable to the Authority as a part of each interest payment.
7. Loan funds will only be disbursed after execution of the Assistance Agreement as project costs are incurred.
8. The Authority requires that an annual financial audit be provided for the life of the loan.
9. 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. Upon completion of final design of the facilities in the attached project description, favorable approval shall be obtained of such design by all appropriate parties as required by Kentucky statute or administrative regulation.

Chairman Eggen
June 9, 2015
Page 3

2. Applicant must provide certification from their legal counsel stating that they have prepared construction specifications in accordance with all applicable state 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 state and local procurement laws.
3. Documentation of final funding commitments from all parties other than the Authority as reflected in the Attachment A description shall be provided prior to preparation of the Assistance Agreement and disbursement of the loan monies. Rejections of any anticipated project funding, or any new funding sources not reflected in Attachment A shall be immediately reported and may cause this loan to be subject to further consideration.
4. Upon receipt of construction bids a tabulation of such bids and engineer's recommendations on compliance with bid specifications and recommendation for award, shall be forwarded to the Authority for final approval and sizing of this loan and the project.
5. 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.
6. 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.
7. 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 your consultant engineer.
8. All easements or purchases of land shall be completed prior to commencement of construction. Certification of all land or easement acquisitions shall be provided to the Authority.

Proposed Rates

New Loan of \$2,300,000 @ 1.75% interest for a period of 20 years.

Current yearly shortfall per 2015 audit \$4,000

Principal and Interest	\$137,900	
Operating reserve	5,800	until a balance of \$58,000 met
KIA administrative fee	4,600	0.2% of unpaid balance
Current Shortfall	4,000	
Depreciation	57,500	40 year replacement (2.5%)

Total revenue needed	<u>\$209,800</u>
Revenue generated 2015	\$1,068,500

% Increase needed 19.63%

<u>5/8x3/4 Meter</u>	<u>Current</u>	<u>Proposed</u>
First 1,000 gal	13.89	16.61
Next 2,000	7.44	8.90
Next 2,000	6.18	7.40
Over 5,000	5.57	6.66

<u>1-inch Meter</u>		
First 5,000 gals	41.13	49.21
Over 5,000	5.57	6.66

<u>2-inch Meter</u>		
First 25,000 gals	152.53	182.41
Over 25,000 gals	5.57	6.66

<u>Bulk User Rate</u>		
First 1,000 Gals	3.73	4.46
Over 1,000 gals	3.73	4.46

<u>Wholesale Water Rate</u>		
First 25,000 gals	152.53	182.41
Over 25,000 gals	5.57	6.66

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

ATTORNEYS AT LAW

500 MAIN STREET, SUITE 5
SHELBYVILLE, KENTUCKY 40065

C. LEWIS MATHIS, JR.
T. SHERMAN RIGGS
DONALD T. PRATHER
NATHAN T. RIGGS
ERIN R RATLIFF

TELEPHONE: (502) 633-5220
FAX: (502) 633-0667

E-MAIL: donalddtprather@gmail.com

September 20, 2016

Sandra K. Dunahoo, Commissioner
Department for Local Government
1024 Capital Center Drive, Suite 340
Frankfort, Kentucky 40601

Re: U.S. 60 Water District

Dear Commissioner Dunahoo:

Please be advised the U.S. 60 Water District of Shelby and Franklin Counties, Kentucky, intends to incur debt in the amount of \$2,300,000.00 from the Kentucky Infrastructure Authority as detailed in the enclosed conditional commitment letter dated June 9, 2015, as extended by letter dated June 23, 2016.

Please feel free to contact me if you have any questions.

Yours truly,

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

By: 

Donald T. Prather

DTP/pm
Enclosure
cc: William Eggen, Chairman

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

<p>ELECTRONIC APPLICATION OF U.S. 60 WATER DISTRICT) OF SHELBY AND FRANKLIN COUNTIES FOR A) CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY) TO CONSTRUCT AND FINANCE PURSUANT TO KRS 278.020) AND KRS 278.300)</p>	<p>CASE NO: 2016-00323</p>
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FINANCIAL EXHIBIT

This Financial Exhibit is being furnished pursuant to 807 KAR 5:001 § 12.

1. U.S. 60 Water District of Shelby and Franklin Counties, Kentucky (hereinafter the "District") does not have any stock authorized.
2. The District does not have any stock issued and outstanding.
3. The District does not have any preferred stock.
4. The District does not have any mortgages.
5. The District's existing bonds are as follows:

	<u>Outstanding</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Interest Paid in Last Fiscal Year</u>
Bond Payable Issued 1998	\$ 361,200	2038	4.5%	\$16,454
Bond Payable Issued 2008A	\$ 134,900	2047	4.5%	\$ 6,113
Bond Payable Issued 2008B	\$ 576,000	2047	4.625%	\$26,825
Bond Payable Issued 2013B	\$ 425,000	2032	2.30% – 3.55%	\$12,183
<hr style="width: 30%; margin-left: 0;"/>				
Total:	\$1,497,100			\$61,575

6. The District has one outstanding note as follows:

		<u>Outstanding</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Interest Paid in Last Fiscal Year</u>
Kentucky Infrastructure Authority, issued 2014		\$1,272,716	2035	1.75%	\$21,828

7. The District does not have any indebtedness other than as specified in Items 5 and 6 above.
8. The District has not paid any dividends, nor does it have any capital stock.
9. Attached is the 2015 calendar year detailed income statement and balance sheet used in the District's most recent annual report on file with the Public Service Commission. No material changes have occurred since the end of that 12-month period.




Donald T. Prather
Counsel for Applicant
500 Main Street, Suite 5
Shelbyville, Kentucky 40065
Telephone Number: (502) 633-5220

The undersigned, William Eggen, being duly sworn, deposes and states that he is Chairman of U.S. 60 Water District of Shelby and Franklin Counties, Kentucky, Applicant in the above proceedings; that he has read the foregoing Financial Exhibit and has noted the contents thereof; that the same is true of his own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, he believes same to be true.


William Eggen, Chairman

STATE OF KENTUCKY)
COUNTY OF SHELBY)

Subscribed and sworn to before me by William Eggen, Chairman of U.S. 60 Water District of Shelby and Franklin Counties, Kentucky on this the 26th day of September, 2016.



Notary Public
My Commission Expires:

PAULA J. McCLAIN NOTARY PUBLIC STATE AT LARGE, KENTUCKY COMMISSION #531834 MY COMMISSION EXPIRES APRIL 26, 2019
--

U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN COUNTIES
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Years Ended December 31, 2015 and 2014

	2015	2014
Operating Revenues:		
Charges for Services:		
Water Charges (Net of Estimated Bad Debts)	\$ 1,068,499	\$ 1,068,308
Total Charges for Services	\$ 1,068,499	\$ 1,068,308
Other Charges and Miscellaneous:		
Forfeited Discounts & Service Charges	\$ 34,677	\$ 33,344
Miscellaneous	385	-
Total Other Charges and Miscellaneous	\$ 35,062	\$ 33,344
Total Operating Revenues	\$ 1,103,561	\$ 1,101,652
Operating Expenses:		
Commissioner Fees	\$ 12,800	\$ 13,500
Contractual Service	197,498	182,375
Insurance	10,736	11,670
Maintenance of Mains	16,737	52,337
Miscellaneous	2,587	2,448
Office Supplies and Expense	20,937	21,514
Other Interest Expense	341	361
Payroll Taxes	1,348	1,411
Professional Services	32,873	32,236
Purchased Water	414,325	411,523
Purchased Power	31,410	36,621
Regulatory Fees	9,605	2,090
Rental of Building	24,000	24,000
Rental of Equipment	57,800	58,001
Depreciation Expense	235,127	228,490
Total Operating Expenses	\$ 1,068,124	\$ 1,078,577
Net Operating Income	\$ 35,437	\$ 23,075
Nonoperating Revenue (Expense):		
Investment Income	\$ 4,210	\$ 5,278
KIA Debt Reduction	-	12,837
Interest Expense	(67,658)	(63,140)
Gain (Loss) on Sale/Abandonment of Fixed Assets	-	1,836
Total Nonoperating Revenue (Expense)	\$ (63,448)	\$ (43,189)
Net Income Before Contributions	\$ (28,011)	\$ (20,114)
Capital Contributions	24,000	9,655
Extraordinary Item	-	(67,947)
Net Income	\$ (4,011)	\$ (78,406)
Net Position--Beginning of Year	6,477,589	6,555,995
Net Position--End of Year	\$ 6,473,578	\$ 6,477,589

U.S. 60 WATER DISTRICT OF SHELBY AND FRANKLIN COUNTIES
STATEMENT OF NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets:		
Cash, Including Time Deposits	\$ 1,492,046	\$ 1,439,487
Accounts Receivable (Net)	121,375	137,948
Interest Receivable	44	44
Prepaid Insurance	6,265	6,222
Total Current Assets	\$ 1,619,730	\$ 1,583,701
Noncurrent Assets:		
Restricted Assets:		
Cash, Including Time Deposits	\$ 894,613	\$ 1,498,148
Interest Receivable	304	304
Capital Assets (Net)	7,140,598	6,445,941
Total Noncurrent Assets	\$ 8,035,515	\$ 7,944,393
Total Assets	\$ 9,655,245	\$ 9,528,094
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 96,021	\$ 103,661
Accounts Payable - Construction	31,358	423,138
Retainage Payable	130,580	62,170
Accrued Payroll Taxes/Employee Withholding	1,216	1,286
Utility Tax Payable	2,558	2,715
Sales Tax Payable	96	100
Current Liabilities Payable from Restricted Assets:		
Accrued Interest Payable - Customer Deposits	122	120
Accrued Interest Payable - Long Term Debt	26,331	27,235
Revenue Bonds Payable	49,300	48,800
Notes Payable	55,287	16,023
Total Current Liabilities	\$ 392,869	\$ 685,248
Noncurrent Liabilities:		
Revenue Bonds Payable	\$ 1,447,800	\$ 1,497,100
Notes Payable	1,217,429	746,193
Noncurrent Liabilities Payable from Restricted Assets:		
Customer Deposits Payable	123,569	121,964
Total Noncurrent Liabilities	\$ 2,788,798	\$ 2,365,257
Total Liabilities	\$ 3,181,667	\$ 3,050,505
NET POSITION		
Net Investment in Capital Assets	\$ 4,370,782	\$ 4,137,825
Restricted for Capital Projects	153,967	811,755
Restricted for Debt Service	591,050	537,499
Unrestricted	1,367,779	990,510
Total Net Position	\$ 6,473,578	\$ 6,477,589

US 60 Water District of Shelby, Spencer & Franklin Counties
Profit & Loss
 January through August 2016

09/20/16

Accrual Basis

Jan - Aug 16

Ordinary Income/Expense	
Income	
889 · Convenience Fee / Credit Card	-726.84
883 · Sales Tax Discount	19.30
604 · Residential Customers	695,728.07
606 · Commercial Customers	32,993.78
608 · Educational Customers	4,197.12
610 · Governmental Customers	2,298.56
612 · Fire Protection Services	223.73
886 · Service Charge Income	18,065.29
884 · Interest Income	3,384.06
606 · Returned Check Fee Income	96.00
Total Income	756,277.05
Cost of Goods Sold	
704 · Water Purchased	286,599.21
Total COGS	286,599.21
Gross Profit	469,677.84
Expense	
811.5 · Engineering Fees	62,716.26
705 · Water Testing	3,250.00
711 · Rent to North Shelby	18,000.00
811 · Credit Card Fee	613.65
809 · Printing and Publication	2,642.93
813 · Bid Advertisement	121.51
817 · Bank Charges	1,522.72
812 · Commission Member Fees	8,250.00
852 · Depreciation Expense	120,000.00
734 · Equipment Rental	38,858.25
814 · Insurance	8,318.40
902 · Interest - LT Debt	48,000.00
810 · Legal & Accounting	20,740.38
720 · Maintenance - Structures	127.00
722 · Maintenance - Pumping Equipment	8,335.14
724 · Maintenance - Dist. Mains	914.40
726 · Maintenance - Service & Meters	2,039.60
730 · Meter Readings	22,715.99
818 · Misc General Expenses	611.30
820 · Misc - General Properties	203.20
732 · Operating Supplies	46.78
803 · Overhead Reimbursement	30,286.10
807 · Postage	6,782.63
710 · Power Pumping Equipment	18,630.02
818.1 · PSC Assessment Fee	2,165.54
828 · Taxes - Payroll	710.61
Wages & Salaries	
802 · Office Salaries	31,623.00
808 · Management Salary	42,703.19
Total Wages & Salaries	74,326.19
Total Expense	496,928.80
Net Ordinary Income	-27,250.76
Net Income	-27,250.76

The above Profit & Loss has been prepared by staff of U.S. 60 Water District of Shelby, Spencer and Franklin Counties – it has not been compiled, reviewed or audited by Raison, Zapp & Woods, PSC.

Warner A. Broughman III
and Associates

BID DATE: MAY 12, 2016
U.S. 60 WATER DISTRICT
PROJECT NAME: U.S. 60 TRANSMISSION MAIN CONTRACT #2
PROJECT NO.: 15-01

3161 CUSTER DR., LEXINGTON, KY 40517
859-271-1778

Ferguson Waterworks Inc.

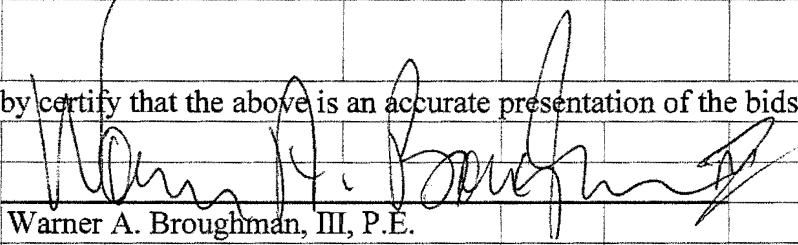
Consolidated Pipe & Supply, Inc.

H.D. Supply

C.I. Thornburg, Inc.

ITEM NO	ITEM	QUAN	UNIT	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE
1	12-inch Ductile Iron Pipe	26,074	L.F.	18.54	483411.96	18.66	486540.84	19.85	517568.90	20.85	543642.90
2	Fire Hydrant & Box	7	L.F.	1430.00	10010.00	1580.00	11060.00	2058.77	14411.39	1442.00	10094.00
3	8-inch Gate Valve	10	EACH	653.00	6530.00	715.00	7150.00	752.77	7527.70	720.00	7200.00
4	12-inch Gate Valve	5	EACH	1290.00	6450.00	1408.00	7040.00	1447.77	7238.85	1416.00	7080.00
					\$506,401.96		\$511,790.84		\$546,746.84		\$568,016.90

I hereby certify that the above is an accurate presentation of the bids as received.


 Warner A. Broughman, III, P.E.

Warner A. Broughman III
and Associates

BID DATE: MAY 12, 2016

U.S. 60 WATER DISTRICT

PROJECT NAME: U.S. 60 TRANSMISSION MAIN CONTRACT #1

PROJECT NO.: 15-01

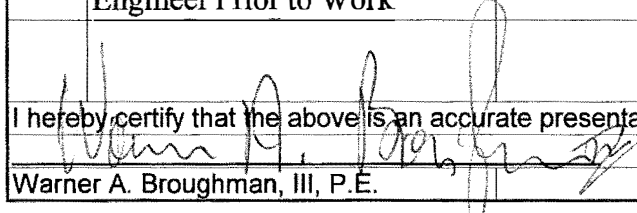
3161 CUSTER DR., LEXINGTON, KY 40517
859-271-1778

Joda International
Inc.

Twin States Utilities &
Excavation, Inc.

ITEM NO	ITEM	QUAN	UNIT	UNIT PRICE	TOTAL PRICE	UNIT PRICE	TOTAL PRICE
1	Install 12-inch Ductile Iron Pipe, Complete in Place	26,074	L.F.	28.25	736590.50	39.00	1016886.00
2	8-inch PVC Pipe, Complete in Place	200	L.F.	35	7000.00	37.00	7400.00
3	8-inch Tapping Valve & Box, Complete in Place	1	EACH	4370.00	4370.00	3900.00	3900.00
4	Install Fire Hydrant & Box, Complete in Place	7	EACH	1680.00	11760.00	2240.00	15680.00
5	Meter Box & Vault, Complete in Place	1	EACH	5940.00	5940.00	5940.00	5940.00
6	8-inch Tee, Complete in Place	2	EACH	545	1090.00	900.00	1800.00
7	Install 8-inch Gate Valve Complete in Place	3	EACH	460	1380.00	1190.00	3570.00
8	Install 12-inch Gate Valve Complete in Place	5	EACH	560	2800.00	1390.00	6950.00
9	14-inch Freebore Under Driveway, Complete in Place	160	L.F.	130	20800.00	140.00	22400.00
10	16-inch Highway Crossing, Complete in Place	60	L.F.	200	12000.00	240.00	14400.00
11	20-inch Highway Crossing, Complete in Place	350	L.F.	225	78750.00	300.00	105000.00
12	Booster Pump Station, Complete in Place	1	L.S.	61520	61520.00	100000.00	100000.00
13	Meter Box & Vault, Complete in Place	1	L.S.	5940	5940.00	30000.00	30000.00
14	Class C Concrete, Complete in	20	C.Y.	300	6000.00	250.00	5000.00
15	Crushed Stone, Complete in Place	100	TONS	25	2500.00	35.00	3500.00
16	Site Videotaping, Delivered to Engineer Prior to Work	1	EACH	2050	2050.00	10000.00	10000.00
					\$960,490.50		\$1,352,426.00

I hereby certify that the above is an accurate presentation of the bids as received.


Warner A. Broughman, III, P.E.

US 60 WATER DISTRICT
US 60 Transmission Main
Final Engineering Report

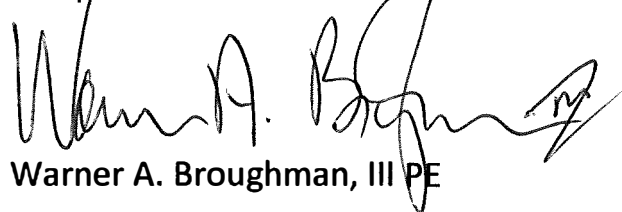
The project encompassed by the US 60 Water District is the construction of an alternate water source connection, consisting of approximately 26,074 LF of 12 inch ductile iron water main and a booster pump station. It connects the existing system to the Shelbyville Municipal Utilities for a redundant water supply. No new customers are resulting from this construction.

The low bidding contractor for the waterline is Joda International, Inc, of Shelbyville, KY with a winning bid of \$960,490.50. The low bidding supplier of the ductile iron pipe is Ferguson Waterworks, Inc of Louisville, KY with a bid of \$506,401.96

The project will be financed by a loan from KIA in the amount of \$2,300,000. The final estimate for the project is as follows:

Administrative Expense	\$11,500
Construction	1,466,892
Local Counsel	10,000
Planning	15,000
Engineering Design	121,606
Construction Inspection	75,252
Contingency	599,745
Total Project Cost	<u>\$2,300,000</u>

The District will need to increase rates to finance this project. The rates needed to maintain the Water District will be filed as an Alternative Rate Filing upon completion of the construction when final costs are ascertained.


Warner A. Broughman, III PE

