

COMMONWEALTH OF KENTUCKY
BEFORE THE KENTUCKY PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF MORGAN COUNTY)
WATER DISTRICT FOR THE ISSUANCE OF A)
CERTIFICATE OF PUBLIC CONVENIENCE AND)
NECESSITY TO CONSTRUCT A WATER SYSTEM)
IMPROVEMENTS PROJECT AND AN ORDER) Case No. 2022 - 00245
AUTHORIZING THE ISSUANCE OF SECURITIES)
PURSUANT TO THE PROVISIONS OF)
KRS 278.020, KRS 278.300 AND 807 KAR 5:001)

** *** **** ***** **** *** **

APPLICATION

The Applicant, Morgan County Water District ("Morgan District"), files this Application pursuant to KRS 278.020(1), KRS 278.300 and KAR 5:001, and all other applicable laws and regulations, and requests that the Kentucky Public Service Commission (the "Commission") grant Morgan District a Certificate of Public Convenience and Necessity ("CPCN") to construct a water system improvements project (the "Project") and an order authorizing the issuance of securities to finance said Project. In support of this Application, and in compliance with the rules and regulations of the Commission, Morgan District states as follows:

1. Morgan District was established in accordance with the provisions of Chapter 74 of the Kentucky Revised Statutes pursuant to an Order of the Morgan County Judge/Executive, which Order is on file in the County Court Order Books in the office of the Morgan County Clerk. Morgan District is now, and has been since its inception, regulated by the Commission, and all records and

proceedings of the Commission with reference to Morgan District are incorporated in this Application by reference. Morgan District does not have any Articles of Incorporation due to the fact that it is a statutory entity.

2. The governing body of Morgan District is its Board of Commissioners which is a public body corporate, with power to make contracts in furtherance of its lawful and proper purpose as provided for in KRS 74.070 and all applicable law and regulations.

3. The mailing address of Morgan District is as follows:

Morgan County Water District
c/o Mr. Shannon W. Elam, General Manager
1009 Highway 172
West Liberty, Kentucky 41472
Telephone: (606) 743-1204
Fax: (606) 743-9585
Email: mcwdshannon@gmail.com

4. A general description of Morgan District's system property, together with a statement of the original cost, is contained in Morgan District's Annual Report for 2021 which is on file with the Commission. The Annual Report is incorporated herein by reference.

5. Pursuant to 807 KAR 5:001, Section 15 - Applications for Certificates of Public Convenience and Necessity, Morgan District hereby responds as follows:

(i) Section 15(2)(a): Facts Relied Upon to Show Public Necessity: The proposed Project and the need for the Project is described in **Exhibit "A"** attached hereto.

(ii) Section 15(2)(b): Copies of Permits: Required permits are attached hereto as **Exhibit "B"**.

- (iii) Section 15(2)(c): Description of Proposed Location or Route. Construction of the Project is being performed within the boundaries of Morgan District and is detailed in the location map referred to in paragraph 5(iv) below. The proposed Project will not compete with any other public utilities and will not result in any wasteful duplication.
- (iv) Section 15(2)(d)(1): Maps to Suitable Scale: one electronic storage medium map to suitable scale showing the location of the proposed Project, as well as the location of like facilities owned by others located anywhere within the map area is being filed with this Application.
- (v) Section 15(2)(d)(2): Plans and Specifications: The signed, sealed and dated Plans and Specifications in .pdf format on electronic storage medium are being filed with this Application.
- (vi) Section 15(2)(e) Financing: Morgan District is financing the Project with the proceeds of a loan from the Kentucky Infrastructure Authority ("KIA") Federally Assisted Drinking Water Revolving Loan Fund (F21-002) in the principal amount not to exceed \$3,262,000 (the "KIA Loan"). The KIA Loan will be evidenced by an Assistance Agreement between Morgan District and KIA and Morgan District has received a conditional commitment letter dated May 8, 2021 (the "Commitment"). A copy of the Commitment is attached hereto as **Exhibit "C"**. The Commitment expired on May 7, 2022. Morgan District asked for and received an extension of the Commitment which will now expire on January 7, 2023 (see **Exhibit "C"** attached hereto).

- (vii) Section 15(2)(f) Statement of Estimated Annual Cost of Operation: a statement of the estimated annual cost of operation after the Project is placed in service is titled Post Construction Operating Cost Estimate and is attached hereto as **Exhibit “D”**.

6. The detailed Statement of Net Position; Statement of Revenue, Expenses and Changes in Net Position; and Statement of Cash Flows for the twelve month periods ending on December 31, 2019 and 2020 are attached hereto as **Exhibit “E”** respectively. The December 31, 2020 and 2021 audit is being finalized and has not been received by Morgan District as of the date of this Application.

7. Pursuant to 807 KAR 5:001, Section 12 - Financial Exhibit; Morgan District hereby responds as follows:

- (i) Section 12(1)(a): Morgan District states that it had less than \$5,000,000 in gross annual revenue in the immediate past calendar year and that no material changes have occurred since December 31, 2020.
- (ii) Section 12(2)(a), (b) and (c) Stock: Morgan District does not have any authorized, issued or outstanding stock as of the date hereof.
- (iii) Section 12(2)(d) Mortgages: Morgan District does not have any outstanding mortgages as of the date hereof.
- (iv) Section 12(2)(e), (f) and (g) Indebtedness: The information concerning the outstanding indebtedness of Morgan District is contained in the financial statements which have been filed with the Commission and are incorporated herein by reference.

- (v) Section 12(2)(h) Dividends: Morgan District has no outstanding stock and therefore pays no dividends.
 - (vi) Section 12(2)(i) Financial Statements: See **Exhibit "E"** attached hereto.
8. Pursuant to 807 KAR 5:001, Section 18, Morgan District hereby responds as follows:
- (i) Section 18(1)(a): Morgan District has complied with the requirements of 807 KAR 5:001, Section 14.
 - (ii) Section 18(1)(b): A general description of Morgan District's property, its field of operation and a statement of original cost of said property and the cost to Morgan District is contained in Morgan District's 2021 Annual Report on file with this Commission.
 - (iii) Section 18(1)(c): Morgan District is not issuing any stock as part of this financing. The information concerning the proposed KIA Loan is contained in this Application and the supporting exhibits. The KIA Loan will be secured by and payable from the gross revenues of Morgan District's water system.
 - (iv) Section 18(1)(d): Morgan District is not refunding any outstanding obligations in connection with this Project. The proceeds of the KIA Loan are being used for the construction of the Project described in **Exhibit "A"**.
 - (v) Section 18(1)(e): See paragraph 5(i) above and paragraph 8(x) below.
 - (vi) Section 18(1)(f): Morgan District is not refunding any outstanding obligations in connection with this Project.

- (vii) Section 18(1)(g): Written notification of the proposed issuance of the KIA Loan is being provided to the State Local Debt Officer (see **Exhibit "F"** attached hereto).
- (viii) Section 18(2)(a): See paragraph #7 above.
- (ix) Section 18(2)(b): Morgan District does not have any outstanding trust deeds or mortgages.
- (x) Section 18(2)(c): A detailed estimate of the acquired property, arranged according to the Uniform System of Accounts for Class A/B Water Districts and Associations is \$2,632,350 (Account #331 - transmission and distribution mains) (see **Exhibit "G"** attached hereto).

9. Copies of the bid tabulations as certified by the Engineers for the Project are attached hereto as **Exhibit "H"**.


10. The Final Project Cost Summary is attached hereto as **Exhibit "I"**.

11. No rate adjustment is being requested in connection with this Application.


WHEREFORE, the Morgan County Water District respectfully requests that the Commission take the following actions:

- A. Grant Morgan District a Certificate of Public Convenience and Necessity permitting Morgan District to construct the Project;
- B. Authorize the issuance of securities pursuant to the KIA Assistance Agreement evidencing the KIA Loan in an amount not to exceed \$3,262,000; and
- C. Grant Morgan District any other relief to which it is entitled.

Morgan County Water District

By 
Brian Wells, Chairman
1009 Highway 172
West Liberty, Kentucky 41472
Telephone: (606) 743-1204
Fax: (606) 743-9585
Email: mcwdshannon@gmail.com

Rubin & Hays

By 
W. Randall Jones
Kentucky Home Trust Building
450 South Third Street
Louisville, Kentucky 40202
Phone: (502) 569-7534
Fax: (502) 569-7555
Counsel for Morgan County Water District
wrjones@rubinhays.com

STATE OF KENTUCKY)
) SS
COUNTY OF MORGAN)

The affiant, Brian Wells, being first duly sworn, states: That is the Chairman of the Morgan County Water District, the Applicant in this case; that he has read the foregoing Application and has noted the contents thereof; that the same are true of his own knowledge and belief, except as to matters which are herein stated to be based on information or belief, and that these matters, believes to be true and correct.

IN TESTIMONY WHEREOF, witness the signature of the undersigned on the 8 day of August, 2022.

Brian C. Wells
Brian Wells, Chairman

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me by Brian Wells, Chairman of the Morgan County Water District on this the 8 day of August, 2022.

My Commission expires: 2/24/26.

Chumell McIlhock
Notary Public

Notary ID#: KYNP42611

CERTIFICATE OF SERVICE

The undersigned, in accordance with 807 KAR 5:001, Section 8, hereby certifies that Morgan County Water District's electronic filing of the foregoing Application is a true and accurate copy of the same document being transmitted via electronic filing to the Kentucky Public Service Commission on August 9, 2022; that there are currently no parties that the Kentucky Public Service Commission has excused from participation by electronic means in this proceeding.



W. Randall Jones, Esq.

Rubin & Hays

Kentucky Home Trust Building

450 South Third Street

Louisville, Kentucky 40202

Phone: (502) 569-7525

Fax: (502) 569-7555

Counsel for Morgan County Water District

EXHIBIT A

Public Necessity and Project Description

Project Description

Morgan County Water District (MCWD) has been fervently addressing the lost water in their distribution system and this is the second phase (Phase 2) of replacing old lines and lines which have been subject to numerous repairs in the past.

This project will consist of replacing approximately 12.7 miles of existing waterlines and appurtenances on the following listed roads to aid the MCWD in reducing the amount of unaccounted for water

KY 191 (56,450 lf of 8 and 6-inch pipe)

KY 1000 (4,348 lf of 4-inch pipe)

Brushy Fork (5,540 lf 4-inch pipe)

Heaven Brn Tr. Park (542 lf of 2-inch pipe)

In addition to replacing the existing waterlines the MCWD is also replacing 200 new water meters with radio transmitters to remove older meters from their system to assist in reducing under reading of the older meters.

Need for the Project

The PSC has charged MCWD to reduce the unaccounted-for water in their system. Since they purchase all of the water that they sell, any reduction in lost water will have a positive impact on their financial bottom line.

EXHIBIT B

Required Permits

ANDY BESHEAR
GOVERNOR



REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601

May 23, 2022

Shannon Elam
Morgan County Water District
1009 Old Hwy 172
West Liberty, KY 41472

RE: KY 191 Waterline Replacement, Phase 2
F21- 002
Morgan County, KY
Morgan Co Water District
AI #: 34040, FGL20220001/APE20220001

Dear Shannon Elam:

The Kentucky Division of Water (DOW) has reviewed for completeness and adequacy the construction plans and specifications submitted for the above referenced contract(s). The DOW 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 50,000 feet of 8-inch PVC waterline, 7,669 feet of 6-inch PVC waterline, 31,700 feet of 4-inch PVC waterline, and 2,511 feet of 3-inch PVC waterline with related appurtenances. 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, two (2) 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 are applicable for this project. Please contact all other funding sources for their requirements pertaining to federal 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

KY 191 Waterline Replacement, Phase 2
F21- 002
Morgan Co Water District
AI #: 34040, FGL20220001/APE20220001
May 23, 2022
Page 2 of 3

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 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 Mohammed Mohiuddin, Project Engineer, at (502) 782-7020 for technical review questions and Amber Vaughn, SRF Project Administrator at 502-7820-7121 for SRF funding questions.

KY 191 Waterline Replacement, Phase 2
F21- 002
Morgan Co Water District
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Page 3 of 3

Sincerely,



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

TH:MM
Enclosures

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

C: Nesbitt Engineering, Inc.
Kentucky Infrastructure Authority
Cabinet for Economic Development
Morgan County Health Department
Division of Plumbing

ANDY BESHEAR
GOVERNOR



REBECCA W. GOODMAN
SECRETARY

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON
COMMISSIONER

300 SOWER BOULEVARD
FRANKFORT, KENTUCKY 40601
STREAM CONSTRUCTION PERMIT

For Construction In Or Along A Stream

Issued to: **Morgan Co Water District**
Address: **1009 KY 172**
West Liberty, KY 41472

Permit effective date: **June 14, 2022**
Permit expires on: **June 14, 2023**

Permit No.: **31896**

Agency Interest: **34040**
Activity ID: **APE20220002**

In accordance with KRS 151.250 and KRS 151.260, the Energy and Environment Cabinet approves the application dated **June 10, 2022** for **water line replacement** including multiple stream crossings as shown in the submitted site plans in **the floodplain of Caney Creek, with coordinates 37.829789, -83.265124, in Morgan County.**

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 all construction must be completed by the expiration date noted above. Year by year extensions may be requested subject to the requirements of 401KAR 4:060 Section 3 (5) (a) and (b). A request for extension, including the Agency Interest and permit numbers listed above and statement that the scope of the project has not changed can be emailed to DOWFloodplain@ky.gov.

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 Floodplain Management at 502-564-3410.

Sincerely,

A handwritten signature in black ink that reads "David Ray Coe".

David Coe, P.E., Supervisor
Floodplain Management Section
Water Resources Branch
Division of Water

c: Morehead Regional Office
James Sparks, PE, Agent
John Will Stacy, Judge Executive and Floodplain Coordinator
Joseph Curd, Morgan County Floodplain Coordinator
File

Stream Construction Permit

Morgan Co Water District

Facility Requirements

Permit Number: 31896

Activity ID No.: APE20220002

STRC000000010 (AI: 34040 - Water line) water line replacement including several stream crossings as shown in the submitted site plans, in the floodplain of Caney Creek, with coordinates 37.829789, -83.265124, in Morgan County:

Submittal/Action Requirements:

Condition No.	Condition
S-1	Morgan Co Water District must submit final construction report within 90 days after completion of construction. Morgan Co 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	Any work performed by or for Morgan Co 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-5	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]
T-6	Since Morgan County participates in the National Flood Insurance Program, a local floodplain permit must be obtained prior to beginning of construction. Upon completion of construction Morgan Co 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-7	Areas disturbed by the boring equipment in the regulatory floodplain, on both banks shall be restored to its approximate original ground surface level. [401 KAR 4:060]

Stream Construction Permit

Morgan Co Water District

Facility Requirements

Permit Number: 31896

Activity ID No.:APE20220002

Page 2 of 3

STRC000000010 (AI: 34040 - Water line) water line replacement including several stream crossings as shown in the submitted site plans, in the floodplain of Caney Creek, with coordinates 37.829789, -83.265124, in Morgan County.:

Narrative Requirements:

Condition No.	Condition
T-8	To prevent collapse of the stream bed, sufficient cover shall be maintained between the channel bottom and the bore hole tunnel. [401 KAR 4:060]
T-9	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-10	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-11	All debris and excess material shall be removed for disposal outside of the base floodplain. [401 KAR 4:060]
T-12	Upon completion of construction all disturbed areas shall be seeded and mulched or otherwise stabilized to prevent erosion. [401 KAR 4:060]
T-13	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-14	Construction other than as authorized by this permit shall require written approval from the Division of Water. [401 KAR 4:060]
T-15	The existing stream flow shall be maintained at all times during construction using standard flow diversion or pump around methods. Cofferdams or other structures placed in the stream shall be removed immediately if adverse flooding conditions result or if a flooding event is imminent. [401 KAR 4:060 Section 4]
T-16	The Sub-fluvial crossing must meet the following criteria whichever is applicable: (1) During the construction of the crossing, no material may be placed in the stream or in the flood plain of the stream to form construction pads, coffer dams, access roads, etc., unless prior approval has been obtained from the cabinet. (2) The trench shall be backfilled as closely as possible to the original contour. All excess material from construction of the trench shall be disposed of outside of the flood plain unless the applicant has received prior approval from the cabinet to fill within the flood plain. (3) For subfluvial crossings of erodible channels, there shall be at least thirty (30) inches clear to the top of the pipe or conduit at all points. (4) For subfluvial crossings of nonerodible channels, there shall be at least six (6) inches of clear cover above the top of the pipe or conduit at all points, and the pipe or conduit shall be encased on all sides by at least six (6) inches of concrete. (5) The weight of a pipe and its contents during normal operating conditions at all points must exceed that of an equal volume of water, or the applicant must provide the division with sufficient information to show that the pipe and joints have sufficient strength. [401 KAR 4:050 Section 2]

Stream Construction Permit

Morgan Co Water District

Facility Requirements

Permit Number: 31896

Activity ID No.: APE20220002

STRC0000000010 (AI: 34040 - Water line) water line replacement including several stream crossings as shown in the submitted site plans, in the floodplain of Caney Creek, with coordinates 37.829789, -83.265124, in Morgan County.:

Narrative Requirements:

Condition No.	Condition
T-17	The Water Quality Certification Section has determined that this project is covered under the KY General Certification of the Nationwide Permit 14 for Linear Transportation Projects provided that this project has received the appropriate Nationwide Permit from the U.S. Army Corps of Engineers and all conditions of the enclosed General Water Quality Certification are met. Please carefully review the enclosed General Water Quality Certification conditions. Questions should be directed to the Water Quality Certification Section, at 401WQC@ky.gov or (502) 564-3410. [KRS 224.16-050 & Clean Water Act Section 401]

Distribution-Major Construction
Morgan Co Water District
Facility Requirements

Activity ID No.:APE20220001

PORT000000027 (KY 191 Waterline Replacement Phase 2) 50,000 feet of 8-inch PVC; 7,669 feet of 6-inch PVC; 31,700 feet of 4-inch PVC and 2,511 feet of 3-inch PVC Waterline:

Narrative Requirements:

Condition No.	Condition
T-1	Construction of this project shall not result in the water system's inability to supply consistent water service in compliance with 401 KAR 8:010 through 8:600. [401 KAR 8:100 Section 5]
T-2	The public water system shall not implement a change to the approved plans without the prior written approval of the cabinet. [401 KAR 8:100 Section 4(3)]
T-3	A proposed change to the approved plans affecting sanitary features of design shall be submitted to the cabinet for approval in accordance with Section 2 of this administrative regulation. [401 KAR 8:100 Section 4(2)]
T-4	During construction, a set of approved plans and specifications shall be available at the job site. Construction shall be performed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 3(1)]
T-5	Unless construction begins within two (2) years from the date of approval of the final plans and specifications, the approval shall expire. [401 KAR 8:100 Section 3(3)]
T-6	Upon completion of construction, a professional engineer shall certify in writing that the project has been completed in accordance with the approved plans and specifications. [401 KAR 8:100 Section 4(1)]
T-7	The system shall be designed to maintain a minimum pressure of 20 psi at ground level at all points in the distribution system under all conditions of flow. [Recommended Standards for Water Works 8.2.1, Drinking Water General Design Criteria IV.1.a]
T-8	Water lines should be hydraulically capable of a flow velocity of 2.5 ft/s while maintaining a pressure of at least 20 psi. [Drinking Water General Design Criteria IV.1.b]
T-9	The normal working pressure in the distribution system at the service connection shall not be less than 30 psi under peak demand flow conditions. Peak demand is defined as the maximum customer water usage rate, expressed in gallons per minute (gpm), in the pressure zone of interest during a 24 hour (diurnal) time period. [Drinking Water General Design Criteria IV.1.d]
T-10	When static pressure exceeds 150 psi, pressure reducing devices shall be provided on mains or as part of the meter setting on individual service lines in the distribution system. [Drinking Water General Design Criteria IV.1.c]
T-11	The minimum size of water main in the distribution system where fire protection is not to be provided should be a minimum of three (3) inch diameter. Any departure from minimum requirements shall be justified by hydraulic analysis and future water use, and can be considered only in special circumstances. [Recommended Standards for Water Works 8.2.2, Drinking Water General Design Criteria IV.2.b]

Distribution-Major Construction
Morgan Co Water District
Facility Requirements

Activity ID No.:APE20220001

PORT000000027 (KY 191 Waterline Replacement Phase 2) 50,000 feet of 8-inch PVC; 7,669 feet of 6-inch PVC; 31,700 feet of 4-inch PVC and 2,511 feet of 3-inch PVC Waterline:

Narrative Requirements:

Condition No.	Condition
T-12	Water mains not designed to carry fire-flows shall not have fire hydrants connected to them. [Recommended Standards for Water Works 8.4.1.b]
T-13	Flushing devices should be sized to provide flows which will give a velocity of at least 2.5 feet per second in the water main being flushed. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-14	No flushing device shall be directly connected to any sewer. [Recommended Standards for Water Works 8.2.4.b, Recommended Standards for Water Works 8.4.1.b]
T-15	Pipe shall be constructed to a depth providing a minimum cover of 30 inches to top of pipe. [Drinking Water General Design Criteria IV.3.a]
T-16	Water mains shall be covered with sufficient earth or other insulation to prevent freezing. [Recommended Standards for Water Works 8.7]
T-17	A continuous and uniform bedding shall be provided in the trench for all buried pipe. Backfill material shall be tamped in layers around the pipe and to a sufficient height above the pipe to adequately support and protect the pipe. Stones found in the trench shall be removed for a depth of at least six inches below the bottom of the pipe. [Recommended Standards for Water Works 8.7]
T-18	Water line installation shall incorporate the provisions of the AWWA standards and/or manufacturer's recommended installation procedures. [Recommended Standards for Water Works 8.7]
T-19	All materials used for the rehabilitation of water mains shall meet ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-20	Packing and jointing materials used in the joints of pipe shall meet the standards of AWWA and the reviewing authority. [Recommended Standards for Water Works 8.1]
T-21	All tees, bends, plugs and hydrants shall be provided with reaction blocking, tie rods or joints designed to prevent movement. [Recommended Standards for Water Works 8.7]
T-22	All materials including pipe, fittings, valves and fire hydrants shall conform to the latest standards issued by the ASTM, AWWA and ANSI/NSF, where such standards exist, and be acceptable to the Division of Water. [Recommended Standards for Water Works 8.1]
T-23	Water mains which have been used previously for conveying potable water may be reused provided they meet the above standards and have been restored practically to their original condition. [Recommended Standards for Water Works 8.1]

Distribution-Major Construction
Morgan Co Water District
Facility Requirements

Activity ID No.:APE20220001

PORT000000027 (KY 191 Waterline Replacement Phase 2) 50,000 feet of 8-inch PVC; 7,669 feet of 6-inch PVC; 31,700 feet of 4-inch PVC and 2,511 feet of 3-inch PVC Waterline:

Narrative Requirements:

Condition No.	Condition
T-24	Manufacturer approved transition joints shall be used between dissimilar piping materials. [Recommended Standards for Water Works 8.1]
T-25	The minimum size of water main which provides for fire protection and serving fire hydrants shall be six?inch diameter. [Recommended Standards for Water Works 8.2, Drinking Water General Design Criteria IV.2.a]
T-26	Pipes and pipe fittings containing more than 8% lead shall not be used. All products shall comply with ANSI/NSF standards. [Recommended Standards for Water Works 8.1]
T-27	Gaskets containing lead shall not be used. Repairs to lead?joint pipe shall be made using alternative methods. [Recommended Standards for Water Works 8.1]
T-28	Pipe materials shall be selected to protect against both internal and external pipe corrosion. [Recommended Standards for Water Works 8.1]
T-29	Dead end mains shall be equipped with a means to provide adequate flushing. [Recommended Standards for Water Works 8.2]
T-30	The hydrant lead shall be a minimum of six inches in diameter. Auxiliary valves shall be installed on all hydrant leads. [Recommended Standards for Water Works 8.4.3]
T-31	A sufficient number of valves shall be provided on water mains to minimize inconvenience and sanitary hazards during repairs. [Recommended Standards for Water Works 8.3]
T-32	Wherever possible, chambers, pits or manholes containing valves, 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-33	At high points in water mains where air can accumulate provisions shall be made to remove the air by means of air relief valves. [Recommended Standards for Water Works 8.5.1]
T-34	Automatic air relief valves shall not be used in situations where flooding of the manhole or chamber may occur. [Recommended Standards for Water Works 8.5.1]

Distribution-Major Construction
Morgan Co Water District
Facility Requirements

Activity ID No.:APE20220001

PORT000000027 (KY 191 Waterline Replacement Phase 2) 50,000 feet of 8-inch PVC; 7,669 feet of 6-inch PVC; 31,700 feet of 4-inch PVC and 2,511 feet of 3-inch PVC Waterline:

Narrative Requirements:

Condition No.	Condition
T-35	The open end of an air relief pipe from automatic valves shall be extended to at least one foot above grade and provided with a screened, downward-facing elbow. [Recommended Standards for Water Works 8.5.2.c]
T-36	Discharge piping from air relief valves shall not connect directly to any storm drain, storm sewer, or sanitary sewer. [Recommended Standards for Water Works 8.5.2.d]
T-37	Water pipe shall be constructed with a lateral separation of 10 feet or more from any gravity sanitary or combined sewer measured edge to edge where practical. If not practical a variance may be requested to allow the water pipe to be installed closer to the gravity sanitary or combined sewer provided the water pipe is laid in a separate trench or undisturbed shelf located on one side of the sewer with the bottom of the pipe at least 18 inches above the top of the gravity sanitary or combined sewer pipe. [Drinking Water General Design Criteria IV.3.b]
T-38	Water lines crossing sanitary, combined or storm sewers shall be laid to provide a minimum vertical distance of 18 inches between the outside of the water main and the outside of the sanitary, combined or storm sewer with preference to the water main located above the sanitary, combined or storm sewer. [Drinking Water General Design Criteria IV.3.c]
T-39	At crossings, one full length of water pipe shall be located so both joints will be as far from the sewer as possible. [Recommended Standards for Water Works 8.8.3.b]
T-40	There shall be no connection between the distribution system and any pipes, pumps, hydrants, or tanks whereby unsafe water or other contaminating materials may be discharged or drawn into the system. [Recommended Standards for Water Works 8.10.1]
T-41	Water utilities shall have a cross connection program conforming to 401 KAR 8. [Recommended Standards for Water Works 8.10.1]
T-42	Installed pipe shall be pressure tested and leakage tested in accordance with the appropriate AWWA Standards. [Recommended Standards for Water Works 8.7.6]
T-43	New, cleaned and repaired water mains shall be disinfected in accordance with AWWA Standard C651. The specifications shall include detailed procedures for the adequate flushing, disinfection, and microbiological testing of all water mains. In an emergency or unusual situation, the disinfection procedure shall be discussed with the Division of Water. [Recommended Standards for Water Works 8.7.7]
T-44	A minimum cover of five feet shall be provided over pipe crossing underwater. [Recommended Standards for Water Works 8.9.2]

Distribution-Major Construction
Morgan Co Water District
Facility Requirements

Activity ID No.:APE20220001

PORT0000000027 (KY 191 Waterline Replacement Phase 2) 50,000 feet of 8-inch PVC; 7,669 feet of 6-inch PVC; 31,700 feet of 4-inch PVC and 2,511 feet of 3-inch PVC Waterline:

Narrative Requirements:

Condition No.	Condition
T-45	Valves shall be provided at both ends of water crossings so that the section can be isolated for testing or repair; the valves shall be easily accessible, and not subject to flooding for pipes crossing underwater. [Recommended Standards for Water Works 8.9.2.b]
T-46	Permanent taps or other provisions to allow insertion of a small meter to determine leakage and obtain water samples on each side of the valve closest to the supply source for pipes crossing. [Recommended Standards for Water Works 8.9.2.c]

EXHIBIT C

KIA Commitment Letter and KIA Extension Letter



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Deputy Executive Director

May 8, 2021

Linda Bradley, Chairman
Morgan County Water District
1009 Hwy 172
West Liberty, KY 41472

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F21-002)**

Dear Chairman:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On May 6, 2021, the Authority approved your loan for the KY Hwy 191 Waterline Replacement Project - Phase 2 project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$3,262,000, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the Authority's portion of estimated project cost applied to the actual project cost. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Morgan County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by May 7, 2022 (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.

TEAM
KENTUCKY™

An Equal Opportunity Employer M/F/D

Chairman
May 7, 2021
Page 2

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,



Sandy Williams
Deputy Executive Director

Attachments

cc: Jocelyn Gross, Gateway Area Development District
Nesbitt Engineering, Inc., Paul Nesbitt

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" and return to the US Bank address at the bottom of each form. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.



Accepted

5/17/2021
Date

ATTACHMENT A

Conditions

Morgan County Water District F21-002

The Assistance Agreement and this commitment shall be subject, but not limited to, the following terms:

1. The Authority project loan shall not exceed \$3,262,000 without prior authorization.
2. Principal forgiveness of 50. % of the assistance amount, not to exceed \$1,000,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.
3. The loan shall bear interest at the rate of .25 % 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. KIA requires the use of Automated Clearing House (ACH) debits for payment of all balances due on the loan. This will ensure that payments are credited timely to your account without the risk of incurring late payment fees. If the due date falls on a weekend or holiday your account will be debited on the next business day. Please complete and return the authorization form in Attachment C of this letter to U.S. Bank for processing.
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 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 sub-recipients **expending \$750,000 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 has changed for fiscal or calendar year 2016 audits. Please consult with your independent auditor as soon as possible to understand how the changes will affect you.
11. The Authority requires that 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.
13. The Borrower must maintain a 1.1 debt coverage ratio throughout the life of the KIA loan. All borrowers are subject to at least an annual financial review for compliance.

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. Any special

conditions listed in Attachment B 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 "Authorization for Electronic Deposit of Vendor Payment" form in Attachment C of this letter to U.S. Bank.
7. The Borrower must provide documentation of Eclearinghouse Endorsement and Eclearinghouse Comments.
8. Prior to the project bid, an environmental review shall be conducted by the Division of Water for all construction projects receiving State Revolving Funds ("SRF") money.
9. Technical plans and specifications and a complete SRF 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 SRF loan project.
12. The Borrower 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. The Borrower shall 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 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 Transparency Act Reporting Information Form in Attachment C of this letter and provide to the Authority no later than 30 days after the KIA Board approval date of your loan.
16. 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.
17. 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 B must be resolved.

ATTACHMENT B

Executive Summary and Credit Analysis

**Morgan County Water District
F21-002**

EXECUTIVE SUMMARY		Reviewer	Sarah Parsley	
KENTUCKY INFRASTRUCTURE AUTHORITY		Date	May 6, 2021	
FUND F, FEDERALLY ASSISTED DRINKING WATER		KIA Loan Number	F21-002	
REVOLVING LOAN FUND		WRIS Number	WX21175041	
BORROWER	MORGAN COUNTY WATER DISTRICT MORGAN COUNTY			
BRIEF DESCRIPTION				
The KY Hwy 191 Waterline Replacement Project will replace the existing aging (30+ years old) waterlines along KY Hwy 191, Red Bird Lane, Barker Branch Road, CR 1221, Bigstaff Branch Road, CR 1000, Morris Cemetery Rd, KY 1162, and Stinson Branch Road with new 3", 4", 6", and 8" PVC piping. This will assist the District in reducing the extremely high water loss they are currently experiencing due to waterline breaks and faulty water meters. In addition to waterline replacement, approximately one third of the Morgan County Water District's water meters will be replaced and upgraded to the newest transmitter system available.				
PROJECT FINANCING		PROJECT BUDGET		
Fund F Loan	\$3,262,000	RD Fee %	Actual %	
		Administrative Expenses		\$40,000
		Legal Expenses		5,000
		Planning		10,000
		Eng - Design / Const	7.4%	7.2%
		Eng - Insp	4.2%	4.1%
		Eng - Other		41,000
		Construction		2,576,800
		Contingency		258,000
		Other		10,000
TOTAL	\$3,262,000	TOTAL		\$3,262,000
REPAYMENT	Rate	0.25%	Est. Annual Payment	\$83,965
	Term	30 Years	1st Payment	6 Mo. after first draw
PROFESSIONAL SERVICES	Engineer	Nesbitt Engineering, Inc.		
	Bond Counsel	Rubin & Hays		
PROJECT SCHEDULE	Bid Opening	Aug-21		
	Construction Start	Sep-21		
	Construction Stop	Sep-22		
DEBT PER CUSTOMER	Existing	\$1,267		
	Proposed	\$1,943		
OTHER DEBT	See Attached			
OTHER STATE-FUNDED PROJECTS LAST 5 YRS	See Attached			
RESIDENTIAL RATES		<u>Users</u>	<u>Avg. Bill</u>	
	Current	2,850	\$54.42	(for 4,000 gallons)
	Additional	0	\$54.42	(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 2017	266,121	177,734	88,387	1.5
Audited 2018	138,497	178,842	(40,345)	0.8
Audited 2019	196,464	238,136	(41,672)	0.8
Projected 2020	186,467	279,040	(92,573)	0.7
Projected 2021	342,739	246,137	96,602	1.4
Projected 2022	517,951	244,592	273,359	2.1
Projected 2023	499,142	331,086	168,056	1.5
Projected 2024	488,321	328,962	159,359	1.5

Reviewer: Sarah Parsley
Date: May 6, 2021
Loan Number: F21-002

**KENTUCKY INFRASTRUCTURE AUTHORITY
DRINKING WATER STATE REVOLVING FUND (FUND F)
MORGAN COUNTY WATER DISTRICT, MORGAN COUNTY
PROJECT REVIEW
WX21175041**

I. PROJECT DESCRIPTION

The Morgan County Water District is requesting a Fund F loan in the amount of \$3,262,000 for the Ky Hwy 191 Waterline Replacement Reserve project. This project will involve replacing the existing aging (30+ years old) waterlines along KY Hwy 191, Red Bird Lane, Barker Branch Road, CR 1221, Bigstaff Branch Road, CR 1000, Morris Cemetery Rd, KY 1162, and Stinson Branch Road with new 3", 4", 6", and 8" PVC piping. This will assist the District in reducing the extremely high water loss they are currently experiencing due to waterline breaks and faulty water meters. In addition to waterline replacement, approximately one third of the Morgan County Water District's water meters will be replaced and upgraded to the newest transmitter system available.

The Water District serves approximately 2,850 customers and is regulated by the PSC.

II. PROJECT BUDGET

	<u>Total</u>
Administrative Expenses	\$ 40,000
Legal Expenses	5,000
Planning	10,000
Engineering Fees - Design	164,500
Engineering Fees - Construction	41,000
Engineering Fees - Inspection	115,700
Engineering Fees - Other	41,000
Construction	2,576,800
Contingency	258,000
Other	10,000
Total	\$ 3,262,000

III. PROJECT FUNDING

	<u>Amount</u>	<u>%</u>
Fund F Loan	\$ 3,262,000	100%
Total	\$ 3,262,000	100%

IV. KIA DEBT SERVICE

Construction Loan	\$ 3,262,000
Less: Principal Forgiveness	1,000,000
Amortized Loan Amount	<u>\$ 2,262,000</u>
Interest Rate	0.25%
Loan Term (Years)	<u>30</u>
Estimated Annual Debt Service	\$ 78,310
Administrative Fee (0.25%)	5,655
Total Estimated Annual Debt Service	\$ 83,965

V. PROJECT SCHEDULE

Bid Opening	August 15, 2021
Construction Start	September 15, 2021
Construction Stop	September 15, 2022

VI. CUSTOMER COMPOSITION AND RATE STRUCTURE

A) Customers

Customers	Current	Proposed	Total
Residential	2,700	0	2,700
Commercial	150	0	150
Industrial	0	0	0
Total	<u>2,850</u>	<u>0</u>	<u>2,850</u>

B) Rates

	<u>Proposed</u>	<u>Current</u>	<u>Prior</u>
Date of Last Rate Increase	07/01/21	10/13/19	07/22/17
Minimum (2000 gallons)	\$31.27	\$25.42	\$25.22
Next 3,000 Gallons (per 1000 gal)	11.57	9.41	9.31
Over 3,000 Gallons	10.73	8.72	8.62
Cost for 4,000 gallons	<u>\$54.42</u>	<u>\$44.24</u>	<u>\$43.84</u>
Increase %	23.0%	0.9%	
Affordability Index (Rate/MHI)	1.9%	1.6%	

VII. 2020 CAPITALIZATION GRANT EQUIVALENCIES

- 1) Green Project Reserve - The Drinking Water capitalization grant does not contain a "green" requirement.
- 2) Additional Subsidization – This project does qualify for additional subsidization. Principal forgiveness of up to 50% of the assistance amount, not to exceed \$1,000,000 will be credited to the loan balance upon release of liens on all contracts and disbursement of the final draw request by KIA to the borrower.

VIII. FINANCIAL ANALYSIS

Financial information was obtained from the audited financial statements for the years ended June 30, 2017 through June 30, 2019. The non-cash impacts of GASB 68 – Accounting and Financial Reporting for Pensions and GASB 75 – Accounting and Financial Reporting for Other Postemployment Benefit have been removed from the operating expenses. Percentage references in the History section below are based on whole dollar amounts and not the rounded amounts presented.

HISTORY

Revenues increased 4.1% from \$1,423,025 in 2017 to \$1,466,816 in 2019 due to a rate increase. Operating expenses increased 8.8% from \$1,167,276 in 2017 to \$1,270,427 in 2019.

The 2019 balance sheet reflects a current ratio of 0.4, a debt to equity ratio of 0.4, 38.7 days sales in accounts receivable, and 0 months operating expense in unrestricted cash.

PROJECTIONS

Projections are based on the following assumptions:

- 1) Water revenues will increase by approximately 23% by July 2021, pending PSC approval.
- 2) Expenses will increase 2% for inflation.
- 3) Debt service coverage is 1.5 in 2023 when principal and interest repayments begin.

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

REPLACEMENT RESERVE

The replacement reserve will be 5% (\$164,000 total) of the final amount borrowed (prior to principal forgiveness) to be funded annually (\$8,200 yearly) each December 1 for 20 years and maintained for the life of the loan.

IX. DEBT OBLIGATIONS

	<u>Outstanding</u>	<u>Maturity</u>
Bonds, Series 2001	\$ 231,000	2040
Bonds, Series 2006	829,000	2045
Bonds, Series 2008	1,271,890	2048
KRWFC Bonds, Series 2016D	1,250,000	2042
Bank of the Mountains	30,000	2020
Total	\$ 3,611,890	

X. CONTACTS

Legal Applicant

Entity Name	Morgan County Water District
Authorized Official	Linda Bradley (Chairman)
County	Morgan
Email	shelam89@yahoo.com
Phone	(606) 743-1204
Address	1009 Hwy 172 West Liberty, KY 41472

Applicant Contact

Name	Shannon Elam
Organization	Morgan County Water District
Email	mcwdshannon@gmail.com
Phone	(606) 743-1204
Address	1009 Hwy 172 West Liberty, KY 41472

Project Administrator

Name	Jocelyn Gross
Organization	Gateway Area Development District
Email	jocelynr.gross@ky.gov
Phone	(606) 780-0090
Address	110 Lake Park Dr Morehead, KY 40351

Consulting Engineer

PE Name	Paul Nesbitt
Firm Name	Nesbitt Engineering, Inc.
Email	pnesbitt@nei-ky.com
Phone	(859) 233-3111
Address	227 N Upper St Lexington, KY 40507

XI. RECOMMENDATIONS

KIA staff recommends approval of the loan with the standard conditions and the following PSC conditions.

- 1) The District will need to apply to the Public Service Commission (PSC), pursuant to KRS 278.300, for debt authorization for the \$3,262,000 loan. This debt authorization application should include a forecast for meeting debt service projected through no less than 2025.
- 2) By June 30, 2021, the District will need a resolution demonstrating their intentions to increase revenues as necessary and authorized by the PSC to meet the loan requirements over the life of the loan. KIA Staff review indicates that revenues would need to be increased by 15% in 2022, to meet expenses and debt service in the first full year of debt service in 2023.
- 3) Prior to the assistance agreement being executed, the District must receive a Certificate of Public Convenience and Necessity, pursuant to KRS 278.020, from the PSC for any portion of the project that may require it, or provide an opinion from legal counsel or the staff of the PSC, or a declaratory order from the PSC, that a CPCN is not required for any portion of the assets to be constructed as part of the loan agreement.

MORGAN COUNTY WATER DISTRICT
FINANCIAL SUMMARY (DECEMBER YEAR END)

	Audited <u>2017</u>	Audited <u>2018</u>	Audited <u>2019</u>	Projected <u>2020</u>	Projected <u>2021</u>	Projected <u>2022</u>	Projected <u>2023</u>	Projected <u>2024</u>
Balance Sheet								
Assets								
Current Assets	195,296	166,098	163,711	145,189	182,110	256,482	290,093	321,965
Other Assets	17,527,338	17,791,893	17,258,666	16,676,186	16,245,045	19,135,760	18,680,233	18,217,748
Total	17,722,634	17,957,991	17,422,377	16,821,375	16,427,155	19,392,242	18,970,326	18,539,713
Liabilities & Equity								
Current Liabilities	384,786	365,056	416,503	389,443	392,953	401,013	404,603	411,743
Long Term Liabilities	4,091,002	4,372,987	4,298,176	4,196,656	4,092,626	6,243,536	6,129,856	6,010,036
Total Liabilities	4,475,788	4,738,043	4,714,679	4,586,099	4,485,579	6,644,549	6,534,459	6,421,779
Net Assets	13,246,846	13,219,948	12,707,698	12,235,276	11,941,576	12,747,693	12,435,867	12,117,934
Cash Flow								
Revenues	1,423,025	1,417,970	1,466,816	1,466,816	1,633,285	1,818,898	1,818,898	1,818,898
Operating Expenses	1,156,997	1,279,574	1,270,427	1,280,424	1,290,621	1,301,022	1,319,831	1,330,652
Other Income	93	101	75	75	75	75	75	75
Cash Flow Before Debt Service	266,121	138,497	196,464	186,467	342,739	517,951	499,142	488,321
Debt Service								
Existing Debt Service	177,734	178,842	238,136	279,040	246,137	244,592	247,121	244,997
Proposed KIA Loan	0	0	0	0	0	0	83,965	83,965
Total Debt Service	177,734	178,842	238,136	279,040	246,137	244,592	331,086	328,962
Cash Flow After Debt Service	88,387	(40,345)	(41,672)	(92,573)	96,602	273,359	168,056	159,359
Ratios								
Current Ratio	0.5	0.5	0.4	0.4	0.5	0.6	0.7	0.8
Debt to Equity	0.3	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Days Sales in Accounts Receivable	41.9	40.0	38.7	38.7	38.7	38.7	38.7	38.7
Months Operating Expenses in Unrestricted Cash	0.3	0.0	0.0	(0.2)	0.0	0.5	0.8	1.1
Debt Coverage Ratio	1.5	0.8	0.8	0.7	1.4	2.1	1.5	1.5



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

July 27, 2022

Mr. Shannon Elam, General Manager
Morgan County Water District
1009 Hwy 172
West Liberty, KY 41472

KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F21-002)
EXTENSION

Dear Mr. Elam:

The Kentucky Infrastructure Authority ("the Authority") has approved an extension of the Drinking Water State Revolving Fund (DWSRF) loan F21-002 for the KY HWY 191 Waterline Replacement Project Phase 2. The Authority has extended the deadline for the District to meet the conditions set forth in the conditional commitment letter for a period of six (6) months. The original expiration date was May 7, 2022. The new expiration date will be January 7, 2023. If the project does not meet the conditions by the new expiration date, the commitment may be rescinded.

All original terms and conditions from the commitment letter dated May 8, 2021, shall remain in effect.

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project to benefit both your community and the Commonwealth.

Sincerely,

Milward Dedman

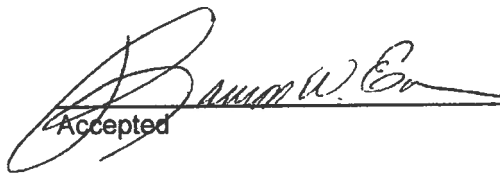
Milward Dedman
Deputy Executive Director

TEAM 
KENTUCKY™

An Equal Opportunity Employer M/F/D

Commitment Letter Extension
Morgan County Water District
July 27, 2022
Page 2

Please sign and return a copy of this letter indicating your acceptance of this commitment letter extension and its terms.


Accepted _____

7-29-22
Date _____

EXHIBIT D

Statement of Annual Cost of Operations

**POST CONSTRUCTION OPERATING COST ESTIMATE
MORGAN COUNTY WATER DISTRICT KY 191 WATERLINE REPLACEMENT**

	Value Entire System	Value New System	Percent of System by Value
Current	\$22,525,857	\$2,632,350	11.69%

Current Operating Cost	Percent of New System	Pre-Construction Estimated Operating Cost	Post-Construction Estimated Operating Cost*
\$1,839,911	11.69%	\$215,010	\$182,759

** Reduction in operating cost is based on reduction in lost water,
Reduced manpower requirements, Reduced maintenance costs*

EXHIBIT E

Financial Statements

MORGAN COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash - Unrestricted	\$	\$ 792
Cash - Restricted	157,611	173,742
Accounts Receivable	122,810	109,430
Unbilled Receivables	59,672	59,672
Allowance for Doubtful Accts.	(13,595)	(13,595)
Prepaid Insurance	7,412	7,412
Total Current Assets	333,910	337,453
NONCURRENT ASSETS		
Prepaid Capital Lease (Net of Accumulated Amortization of \$38,488 and \$34,211)	384,877	389,153
Cash - Restricted	39,262	25,336
Total Noncurrent Assets	424,139	414,489
PROPERTY AND EQUIPMENT		
Water Lines	22,525,857	22,525,857
Accum. Depr. Water Lines	(6,629,375)	(6,179,278)
Office Equipment	24,430	1,099
Accum. Depr. Office Equipment	(1,655)	(1,099)
Equipment and Vehicles (Restated)	507,445	487,108
Accum. Depr. Equipment and Vehicles (Restated)	(434,374)	(391,625)
Land	71,076	71,076
Total Property and Equipment	16,063,404	16,513,138
TOTAL ASSETS	16,821,453	17,265,080
DEFERRED OUTFLOWS OF RESOURCES		
Pension Liabilities	125,047	90,415
OPEB Liabilities	98,264	44,310

The accompanying notes are an integral part of the financial statements.

**MORGAN COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION
December 31, 2020 and 2019**

LIABILITIES AND NET POSITION	2020	2019
CURRENT LIABILITIES		
Cash - Unrestricted	10,564	
Accrued Interest	66,874	75,296
Accrued Expenses	268,840	129,969
Accrued Salaries	3,819	8,627
Accounts Payable-Water Purchases	54,123	42,010
Accounts Payable-Retirement	5,220	5,220
Lease Payable	26,661	19,717
Loan Payable	30,460	30,000
Bonds Payable	101,520	99,550
	568,081	410,389
LONG-TERM LIABILITIES		
Compensated Absences	13,566	8,245
Net Pension Liability	605,923	485,843
OPEB Liability	190,713	116,290
Lease Payable	47,901	54,688
Bonds Payable	3,380,820	3,482,340
	4,238,923	4,147,406
OTHER LIABILITIES		
Customer Deposits	31,690	21,049
	4,838,694	4,578,844
DEFERRED INFLOWS OF RESOURCES		
Refunding Bond Premium		
(Net of Accumulated Amortization of \$10,420 and \$8,336)	41,681	43,765
Pension Liabilities	19,175	33,050
OPEB Liabilities	40,891	47,335
NET POSITION:		
Invested in Capital Assets, Net of Related Debt	12,849,698	13,202,231
Restricted for Debt Service	157,611	173,742
Restricted for Depreciation Reserve	2,503	501
Restricted for Construction	4,245	881
Unrestricted	(909,734)	(680,544)
	\$ 12,104,323	\$ 12,696,811
TOTAL NET POSITION	\$ 12,104,323	\$ 12,696,811

The accompanying notes are an integral part of the financial statements.

**MORGAN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
For The Years Ended December 31, 2020 and 2019**

	2020	2019
OPERATING REVENUES		
Water Collection	\$ 1,453,863	\$ 1,450,309
Sales Tax	(4,188)	(3,835)
Utility And Local Tax	(42,258)	(38,636)
State Reimb. Relocation Projects		1,403
Tap-On Fees	50,890	39,715
Miscellaneous	16,931	19,263
	1,475,238	1,468,219
OPERATING EXPENSES		
Advertising		1,286
Bank Charges	736	599
Collection Expense	1,626	
Depreciation	493,403	508,422
Fuel	15,945	16,601
Insurance	70,130	66,912
Miscellaneous	6,258	8,226
Office Supplies	7,622	5,275
Outside Services	64,981	32,431
Payroll Taxes	18,119	14,433
Postage	11,855	13,224
Repairs & Maintenance	3,565	2,163
Leasing and Maintenance Fees		4,640
Retirement	114,782	84,573
OPEB	29,191	12,078
Salaries	237,350	189,310
Supplies & Testing	84,435	59,931
Travel	832	1,029
Uniforms	2,030	469
Unemployment Insurance	277	256
Utilities and Telephone	41,104	44,766
Water Purchased	719,008	770,593
Worker's Compensation	4,344	2,694
	1,927,593	1,839,911
NET OPERATING INCOME	(452,355)	(371,692)

The accompanying notes are an integral part of the financial statements.

**MORGAN COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION
For The Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
NON OPERATING REVENUES (EXPENSES)		
Interest and Amortization Expense	(143,466)	(147,208)
Interest Income	56	75
Grant Proceeds	<u>3,277</u>	<u>6,575</u>
Total Non Operating Revenues (Expenses)	<u>(140,133)</u>	<u>(140,558)</u>
Change in Net Position	(592,488)	(512,250)
Total Net Position - Beginning (Restated)	<u>12,696,811</u>	<u>13,209,061</u>
Total Net Position - Ending	<u><u>\$ 12,104,323</u></u>	<u><u>\$ 12,696,811</u></u>

The accompanying notes are an integral part of the financial statements.

**MORGAN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
December 31, 2020 and 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments from Customers	\$ 1,490,973	\$ 1,490,311
State Reimb. Relocation Projects		1,403
Miscellaneous Income	16,931	19,263
Payments to Vendors	(873,312)	(1,009,709)
Payments for Payroll and Related Expenses	(370,230)	(289,014)
Net Cash Provided/(Used) by Operating Activities:	264,362	212,254
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Net (Deposits)/Withdrawals Customer Deposit Account	(8,560)	(3,948)
Net Customer Deposits (Returned)/Collected	10,641	2,599
Net Cash Provided/(Used) by Noncapital Financing Activities	2,081	(1,349)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Interest Expense	(149,295)	(145,016)
Net (Deposits)/Withdrawals into or from Bond Sinking Fund	16,131	(5,703)
Net (Deposits)/Withdrawals into or from Dep. Reserve Fund	(2,002)	19,729
Net (Deposits)/Withdrawals into or from Cash - Construction	(3,364)	
Grant Proceeds	3,277	6,575
Purchase of Fixed Assets	(43,668)	
Proceeds from Borrowed Money	30,460	30,000
Increase in Lease Payable	18,661	
Reduction in Lease Payable	(18,505)	(25,832)
Reduction in Bonds Payable	(99,550)	(93,120)
Reduction in Loan Payable	(30,000)	
Net Cash Provided/(Used) by Capital and Related Financing Activities	(277,855)	(213,367)

The accompanying notes are an integral part of the financial statements.

**MORGAN COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
December 31, 2020 and 2019**

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash Received from Interest	56	75
Net Cash Provided/(Used) by Investing Activities	56	75
INCREASE/(DECREASE) IN CASH	(11,356)	(2,387)
CASH AT BEGINNING OF YEAR	792	3,179
CASH AT END OF YEAR	\$ (10,564)	\$ 792
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:		
Net Operating Income	\$ (452,355)	\$ (371,692)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	493,403	508,422
Changes in Assets/Liabilities:		
Accounts Payable Retirement		2,022
Accounts Receivable	(13,780)	
Net OBEB Liability	74,423	(13,071)
Net Pension Liability	120,080	42,042
Deferred Outflows	(88,587)	10,451
Deferred Inflows	(20,319)	21,640
Accrued Expenses		287
Accounts Payable	138,871	5,008
Accounts Payable - Water Purchases	12,113	6,502
Accrued Salaries	(4,808)	5,627
Compensated Absences	5,321	(2,709)
Payroll Tax Liability		(2,275)
Net Cash Provided/Used by Operating Activities	\$ 264,362	\$ 212,254
<u>Supplementary Information</u>		
	2020	2019
Interest and Amortization Expense	\$ 143,466	\$ 145,016
Amortization of Bond Premium	(2,084)	(2,084)
Total Interest Charged to Expense	\$ 141,382	\$ 142,932

The accompanying notes are an integral part of the financial statements.

EXHIBIT F

Notification to State Local Debt Officer

Kentucky Home Trust Building, 450 South Third Street, Louisville, Kentucky 40202-1410
Telephone (502) 569-7525 Telefax (502) 569-7555 www.rubinhays.com

CHARLES S. MUSSON
W. RANDALL JONES
CHRISTIAN L. JUCKETT
NICHOLAS J. LOCOCO

August 9, 2022

Honorable Dennis Keene
Commissioner and State Local Debt Officer
100 Airport Road, Third Floor
Frankfort, Kentucky 40601

Re: Morgan County Water District - water project
Notice of Intent to Issue Securities


Dear Commissioner Keene:

Pursuant to the regulations of the Kentucky Public Service Commission, specifically 807 KAR 5:001: Section 18(1)(g), please be advised that the Morgan County Water District (the "District") hereby notifies the State Local Debt Officer that the District intends on issuing securities in the form of a loan from the Kentucky Infrastructure Authority for the purpose of financing certain improvements to the water system of the District.

We will file the appropriate documents with your office in accordance with the requirements of KRS 65.117, once the securities are issued.

Very truly yours,

Rubin & Hays

By 
W. Randall Jones

WRJ:jlm
Enclosures

EXHIBIT G

Detailed List of Acquired Property

ITEMS TO BE ACQUIRED
MORGAN COUNTY WATER DISTRICT KY HWY 191 WATERLINE REPLACEMENT

Item No.	Description	Unit	Quantity	Total Revised Cost
1	8" DR 17 PVC Waterline	LF	50,000	\$ 1,887,500.00
2	6" DR 17 PVC Waterline	LF	6,411	\$ 179,508.00
3	4" DR 17 PVC Waterline	LF	9,623	\$ 192,460.00
4	3" DR 17 PVC Waterline	LF	0	\$ (272.00)
5	8" Gate Valve and Box	EA	12	\$ 24,000.00
6	6" Gate Valve and Box	EA	2	\$ 2,800.00
7	4" Gate Valve and Box	EA	2	\$ 2,400.00
8	3" Gate Valve and Box	EA	0	\$ -
9	5/8' x 3/4" Senus SR2 Water Meters (cast iron bottoms) transmitter and meter box (installed)	EA	0	\$ -
10	5/8' x 3/4" Senus SR2 Water Meters w/ipv (cast iron bot.) transmitter and meter box (installed)	EA	0	\$ -
11	Flushing Hydrants	EA	28	\$ 126,000.00
12	Remove Existing Flushing Hydrants	EA	30	\$ 15,000.00
13	3/4" Polyethylene Pipe	LF	0	\$ -
14	2" HDPE Encasement Pipe - Highway Crossing - Push or Bore & Jack	LF	0	\$ -
15	2" HDPE Pipe - Stream Crossing - Directional Drill	LF	0	\$ -
16	14" Steel Encasement Pipe - Bore & Jack	LF	289	\$ 39,593.00
17	10 3/4" Steel Encasement Pipe - Bore & Jack	LF	108	\$ 10,584.00
18	12 3/4" Steel Encasement Pipe - Bore & Jack	LF	37	\$ 3,996.00
19	Combination Air Release Valve and Box	EA	25	\$ 15,500.00
20	8" HDPE Pipe - Directional Drilling	LF	1,147	\$ 118,141.00
21	6" HDPE Pipe - Directional Drilling	LF	83	\$ 6,640.00
22	4" HDPE Pipe - Directional Drilling	LF	125	\$ 8,500.00
23	3" HDPE Pipe - Directional Drilling	LF	0	\$ -
	Total Base Bid (Items # 1 - 23) (numbers)			\$ 2,632,350.00

EXHIBIT H

Certified Bid Tabulations

Morgan County Water District
Waterline Replacement Phase 2
 Certified Bid Tab



Bidders				Frederick & May Const. West Liberty, KY		Boca Enterprises, Inc. Hager Hill, KY		G & W Const. Co. Inc. Morehead, KY		BP Pipeline Quincy, KY	
Item No.	Description	Unit	Quantity	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost	Unit Cost	Total Cost
1	8" DR 17 PVC Waterline	LF	50,000	37.75	\$ 1,887,513.59	38.00	\$ 1,900,013.68	41.53	\$ 2,076,614.95	48.00	\$ 2,400,017.28
2	6" DR 17 PVC Waterline	LF	7,669	28.00	\$ 214,737.04	28.00	\$ 214,737.04	32.04	\$ 245,720.53	35.00	\$ 268,421.30
3	4" DR 17 PVC Waterline	LF	31,700	20.00	\$ 634,004.80	20.50	\$ 649,854.72	22.85	\$ 724,350.28	23.00	\$ 729,105.29
4	3" DR 17 PVC Waterline	LF	2,511	17.00	\$ 42,684.28	18.00	\$ 46,186.12	20.73	\$ 52,049.71	19.50	\$ 48,961.38
5	8" Gate Valve and Box	EA	12	2,000.00	\$ 24,000.00	3,000.00	\$ 36,000.00	2,341.83	\$ 28,101.96	3,200.00	\$ 38,400.00
6	6" Gate Valve and Box	EA	2	1,400.00	\$ 2,800.00	2,400.00	\$ 4,800.00	1,715.19	\$ 3,430.38	2,200.00	\$ 4,400.00
7	4" Gate Valve and Box	EA	8	1,200.00	\$ 9,600.00	2,400.00	\$ 19,200.00	1,439.41	\$ 11,515.28	1,800.00	\$ 14,400.00
8	3" Gate Valve and Box	EA	1	1,100.00	\$ 1,100.00	1,000.00	\$ 1,000.00	1,355.87	\$ 1,355.87	1,600.00	\$ 1,600.00
9	5/8" x 3/4" Senus SR2 Water Meters (cast iron bottoms) transmitter and meter box (installed)	EA	28	1,125.00	\$ 31,500.00	1,700.00	\$ 47,600.00	1,337.70	\$ 37,455.60	1,800.00	\$ 50,400.00
10	5/8" x 3/4" Senus SR2 Water Meters w/priv (cast iron bot.) transmitter and meter box (installed)	EA	172	1,350.00	\$ 232,200.00	1,900.00	\$ 326,800.00	1,702.80	\$ 292,847.20	1,800.00	\$ 309,600.00
11	Flushing Hydrants	EA	33	4,500.00	\$ 148,500.00	6,800.00	\$ 225,600.00	6,726.74	\$ 222,592.42	7,500.00	\$ 247,500.00
12	Remove Existing Flushing Hydrants	EA	33	500.00	\$ 16,500.00	500.00	\$ 16,500.00	750.00	\$ 24,750.00	8.00	\$ 264.00
13	3/4" Polyethylene Pipe	LF	9,158	10.00	\$ 91,580.00	7.50	\$ 68,685.00	12.47	\$ 114,200.26	15.00	\$ 137,370.00
14	2" HDPE Encasement Pipe - Highway Crossing - Push or Bore & Jack	LF	2,520	45.00	\$ 113,400.00	23.00	\$ 57,960.00	24.57	\$ 61,918.40	15.00	\$ 37,800.00
15	2" HDPE Pipe - Stream Crossing - Directional Drill	LF	355	45.00	\$ 15,975.00	33.00	\$ 11,715.00	42.57	\$ 15,112.35	30.00	\$ 10,650.00
16	14" Steel Encasement Pipe - Bore & Jack	LF	288	137.00	\$ 39,583.00	350.00	\$ 101,150.00	271.67	\$ 78,512.83	260.00	\$ 75,140.00
17	10 3/4" Steel Encasement Pipe - Bore & Jack	LF	128	98.00	\$ 12,544.00	250.00	\$ 32,000.00	188.93	\$ 24,183.04	240.00	\$ 30,720.00
18	12 3/4" Steel Encasement Pipe - Bore & Jack	LF	37	108.00	\$ 3,996.00	280.00	\$ 10,360.00	194.24	\$ 7,188.88	300.00	\$ 11,100.00
19	Combination Air Release Valve and Box	EA	43	620.00	\$ 26,660.00	1,250.00	\$ 53,750.00	1,278.08	\$ 54,958.58	2,600.00	\$ 111,800.00
20	6" HDPE Pipe - Directional Drilling	LF	1,147	103.00	\$ 118,141.00	160.00	\$ 183,520.00	216.10	\$ 247,888.70	185.00	\$ 212,075.00
21	6" HDPE Pipe - Directional Drilling	LF	83	80.00	\$ 6,640.00	125.00	\$ 10,375.00	183.34	\$ 15,217.22	180.00	\$ 14,940.00
22	4" HDPE Pipe - Directional Drilling	LF	299	88.00	\$ 26,312.00	105.00	\$ 31,395.00	150.19	\$ 44,808.81	85.00	\$ 25,415.00
23	3" HDPE Pipe - Directional Drilling	LF	20	68.00	\$ 1,360.00	110.00	\$ 2,200.00	163.31	\$ 3,266.20	80.00	\$ 1,600.00
Total Base Bid (Items # 1 - 23) (numbers)					\$ 3,696,520.51		\$ 4,043,440.56		\$ 4,388,838.44		\$ 4,789,469.25

Values shown in yellow indicate errors in extension of unit prices and or totals. None of these errors changed the order of the bids.

NEI 1191.02

I hereby certify that the above tabulation accurately represents bids received, opened and read for Morgan County Water District on June 30th, 2022 at 11:00 AM local time at the office of Nesbitt Engineering, Inc., in Lexington, KY.



 Project Engineer - Ora C. Main, PE
 Date: 7/5/22

EXHIBIT I

Final Project Cost Summary

Project Cost Summary

Morgan County Water District - KY 191 Waterline Replacement Project

WX21175041

WRIS#:

Project Title:

Project Budget: Estimated enter date As Bid enter date Revised enter date

Cost Classification	SRF KIA Loan	Funding Source 2	Funding Source 3	Funding Source 4	Funding Source 5	Funding Source 6	Local Funds	Unfunded Costs	Total
1 Administrative Expenses	40000								40000
2 Legal Expenses	5500								5500
3 Land, Appraisals, Easements									0
4 Relocation Expenses & Payments									0
5 Planning									0
6 Engineering Fees - Design	140585								140585
7 Engineering Fees - Construction	35146								35146
8 Engineering Fees - Inspection	68100								68100
9 Engineering Fees - Other	33000								33000
10 Construction	2632350								2632350
11 Equipment									0
12 Miscellaneous									0
13 Contingencies	130319								130319
Total	\$3,085,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,085,000

Funding Sources	Amount	Date Committed
1 SRF KIA Loan	\$3,085,000	
2	\$0	
3	\$0	
4	\$0	
5	\$0	
6	\$0	
Total		

Local Funding Sources	Amount	Date Committed
1		
2		
3		
Total	\$0	
Total Funding		\$3,085,000

Cost Categories	Funding Source	Total Cost
Treatment (DW)		
Transmission and Distribution (DW)	DWSRF	\$3,085,000
Source (DW)		
Storage (DW)		
WWTP Secondary Portion (CW)		
WWTP Advanced Portion (CW)		
Inflow and Infiltration Correction (CW)		
Major Sewer Rehabilitation (CW)		
Collector Sewers (CW)		
Combined Sewer Overflow Correction (CW)		
Interceptor Sewers Including Pump Station (CW)		
Purchase of Systems (DW and CW)		
Restructuring (DW and CW)		
Land Acquisition (DW and CW)		
Total Costs		\$3,085,000